UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.**

For the fiscal year ended December 31, 2020

OR

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

For the transition period from __________ to __________

Commission file number 814-00712

BlackRock Capital Investment Corporation
(Exact Name of Registrant as Specified in Its Charter)

Delaware **(State or Other Jurisdiction of Incorporation or Organization)**	**20-2725151** **(I.R.S. Employer Identification No.)**
40 East 52nd Street, New York, New York **(Address of Principal Executive Offices)**	**10022** **(Zip Code)**

Registrant's Telephone Number, Including Area Code: 212-810-5800

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common Stock, $0.001 par value	BKCC	NASDAQ Global Select Market

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT: None

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ No ☒

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

Large Accelerated Filer	☐	Accelerated Filer	☐
Non-Accelerated Filer	☒	Smaller reporting company	☐
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

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

The aggregate market value of the Registrant's common stock held by non-affiliates of the Registrant at June 30, 2020 (the last business day of the Registrant's most recently completed second quarter) was $169,169,547 based upon the last sales price reported for such date on The NASDAQ Global Select Market. For purposes of this disclosure, shares of common stock beneficially owned by persons who own 5% or more of the outstanding shares of common stock and shares beneficially owned by executive officers and directors of the Registrant and members of their families have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily conclusive for other purposes. The Registrant has no non-voting common stock.

There were 74,466,665 shares of the Registrant's common stock outstanding at March 3, 2021.

Documents Incorporated by Reference: Portions of the Registrant's Proxy Statement relating to the Registrant's 2021 Annual Meeting of Stockholders to be filed not later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K are incorporated by reference into Part III of this Report.

BLACKROCK CAPITAL INVESTMENT CORPORATION

FORM 10-K ANNUAL REPORT

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PART I

Summary of Risk Factors

The risk factors described below are a summary of the principal risk factors associated with an investment in us. These are not the only risks we face. You should carefully consider these risk factors, together with the risk factors set forth in Item 1A of this Annual Report on Form 10-K and the other reports and documents filed by us with the SEC.

Risks Related to Our Business

- We operate in a highly competitive market for investment opportunities.
- Events outside of our control, including public health crises such as the COVID-19 pandemic and its aftermath, may negatively affect the results of our operations.
- Capital markets may experience periods of disruption and instability. Such market conditions may materially and adversely affect debt and equity capital markets in the United States and abroad, which may have a negative impact on our business and operations.
- Price declines and illiquidity in the corporate debt markets have adversely affected, and may in the future adversely affect, the fair value of our portfolio investments, reducing our net asset value through increased net unrealized depreciation.
- Changes in interest rates may affect our cost of capital and net investment income.
- Rising interest rates may adversely affect the value of our portfolio investments which could have an adverse effect on our business, financial condition and results of operations.
- Changes relating to the LIBOR calculation process, the phase-out of LIBOR and the use of replacement rates for LIBOR may adversely affect the value of our portfolio securities.
- Substantially all of our assets are subject to security interests under our borrowings and if we default on our obligations, we may suffer adverse consequences, including the lenders foreclosing on our assets.
- Our outstanding convertible notes present other risks to holders of our common stock, including the possibility that such notes could discourage an acquisition of us by a third party and accounting uncertainty.
- Incurring additional indebtedness could increase the risk in investing in us.
- Our use of borrowed funds to make investments exposes us to risks typically associated with leverage.
- A portion of our distributions to stockholders may include a return of stockholder capital.
- To the extent OID and PIK interest constitute a portion of our income, we will be exposed to typical risks associated with such income being required to be included in taxable and accounting income prior to receipt of cash representing such income.
- Because we are required to distribute substantially all of our net investment income and net realized capital gains to our stockholders, we will continue to need additional capital to finance our growth.
- Our Advisor and its affiliates and employees may have certain conflicts of interest.
- Our base management fee may induce our Advisor to cause us to incur additional leverage.
- Our Incentive Fee structure and the formula for calculating the Incentive Fee may incentivize our Advisor to pursue speculative investments.
- Our business model depends upon the development and maintenance of strong referral relationships with other asset managers and investment banking firms.
- Substantially all of our portfolio investments are recorded at fair value as determined in good faith by or under the direction of our Board of Directors and, as a result, there is uncertainty regarding the value of our portfolio investments.
- Changes in legal, tax and regulatory regimes could negatively impact our business, financial condition and earnings.
- Market disruptions and other geopolitical or macroeconomic events could create market volatility that negatively impact our business, financial condition and earnings.
- A cyber-attack or a failure to implement effective information and cybersecurity policies, procedures and capabilities could disrupt operations and cause financial losses that may have a material adverse effect on our business, results of operations and financial condition.

Risks Related to Our Investments

- Our investments are risky and highly speculative, and we could lose all or part of our investment.
- Because our investments are generally not in publicly traded securities, there will be uncertainty regarding the value of our investments, which could adversely affect the determination of our net asset value.
- An investment strategy focused primarily on privately held companies presents certain challenges, including the lack of available information about these companies.
- Any investments in distressed debt obligations may not produce income and may require us to bear large expenses in order to protect and recover our investment.

- If we invest in preferred stock, we may incur additional risks.
- Our equity investments may decline in value.
- We may expose ourselves to risks if we engage in hedging transactions.
- The lack of liquidity in our investments may adversely affect our business.
- Our portfolio companies may incur debt that ranks equally with, or senior to, our investments in such companies.
- Our portfolio companies may be highly leveraged.
- We may invest in “covenant-lite” loans, which could have limited investor protections.

Risks Related to Our Operations as a BDC

- While our ability to enter into transactions with our affiliates is restricted under the 1940 Act, we have received an exemptive order from the SEC permitting certain affiliated investments subject to certain conditions. As a result, the Advisor may face conflicts of interests and investments made pursuant to the exemptive order conditions could in certain circumstances adversely affect the price paid or received by us or the availability or size of the position purchased or sold by us.
- Regulations governing our operation as a BDC affect our ability to, and the way in which we, raise additional capital.
- Changes in the laws or regulations governing our business or the business of our portfolio companies, or changes in the interpretations thereof or newly enacted legislation and regulations, and any failure by us or our portfolio companies to comply with these laws or regulations, could have a material adverse effect on our business, results of operations or financial condition of us or our portfolio companies.
- If we do not invest a sufficient portion of our assets in qualifying assets, we could be precluded from investing in certain assets or could be required to dispose of certain assets, which could have a material adverse effect on our business, financial condition and results of operations.
- Stockholders will likely incur dilution if we sell or otherwise issue shares of our common stock or securities to subscribe for or convertible into shares of our common stock at prices below the then current net asset value per share of our common stock.
- Any failure on our part to maintain our status as a BDC would reduce our operating flexibility.
- We will be subject to corporate-level income tax if we are unable to maintain our qualification as a RIC under Subchapter M of the Code or do not satisfy the annual distribution requirement.

Risks Relating to Our Common Stock and Other Securities

- Our shares of common stock have traded at a discount from net asset value and may do so again in the future, which could limit our ability to raise additional equity capital.
- Investing in our common stock may involve an above average degree of risk.
- The price of our common stock may fluctuate significantly.
- There is a risk that investors in our equity securities may not receive distributions or that our distributions may not grow over time.
- We may choose to pay dividends in our own stock, in which case you may be required to pay tax in excess of the cash you receive.
- Certain provisions of the Delaware General Corporation Law and our certificate of incorporation and bylaws could deter takeover attempts and have an adverse impact on the price of our common stock.
- A trading market or market value of our debt securities may fluctuate.
- Terms relating to redemption may materially adversely affect your return on any debt securities that we may issue.
- Our credit ratings are subject to change and may not reflect all risks of an investment in our debt securities.

ITEM 1. BUSINESS

General

BlackRock Capital Investment Corporation (“BlackRock Capital,” the “Company” or the “Registrant,” which may also be referred to as “we,” “us” or “our”) provides middle-market companies with flexible financing solutions, including senior and junior secured, unsecured and subordinated debt securities and loans, each of which may include an equity component. Our strategy is to provide capital to meet our clients’ current and future needs across this spectrum, creating long-term partnerships with growing middle-market companies.

We were incorporated on April 13, 2005, commenced operations with private funding on July 25, 2005, and completed our initial public offering on July 2, 2007. We are an externally-managed, non-diversified closed-end management investment company. We have elected to be regulated as a business development company, or BDC, under the Investment Company Act of 1940, which we refer to as the 1940 Act. In addition, for tax purposes we intend to continue to qualify as a regulated investment company, or RIC, under the Internal

Revenue Code of 1986 (the "Code"). As a BDC, we are required to comply with certain regulatory requirements. See "Regulation" for discussion of BDC regulation and other regulatory considerations. We are also registered as an investment advisor under the Investment Advisers Act of 1940, which we refer to as the "Advisers Act."

Our investment objective is to generate both current income and capital appreciation through our debt and equity investments. We invest primarily in middle-market companies and target investments that we believe provide an attractive risk-adjusted return. The term "middle-market" refers to companies with enterprise value typically between $100 million and $1.5 billion. Our targeted investment typically ranges between $5 million and $25 million, although the investment sizes may be more or less than the targeted range and the size of our investments may grow with our capital availability. We generally seek to invest in companies that operate in a broad variety of industries and that generate positive cash flow.

Although most of our new investments are in senior secured loans to primarily U.S. private middle-market companies, our investment portfolio may include junior secured, unsecured and subordinated loans, common and preferred equity, options and warrants, credit derivatives, high-yield bonds, distressed debt and other structured securities. We may from time to time invest up to 30% of our assets opportunistically in other types of investments, including securities of other public companies and foreign securities.

The senior and junior secured loans in which we invest generally have stated terms of three to ten years and the subordinated debt investments we make generally have stated terms of up to ten years, but the expected average life of such senior and junior secured loans and subordinated debt is generally between three and seven years. However, we may invest in securities of any maturity or duration. The debt that we invest in typically is not initially rated by any rating agency, but we believe that if such investments were rated, they would be below investment grade (rated lower than "Baa3" by Moody's Investors Service, lower than "BBB-" by Fitch Ratings or lower than "BBB-" by Standard & Poor's). We may invest without limit in debt of any rating, as well as debt that has not been rated by any nationally recognized statistical rating organization.

Organization of the Advisor

BlackRock Capital Investment Advisors, LLC ("BCIA", or the "Advisor"), a wholly-owned indirect subsidiary of BlackRock, Inc. (together with its subsidiaries, including but not limited to the Advisor, "BlackRock"), is a Delaware limited liability company registered with the Securities and Exchange Commission ("SEC") as an investment advisor under the Advisers Act. BlackRock is a leading publicly traded investment management firm with $8.7 trillion of assets under management ("AUM") at December 31, 2020. BlackRock has substantial investment and portfolio management experience, which we believe is beneficial to the Company and our stockholders. As part of the BlackRock platform, we continue to seek to enhance the risk-return profile of the Company, strengthen its distribution paying capacity and optimize the valuation for our shareholders.

Our investment activities are carried out by the Advisor, which is led by James E. Keenan, Interim Chief Executive Officer of the Company, and the BlackRock US Private Capital Group's Investment Committee (the "Investment Committee"). The voting members of the Investment Committee are currently James E. Keenan, Jason A. Mehring, R. Marshall Merriman Jr., Howard M. Levkowitz, Rajneesh Vig, Nik Singhal, and Philip Tseng.

Market opportunity

We believe that current market conditions present opportunities for investment in middle-market companies with attractive risk-adjusted returns for several reasons, including:

Middle-market companies have faced increased difficulty in accessing the capital markets. While many middle-market companies were able to raise funds by raising debt in the capital markets in the past, we believe this approach to financing has become more difficult, as transactions have increased in size to address investors' demands for greater liquidity in securities such as high yield bonds. In addition, we believe that many senior lenders have, in recent years, de-emphasized their service and product offerings to middle-market businesses in favor of lending to large corporate clients and managing large, liquid capital markets transactions.

There is a large pool of uninvested private equity capital likely to seek additional capital to support private investments. We believe there is a large pool of uninvested private equity capital available to middle-market companies. We expect that private equity firms will be active investors in middle-market companies and that these private equity firms will seek to supplement their equity investments with senior secured and junior loans and equity co-investments from other sources, such as us.

Middle-market companies are increasingly seeking private sources for debt and equity capital. We believe that many middle-market companies prefer to execute transactions with private capital providers such as us, rather than execute high-yield bond or equity transactions in the public markets, which may necessitate increased financial and regulatory compliance and reporting obligations.

Consolidation among commercial banks has reduced the focus on middle-market business. We believe that many senior lenders have de-emphasized their service and product offerings to middle-market companies in favor of lending to large corporate clients, managing capital markets transactions and providing other non-credit services to their customers.

Competitive advantages

We believe we possess the following competitive advantages over other capital providers to middle-market companies:

The BlackRock Platform: Our investment activities are carried out by the Advisor, a wholly-owned indirect subsidiary of BlackRock. BlackRock is a leading publicly traded investment management firm with $8.7 trillion of AUM at December 31, 2020. With employees in more than 30 countries, BlackRock provides a broad range of investment and risk management services to institutional and retail clients worldwide. We believe our affiliation with BlackRock provides us with access to one of the deepest, broadest investment platforms in the financial services industry, with strategies across asset classes and investment styles all backed by our industry leading technology and risk management. BlackRock's platform provides our investment professionals with market, company and industry insights that enhances our investment and due diligence processes.

Acquisition and Integration of Tennenbaum Capital Partners, LLC ("TCP"): In August 2018, BlackRock completed the acquisition of TCP, a leading investment manager focused on middle market performing credit and special situations credit opportunities. We believe that the acquisition of TCP and integration of its operations has benefited the Company through increased deal flow and added industry-specific expertise, along with providing a more holistic financing solution to our borrowers. As part of the integration, Howard M. Levkowitz, Rajneesh Vig, and Philip Tseng, three of TCP's principals, joined the Investment Committee as voting members who brought vast experience and expertise in direct lending. Following the integration, our combined platform increased in scale and capabilities. Additionally, we believe that the ability to co-invest with TCP affiliated funds helps to mitigate portfolio risk by increasing issuer and sector diversity.

Demonstrated ability to deploy capital consistent with our investment policies. Since our inception, we have invested in excess of $5.2 billion across 233 portfolio companies through December 31, 2020. We have a debt and income producing equity yield at fair value of approximately 8.9% at December 31, 2020. During 2020, we invested approximately $143.5 million of gross assets.

Proven transaction sourcing strategy. Since the inception of operations, we have sourced and reviewed more than 5,400 potential investments and have a proven process through which we have invested in excess of $5.2 billion through December 31, 2020. The Advisor identifies potential investments through its dynamic transaction origination efforts. The origination efforts include calling on financial institutions such as investment banks, commercial banks, specialty finance companies and private equity firms; as well as on advisory firms, trade associations and the owners and managers of middle-market companies with whom the investment professionals and investment committee members have relationships. We expect that our ability to leverage these relationships will continue to result in the referral of investment opportunities to us and provide us with a competitive advantage.

Highly experienced investment team. Since April 2018, our investment activities have been carried out by our Advisor, which is led by James E. Keenan, Interim Chief Executive Officer of the Company, and the Investment Committee. The voting members of the Investment Committee are currently James E. Keenan, Jason A. Mehring, R. Marshall Merriman Jr., Howard M. Levkowitz, Rajneesh Vig, Nik Singhal and Philip Tseng. The investment professionals, as well as members of the Investment Committee, have extensive experience in fixed income, public equity and private equity investing, and possess a broad range of transaction, financial, managerial and investment skills.

Our executive officers and directors and the employees of BlackRock and certain of its affiliates, as well as members of the Investment Committee, serve or may serve as investment advisors, officers, directors or principals of entities or investment funds that operate in the same or a related line of business as we do and/or investment funds managed by our affiliates. We note that any affiliated investment vehicle currently formed or formed in the future and managed or to be managed in the future by the Advisor or its affiliates may have overlapping investment objectives with our own and, accordingly, may invest in asset classes similar to those targeted by us. As a result, the Advisor or its affiliates may face conflicts in allocating investment opportunities between us and such other entities. Accordingly, we may not be given the opportunity to participate in certain investments made by investment funds managed by the Advisor or its affiliates. However, the Advisor and its affiliates will endeavor to allocate investment opportunities in a fair and equitable manner and consistent with applicable allocation procedures. In any such case, if the Advisor forms other affiliates in the future, we may co-invest on a concurrent basis with such other affiliates, subject to compliance with applicable regulations and regulatory guidance, as well as applicable allocation procedures. In certain circumstances, negotiated co-investments may be made only if we receive an order from the SEC permitting us to do so. While our ability to enter into transactions with our affiliates is restricted under the 1940 Act, we have received an exemptive order from the SEC permitting certain affiliated investments subject to certain conditions.

Disciplined investment process with focus on preservation of capital. In making investment decisions, the Advisor employs a disciplined and selective review process that focuses on, among other things, a thorough analysis of the underlying issuer's business and the performance drivers of that business, as well as an assessment of the legal and economic features of each particular investment.

Cost-effective and high-quality infrastructure. We benefit from the existing infrastructure and administrative capabilities of BlackRock Financial Management, Inc. (the “Administrator”). For providing these services, facilities and personnel, we reimburse the Administrator for our allocable portion of overhead and other expenses incurred by the Administrator in performing its obligations under the administration agreement.

Operating and regulatory structure

Our investment activities are managed by the Advisor and supervised by our Board of Directors, a majority of whom are independent of us, the Advisor and our affiliates. The Advisor is registered as an investment adviser under the Advisers Act. Under our Management Agreement, we have agreed to pay the Advisor an annual base management fee (the “Base Management Fee”) based on our total assets, as well as an incentive management fee (the “Incentive Fee”) based on our performance. The Current Management Agreement also provides that we will reimburse the Advisor for costs and expenses incurred by the Advisor for office space rental, office equipment and utilities allocable to the Advisor under that agreement, as well as any costs and expenses incurred by the Advisor relating to any non-investment advisory, administrative or operating services provided by the Advisor to us.

While we may borrow funds to make investments, our ability to use debt is limited in certain significant respects. As a BDC and a regulated investment company (“RIC”) under the Code, for tax purposes, we are dependent on our ability to raise capital through the issuance of our common stock. RICs generally must distribute substantially all of their earnings to stockholders in order to achieve pass-through tax treatment, which prevents us from using those earnings to support operations, which may include new investments (including investments into existing portfolio companies). Further, BDCs must maintain an asset coverage ratio (the ratio of total assets less total liabilities other than indebtedness to total indebtedness) of not less than 150% (200% prior to May 2, 2020) in order to incur debt or issue senior securities, meaning generally that for every dollar of debt incurred or senior securities issued, we must have one dollar and fifty cents of assets. Our existing debt arrangements also require that we maintain an asset coverage ratio of not less than 150% (200% prior to May 2, 2020), among other things.

Portfolio composition

We have built an investment portfolio that includes primarily senior secured debt to U.S. private middle-market companies. Although most of our new investments are in senior debt investments, our investment portfolio may include junior secured, unsecured and subordinated loans, common and preferred equity, options and warrants, credit derivatives, high-yield bonds, distressed debt and other structured securities. Our targeted investment typically ranges between $5 million and $25 million, although the investment sizes may be more or less than the targeted range and may grow with our capital availability. We generally seek to invest in companies that operate in a broad variety of industries and that generate positive cash flows. While our focus is to generate current income through these investments, we also seek capital appreciation.

We generally are not permitted to invest in any private company in which any of our affiliates holds an existing investment, except to the extent permitted by the 1940 Act. We may, however, co-invest on a concurrent basis with our affiliates, subject to compliance with applicable regulations and regulatory guidance, as well as applicable allocation procedures. We may invest, to the extent permitted by law, in the securities and instruments of other investment companies, including private funds.

Exit Strategy. The Advisor seeks to invest in companies that it believes will provide a steady stream of cash flow to repay loans and/or build equity value. With respect to loans and debt securities, the Advisor expects that such internally generated cash flow, leading to the payment of interest on, and the repayment of the principal of, our investments will be a key means by which we exit these investments over time. In addition, the Advisor seeks to invest in companies whose business models and expected future cash flows offer attractive exit possibilities. These companies include candidates for strategic acquisition by other industry participants and companies that may repay our investments through an initial public offering of common stock or another capital market transaction. With respect to our equity investments, the Advisor will look to exit such investments via repurchases by the portfolio company, public offerings and sales pursuant to merger and acquisition transactions.

Liquidation Value of Assets. The prospective liquidation value of the assets, if any, collateralizing loans in which we invest is an important factor in the Advisor’s credit analysis. The Advisor emphasizes both tangible assets, such as accounts receivable, inventory, equipment and real estate, and intangible assets, such as intellectual property, customer lists, networks and databases.

Investment Process

The Advisor’s investment process is designed to maximize its strategic advantages: a strong brand name as a specialty lender to the middle-market and diverse in-house expertise and skills. The Advisor seeks out opportunities by conducting a rigorous and disciplined investment process that combines the following characteristics:

Deal Sourcing. As a leading middle-market corporate debt investment manager with approximately $15.1 billion in committed capital as of December 31, 2020 (approximately 5% of which consists of the Company's committed capital), the Advisor is active in new deal financing opportunities in the middle-market segment. However, we believe that the Advisor's real deal flow advantage comes from the proprietary network of established relationships of its investment professionals and synergies among its professionals and portfolio companies. Members of the Advisor's Investment Committee for the Company (the "Investment Committee") have long-term relationships with deal sources including investment bankers, restructuring professionals, bankruptcy attorneys, senior lenders, high yield bond specialists, research analysts, accountants, fund management teams, the Advisor's advisory board, senior executive advisors, board members of former clients, former colleagues and other operating professionals to facilitate deal flow. The Investment Committee is currently comprised of seven voting members. In total, the Investment Committee consists of approximately 50 members from the Advisor. The number of voting and non-voting members of the Investment Committee is subject to increase or decrease in the sole discretion of the Advisor. All members of the Investment Committee attend investment meetings and are encouraged to participate in discussions. In addition, members of the Investment Committee have relationships with other investors, including insurance companies, bond funds, mezzanine funds, private equity funds, hedge funds and other funds which invest in similar assets. Further, the Advisor regularly calls on both active and recently retired senior executives from the relevant industries to assist with the due diligence of potential investments. Historically, these relationships with retired senior executives have also been a valuable source of transactions and information. The Advisor anticipates that they will continue to provide future opportunities. We believe the Advisor's strong relationships with its portfolio companies facilitate positive word-of-mouth recommendations to other companies seeking the Advisor's expertise. The Advisor's relationships often result in the ability to access investment opportunities earlier than many of its competitors and in some cases on an exclusive basis.

Due Diligence Process. The foundation of the Advisor's investment process is intensive investment research and analysis by its experienced staff of investment professionals. The Advisor's senior professionals have worked together for numerous years and we believe that they have a superior level of credit investing knowledge relative to other credit investors. The Advisor supplements its in-house knowledge with industry experts, including CEO/CFO-level executives, with direct management experience in the industries under consideration. The Advisor prefers these industry experts to consultants because of the practical business advice that comes from having managed businesses. The Advisor rigorously and comprehensively analyzes issuers of securities of interest. The process includes a quantitative and qualitative assessment of the issuer's business, an evaluation of its management, an analysis of the business strategy and industry trends, and an in-depth examination of the company's capital structure, financial results and projections. The Advisor's due diligence process includes:

- an assessment of the outlook for the industry and general macroeconomic trends;
- discussions with issuer management and other industry executives, including the assessment of management/board strengths and weaknesses;
- an analysis of the fundamental asset values and the enterprise value of the issuer;
- review of the issuer's key assets, core competencies, competitive advantages, historical and projected financial statements, capitalization, financial flexibility, debt amortization requirements, and tax, environmental, legal and regulatory contingencies;
- review of the issuer's existing credit documents, including credit agreements, indentures, intercreditor agreements, and security agreements; and
- review of documents governing the issuer, including charter, by-laws, and key contracts.

As a part of its due diligence process, the Advisor considers sustainability-related factors that can affect the future prospects of the issuer. Since sustainable investment options have the potential to offer better outcomes, the Advisor integrates sustainability considerations into the way it manages risk, constructs portfolios, designs products, and engages with companies.

Structuring Originations. As an early non-bank participant in the leveraged loan market, we believe that loan origination is a core competency of the Advisor. Supplementing industry deal teams' experience and competency, the Advisor has a number of professionals with legal experience, including significant experience in bankruptcy and secured credit. Deal teams work with the Advisor's in-house legal specialists and outside counsel to structure over-collateralized loans with what we believe to be strong creditor protections and contractual controls over borrower operations. In many cases, the Advisor works to obtain contractual governance rights and board observer seats to protect principal and maximize post-investment returns. Deals usually include original issue discounts, upfront fees, exit fees and/or equity participations through warrants or direct equity stakes.

Trading and Secondary Market Purchases. A key element in maximizing investment returns in secondary purchases is buying and selling investments at the best available prices. The Advisor has a dedicated trading staff for both the highly specialized traded loan market and for high-yield bonds. Through its trading operations, the Advisor maintains its established relationships with a network of broker-dealers in the debt securities markets. These relationships provide the Advisor with access to the trading dynamics of existing or potential investments and assist it in effectively executing transactions. These relationships may also lead to the early identification of potential investment opportunities for the Company.

Portfolio Management & Monitoring. The Advisor actively monitors the financial performance of its portfolio companies and market developments. This constant monitoring permits the Advisor to update position risk assessments, seek to address potential problems early, refine exit plans, and make follow-on investment decisions quickly. We view active portfolio monitoring as a vital part of our investment process.

We consider board observation and information rights, regular dialogue with company management and sponsors, and detailed internally generated monitoring reports to be critical to our performance. We have developed a monitoring template that seeks to ensure compliance with these standards and that is used as a tool by the Investment Committee to assess investment performance relative to plan.

- Deal teams maintain contact with portfolio company management through regularly scheduled and *ad hoc* conference calls and onsite visits.
- Deal teams review portfolio company progress relative to plan and pre-determined performance benchmarks.
- Adverse or unexpected developments, as well as consequential routine updates, are reported to the Investment Committee and thoroughly discussed at regularly scheduled weekly meetings. If merited, the Investment Committee will hold ad hoc meetings as necessary to address urgent issues.
- Deal teams, with Investment Committee approval, encourage portfolio company managers to catalyze events to monetize holdings for greater return, or where needed, take corrective actions to address shortfalls to plan or benchmarks.
- All existing portfolio holdings are formally reviewed in detail by the entire Investment Committee once per quarter at the Advisor’s quarterly portfolio review.

Investment Committee and Decision Process. The Advisor’s investment process is organized around the Investment Committee that provides for a centralized, repeatable decision process. The Investment Committee meets weekly and, with respect to each fund the Advisor advises, certain members of the Investment Committee are voting members. The voting members of the Investment Committee for the Company are currently James E. Keenan, Jason A. Mehring, R. Marshall Merriman, Jr., Howard M. Levkowitz, Rajneesh Vig, Nik Singhal, and Philip M. Tseng. Approval by a simple majority vote of the voting members of the Investment Committee is required for the purchase or sale of any investment. No voting member has veto power. The Advisor’s investment process is designed to maximize risk-adjusted returns and preserve downside protection.

Investment structure

Once the Advisor determines that a prospective portfolio company is a suitable investment, it works with the management of that company, any intermediaries and other capital providers, including senior and junior debt security investors and equity capital providers, to structure an investment.

Most of our new investments are primarily in the form of senior secured loans, which generally have terms of three to ten years. We obtain security interests in the assets of our portfolio companies that serve as collateral in support of the repayment of the senior and junior secured loans. The collateral may take the form of first or second priority liens on the assets of a portfolio company.

In the case of the senior secured and junior loans, the Advisor tailors the terms of the investment to the facts and circumstances of the transaction and the prospective portfolio company, negotiating a structure that aims to protect our rights and manage our risk while creating incentives for the portfolio company to achieve its business plan and improve its profitability. For example, in addition to seeking a senior position in the capital structure of our portfolio companies, the Advisor seeks to limit the downside potential of our investments. The Advisor may accomplish this through requiring a total return on our investment (including both interest and potential equity appreciation) that compensates us for credit risk or through incorporating call protection into the investment structure. The Advisor may also negotiate covenants in connection with our investments that protect the preservation of our capital. Such restrictions may include affirmative and negative covenants, default penalties, lien protection, change of control provisions and board rights, including either observation or participation rights.

The Advisor structures unsecured and subordinated debt securities and loans in which we may invest to have relatively high floating or fixed interest rates that provide us with current investment income. These debt securities and loans generally have terms of up to ten years. Such unsecured and subordinated debt securities and loans may have interest-only payments in the early years, with amortization of principal deferred to the later years of the loan. Also, some of these loans will be collateralized by a subordinate lien on some or all of the assets of the company.

In some cases, our debt investments may provide for a portion of the interest payable to be payment-in-kind (“PIK”) interest. To the extent interest is PIK, it is payable through the increase of the principal amount of the loan by the amount of the interest due on the then-outstanding principal amount of the loan. We are required to recognize PIK interest, a non-cash source of income, as taxable income, increasing the amounts we are required to distribute to stockholders to qualify for the federal income tax benefits applicable to RICs.

In general, our debt investments include financial covenants and terms that require the portfolio company to reduce leverage over time, thereby enhancing its credit quality. These methods may include, among others: maintenance leverage covenants requiring a decreasing ratio of debt to cash flow; maintenance cash flow covenants requiring an increasing ratio of cash flow to interest expense and possibly other cash expenses such as capital expenditures, cash taxes and mandatory principal payments; and debt incurrence prohibitions, limiting a company's ability to re-lever its balance sheet. In addition, limitations on asset sales and capital expenditures prevent a company from changing the nature of its business or capitalization without our consent.

Structurally, subordinated loans usually rank junior in priority of payment to senior debt, such as senior bank debt, and are often unsecured. As such, other creditors may rank senior to us in the event of insolvency. However, subordinated loans rank senior to common and preferred equity in a borrower's capital structure. Due to their higher risk profile and often less restrictive covenants as compared to senior loans, subordinated loans generally earn higher interest yields than senior secured loans. We believe that subordinated loans offer an attractive alternative investment opportunity. In many cases investors in subordinated loans receive opportunities to invest directly in the equity securities of borrowers, and from time to time also may receive warrants to purchase equity securities.

Our debt investments may include equity features, such as warrants or options to buy a minority interest in the portfolio company. Warrants we receive with our debt may require only a nominal cost to exercise, and thus, as a portfolio company appreciates in value, we may achieve additional investment return from this equity interest. We generally seek to structure the warrants to provide provisions protecting our rights as a minority-interest holder, and we generally seek to structure puts or rights to sell such securities back to the company upon the occurrence of specified events.

Our equity investments may consist of preferred equity that pays dividends on a current basis or preferred equity that does not pay current dividends. Preferred equity generally has a preference over common equity as to distributions on liquidations and dividends. In some cases, we may acquire common equity. Our equity investments frequently are not control-oriented investments, and in many cases, we acquire equity securities as part of a group of private equity investors in which we are not the lead investor. We may also receive equity through portfolio company restructurings. Our preferred and common equity investments typically are made in conjunction with loans to these companies.

Ongoing relationship with portfolio companies

The Advisor monitors our portfolio companies on an ongoing basis. The Advisor monitors the financial trends of each portfolio company to determine if it is meeting its business plans and to assess the appropriate course of action for each company. The Advisor has several methods of evaluating and monitoring the performance and fair values of our investments, which may include the following and other methods:

- assessment of success of the portfolio company in adhering to its business plan and compliance with covenants;
- periodic and regular contact with portfolio company management and, if appropriate, the financial or strategic sponsor, to discuss financial position, requirements and accomplishments;
- comparisons to other companies in the industry;
- attendance at and participation in board meetings;
- review of interim and annual financial statements and financial projections for portfolio companies; and
- retention of third-party valuation firms to assist in determination of fair value.

Managerial assistance

As a BDC, we offer, and must provide upon request, managerial assistance to our portfolio companies. This assistance could involve, among other things, participating in board and management meetings, consulting with and advising officers of portfolio companies and providing other organizational and financial guidance or exercising strategic or managerial influence over such companies. We may receive fees for these services. The Advisor will provide managerial assistance on our behalf to those portfolio companies that request this assistance. Employees of BlackRock devoted to the Company have experience providing managerial assistance to private operating companies like our portfolio companies, and such assistance has tended to be related to board representation and to strategic and financing transactions. The Advisor generally will not receive any direct compensation from our portfolio companies for providing managerial assistance although it may do so from time to time.

Investment rating system

The Advisor generally employs a grading system for our entire portfolio. The Advisor grades all loans on a scale of 1 to 4. This system is intended to reflect the performance of the borrower's business, the collateral coverage of the loans and other factors considered relevant. Generally, the Advisor assigns only one loan grade to each portfolio company for all loan investments in that portfolio company; however, the Advisor will assign multiple ratings for different investments in one portfolio company, when appropriate. The following is a description of the conditions associated with each investment rating:

Grade 1: Investments in portfolio companies whose performance is substantially within or above the Advisor's expectations and whose risk factors are neutral to favorable to those at the time of the original investment or subsequent restructuring.

Grade 2: Investments in portfolio companies whose performance is below the Advisor's expectations and that require closer monitoring; however, the adverse impact may be deemed temporary, and the most likely outcome is that no loss of investment return (interest and/or dividends) or principal is expected.

Grade 3: Investments in portfolio companies whose performance is below the Advisor's expectations and for which risk has increased materially since origination or subsequent restructuring. Some loss of investment return is likely, but no loss of principal is expected. Companies graded 3 generally present a higher risk of liquidity pressure and/or covenant breach over the next six to twelve months.

Grade 4: Investments in portfolio companies whose performance is materially below the Advisor's expectations where business trends have deteriorated and risk factors have increased substantially since the original investment or subsequent restructuring, potentially resulting in a breach of covenants or other event of default. Investments graded 4 are those for which some loss of principal or invested capital is likely.

The Advisor monitors and, when appropriate, changes the investment ratings assigned to each investment in our portfolio. In connection with our valuation process, the Advisor and Board of Directors review these investment ratings on a quarterly basis. Our average investment rating was 1.90 at December 31, 2020 and 1.39 at December 31, 2019. The following is a distribution of the investment ratings of our portfolio companies at December 31, 2020 and 2019:

	December 31, 2020	December 31, 2019
Grade 1	$ 189,012,640	$ 543,022,093
Grade 2	198,713,376	163,762,457
Grade 3	38,605,618	—
Grade 4	51,136,642	43,074,531
Not Rated	1,557,200	—
Total investments	$ 479,025,476	$ 749,859,081

The investment rating process begins with each portfolio company or investment being initially evaluated by the investment team, led by a senior investment professional that is responsible for the portfolio company relationship. This evaluation generally is completed no less frequently than quarterly. At the Advisor's periodic and timely meetings, the transaction team presents an update on the activities of any company rated below Grade 1. Each quarter, all investment professionals attend a separate investment rating meeting. At these quarterly meetings, the investment team responsible for each portfolio investment reviews each portfolio company and suggests a rating for each investment for discussion among the investment professionals. At the conclusion of discussion, and subject to the approval of the Company's Interim CEO, the quarterly internal investment ratings are presented to the Board of Directors for their review.

Valuation Procedures

We conduct the valuation of our assets, pursuant to which our net asset value shall be determined, consistent with U.S. generally accepted accounting principles ("GAAP") and the 1940 Act. We value our assets on a quarterly basis. Our valuation procedures are set forth in more detail below:

Securities traded on a recognized securities exchange are valued using the closing price on the exchange on the valuation date. Investments for which market prices from an exchange are not readily available are valued using the last available bid price or quote provided by an independent pricing service or one or more broker-dealers or market makers, unless they are deemed not to represent fair value. Debt and equity securities for which market quotations are not readily available or for which market quotations are deemed not to represent fair value are valued at fair value as determined in good faith by or under the direction of the Company's Board of Directors.

Because the Company expects that there will not be a readily available market for all of the investments in its portfolio, the Company expects to value a significant portion of its portfolio investments at fair value as determined in good faith by or under the direction of the Board of Directors using a consistently applied valuation process in accordance with a documented valuation policy that has been reviewed and approved by the Board of Directors. Determination of fair value involves subjective judgements and estimates. Due to the inherent uncertainty and subjectivity of determining the fair value of investments that do not have a readily available market value, the fair value of the Company's investments may differ significantly from the values that would have been used had a readily available market value existed for such investments and may differ materially from the values that the Company may ultimately realize.

In addition, changes in the market environment and other events may have differing impacts based on whether or not market quotations are used to value the Company's investments. BCIA may believe that facts and circumstances applicable to an issuer, a seller, a purchaser, or the market for a particular security may cause current market quotations to not reflect the fair value of the security. Examples of these events could include cases where a security trades infrequently causing a quoted purchase or sale price to become stale, where there is a "forced" sale by a distressed seller, where market quotations vary substantially among market makers, or where there is a wide bid-ask spread or significant increase in the bid-ask spread.

With respect to the Company's investments for which market quotations are not readily available or for which market quotations are deemed not to represent fair value, the Board of Directors has approved a multi-step valuation process applied each quarter, as described below:

(i) The quarterly valuation process begins with each portfolio company or investment being initially evaluated and rated by the investment professionals of the Advisor responsible for the portfolio investment;

(ii) The investment professionals provide recent portfolio company financial statements and other reporting materials to independent valuation firms engaged by the Board of Directors (with the exception of statements and materials related to investments priced directly by the Advisor as described in (iv) below), such firms conduct independent appraisals each quarter and their preliminary valuation conclusions are documented and discussed with senior management of the Advisor;

(iii) The Audit Committee of the Board of Directors reviews the preliminary valuations prepared by the independent valuation firm and the Advisor, as applicable;

(iv) The fair value of certain investments, comprising in the aggregate, less than 5% of the Company's net asset value and no more than 15% of total positions held, respectively, may be determined by the Advisor in good faith without the engagement of an independent valuation firm in accordance with the Company's valuation policy; provided that if only the threshold with respect to the number of all positions valued at zero or immaterial amounts is exceeded, the Advisor may request Board approval to not request a fair valuation from an independent valuation firm for all such positions; and

(v) The Board of Directors discusses valuations and determines the fair value of each investment in the portfolio in good faith based on the input of the Advisor, the respective independent valuation firms (to the extent applicable) and the Audit Committee.

Investment Management Agreement

At a special meeting of the Company's stockholders, held on February 18, 2015, the Company's stockholders approved a new investment management agreement between the Company and BlackRock Advisors, LLC ("BlackRock Advisors") to permit BlackRock Advisors to serve as the Company's investment adviser following the completion of the sale of certain assets related to managing the Company from the Previous Advisor, 52nd Street Capital Advisors LLC, formerly BlackRock Kelso Capital Advisors LLC. BlackRock Advisors is a wholly owned indirect subsidiary of BlackRock, Inc. The Transaction was completed on March 6, 2015 and, pursuant to the BlackRock Advisors Management Agreement, dated as of March 6, 2015, BlackRock Advisors began managing the Company's investment activities. Prior to the consummation of the Transaction, the Company had entered into an investment management agreement with 52nd Street Capital Advisors LLC, the Company's previous adviser. The BlackRock Advisors Management Agreement had the same management and incentive fee terms until March 6, 2017 and different management and incentive fees terms thereafter. For Base Management Fee and Incentive Fee terms prior to March 6, 2017, refer to the Company's Annual Report on Form 10-K for the year ended December 31, 2019, which was filed with the SEC on March 4, 2020.

On January 16, 2018, BlackRock Advisors assigned the BlackRock Advisors Management Agreement, dated March 6, 2015, to a wholly owned subsidiary, BCIA, the Advisor, pursuant to Rule 2a-6 of the 1940 Act and the Company entered into a new investment management agreement with BCIA (the "Previous Management Agreement").

At the annual meeting of the Company's stockholders, held on May 1, 2020, the Company's stockholders approved, among other matters, the proposal to allow the Company to increase leverage by approving the application to the Company of a minimum asset coverage ratio of 150%, pursuant to Section 61(a)(2) of the Investment Company Act of 1940, to become effective on May 2, 2020 (the

“Current Management Agreement” or the “Management Agreement”). Effective at the same time, the Company’s Base Management Fee and Incentive Fee were reduced as follows: (i) Base Management Fee was reduced from 1.75% of total assets to 1.50% on total assets up to 200% of net asset value and 1.0% on total assets that exceed 200% of net asset value; (ii) Incentive Fee based on net investment income was reduced from 20% over a 7% hurdle to 17.5% over a 7% hurdle; and (iii) Incentive Fee based on net capital gains was reduced from 20% to 17.5%.

The Current Management Agreement will be in effect from year-to-year if approved annually by the Board of Directors or by the affirmative vote of the holders of a majority of outstanding voting securities, including, in either case, approval by a majority of the directors who are not interested persons. The Company’s Board of Directors approved the continuation of the Current Management Agreement on November 3, 2020.

Base Management Fee

Under the Management Agreement, the investment advisor, subject to the overall supervision of the Board, manages the day-to-day operations and provides the Company with investment advisory services. For providing these services, effective May 2, 2020, the Advisor receives a Base Management Fee at an annual rate of 1.50% of total assets (excluding cash and cash equivalents), including any assets acquired with the proceeds of leverage, payable quarterly in arrears based on the asset valuation as of the end of the prior quarter. Additionally, the Base Management Fee is calculated at 1.00% on assets that exceed 200% of net asset value of the Company. Prior to May 2, 2020, the Base Management Fee was calculated at an annual rate of 1.75% of total assets (excluding cash and cash equivalents). The Base Management Fee for any partial quarter is prorated.

For the years ended December 31, 2020, 2019 and 2018, the Company incurred $10,799,832, $12,425,101, and $14,138,788, respectively, in Base Management Fees under the investment management agreement.

Incentive Management Fee

(i) Quarterly Incentive Fee Based on Income

The Current Management Agreement provides that the investment advisor or its affiliates may be entitled to an Incentive Fee under certain circumstances. The Incentive Fee has two parts. The first portion is based on income other than capital gains and is calculated separately for each calendar quarter and will be paid on a quarterly basis. Effective May 2, 2020, the Incentive Fee based on income is calculated as follows:

- No Incentive Fee based on income other than capital gains for any calendar quarter in which the Pre-Incentive Fee Net Investment Income does not exceed 1.75% (7.00% annualized) of net assets attributable to common stock at the beginning of such quarter.
- 100% of the Pre-Incentive Fee Net Investment Income in any calendar quarter with respect to that portion of such Pre-Incentive Fee Net Investment Income, if any, for such calendar quarter, that exceeds 1.75% (7.00% annualized) of net assets attributable to common stock at the beginning of such quarter but is less than approximately 2.12% (8.48% annualized).
- 17.5% of the Pre-Incentive Fee Net Investment Income, if any, for any calendar quarter that exceeds approximately 2.12% (8.48% annualized) of net assets attributable to common stock at the beginning of such quarter.

Prior to May 2, 2020 (and since March 6, 2017), the Incentive Fee based on income was calculated as follows:

- No Incentive Fee based on income other than capital gains for any calendar quarter in which the Pre-Incentive Fee Net Investment Income does not exceed 1.75% (7.00% annualized) of net assets attributable to common stock at the beginning of such quarter.
- 100% of the Pre-Incentive Fee Net Investment Income in any calendar quarter with respect to that portion of such Pre-Incentive Fee Net Investment Income, if any, for such calendar quarter, that exceeds 1.75% (7.00% annualized) of net assets attributable to common stock at the beginning of such quarter but is less than approximately 2.19% (8.75% annualized).
- 20% of the Pre-Incentive Fee Net Investment Income, if any, for any calendar quarter that exceeds approximately 2.19% (8.75% annualized) of net assets attributable to common stock at the beginning of such quarter.

The calculations described above will be appropriately prorated for any period of less than a quarter and adjusted for the net proceeds from any common stock issuances and the cost of any common stock repurchases during such quarter.

The payment of any such Incentive Fee based on income otherwise earned by our investment advisor will be deferred if, for the most recent four full calendar quarter period ending on or prior to the date such payment is to be made, the Annualized Rate of Return is less than 7.0% of net assets attributable to common stock at the beginning of such four quarter period as adjusted for the net proceeds from any common stock issuances and the cost of any common stock repurchases during such four full calendar quarter period, with any deferred Incentive Fees to be carried over for payment in subsequent quarterly calculation periods to the extent such payment can then be made in accordance with the investment management agreement.

For the years ended December 31, 2020, 2019, and 2018, the Company incurred $6,304,333, $8,751,521, and $8,510,866, respectively, in Incentive Fees based on income.

BlackRock Advisors, in consultation with the Company's Board of Directors, agreed to waive Incentive Fees based on income after March 6, 2017 to June 30, 2019 (see Note 3 to the consolidated financial statements). BCIA had agreed to honor such waiver. The Advisor voluntarily waived a portion of its Incentive Fees based on income from July 1, 2019 through December 31, 2020. For the year ended December 31, 2020, the Advisor has waived Incentive Fees of $6,304,333, resulting in no net Incentive Fees for the year. For the year ended December 31, 2019, the Advisor has waived Incentive Fees of $6,901,924, resulting in net Incentive Fees of $1,849,597. The waiver for Incentive Fees based on income was $8,510,866 for the year ended December 31, 2018, resulting in no net Incentive Fees based on income incurred by the Company. As of December 31, 2020, and 2019, there was $1,849,597, and $1,849,597, respectively, of Incentive Fees payable based on income. The payment of Incentive Fee based on income of $1,849,597 at December 31, 2020 was deferred pursuant to the Incentive Fee deferral provision discussed above.

(ii) Annual Incentive Fee Based on Capital Gains

The second portion of the Incentive Fee is based on capital gains and is calculated separately for each Annual Period. Effective May 2, 2020, our investment advisor will be entitled to receive an Incentive Fee based on capital gains for each Annual Period in an amount equal to 17.5% of the amount by which (1) net realized capital gains occurring during the period, if any, exceeds (2) gross unrealized capital depreciation, if any, occurring during the period. In calculating the portion of the Incentive Fee based on capital gains payable for any period, investments are accounted for on a security-by-security basis. In addition, the portion of the Incentive Fee based on capital gains is determined using the "period-to-period" method pursuant to which the portion of the Incentive Fee based on capital gains for any period will be based on realized capital gains for the period reduced by realized capital losses for the period and unrealized capital depreciation for the period. Prior to May 2, 2020 (and since March 6, 2017), the incentive fee on capital gains was calculated at an annual rate of 20%.

The capital gains Incentive Fee as calculated under the Current Management Agreement and the BlackRock Advisors Management Agreement as described above, at December 31, 2020 and 2019, respectively, resulted in no capital gains incentive fee accrual. The Company did not have any cumulative accrued balance at December 31, 2020 and 2019.

(iii) Calculation of Incentive Fee Based on Capital Gains

For purposes of calculating the Incentive Fee based on capital gains, (i) "Annual Period" means the period beginning on July 1 of each calendar year, including the calendar year prior to the year in which the investment management agreement became effective, and ending on June 30 of the next calendar year; (ii) "Annualized Rate of Return" is computed by reference to the sum of (i) the aggregate distributions to common stockholders for the period in question and (ii) the change in net assets attributable to common stock (before taking into account any Incentive Fees otherwise payable during such period); (iii) "net assets attributable to common stock" means total assets less indebtedness and preferred stock; and (iv) "Pre-Incentive Fee Net Investment Income" means net investment income (as determined in accordance with United States generally accepted accounting principles) accrued by the Company during the calendar quarter excluding any accruals for or payments in respect of the Incentive Fee.

The Company is required under GAAP to accrue a hypothetical capital gains Incentive Fee based upon net realized capital gains and unrealized capital appreciation and depreciation on investments held at the end of each period. The accrual of this hypothetical capital gains Incentive Fee assumes all unrealized capital appreciation and depreciation is realized in order to reflect a hypothetical capital gains Incentive Fee that would be payable at each measurement date. If such amount is positive at the end of the period, then we recorded a capital gains Incentive Fee equal to 17.5% of such amount, for period ended after May 2, 2020 (or 20%, for period ended prior to May 2, 2020), less the amount of capital gains related Incentive Fees already accrued in prior periods.

If the resulting amount is negative, the accrual for GAAP in a given period may have resulted in the reduction of an expense. There can be no assurance that such unrealized capital appreciation will be realized in the future. However, it should be noted that a fee so calculated and accrued would not be payable under the Advisers Act, the Current Management Agreement or the BlackRock Advisors Management Agreement. Amounts actually paid were consistent with the Advisers Act, which specifically excludes consideration of unrealized capital appreciation. In accordance with GAAP, the hypothetical liquidation for the years ended December 31, 2020 and 2019 resulted in no capital gains Incentive Fee.

(iv) Calculation of Capital Gains

Capital gains and losses are calculated using the proceeds received and either (i) fair market value at the beginning of the Annual Period or (ii) cost for investments acquired during the Annual Period. In calculating whether the portion of the Incentive Fee based on capital gains is payable with respect to any period, the Company accounts for assets on a security-by-security basis. In addition, the Company uses the "period-to-period" method pursuant to which the portion of the Incentive Fee based on capital gains for any period is based on realized capital gains for the period reduced by realized capital losses and gross unrealized capital depreciation for the period. Based on current interpretations of Section 205(b)(3) of the Investment Advisers Act of 1940 by the SEC and its staff, the calculation of unrealized depreciation for each portfolio security over a period is based on the fair value of the security at the end of the period compared to the fair value at the beginning of the period. Incentive Fees earned in any of the periods described above are not subject to modification or repayment based upon performance in a subsequent period. The Advisor has agreed to change the calculation of its Incentive Fees based upon gains for the period from July 1, 2018 until June 30, 2019, solely with respect to any change in the fair market value of the Company's investment in preferred stock of KAGY Holding Company, Inc. by using $11,952,516 (March 31, 2018 value) as the fair market value at the beginning of the Annual Period instead of $329,881 (June 30, 2018 value).

Indemnification

The Current Management Agreement provides that in the absence of willful misfeasance, bad faith, gross negligence or reckless disregard of its obligations thereunder, the Advisor is not liable to us or any of our stockholders for any act or omission by it or its employees in the supervision or management of our investment activities or for any loss sustained by us or our stockholders, and provides for indemnification by us of its members, directors, officers, employees, agents and control persons for liabilities incurred by it in connection with their services to us, subject to certain limitations and conditions.

Duration and termination

Unless earlier terminated, the Current Management Agreement will remain in effect for successive periods of twelve months, provided that each continuance is specifically approved at least annually by both (1) the vote of a majority of our Board or the vote of a majority of our outstanding voting securities and (2) the vote of a majority of the Board who are not parties to the Management Agreement or interested persons (as such term is defined in the 1940 Act) of any such party, cast in person at a meeting called for the purpose of voting on such approval. On November 3, 2020, our Board approved the Current Management Agreement for a successive twelve months. We may terminate the Current Management Agreement as a whole at any time, without the payment of any penalty, upon the vote of a majority of our Board or a majority of our outstanding voting securities or by the Advisor, on 60 days' written notice by either party to the other which can be waived by the non-terminating party. The Current Management Agreement will also immediately terminate in the event of its assignment.

Administration agreement

We have entered into an administration agreement with BlackRock Financial Management, Inc., a subsidiary of BlackRock, under which the Administrator provides certain administrative services to us. For providing these services, facilities and personnel, we reimburse the Administrator for our allocable portion of overhead and other expenses incurred by the Administrator in performing its obligations under the administration agreement, including rent and our allocable portion of the cost of certain of our officers and their respective staffs. For the years ended December 31, 2020, 2019 and 2018, we incurred $1,457,979, $1,403,419, and $1,702,723, respectively, for such administrative services expenses.

Competition

A number of entities compete with us to make the types of investments that we make. We compete with other BDCs, public and private funds, commercial and investment banks, collateralized loan obligation ("CLO") funds, commercial financing companies, insurance companies, high yield investors and, to the extent they provide an alternative form of financing, private equity funds. Additionally, because competition for investment opportunities generally has increased among alternative investment vehicles, such as hedge funds, those entities have begun to invest in areas they have not traditionally invested in, including investments in middle-market companies. As a result of these new entrants, competition for investment opportunities at middle-market companies has intensified. Many of our existing and potential competitors are substantially larger and have considerably greater financial, technical and marketing resources than we do. For example, some competitors may have a lower cost of funds and access to funding sources that are not available to us. In addition, some competitors may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments and establish more relationships than us. Furthermore, many of our competitors are not subject to the regulatory restrictions that the 1940 Act imposes on us as a BDC or the restrictions that the Code imposes on us as a RIC.

Leverage

Senior Secured Revolving Credit Facility

On February 19, 2016, the Company entered into a Second Amended and Restated Senior Secured Revolving Credit Facility (the "Credit Facility"), which has an initial aggregate principal amount of up to $440,000,000, a stated commitment termination date of February 19, 2020, and a stated maturity date of February 19, 2021. The interest rate applicable to Eurocurrency borrowings thereunder is generally LIBOR plus an applicable margin of either 1.75% or 2.00% based on a pricing grid using the borrowing base as a multiple of the combined debt amount. The interest rate applicable to Alternate Base Rate ("ABR") borrowings thereunder is generally the prime rate in effect plus an applicable margin of either 0.75% or 1.00% based on a pricing grid using the borrowing base as a multiple of the combined debt amount. The Credit Facility's commitment may increase in size, under certain circumstances, up to a total of $750,000,000. From the commitment termination date to the stated maturity date, the Company is required to repay outstanding principal amounts under the Credit Facility on a monthly basis in an amount equal to 1/12th of the outstanding amount at the commitment termination date. On June 5, 2017, the Company entered into a Second Amendment to the Credit Facility which extended the commitment termination date on the Credit Facility to June 5, 2021 and the maturity date to June 5, 2022. On March 15, 2018, the Company entered into a Third Amendment to the Credit Facility which (i) permanently reduced the aggregate amount of multicurrency commitments under the Credit Facility from $440,000,000 to $400,000,000 and (ii) reduced the amount of shareholders' equity required under the Credit Facility from $500,000,000 plus 25% of net proceeds from the sale of equity interests to $450,000,000 plus 25% of net proceeds from the sale of equity interests. On August 30, 2019, the Company entered into a Fourth Amendment to the Credit Facility which (i) permanently reduced the aggregate amount of multicurrency commitments under the Credit Facility from $400,000,000 to $340,000,000 and (ii) reduced the amount of shareholders' equity required under the Credit Facility from $450,000,000 plus 25% of net proceeds from the sale of equity interests to $375,000,000 plus 25% of net proceeds from the sale of equity interests after August 30, 2019. On March 31, 2020, the Company had entered into a Waiver and Agreement to the Credit Facility to waive certain requirements under the Credit Facility from March 31, 2020 through May 10, 2020 (the "Waiver Period"), which was extended to August 10, 2020 with a Second Waiver and Agreement that the Company entered into on May 1, 2020. As a result of the Fifth Amendment of the Credit Facility (described below), the waivers are no longer required or applicable.

On May 22, 2020, the Company entered into a Fifth Amendment to the Credit Facility which (i) extends the maturity date on loans made under the Credit Facility from June 5, 2022 to June 5, 2023, (ii) changes the interest rate applicable to borrowings to LIBOR plus an applicable margin equal to either 2.00% or 2.25% depending on a ratio of the borrowing base to certain indebtedness, (iii) reduces the aggregate commitment under the Credit Facility from $340,000,000 to $300,000,000, (iv) makes certain changes to the calculation of the borrowing base, and (v) reduces the amount that the Company's commitment may increase in size, under certain circumstances, from $750,000,000 to $375,000,000. The most recent amendment also modifies the financial covenants under the Credit Facility to (i) reduce the amount of shareholders' equity required under the Credit Facility from $375,000,000 to $275,000,000 plus 25% of the net proceeds of the sale of Equity interests by the Company and its subsidiaries, (ii) reduce the minimum asset coverage ratio from 200% to 150% and (iii) incorporate a new senior coverage ratio to be maintained by the Company.

Unsecured Convertible Senior Notes Due 2022

On June 13, 2017, the Company issued $143,750,000 in aggregate principal amount ($125,000,000 of the initial offering and $18,750,000 of the underwriters' exercise of the overallotment option) of 5.00% Convertible Notes due 2022 (the "2022 Convertible Notes") under an indenture, dated as of June 13, 2017. Net proceeds to the Company from the offering, including the exercise of the overallotment option, were approximately $139,800,000. The 2022 Convertible Notes will mature on June 15, 2022, unless previously converted, repurchased or redeemed in accordance with their terms. The interest rate on the notes is 5.00% per year, payable semiannually in arrears on June 15 and December 15 of each year, commencing on December 15, 2017. Holders may convert their notes at their option prior to the close of business on the business day immediately preceding December 15, 2021, in integral multiples of $1,000 principal amount, only under certain circumstances. Upon conversion of a note, we will pay or deliver, as the case may be, cash, shares of our common stock or a combination of cash and shares of our common stock, at our election at an initial conversion rate of 118.2173 shares of common stock per $1,000 principal amount of notes, which is equivalent to an initial conversion price of approximately $8.46 per share of the Company's common stock. On or after December 23, 2021, the Company may redeem the 2022 Convertible Notes for cash, in whole or from time to time in part, at its option in accordance with their terms.

The 2022 Convertible Notes are accounted for in accordance with ASC 470-20, *Debt – Debt with Conversion and Other Options*. The Company has determined that the embedded conversion options in the 2022 Convertible Notes are not required to be separately accounted for as a derivative under U.S. GAAP. In accounting for the 2022 Convertible Notes, at the time of issuance the Company estimated separate debt and equity components, and an original issue discount equal to the equity component was recorded in additional paid-in-capital in the accompanying Consolidated Statements of Assets and Liabilities.

Staffing

Services necessary for our business are provided by individuals who are employees of BlackRock or the Administrator and its affiliates, pursuant to the terms of the Current Management Agreement and the Administration Agreement. Each of our executive officers is an employee of the Advisor or the Administrator and its affiliates. Our day-to-day investment operations are managed by the Advisor. At December 31, 2020, there were approximately 50 investment professionals who focus on origination and transaction development and monitoring of our investments. We reimburse the Advisor for costs and expenses incurred by the Advisor for office space rental, office equipment and utilities allocable to the Advisor under the Current Management Agreement, as well as any costs and expenses incurred by the Advisor relating to any non-investment advisory, administrative or operating services provided by the Advisor to us. In addition, we reimburse the Administrator for our allocable portion of expenses it incurs in performing its obligations under the Administration Agreement, including rent as well as our allocable portion of any costs and expenses incurred by the Administrator relating to any non-investment advisory, administrative or operating services provided by the Administrator to us.

Regulation

We are a BDC under the 1940 Act. The 1940 Act contains prohibitions and restrictions relating to transactions between BDCs and their affiliates (including any investment advisors or sub-advisors), principal underwriters and affiliates of those affiliates or underwriters and requires that a majority of the directors be persons other than “interested persons,” as that term is defined in the 1940 Act. In addition, the 1940 Act provides that we may not change the nature of our business so as to cease to be, or to withdraw our election as, a BDC unless that change is approved by a majority of our outstanding voting securities.

We may invest up to 100% of our assets in securities acquired directly from issuers in privately negotiated transactions. With respect to such securities, we may, for the purpose of public resale, be deemed an “underwriter” as that term is defined in the Securities Act. We may purchase or otherwise receive warrants to purchase the common stock of our portfolio companies in connection with acquisition financing or other investment. Similarly, in connection with an acquisition, we may acquire rights to require the issuers of acquired securities or their affiliates to repurchase them under certain circumstances. We also do not intend to acquire securities issued by any investment company that exceed the limits imposed by the 1940 Act. Under these limits, except for registered money market funds we generally cannot acquire more than 3% of the voting stock of any registered investment company, invest more than 5% of the value of our total assets in the securities of one registered investment company or invest more than 10% of the value of our total assets in the securities of registered investment companies in the aggregate. With regard to that portion of our portfolio invested in securities issued by investment companies, it should be noted that such investments might subject our stockholders to additional expenses. None of these are fundamental policies and they may be changed without stockholder approval.

Sarbanes-Oxley Act of 2002

The Sarbanes-Oxley Act of 2002 (the “Sarbanes-Oxley Act”) imposes a wide variety of regulatory requirements on publicly-held companies and their insiders. We have adopted procedures to comply with the Sarbanes-Oxley Act and the regulations promulgated thereunder. The Sarbanes-Oxley Act requires us to review our policies and procedures to determine whether we comply with the Sarbanes-Oxley Act and such regulations. We will continue to monitor our compliance with all regulations that are adopted under the Sarbanes-Oxley Act and will take actions necessary to ensure that we are in compliance therewith.

The NASDAQ Global Select Market corporate governance regulations

The NASDAQ Global Select Market has adopted corporate governance regulations with which listed companies must comply. We believe we are in compliance with such corporate governance listing standards. We will continue to monitor our compliance with all future listing standards and will take actions necessary to ensure that we are in compliance therewith.

Privacy principles

We are committed to maintaining the privacy of stockholders and to safeguarding our nonpublic personal information. The following information is provided to help you understand what personal information we collect, how we protect that information and why, in certain cases, we may share information with select other parties.

Generally, we do not receive any nonpublic personal information relating to our stockholders, although certain nonpublic personal information of our stockholders may become available to us. We do not disclose any nonpublic personal information about our stockholders or former stockholders to anyone, except as permitted by law or as is necessary in order to service stockholder accounts (for example, to a transfer agent or third party administrator).

We restrict access to nonpublic personal information about our stockholders to BlackRock's employees with a legitimate business need for the information. We maintain physical, electronic and procedural safeguards designed to protect the nonpublic personal information of our stockholders.

Available Information

We file with or submit to the SEC annual, quarterly and current periodic reports, proxy statements and other information meeting the informational requirements of the Securities Exchange Act of 1934 (the "Exchange Act"). This information is available free of charge by calling us at (212) 810-5800 or on our website at *www.blackrockbkcc.com.* The information on our website is not deemed incorporated by reference in this Annual Report. The SEC maintains an Internet site that contains reports, proxy and information statements and other information filed electronically by us with the SEC which are available at *www.sec.gov*. Copies of these reports, proxy and information statements and other information may be obtained, after paying a duplicating fee, by electronic request at the following e-mail address: *publicinfo@sec.gov*.

Item 1A. Risk Factors

Investing in our securities may be speculative and involves a high degree of risk. You should carefully consider these risk factors, together with all of the other information included in this Annual Report on Form 10-K, including our consolidated financial statements and the related notes thereto. The risks set out below are not the only risks we face. If any of the following events occur, our business, financial condition and results of operations could be materially adversely affected. In such case, our net asset value and the trading price of our common stock could decline, and you may lose all or part of your investment in us.

Risks Related to Our Business

We operate in a highly competitive market for investment opportunities.

A number of entities compete with us to make the types of investments that we make. We compete with other BDCs, public and private funds, commercial and investment banks, CLO funds, commercial financing companies, insurance companies, high yield investors, hedge funds and, to the extent they provide an alternative form of financing, private equity funds. Moreover, alternative investment vehicles, such as hedge funds, have begun to invest in areas in which they have not traditionally invested, including making investments in middle market private U.S. companies. As a result of these new entrants, competition for investment opportunities in middle market private U.S. companies may intensify. Many of our competitors are substantially larger and have considerably greater financial, technical and marketing resources than we do. Some competitors may have a lower cost of funds and access to funding sources that are not available to us. In addition, some of our competitors may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments and establish more relationships than us. Furthermore, many of our competitors are not subject to the regulatory restrictions that the 1940 Act imposes on us as a BDC and that the Code imposes on us as a RIC. We cannot assure you that the competitive pressures we face will not have a material adverse effect on our business, financial condition and results of operations. Also, as a result of this competition, we may not be able to pursue attractive investment opportunities from time to time. We do not seek to compete primarily based on the interest rates we offer and we believe that some of our competitors may make loans with interest rates that are comparable to or lower than the rates we offer. Rather, we compete with our competitors based on our existing investment platform, seasoned investment professionals, experience and focus on middle-market companies, disciplined investment philosophy, extensive industry focus and flexible transaction structuring.

We may lose investment opportunities if we do not match our competitors' pricing, terms and structure. If we match our competitors' pricing, terms and structure, we may experience decreased net interest income and increased risk of credit loss. As a result of operating in such a competitive environment, we may make investments that are on less favorable terms than what we may have originally anticipated, which may impact our return on these investments.

Events outside of our control, including public health crises, may negatively affect the results of our operations.

As of the filing date of this Annual Report, there is an outbreak of a highly contagious form of a novel coronavirus known as "COVID-19." COVID-19 has been declared a pandemic by the World Health Organization and, in response to the outbreak, the U.S. Health and Human Services Secretary has declared a public health emergency in the United States. COVID-19 has had a devastating impact on the global economy, including the U.S. economy, and has resulted in a global economic recession.

Many states, including those in which we and our portfolio companies operate, have issued orders requiring the closure of non-essential businesses and/or requiring residents to stay at home. The COVID-19 pandemic and preventative measures taken to contain or mitigate its spread have caused, and are continuing to cause, business shutdowns, cancellations of events and travel, significant reductions in demand for certain goods and services, reductions in business activity and financial transactions, supply chain interruptions and overall economic and financial market instability both globally and in the United States. Such effects will likely continue for the duration of the pandemic, which is uncertain, and for some period thereafter. While several countries, as well as certain states, counties and cities in the United States, began to relax the early public health restrictions with a view to partially or fully reopening their economies, many cities, both globally and in the United States, have since experienced a surge in the reported number of cases and hospitalizations related to the COVID-19 pandemic. This increase in cases has led to the reintroduction of restrictions and business shutdowns in certain states, counties and cities in the United States and globally and could continue to lead to the re-introduction of such restrictions elsewhere. Additionally, in December 2020, the U.S. Food and Drug Administration authorized vaccines produced by Pfizer-BioNTech and Moderna for emergency use. However, it remains unclear how quickly the vaccines will be distributed nationwide and globally or when “herd immunity” will be achieved and the restrictions that were imposed to slow the spread of the virus will be lifted entirely. The delay in distributing the vaccines could lead people to continue to self-isolate and not participate in the economy at pre-pandemic levels for a prolonged period of time. Even after the COVID-19 pandemic subsides, the U.S. economy and most other major global economies may continue to experience a recession, and our business and operations, as well as the business and operations of our portfolio companies, could be materially adversely affected by a prolonged recession in the United States and other major markets. Potential consequences of the current unprecedented measures taken in response to the spread of COVID-19, and current market disruptions and volatility that may impact our business include, but are not limited to:

- sudden, unexpected and/or severe declines in the market price of our securities or net asset value;
- inability of the Company to accurately or reliably value its portfolio;
- inability of the Company to comply with certain asset coverage ratios that would prevent the Company from paying dividends to our stockholders and that could result breaches of covenants or events of default under our credit agreement or debt indentures;
- inability of the Company to pay any dividends and distributions or service its debt;
- inability of the Company to maintain its status as a RIC under the Code;
- increased risk of default or bankruptcy by the companies in which we invest;
- increased risk of companies in which we invest being unable to weather an extended cessation of normal economic activity and thereby impairing their ability to continue functioning as a going concern;
- reduced economic demand resulting from changes in consumer behavior, mass employee layoffs or furloughs in response to governmental action taken to slow the spread of COVID-19, which could impact the continued viability of the companies in which we invest;
- companies in which we invest being disproportionally impacted by governmental action aimed at slowing the spread of COVID-19 or mitigating its economic effects;
- limited availability of new investment opportunities;
- inability for us to replace our existing leverage when it becomes due or replace it on terms as favorable as our existing leverage;
- a reduction in interest rates, including interest rates based on LIBOR and similar benchmarks, which may adversely impact our ability to lend money at attractive rates; and
- general threats to the Company’s ability to continue investment operations and to operate successfully as a business development company.

The COVID-19 pandemic (including the preventative measures taken in response thereto) has to date (i) created significant business disruption issues for certain of our portfolio companies, and (ii) materially and adversely impacted the value and performance of certain of our portfolio companies. The COVID-19 pandemic is continuing as of the filing date of this Annual Report, and its extended duration may have further adverse impacts on our portfolio companies after December 31, 2020, including for the reasons described below. Although on March 27, 2020, the U.S. government enacted the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”), which contains provisions intended to mitigate the adverse economic effects of the COVID-19 pandemic, it is uncertain whether, or how much, our portfolio companies will be able to benefit from the CARES Act or any other subsequent legislation intended to provide financial relief or assistance. As a result of this disruption and the pressures on their liquidity, certain of our portfolio companies have been, or may continue to be, incentivized to draw on most, if not all, of the unfunded portion of any revolving or delayed draw term loans made by us, subject to availability under the terms of such loans.

The effects described above on our portfolio companies could impact their ability to make payments on their loans on a timely basis and may impact their ability to continue making their loan payments on a timely basis or meeting their loan covenants. The inability of portfolio companies to make timely payments or meet loan covenants may in the future require us to undertake amendment actions with respect to our investments or to restructure our investments, which may include the need for us to make additional investments in our portfolio companies (including debt or equity investments) beyond any existing commitments, exchange debt for equity, or change the payment terms of our investments to permit a portfolio company to pay a portion of its interest through payment-in-kind, which would defer the cash collection of such interest and add it to the principal balance, which would generally be due upon repayment of the outstanding principal.

The COVID-19 pandemic has adversely impacted the fair value of our investments as of December 31, 2020, and the values presently assigned may differ materially from the values that we may ultimately realize with respect to our investments. The impact of the COVID-19 pandemic may not yet be fully reflected in the valuation of our investments as our valuations, and particularly valuations of private investments and private companies, are inherently uncertain, may fluctuate over short periods of time and are often based on estimates, comparisons and qualitative evaluations of private information that is often historical. As a result, our valuations at December 31, 2020 may not show the complete or continuing impact of the COVID-19 pandemic and the resulting measures taken in response thereto. In addition, write downs in the value of our investments have reduced, and any additional write downs may further reduce, our net asset value (and, as a result, our asset coverage calculation). Accordingly, we may continue to incur additional net unrealized losses or may incur realized losses after December 31, 2020, which could have a material adverse effect on our business, financial condition and results of operations.

The volatility and disruption to the global economy from the COVID-19 pandemic is impacting the pace of our investment activity, which could adversely impact our results of operations. This volatility and disruption has also increased spreads in the private debt capital markets.

In response to the COVID-19 pandemic, the Advisor instituted a work from home policy. Although certain employees are currently allowed to return to their offices in certain circumstances, subject to health and safety protocols, it is expected that most employees will continue to work remotely for the foreseeable future. Extended periods of remote working could strain our technology resources and introduce operational risks, including heightened cybersecurity risk. Remote working environments may be less secure and more susceptible to hacking attacks, including phishing and social engineering attempts that seek to exploit the COVID-19 pandemic.

Despite actions of the U.S. federal government and foreign governments, the uncertainty surrounding the COVID-19 pandemic and other factors has contributed to significant volatility and declines in the global public equity markets and global debt capital markets, including the market price of shares of our common stock and the trading prices of our issued debt securities. Shares of our common stock are trading below our net asset value as of the filing date of this Annual Report. Market conditions and our trading discount to net asset value may make it difficult for us to raise equity capital because, even though we have approval from our stockholders to sell shares of our common stock at a price below net asset value, we must first obtain approval for such sales from our independent directors and the approval we have obtained from our stockholders for such sales is only effective until May 15, 2021, unless approved again by our stockholders for another 12-month period. Absent such stockholder and independent director approval, subject to some limited exceptions, as a BDC we are generally not able to sell shares of our common stock at a price less than net asset value. Moreover, these market conditions may make it difficult to access or obtain new indebtedness with similar terms to our existing indebtedness or otherwise have a negative effect on our cost of capital. See “–Risks Relating to Our Business-Capital markets may experience periods of disruption and instability. Such market conditions may materially and adversely affect debt and equity capital markets in the United States and abroad, which may have a negative impact on our business and operations.”

It is virtually impossible to determine the ultimate impact of COVID-19 at this time. Further, the extent and strength of any economic recovery after the COVID-19 pandemic abates, including following any “second wave” or other intensifying of the pandemic, is uncertain and subject to various factors and conditions. Accordingly, an investment in the Company is subject to an elevated degree of risk as compared to other market environments.

Capital markets may experience periods of disruption and instability. Such market conditions may materially and adversely affect debt and equity capital markets in the United States and abroad, which may have a negative impact on our business and operations.

From time to time, capital markets may experience periods of disruption and instability, which may be evidenced by a lack of liquidity in debt capital markets, write-offs in the financial services sector, re-pricing of credit risk and failure of certain major financial institutions. An example of such disruption and instability occurred between 2008 and 2009. During that period, despite actions of the U.S. federal government and foreign governments, such disruption and instability contributed to worsening general economic conditions that materially and adversely impacted the broader financial and credit markets and reduced the availability of debt and equity capital for the market as a whole and financial services firms in particular. While capital markets have improved in recent years, these conditions could deteriorate again and global financial markets could experience significant volatility. During such market disruptions, we may have difficulty raising debt or equity capital especially as a result of regulatory constraints. There can be no assurance that adverse market conditions will not repeat themselves or worsen in the future.

Equity capital may be difficult to raise during periods of adverse or volatile market conditions because, subject to some limited exceptions, as a BDC, we are generally not able to issue additional shares of our common stock at a price less than net asset value without first obtaining approval for such issuance from our stockholders and our independent directors. We generally seek approval from our stockholders so that we have the flexibility to issue up to 25% of our then outstanding shares of our common stock immediately prior to any such sale at a price below net asset value. Pursuant to approval granted at our adjourned special meeting of stockholders held on May 15, 2020, we currently are permitted to sell or otherwise issue shares of our common stock at a price below net asset value, subject to certain limitations and determinations that must be made by our board of directors. Such stockholder approval expires on May 15, 2021.

Market conditions may in the future make it difficult to extend the maturity of or refinance our existing indebtedness and any failure to do so could have a material adverse effect on our business. The re-appearance of market conditions similar to those experienced from 2008 through 2009 for any substantial length of time could make it difficult to extend the maturity of or refinance our existing indebtedness or obtain new indebtedness with similar terms and any failure to do so could have a material adverse effect on our business. The debt capital that will be available to us in the future, if at all, may be at a higher cost and on less favorable terms and conditions than what we currently experience. Further, if we are unable to raise or refinance debt, then our equity investors may not benefit from the potential for increased returns on equity resulting from leverage and we may be limited in our ability to make new commitments or to fund existing commitments to our portfolio companies.

The illiquidity of our investments may make it difficult for us to sell such investments if required. As a result, we may realize significantly less than the value at which we have recorded our investments. In addition, significant changes in the capital markets, including the disruption and volatility, have had, and may in the future have, a negative effect on the valuations of our investments and on the potential for liquidity events involving our investments. While most of our investments are not publicly traded, applicable accounting standards require us to assume as part of our valuation process that our investments are sold in a principal market to market participants (even if we plan on holding an investment through its maturity). An inability to raise capital, and any required sale of our investments for liquidity purposes, could have a material adverse impact on our business, financial condition and results of operations.

Price declines and illiquidity in the corporate debt markets have adversely affected, and may in the future adversely affect, the fair value of our portfolio investments, reducing our net asset value through increased net unrealized depreciation.

As a BDC, we are required to carry our investments at market value or, if no market value is ascertainable, at fair value as determined in good faith by or under the direction of our Board of Directors. Decreases in the market values or fair values of our investments are recorded as unrealized depreciation, which reduces our net asset value. Depending on market conditions, we could incur substantial realized losses and may suffer additional unrealized losses in future periods, which could have a material adverse impact on our business, financial condition and results of operations.

Rising interest rates may adversely affect the value of our portfolio investments which could have an adverse effect on our business, financial condition and results of operations.

Our debt investments may be based on floating rates, such as London Interbank Offer Rate (“LIBOR”), EURIBOR, the Federal Funds Rate or the Prime Rate. General interest rate fluctuations may have a substantial negative impact on our investments, the value of our common stock and our rate of return on invested capital. A reduction in the interest rates on new investments relative to interest rates on current investments could also have an adverse impact on our net interest income. An increase in interest rates could decrease the value of any investments we hold which earn fixed interest rates, including subordinated loans, senior and junior secured and unsecured debt securities and loans and high yield bonds, and also could increase our interest expense, thereby decreasing our net income. Also, an increase in interest rates available to investors could make investment in our common stock less attractive if we are not able to increase our dividend rate, which could reduce the value of our common stock.

Because we have borrowed money, and may issue preferred stock to finance investments, our net investment income depends, in part, upon the difference between the rate at which we borrow funds or pay distributions on preferred stock and the rate that our investments yield. As a result, we can offer no assurance that a significant change in market interest rates will not have a material adverse effect on our net investment income. In periods of rising interest rates, our cost of funds would increase except to the extent we have issued fixed rate debt or preferred stock, which could reduce our net investment income.

You should also be aware that a change in the general level of interest rates can be expected to lead to a change in the interest rate we receive on many of our debt investments. Accordingly, a change in the interest rate could make it easier for us to meet or exceed the performance threshold and may result in a substantial increase in the amount of Incentive Fees payable to our Advisor with respect to the portion of the Incentive Fee based on income.

Changes relating to the LIBOR calculation process, the phase-out of LIBOR and the use of replacement rates for LIBOR may adversely affect the value of our portfolio securities.

In July 2017, the head of the United Kingdom Financial Conduct Authority announced the desire to phase out the use of LIBOR by the end of 2021. The announcement indicates that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. It is impossible to predict whether and to what extent banks will continue to provide LIBOR submissions to the administrator of LIBOR or whether any additional reforms to LIBOR may be enacted in the United Kingdom or elsewhere. Actions by the British Bankers' Association, the United Kingdom Financial Conduct Authority or other regulators or law enforcement agencies as a result of these or future events, may result in changes to the manner in which LIBOR is determined. In addition, any further changes or reforms to the determination or supervision of LIBOR may result in a sudden or prolonged increase or decrease in reported LIBOR, which could have an adverse impact on the market for LIBOR-based securities or the value of our portfolio of LIBOR-indexed, floating-rate debt securities.

At this time, no consensus exists as to what rate or rates will become accepted alternatives to LIBOR, although the U.S. Federal Reserve, in connection with the Alternative Reference Rates Committee, a steering committee comprised of large U.S. financial institutions, is considering replacing U.S. dollar LIBOR with the Secured Overnight Financing Rate ("SOFR"). Given the inherent differences between LIBOR and SOFR, or any other alternative benchmark rate that may be established, there are many uncertainties regarding a transition from LIBOR, including but not limited to the need to amend all contracts with LIBOR as the referenced rate and how this will impact the cost of variable rate debt and certain derivative financial instruments. In addition, SOFR or other replacement rates may fail to gain market acceptance. Any failure of SOFR or alternative reference rates to gain market acceptance could adversely affect the return on, value of and market for securities linked to such rates.

We are dependent upon senior management personnel of our Advisor for our future success, and if our Advisor is unable to hire and retain qualified personnel or if our Advisor loses any member of its senior management team, our ability to achieve our investment objective could be significantly harmed.

We depend on the members of senior management of the Advisor, particularly James E. Keenan, Jason A. Mehring, R. Marshall Merriman Jr., Howard M. Levkowitz, Rajneesh Vig, Nik Singhal and Philip Tseng, Managing Directors of the Advisor, and other key personnel for the identification, final selection, structuring, closing and monitoring of our investments. These employees of the Advisor have critical industry experience and relationships that we rely on to implement our business plan. Our future success depends on the continued service of our Advisor's senior management team. The departure of any of the members of our Advisor's senior management or a significant number of the members of its investment team could have a material adverse effect on our ability to achieve our investment objective as well as our business, financial condition or results of operation. As a result, we may not be able to operate our business as we expect, and our ability to compete could be harmed, which could cause our operating results to suffer. There also could be no assurance the Advisor would replicate its historical success.

Our Board of Directors may change our investment objective, operating policies and strategies without prior notice or stockholder approval, the effect of which may be adverse.

Our Board of Directors has the authority to modify or waive certain of our investment objective, operating policies and strategies without prior notice and without stockholder approval (except as required by the 1940 Act). However, absent stockholder approval, we may not change the nature of our business so as to cease to be, or withdraw our election as, a BDC. We cannot predict the effect any changes to our current operating policies and strategies would have on our business, operating results or value of our common stock. Nevertheless, the effects could adversely affect our business and impact our ability to make distributions to our stockholders.

Our Advisor has the right to resign on 60 days' notice, and we may not be able to find a suitable replacement within that time, resulting in a disruption in our operations that could adversely affect our business, financial condition and results of operations.

Our Advisor has the right, under our Current Management Agreement, to resign at any time upon not less than 60 days' written notice, whether we have found a replacement or not. If our Advisor resigns, we may not be able to find a new investment adviser or hire internal management with similar expertise and ability to provide the same or equivalent services on acceptable terms within 60 days, or at all. If we are unable to do so quickly, our operations are likely to experience a disruption, our business, financial condition and results of operations as well as our ability to pay distributions are likely to be adversely affected and the market price of our common stock may decline. In addition, the coordination of our internal management and investment activities is likely to suffer if we are unable to identify and reach an agreement with a single institution or group of executives having the expertise possessed by our Advisor and its affiliates. Even if we are able to retain comparable management, whether internal or external, the integration of such management and their lack of familiarity with our investment objective may result in additional costs and time delays that may adversely affect our business, financial condition and results of operations.

In addition to regulatory restrictions that restrict our ability to raise capital, our debt arrangements contain various covenants which, if not complied with, could accelerate repayment of our debt, thereby materially and adversely affecting our liquidity, financial condition and results of operations.

The agreement governing our Credit Facility requires us to comply with certain financial and operational covenants. These covenants include:

- restrictions on the level of indebtedness that we are permitted to incur in relation to the value of our assets;
- restrictions on our ability to incur liens; and
- maintenance of a minimum level of stockholders' equity.

As of December 31, 2020, we were in compliance with all applicable covenants for our outstanding borrowings. However, our continued compliance with these covenants depends on many factors, some of which are beyond our control. Accordingly, there are no assurances that we will continue to comply with the covenants in our debt arrangements. Failure to comply with these covenants would result in a default under these arrangements which, if we were unable to obtain a waiver from the lenders thereunder, could result in an acceleration of repayments on our debt and thereby have a material adverse impact on our business, financial condition and results of operations.

The disposition of our investments may result in contingent liabilities.

Most of our investments will involve private securities. In connection with the disposition of an investment in private securities, we may be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of a business. We may also be required to indemnify the purchasers of such investment to the extent that any such representations turn out to be inaccurate or with respect to certain potential liabilities. These arrangements may result in contingent liabilities that ultimately yield funding obligations that must be satisfied through our return of certain distributions previously made to us. We do not believe contingent liabilities were material at December 31, 2020.

Substantially all of our assets are subject to security interests under our borrowings and if we default on our obligations, we may suffer adverse consequences, including the lenders foreclosing on our assets.

As of December 31, 2020, substantially all of our assets were pledged as collateral under our Credit Facility. If we default on our obligations under these debt facilities, the lenders may have the right to foreclose upon and sell, or otherwise transfer, the collateral subject to their security interests. In such event, we may be forced to sell our investments to raise funds to repay our outstanding borrowings in order to avoid foreclosure and these forced sales may be at times and at prices we would not consider advantageous. Moreover, such deleveraging of our company could significantly impair our ability to effectively operate our business in the manner in which we have historically operated. As a result, we could be forced to curtail or cease new investment activities and lower or eliminate the distributions that we pay to our stockholders.

In addition, if the lenders exercise their right to sell the assets pledged under our borrowings, such sales may be completed at distressed sale prices, thereby diminishing or potentially eliminating the amount of cash available to us after repayment of the amounts outstanding.

Our Credit Facility matures on June 5, 2023, and our 2022 Convertible Notes mature on June 15, 2022, and any inability to renew, extend or replace our Credit Facility or 2022 Convertible Notes could adversely impact our liquidity and ability to find new investments or maintain distributions to our stockholders.

We maintain a multi-currency $300.0 million senior secured credit facility with a group of lenders, under which we had $38.8 million of indebtedness outstanding at December 31, 2020. Undrawn amount under our Credit Facility was $261.2 million at December 31, 2020. The Credit Facility's commitment may increase in size, under certain circumstances, up to a total of $375.0 million. The Credit Facility has a stated maturity date of June 5, 2023. We maintain $143.8 million in aggregate principal amount of 5.00% Convertible Notes which mature on June 15, 2022 unless previously converted, repurchased or redeemed in accordance with their terms. There can be no assurance that we will be able to renew, extend or replace the Credit Facility or 2022 Convertible Notes upon its maturity on terms that are favorable to us, if at all. Our ability to renew, extend or replace the Credit Facility or 2022 Convertible Notes will be constrained by then-current economic conditions affecting the credit markets. In the event that we are not able to renew, extend or replace the Credit Facility or 2022 Convertible Notes at the time of its maturity, this could have a material adverse effect on our liquidity and ability to fund new investments, our ability to make distributions to our stockholders and our ability to qualify as a RIC.

Our outstanding convertible notes present other risks to holders of our common stock, including the possibility that such notes could discourage an acquisition of us by a third party and accounting uncertainty.

Certain provisions of our outstanding convertible notes could make it more difficult or more expensive for a third party to acquire us. Upon the occurrence of certain transactions constituting a fundamental change, holders of our convertible notes will have the right, at their option, to require us to repurchase all of their notes or any portion of the principal amount of such notes. We may also be required to increase the conversion rate or provide for conversion into the acquirer's capital stock in the event of certain fundamental changes with respect to our convertible notes. These provisions could discourage an acquisition of us by a third party.

The accounting for convertible debt securities is subject to frequent scrutiny by the accounting regulatory bodies and is subject to change. We cannot predict if or when any such change could be made and any such change could have an adverse impact on our reported or future financial results. Any such impacts could adversely affect the market price of our common stock.

Incurring additional indebtedness could increase the risk in investing in us.

As a BDC regulated under the 1940 Act, we are generally required to maintain a certain asset coverage for senior securities representing indebtedness (i.e., debt) or stock (i.e., preferred stock).

Following receipt of the necessary stockholder and Board approvals, effective May 2, 2020, the minimum asset coverage ratio requirement was reduced from 200% to 150%, pursuant to Section 61(a)(2) of the 1940 Act, as amended by the Small Business Credit Availability Act (the "SBCAA") (i.e., from a 1:1 debt to equity ratio to a 2:1 debt to equity ratio). Simultaneously, the Company's Base Management Fee and Incentive Fees were reduced as follows: (i) Base Management Fee was reduced from 1.75% of total assets to 1.50% of total assets; provided that the rate will be further reduced to 1.00% on assets that exceed 200% of net asset value; (ii) the Incentive Fees based on net investment income was reduced from 20% over a 7% hurdle to 17.5% over a 7% hurdle; and (iii) the Incentive Fees based on net capital gains was reduced from 20% to 17.5%. Therefore, we may be able to issue an increased amount of senior securities and incur additional indebtedness in the future and, therefore, your risk of an investment in us may increase.

If our asset coverage falls below the required limit, we will not be able to incur additional debt until we are able to comply with the asset coverage applicable to us. This could have a material adverse effect on our operations, and we may not be able to make distributions to stockholders. The actual amount of leverage that we employ will depend on our and our Board of Directors' assessment of market and other factors at the time of any proposed borrowing. We cannot assure you that we will be able to obtain credit at all or on terms acceptable to us.

We have indebtedness outstanding pursuant to our Credit Facility and may enter into new facilities and/or may increase the size of our existing credit facilities. As of December 31, 2020, we had outstanding approximately $143.8 million of 2022 Convertible Notes, and $38.8 million outstanding on our Credit Facility. Lenders under our Credit Facility and 2022 Convertible Notes have fixed dollar claims on our assets that are superior to the claims of our common stockholders or any preferred stockholders. We have granted a security interest in our assets in connection with our Credit Facility.

In the case of a liquidation event, those lenders would receive proceeds before our stockholders. In addition, borrowings, also known as leverage, magnify the potential for gain or loss on amounts invested and, therefore, increase the risks associated with investing in our common stock. Leverage is generally considered a speculative investment technique. If the value of our assets increases, then leveraging would cause the net asset value attributable to our common stock to increase more than it otherwise would have had we not leveraged. Conversely, if the value of our assets decreases, leveraging would cause the net asset value attributable to our common stock to decline more than it otherwise would have had we not leveraged. Similarly, any increase in our revenue in excess of interest expense on our borrowed funds would cause our net income to increase more than it would without the leverage. Any decrease in our revenue would cause our net income to decline more than it would have had we not borrowed funds and could negatively affect our ability to make distributions on our common stock. Our ability to service any debt that we incur depends largely on our financial performance and is subject to prevailing economic conditions and competitive pressures.

Illustration. The following table illustrates the effect of leverage on returns from an investment in our common stock assuming various annual returns, net of expenses. The calculations in the table below are hypothetical and actual returns may be higher or lower than those appearing below. The calculation is based on our level of borrowing at par at December 31, 2020, which represented borrowings equal to 35.7% of our total assets. On such date, we also had $511.7 million in total assets; an average cost of funds of 4.4% based on contractual terms at December 31, 2020; $182.6 million in principal amount of debt outstanding; and $315.0 million of total net assets. In order to compute the “Corresponding Return to Common Stockholders,” the “Assumed Return on Portfolio (Net of Expenses Other than Interest)” is multiplied by the total value of our assets at December 31, 2020 to obtain an assumed return to us. From this amount, the interest expense calculated by multiplying the interest rate of 4.4% by the $182.6 million in principal amount of debt outstanding is subtracted to determine the return available to stockholders. The return available to stockholders is then divided by the total value of our net assets at December 31, 2020 to determine the “Corresponding Return to Common Stockholders.” Actual interest payments may be different.

Assumed Return on Portfolio (Net of Expenses Other than Interest)(1)	**-10%**	**-5%**	**0%**	**5%**	**10%**
Corresponding Return to Common Stockholders	-18.8%	-10.7%	-2.6%	5.6%	13.7%

(1) The assumed portfolio return in the table is based on SEC regulations and is not a prediction of, and does not represent, our projected or actual performance. The table also assumes that we will maintain a constant level of leverage. The amount of leverage that we use will vary from time to time.

Our use of borrowed funds to make investments exposes us to risks typically associated with leverage.

We borrow money and may issue additional debt securities or preferred stock to leverage our capital structure. As a result:

- shares of our common stock are exposed to incremental risk of loss; therefore, a decrease in the value of our investments would have a greater negative impact on the value of our common stock than if we did not use leverage;
- adverse changes in interest rates could reduce or eliminate the incremental income we make with the proceeds of any leverage;
- our ability to make distributions on our common stock will be restricted if our asset coverage ratio is not at least 150% and any amounts used to service indebtedness or preferred stock may not be available for such distributions;
- such securities are governed by an indenture or other instrument containing covenants restricting our operating flexibility;
- we, and indirectly our stockholders, bear the cost of issuing and paying interest or making distributions on such securities; and
- any convertible or exchangeable securities that we issue may have rights, preferences and privileges more favorable than those of our common stock.

Uncertainty regarding the impact of the United Kingdom’s departure from the European Union could negatively impact our business, financial condition and earnings.

On June 23, 2016, the United Kingdom held a referendum in which voters approved an exit from the European Union, commonly referred to as "Brexit". The United Kingdom’s withdrawal from the European Union occurred on January 31, 2020, and the United Kingdom remained in the European Union’s customs union and single market until December 31, 2020 (the “Transition Period”). The United Kingdom and the European Union agreed on a Trade and Cooperation Agreement on December 24, 2020 (the “TCA”), which is intended to be operative from the end of the Transition Period. The TCA was ratified by the United Kingdom on December 30, 2020 and is expected to come into full force in February 2021 once relevant European Union institutions have also ratified the TCA. Until then, the TCA governs the United Kingdom's relationship with the European Union on an interim basis. While the TCA regulates a number of important areas, significant parts of the United Kingdom economy are not addressed in detail by the TCA, including in particular the services sector, which represents the largest component of the United Kingdom’s economy. A number of issues, particularly in relation to the financial services sector, remain to be resolved through further bilateral negotiations, which are currently expected to begin in the early part of 2021. As a result, the new relationship between the United Kingdom and the European Union could in the short-term, and possibly for longer, cause disruptions to and create uncertainty in the United Kingdom and European economies, prejudice to financial services businesses that are conducting business in the EU and which are based in the United Kingdom, legal uncertainty regarding achievement of compliance with applicable financial and commercial laws and regulations, and the unavailability of timely information as to expected legal, tax and other regimes.

We may not make distributions and consequently could be subject to corporate-level income tax.

We intend to make distributions on a quarterly basis to our stockholders out of assets legally available for distribution. We may not be able to achieve operating results that will allow us to make distributions at a specific level or to increase the amount of these distributions from time to time. In addition, due to the asset coverage test applicable to us as a BDC, we may be limited in our ability to make distributions. Also, restrictions and provisions in our existing and any future debt arrangements may limit our ability to make distributions. If we do not distribute a certain percentage of our income annually, we could fail to qualify for tax treatment as a RIC, and we would be subject to corporate-level federal income tax. We cannot assure you that you will receive distributions at a particular level or at all.

A portion of our distributions to stockholders may include a return of stockholder capital.

We intend to make distributions on a quarterly basis to our stockholders out of assets legally available for distribution. A portion of such distributions may include a return of stockholder capital. Distributions in excess of our current and accumulated earnings and profits are considered non-taxable distributions and serve to reduce the basis of our shares in the hands of the stockholders rather than being currently taxable, and as a result of the reduction of the basis of our shares, stockholders may incur additional capital gains taxes or may have lower capital losses.

We may have difficulty paying our required distributions if we recognize income before or without receiving cash representing such income.

In accordance with U.S. generally accepted accounting principles, or GAAP, and tax regulations, we include in income certain amounts that we have not yet received in cash, such as PIK interest, which represents contractual interest added to the loan balance and due at the end of the loan term. The increases in loan balances as a result of contracted PIK arrangements are included in income for the period in which such PIK interest was received, which is often in advance of receiving cash payment. We also may be required to include in income certain other amounts that we will not receive in cash. Any warrants that we receive in connection with our debt investments are generally valued as part of the negotiation process with the particular portfolio company. As a result, a portion of the aggregate purchase price for the debt investments and warrants are allocated to the warrants that we receive. This will generally result in “original issue discount,” or OID, for tax purposes, which we must recognize as ordinary income, increasing the amounts we are required to distribute to qualify for the federal income tax benefits applicable to RICs. Because such original issue discount income would not be accompanied by cash, we would need to obtain cash from other sources to satisfy such distribution requirements. If we are unable to obtain cash from other sources to satisfy such distribution requirements, we may fail to qualify for favorable tax treatment as a RIC and, thus, could become subject to a corporate-level income tax on all of our income. Other features of the debt instruments that we hold may also cause such instruments to generate original issue discount, resulting in a distribution requirement in excess of current cash received. Similarly, newly enacted tax legislation contains rules that may in certain other circumstances require the recognition of non-cash taxable income or may limit the deductibility of certain of our cash expenses. Since in certain cases we may recognize income before or without receiving cash representing such income or may be subject to limitations on the deductibility of cash expenses, we may have difficulty meeting the requirement to distribute at least 90% of our net ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any. If we are unable to meet these distribution requirements, we will not qualify for favorable tax treatment as a RIC or, even if such distribution requirements are satisfied, we may be subject to tax on the amount that is undistributed. Accordingly, we may have to sell some of our assets, raise additional debt or equity capital or reduce new investment originations to meet these distribution requirements and avoid tax.

To the extent OID and PIK interest constitute a portion of our income, we will be exposed to typical risks associated with such income being required to be included in taxable and accounting income prior to receipt of cash representing such income.

Our investments may include OID instruments and PIK interest arrangements, which represents contractual interest added to a loan balance and due at the end of such loan’s term. To the extent OID or PIK interest constitute a portion of our income, we are exposed to typical risks associated with such income being required to be included in taxable and accounting income prior to receipt of cash, including the following:

- The higher interest rates of OID and PIK instruments reflect the payment deferral and increased credit risk associated with these instruments, and OID and PIK instruments generally represent a significantly higher credit risk than coupon loans.
- Even if the accounting conditions for income accrual are met, the borrower could still default when our actual collection is supposed to occur at the maturity of the obligation.

- OID and PIK instruments may have unreliable valuations because their continuing accruals require continuing judgments about the collectability of the deferred payments and the value of any associated collateral. OID and PIK income may also create uncertainty about the source of our cash distributions.
- For accounting purposes, any cash distributions to stockholders representing OID and PIK income are not treated as coming from paid-in capital, even if the cash to pay them comes from offering proceeds. As a result, despite the fact that a distribution representing OID and PIK income could be paid out of amounts invested by our stockholders, the 1940 Act does not require that stockholders be given notice of this fact by reporting it as a return of capital.
- PIK interest has the effect of generating investment income at a compounding rate, thereby further increasing the Incentive Fees payable to the Advisor. Similarly, all things being equal, the deferral associated with PIK interest also decreases the loan-to-value ratio at a compounding rate.

Because we are required to distribute substantially all of our net investment income and net realized capital gains to our stockholders, we will continue to need additional capital to finance our growth.

We have elected to be treated for federal income tax purposes as a RIC under Subchapter M of the Code. If we can meet certain requirements, including source of income, asset diversification and distribution requirements, and if we continue to qualify as a BDC, we will continue to qualify to be a RIC under the Code and will not have to pay corporate-level taxes on income we distribute to our stockholders, allowing us to substantially reduce or eliminate our corporate-level tax liability. As a BDC, we are generally required to meet a coverage ratio of total assets to total senior securities, which includes all of our borrowings and any preferred stock we may issue in the future, of at least 150%. This requirement limits the amount that we may borrow. Because we will continue to need capital to grow our investment portfolio, this limitation may prevent us from incurring debt and require us to raise additional equity at a time when it may be disadvantageous to do so. We cannot assure you that debt and equity financing will be available to us on favorable terms, if at all, and debt financings may be restricted by the terms of any of our outstanding borrowings. In addition, as a BDC, we are generally not permitted to issue equity securities priced below net asset value without stockholder approval. If additional funds are not available to us, we could be forced to curtail or cease new lending and investment activities, and our net asset value and profitability could decline.

Any unrealized losses we experience on our investment portfolio may be an indication of future realized losses, which could reduce our income available for distribution.

Decreases in the market values or fair values of our investments will be recorded as unrealized depreciation. Any unrealized losses in our investment portfolio could be an indication of a portfolio company's inability to meet its repayment obligations to us with respect to the affected investments. This could result in realized losses in the future and ultimately in reductions of our income available for distribution in future periods.

If we fail to maintain an effective system of internal control over financial reporting, we may not be able to accurately report our financial results or prevent fraud. As a result, stockholders could lose confidence in our financial and other public reporting, which would harm our business and the trading price of our common stock.

Effective internal controls over financial reporting are necessary for us to provide reliable financial reports and, together with adequate disclosure controls and procedures, are designed to prevent fraud. Any failure to implement required new or improved controls, or difficulties encountered in their implementation could cause us to fail to meet our reporting obligations. In addition, any testing by us conducted in connection with Section 404 of the Sarbanes-Oxley Act, or the subsequent testing by our independent registered public accounting firm (when undertaken, as noted below), may reveal deficiencies in our internal controls over financial reporting that are deemed to be material weaknesses or that may require prospective or retroactive changes to our consolidated financial statements or identify other areas for further attention or improvement. Inferior internal controls could also cause investors and lenders to lose confidence in our reported financial information, which could have a negative effect on the trading price of our common stock.

Our Advisor and its affiliates and employees may have certain conflicts of interest.

As a global provider of investment management, risk management and advisory services to institutional and retail clients, BlackRock, the Advisor and their respective affiliates (for purposes of this discussion of potential conflicts, the "BlackRock Entities"), engage in a broad spectrum of activities, including sponsoring and managing a variety of public and private investment funds, funds of funds and separate accounts across fixed income, liquidity, equity, alternative investment and real estate strategies; providing financial advisory services; providing technology infrastructure and analytics under the BlackRock Solutions® brand and engaging in certain broker-dealer activities and other activities. Although the relationships and activities of the BlackRock Entities should help enable these entities to offer attractive opportunities and services to the Company, such relationships and activities create certain inherent actual and potential conflicts of interest. In the ordinary course of business, the BlackRock Entities engage in activities where their interests or the interests of their clients may conflict with the interests of the Company, certain investors or a group of investors, or the Company's investments. The following discussion enumerates certain potential and actual conflicts of interest.

Allocation of Investment Opportunities. The BlackRock Entities manage and advise numerous accounts for clients around the world, such as registered and unregistered funds and owners of separately managed accounts (collectively, “Client Accounts”). Client Accounts include funds and accounts in which the BlackRock Entities or their personnel have an interest (“BlackRock Accounts”). Certain of these Client Accounts have investment objectives, and utilize investment strategies, that are similar to the Company’s. As a result, certain investments may be appropriate for the Company and also for other Client Accounts. The BlackRock Entities’ allocation of investment opportunities among various Client Accounts presents inherent potential and actual conflicts of interest, particularly where an investment opportunity is limited. These potential conflicts are exacerbated in situations where BlackRock is entitled to higher fees and incentive compensation from certain Client Accounts than from other Client Accounts (including the Company), where the portfolio managers making an allocation decision are entitled to an incentive fee, carried interest or other similar compensation from such other Client Accounts, or where there are differences in proprietary investments in the Company and other Client Accounts. The prospect of achieving higher compensation or greater investment return from another investment vehicle or separate account than from the Company provides incentives for the Advisor or other BlackRock Entities to favor the other investment vehicle or separate account over the Company when, for example, allocating investment opportunities that the Advisor believes could result in favorable performance. It is the policy of BlackRock not to make decisions based on the foregoing interests or greater fees or compensation.

Any person that owns, directly or indirectly, 5% or more of our outstanding voting securities or is managed by the Advisor will generally be an affiliate of the Company for purposes of the 1940 Act and the Company is generally prohibited from participating in certain transactions such as co-investing with, or buying or selling any security from or to, such affiliate, absent the prior approval of the Independent Directors and, in some cases, of the SEC. However, the Advisor and the funds managed by the Advisor have received an order providing an exemption from certain SEC regulations prohibiting transactions with affiliates (the “Order”). The Order requires that certain procedures be followed prior to making an investment subject to the Order and such procedures could in certain circumstances adversely affect the price paid or received by the Company or the availability or size of the position purchased or sold by the Company. The Advisor may also face conflicts of interest in making investments pursuant to the Order.

The 1940 Act also prohibits certain “joint” transactions with certain of the Company’s affiliates, which could include investments in the same portfolio company (whether at the same or different times), without prior approval of the Independent Directors and, in some cases, of the SEC. The Company is prohibited from buying or selling any security from or to any person who owns more than 25% of the Company’s voting securities and from or to certain of that person’s affiliates, or entering into prohibited joint transactions with such persons, absent the prior approval of the SEC (other than certain limited situations pursuant to current regulatory guidance). The analysis of whether a particular transaction constitutes a joint transaction requires a review of the relevant facts and circumstances relating to the particular transaction. Similar restrictions limit the Company’s ability to transact business with its officers or directors or their affiliates.

To address actual and potential conflicts associated with allocation of investments, BlackRock has developed an investment allocation policy (the “Investment Allocation Policy”) and related guidelines. In addition, certain BlackRock Entities and business units have supplemental allocation policies for making allocation decisions among Client Accounts managed by such BlackRock Entities (together with the Investment Allocation Policy and related guidelines, the “Allocation Policy”). The Allocation Policy is intended to ensure that investment opportunities are allocated on a fair and equitable basis among Client Accounts over time, taking into account various factors including the Client Account’s investment objective, guidelines and restrictions and other portfolio construction considerations; available capital and liquidity needs; tax, regulatory and contractual considerations; risk or investment concentration parameters; supply or demand for a security at a given price level; size of available investment; unfunded capital commitments or cash availability and liquidity requirements; leverage limitations; regulatory restrictions; contractual restrictions (including with other clients); minimum investment size; relative size; and such other factors as may be relevant to a particular transaction or Client Account. The BlackRock Entities reserve the right to allocate investment opportunities appropriate for the investment objectives of the Company and other Client Accounts in any other manner deemed fair and equitable by the BlackRock Entities consistent with the Allocation Policy, the Order and applicable law. The application of the Allocation Policy, the Order and the foregoing considerations may result in a particular Client Account, including the Company, not receiving an allocation of an investment opportunity that has been allocated to other Client Accounts following the same or similar strategy, or receiving a smaller allocation than other Client Accounts or an allocation on an other than pro rata basis. Furthermore, as the investment programs of the Company and the other applicable Client Accounts change and develop over time, additional issues and considerations may affect the Allocation Policy and the expectations of the BlackRock Entities with respect to the allocation of investment opportunities to the Company and other Client Accounts. BlackRock and the Advisor reserve the right to change the Allocation Policy and guidelines relating thereto from time to time without the consent of or notice to stockholders, subject to the disclosure requirements of applicable law.

As a general matter, it is expected the Company will participate in investments deemed appropriate for the Company’s strategy and either sourced by the investment personnel directly responsible for managing the Company (though investments sourced by such personnel may also be allocated to other Client Accounts that may be managed by other investment teams) or made available for investment by the Company pursuant to the terms of the Order.

Allocation of Expenses. Side-by-side management by the BlackRock Entities of the Company and Client Accounts raises other potential and actual conflicts of interest, including those associated with allocating expenses attributable to the Company and one or more other Client Accounts. The Advisor and its affiliates will attempt to make such allocations on a basis that they consider to be fair and equitable to the Company under the circumstances over time and considering such factors as it deems relevant. The allocations of such expenses may not be proportional, and any such determinations involve inherent matters of discretion, e.g., in determining whether to allocate pro rata based on number of Client Accounts or proportionately in accordance with asset size, or in certain circumstances determining whether a particular expense has a greater benefit to the Company, other Client Accounts or the Advisor and/or its affiliates.

Activities of Other Client Accounts. The BlackRock Entities will, from time to time, be actively engaged in transactions on behalf of other Client Accounts in the same investments, securities, derivatives and other instruments in which the Company will directly or indirectly invest. Trading for certain other Client Accounts is carried out without reference to positions held directly or indirectly by the Company and may have an effect on the value or liquidity of the positions so held or may result in another Client Account having an interest in an issuer adverse to that of the Company.

Under certain circumstances and subject to the Order and applicable law, the Company may invest directly or indirectly in a transaction in which one or more other Client Accounts are expected, or seek, to participate or already have made, or concurrently will make or seek to make, an investment. The Company and the other Client Accounts may have conflicting interests and objectives in connection with such investments, including with respect to views on the operations or activities of the project or company involved, the targeted returns from the investment and the timeframe for, and method of, exiting the investment. For example, the Advisor's decisions on behalf of other Client Accounts to sell, redeem from or otherwise liquidate a security in which the Company is invested may adversely affect the Company, including by causing such investment to be less liquid or more concentrated, or by causing the Company to no longer participate in a controlling position in the investment or to lose the benefit of certain negotiated terms, including, without limitation, fee discounts. Conflicts will also arise in cases where the Company, directly or indirectly, and other Client Accounts invest in different parts of an issuer's capital structure, including circumstances in which one or more Client Accounts may own private securities or obligations of an issuer and other Client Accounts may own public securities of the same issuer. If an issuer in which the Company, directly or indirectly, and one or more other Client Accounts hold different classes of securities (or other assets, instruments or obligations issued by such issuer) encounters financial problems, decisions over the terms of any workout will raise potential conflicts of interests (including, for example, conflicts regarding the terms of recapitalizations and proposed waivers, amendments or enforcement of debt covenants). As a result, one or more Client Accounts may pursue or enforce rights with respect to a particular issuer in which the Company has directly or indirectly invested, and those activities may have an adverse effect on the Company. Because of the different legal rights associated with debt and equity of the same portfolio company, BlackRock expects to face a potential conflict of interest in respect of the advice given to, and the actions taken on behalf of, the Company versus another Client Account (e.g., the terms of debt instruments, the enforcement of covenants, the terms of recapitalizations and the resolution of workouts or bankruptcies). For example, if the Company holds debt securities of an issuer and a Client Account directly or indirectly holds equity securities of the same issuer, then, if the issuer experiences financial or operational challenges, the Company may seek a liquidation of the issuer in which it may be paid in full, whereas the Client Account, as a direct or indirect equity holder, might prefer a reorganization that holds the potential to create value for the equity holders. Similarly, if additional capital is necessary as a result of financial or other difficulties, or to finance growth of other opportunities, subject to the Order and applicable law and regulation, a Client Account may not provide such additional capital and the Company may do so, or vice versa. In the event of an insolvency, bankruptcy or similar proceeding of an issuer, the Company may be limited (by applicable law, courts or otherwise) in the positions or actions it may be permitted to take due to other interests held or actions or positions taken by other Client Accounts. In negotiating the terms and conditions of any such investments, or any subsequent amendments or waivers, the Advisor and the other BlackRock Entities may find that their own interests, the interests of the Company and/or the interests of one or more other Client Accounts could conflict. Any of the foregoing conflicts of interest will be discussed and resolved on a case-by-case basis. The resolution of such conflicts will take into consideration the interests of the relevant parties, the circumstances giving rise to the conflict, the Order to the extent applicable and applicable law. Stockholders should be aware that conflicts will not necessarily be resolved in favor of the Company and that the Company could be adversely affected by the actions taken by BlackRock Entities on behalf of Client Accounts.

In order to avoid or reduce the conflicts that may arise in cases where the Company, directly or indirectly, and other Client Accounts invest in different parts of an issuer's capital structure, or for other reasons, the Company may choose not to invest in issuers in which other Client Accounts hold an existing investment, even if the Advisor believes such investment opportunity to be attractive and otherwise appropriate for the Company and is permitted under applicable law and regulation, which may adversely affect the performance of the Company.

Other transactions by one or more Client Accounts also may have the effect of diluting the values or prices of investments held directly or indirectly by the Company or otherwise disadvantaging the Company. This may occur when portfolio decisions regarding the Company are based on research or other information that is also used to support portfolio decisions for other Client Accounts. When a BlackRock Entity implements a portfolio decision or strategy on behalf of a Client Account other than the Company ahead of, or contemporaneously with, similar portfolio decisions or strategies for the Company (whether or not the portfolio decisions emanate from the same research analysis or other information), market impact, liquidity constraints or other factors could result in the Company receiving less favorable investment results, and the cost of implementing such portfolio decisions or strategies for the Company could increase, or the Company could otherwise be disadvantaged.

Additionally, if the Company makes an investment in a portfolio company in conjunction with an investment made by another Client Account, the Company may not invest through the same investment vehicles, have the same access to credit or employ the same hedging or investment strategies as such other Client Account. This likely will result in differences in investment cost, investment terms, leverage and associated expenses between the Company and any other Client Account. There can be no assurance that the Company and the other Client Accounts will exit the investment at the same time or on the same terms, and there can be no assurance that the Company's return on such an investment will be the same as the returns achieved by any other Client Accounts participating in the transactions. Given the nature of these conflicts, there can be no assurance that the resolution of these conflicts will be beneficial to the Company.

The BlackRock Entities may also, in certain circumstances and subject to the Order and applicable law and regulation, pursue or enforce rights or take other actions with respect to a particular issuer or investment jointly on behalf of the Company and other Client Accounts. In such circumstances, the Company may be adversely impacted by the other Client Accounts' activities, and transactions for the Company may be impaired or effected at prices or terms that may be less favorable than would otherwise have been the case had the other Client Accounts not pursued a particular course of action with respect to the issuer or investment. For example, one or more Client Accounts may dispose of or make an in kind distribution of its portion of an investment that is also held by the Company and other Client Accounts, and such action may adversely affect the Company and such other Client Accounts that continue to hold such investment.

Conflicts may also arise because portfolio decisions made by the Advisor on behalf of the Company may benefit other BlackRock Entities or Client Accounts, including BlackRock Accounts. For example, subject to the Order and applicable law and regulation, the Company may invest directly or indirectly in the securities, bank loans or other obligations of issuers in which a Client Account has an equity, debt or other interest, or vice versa. In certain circumstances, the Advisor may be incentivized not to undertake certain actions on behalf of the Company in connection with such investments, in view of a BlackRock Entity's or Client Account's involvement with the relevant issuer or investment. Further, the Company may also engage in investment transactions that result in other Client Accounts being relieved of obligations or otherwise divesting of investments that the Company also holds or which cause the Company to have to divest certain investments. The purchase, holding and sale of investments by the Company may enhance the profitability of another Client Account's own investments in and activities with respect to such investments.

Without limiting the generality of the foregoing, the Company may invest, directly or indirectly, in equity of investments or issuers affiliated with the BlackRock Entities or in which a BlackRock Entity or a Client Account has a direct or indirect debt or other interest, or vice versa, and may acquire such equity or debt either directly or indirectly through public or private acquisitions. Such investments may benefit the BlackRock Entities or Client Accounts. In addition, the Advisor may be incentivized not to undertake certain actions on behalf of the Company in connection with such investments, in view of a BlackRock Entity's or Client Account's involvement with the relevant issuer or investment.

Moreover, the Advisor's investment professionals, its senior management and employees serve or may serve as officers, directors or principals of entities that operate in the same or a related line of business as the Company. Accordingly, these individuals may have obligations to investors in those entities or funds, the fulfillment of which might not be in the best interests of the Company or stockholders. In addition, certain of the personnel employed by the Advisor or focused on the Company's business may change in ways that are detrimental to the Company's business.

Transactions Between Client Accounts. Each of the BlackRock Entities and the Advisor reserve the right to conduct cross trades between the Company and other Client Accounts in accordance with applicable legal and regulatory requirements. The Advisor may cause the Company to purchase securities or other assets from or sell securities or other assets to, or engage in other transactions with, other Client Accounts or vehicles when the Advisor believes such transactions are appropriate and in the participants' best interest, subject to applicable law and regulation. The Company may enter into "agency cross transactions," in which a BlackRock Entity may act as broker for the Company and for the other party to the transaction, to the extent permitted under applicable law and regulation and the relevant Client Account governing documents. In such cases, the Advisor and such other Client Accounts or BlackRock Entities, as applicable, may have a potentially conflicting division of loyalties and responsibilities regarding both parties to the transaction. To the extent that any provision of Section 11(a) of the Exchange Act, or any of the rules promulgated thereunder, is applicable to any transactions effected by the Advisor, such transactions will be affected in accordance with the requirements of such provisions and rules.

Proxy Voting. The Board of Directors has delegated to the Advisor discretion with respect to voting and consent rights of the assets of the Company. Consistent with applicable rules under the Investment Advisers Act of 1940, as amended (the "Advisers Act"), BlackRock has adopted and implemented written proxy voting policies and procedures with respect to individual securities held by the Company that are reasonably designed: (i) to ensure that proxies are voted, consistent with its fiduciary obligations, in the best interests of Client Accounts under the circumstances over time; and (ii) to prevent conflicts of interest from influencing proxy voting decisions made on behalf of clients. Nevertheless, when votes are cast in accordance with BlackRock's proxy voting policy and in a manner that BlackRock believes to be consistent with its fiduciary obligations, actual proxy voting decisions made on behalf of one Client Account may have the effect of favoring or harming the interests of other Client Accounts, including the Company. Stockholders may receive a copy of BlackRock's proxy voting policy, upon request, and may also obtain a copy at: http://www.blackrock.com/corporate/en-us/about-us/responsible-investment/responsible-investment-reports.

Investment Terms of Other Client Accounts. The investment terms offered to other Client Accounts or to investors in other Client Accounts with similar investment objectives as the Company may be different than those applicable to stockholders and may create conflicts. In particular, with respect to investors in other Client Accounts that are managed as dedicated funds or with respect to other Client Accounts investing through separate accounts with similar investment objectives to the Company, information sharing may, to the extent permitted under applicable law and regulation, be more extensive, detailed and timely as compared to information available to stockholders, and the other Client Accounts' liquidity may not be subject to the restrictions that apply to stockholders.

Management of the Company. In connection with the management of the Company, the Board of Directors and/or the Advisor will have the right to make certain determinations on behalf of the Company, in its discretion. Any such determinations may affect stockholders differently and some stockholders may be adversely affected by such determinations by the Board of Directors or Advisor. Stockholders may be situated differently in a number of ways, including being resident of, or organized in, various jurisdictions, being subject to different tax rules or regulatory structures and/or having different internally- or externally-imposed investment policies, restrictions or guidelines. As a result, conflicts of interest may arise in connection with decisions made by the Board of Directors or the Advisor that may be more beneficial for certain stockholders. In making determinations on behalf of the Company, including in structuring and completing investments, the Advisor intends to consider the investment and tax objectives of the Company and the stockholders as a whole, not the investment, tax or other objectives of any stockholder individually.

Subject to applicable law, including the 1940 Act, and the terms of the applicable contracts with the Company, BlackRock Entities may from time to time, and without notice to the Company or stockholders, insource or outsource to third-parties, including parties which are affiliated with BlackRock, certain processes or functions in connection with a variety of services that they provide to the Company in their administrative or other capacities. Such in-sourcing or outsourcing may give rise to potential conflicts of interest.

Limited Access to Information; Information Advantage of Certain BlackRock Clients. As a result of receiving client reports, service on a Client Account's advisory board, affiliation with the Advisor or otherwise, one or more BlackRock clients may have access to different information regarding the BlackRock Entities' transactions, strategies or views, and may act on such information in accounts not controlled by the BlackRock Entities, which may have a material adverse effect on the performance of the Company. The Company and its investments may also be adversely affected by market movements or by decreases in the pool of available securities or liquidity arising from purchases and sales by, as well as increases of capital in, and withdrawals of capital from, other Client Accounts and other accounts of BlackRock clients not controlled by BlackRock. These effects can be more pronounced in respect of investments with limited capacity and in thinly traded securities and less liquid markets.

Furthermore, stockholders' rights to information regarding the Advisor or the Company generally will be limited to applicable reporting obligations and information requirements under the Exchange Act and applicable state law. It is anticipated that the Advisor and its affiliates will obtain certain types of material information from or relating to the Company's investments that will not be disclosed to stockholders because such disclosure is prohibited, including as a result of contractual, legal or similar obligations outside of BlackRock's control. Such limitations on the disclosure of such information may have adverse consequences for stockholders in a variety of circumstances and may make it difficult for a stockholder to monitor the Advisor and its performance.

Advisor Decisions May Benefit BlackRock Entities and BlackRock Accounts. BlackRock Entities may derive ancillary benefits from certain decisions made on behalf of the Company. While the Advisor will make decisions for the Company in accordance with its obligations to manage the Company appropriately, the fees, allocations, compensation and other benefits to the BlackRock Entities (including benefits relating to business relationships of the BlackRock Entities) may be greater as a result of certain portfolio, investment, service provider or other decisions made by the Advisor for the Company than they would have been had other decisions been made which also might have been appropriate for the Company. In addition, BlackRock Entities may invest in Client Accounts and therefore may indirectly derive ancillary benefits from certain decisions made by the Advisor. The Advisor may also make decisions and exercise discretion with respect to the Company that could benefit BlackRock Entities that have invested in the Company.

Temporary Investments in Cash Management Products. Subject to applicable law, the Company may invest, on a temporary basis, in short-term, high-grade assets or other cash management products, including SEC-registered investment funds (open-end or closed-end) or unregistered funds, including any such funds that are sponsored, managed or serviced by advisory BlackRock Entities. In connection with any of these investments, the Company will bear all fees pertaining to the investment, including advisory, administrative or 12b-1 fees, and no portion of any fees otherwise payable by the Company will be offset against fees payable in accordance with any of these investments (i.e., there could be "double fees" involved in making any of these investments which would not arise in connection with a stockholder's direct investment in such money market or liquidity funds, because a BlackRock Entity could receive fees with respect to both the management of the Company, on one hand, and such cash management products, on the other). In these circumstances, as well as in other circumstances in which any BlackRock Entities receive any fees or other compensation in any form relating to the provision of services, subject to the Company's Governing Documents, no accounting, repayment to the Company or offset of the Advisory Fee will be required.

Management Responsibilities. The employees and directors of the Advisor or its affiliates are not under any obligation to devote all of their professional time to the affairs of the Company, but will devote such time and attention to the affairs of the Company as BlackRock determines in its discretion is necessary to carry out the operations of the Company effectively. Employees and directors of the Advisor engage in other activities unrelated to the affairs of the Company, including managing or advising other Client Accounts, which presents potential conflicts in allocating management time, services and functions among the Company and other Client Accounts. These potential conflicts will be exacerbated in situations where employees may be entitled to greater incentive compensation or other remuneration from certain Client Accounts than from other Client Accounts (including the Company).

The Advisor may, subject to applicable law, utilize the personnel or services of its affiliates in a variety of ways to make available to the Company BlackRock's global capabilities. Although the Advisor believes this practice generally is in the best interests of its clients, it is possible that conflicts with respect to allocation of investment opportunities, portfolio execution, client servicing or other matters may arise due to differences in regulatory requirements in various jurisdictions, time differences or other reasons. The Advisor will seek to ameliorate any conflicts that arise and may determine not to utilize the personnel or services of a particular affiliate in circumstances where it believes the potential conflict outweighs the potential benefits.

Investments by Directors, Officers and Employees of BlackRock Entities. The directors, officers and employees of BlackRock Entities are permitted to buy and sell public or private securities, commingled vehicles or other investments held by the Company for their own accounts, or accounts of their family members and in which such BlackRock Entity personnel may have a pecuniary interest, including through accounts (or investments in funds) managed by BlackRock Entities, in accordance with BlackRock's personal trading policies. As a result of differing trading and investment strategies or constraints, positions taken by BlackRock Entity directors, officers, and employees may be the same as or different from, or made contemporaneously or at different times than, positions taken for the Company.

Such persons and/or investment vehicles they manage also may invest in companies in the same industries as companies in which the Company expects to invest, and may compete with the Company for investment opportunities, and their investments may compete with the Company's investments.

In addition, BlackRock personnel may serve on the boards of directors of companies in the same industries as companies in which the Company expects to invest, which can give rise to conflicting obligations and interests.

As these situations may involve potential conflicts of interest, BlackRock has adopted policies and procedures relating to personal securities transactions, insider trading and other ethical considerations. These policies and procedures are intended to identify and reduce actual conflicts of interest with clients and to resolve such conflicts appropriately if they do occur.

Issues Relating to the Valuation of Assets. While securities and other property held by the Company generally will be valued by reference to an independent third-party source, in certain circumstances holdings may be valued at fair value based upon the principles and methods of valuation set forth in policies adopted by the Board of Directors. Moreover, a significant portion of the assets in which the Company may directly or indirectly invest may not have a readily ascertainable market value and, subject to applicable law, may be valued at fair value based upon the principles and methods of valuation set forth in policies adopted by the Board of Directors.

Potential Restrictions on the Advisor's Activities on Behalf of the Company. From time to time, the Advisor expects to be restricted from purchasing or selling securities or taking other actions on behalf of the Company because of regulatory and legal requirements applicable to BlackRock Entities, other Client Accounts and/or the Advisor's internal policies designed to comply with or limit the applicability of, or which otherwise relate to, such requirements. An investment fund not advised by BlackRock Entities may not be subject to the same considerations. There may be periods when the Advisor (on behalf of the Company) may not initiate or recommend certain types of transactions, may limit or delay purchases, may sell or redeem existing investments, forego transactions or other investment opportunities, restrict or limit the exercise of rights (including voting rights), or may otherwise restrict or limit their advice with respect to securities or instruments issued by or related to issuers for which BlackRock Entities are performing advisory or other services. Such policies may restrict the Company's activities more than required by applicable law. For example, when BlackRock Entities are engaged to provide advisory or risk management services for an issuer, the Company may be prohibited from or limited in purchasing or selling interests of that issuer, particularly in cases where BlackRock Entities have or may obtain material non-public information about the issuer. Similar prohibitions or limitations could also arise if: (i) BlackRock Entity personnel serve as directors or officers of issuers, the securities or other interests of which the Company wishes to purchase or sell, (ii) the Advisor on behalf of the Company participates in a transaction (including a controlled acquisition of a U.S. public company) that results in the requirement to restrict all purchases, sales and voting of equity securities of such target issuer, or (iii) regulations, including portfolio affiliation rules or stock exchange rules, prohibit participation in offerings by an issuer when other Client Accounts have prior holdings of such issuer's securities or desire to participate in such a public offering, or where other Client Accounts have or may have short positions in such issuer's securities. However, where permitted by applicable law, and where consistent with the BlackRock Entities' policies and procedures, the BlackRock Entities may, but are not obligated to, seek to avoid such prohibitions or limitations (such as through the implementation of appropriate information barriers), and in such cases, the Advisor on behalf of the Company may purchase or sell securities or instruments that are issued by such issuers. In addition, certain activities and actions may also be considered to result in reputational risk or disadvantage for the management of the Company and/or for the Advisor and its affiliates, and the Advisor may decline or limit an investment opportunity or dispose of an existing investment as a result.

In addition, in regulated industries and in certain markets, and in certain futures and derivative transactions, there are limits on the aggregate amount of investment by affiliated investors that may not be exceeded without a regulatory filing, the grant of a license or other regulatory or corporate consent. For example, the U.S. Commodity Futures Trading Commission ("CFTC"), the U.S. commodities exchanges and certain non-U.S. exchanges have established limits referred to as "speculative position limits" or "position limits" on the maximum long or short (or, for some commodities, the gross) positions which any person or group of persons may own, hold or control in certain futures or options on futures contracts, and such rules generally require aggregation of the positions owned, held or controlled by related entities. Any such limits may prevent the Company from acquiring positions that might otherwise have been desirable or profitable. Under certain circumstances, the Advisor may restrict a purchase or sale of securities, derivative instruments or other assets on behalf of Client Accounts in anticipation of a future conflict that may arise if such purchase or sale would be made. Any such determination will take into consideration the interests of the relevant Client Accounts, the circumstances that would give rise to the future conflict and applicable law. Such determination will be made on a case by case basis.

Other Services and Activities of the BlackRock Entities. The BlackRock Entities (including the Advisor) will, from time to time, provide financial, consulting and other services to, and receive compensation from, an entity which is the issuer of a security or other investment held by the Company, counterparties to transactions with the Company or third parties that also provide services to the Company. In addition, the BlackRock Entities (including the Advisor) may purchase property (including securities) from, sell property (including securities) or lend funds to, or otherwise deal with, any entity which is the issuer of a security held by the Company, counterparties to transactions with the Company or third parties that also provide services to the Company. It is also likely that the Company will have multiple business relationships with and will invest in, engage in transactions with, make voting decisions with respect to, or obtain services from entities for which BlackRock Entities perform or seek to perform certain financial services. Conflicts are expected to arise in connection with the foregoing.

The BlackRock Entities may derive ancillary benefits from providing investment advisory, administrative and other services to the Company, and providing such services to the Company may enhance the BlackRock Entities' relationships with various parties, facilitate additional business development, and enable the BlackRock Entities to obtain additional business and generate additional revenue.

Potential Restrictions and Issues Relating to Information Held by BlackRock. The Advisor may not have access to information and personnel of all BlackRock Entities, including as a result of informational barriers constructed between different investment teams and groups within BlackRock focusing on alternative investments and otherwise. Therefore, the Advisor may not be able to manage the Company with the benefit of information held by one or more other investment teams and groups within the BlackRock Entities. However, although it is under no obligation to do so, if it is permitted to do so, the Advisor may consult with personnel on other investment teams and in other groups within BlackRock, or with persons unaffiliated with BlackRock, or may form investment policy committees composed of such personnel, and in certain circumstances, personnel of affiliates of the Advisor may have input into, or make determinations regarding, portfolio management transactions for the Company, and may receive information regarding the Advisor's proposed investment activities for the Company that generally is not available to the public. There will be no obligation on the part of such persons to make available for use by the Company any information or strategies known to them or developed in connection with their own client, proprietary or other activities. In addition, BlackRock will be under no obligation to make available any research or analysis prior to its public dissemination.

The Advisor makes decisions for the Company based on the Company's investment program. The Advisor from time to time may have access to certain fundamental analysis, research and proprietary technical models developed by BlackRock Entities and their personnel. There will be no obligation on the part of the BlackRock Entities to make available for use by the Company, or to effect transactions on behalf of the Company on the basis of, any such information, strategies, analyses or models known to them or developed in connection with their own proprietary or other activities. In certain cases, such personnel will be prohibited from disclosing or using such information for their own benefit or for the benefit of any other person, including the Company and other Client Accounts. In other cases, fundamental analyses, research and proprietary models developed internally may be used by various BlackRock Entities and their personnel on behalf of different Client Accounts, which could result in purchase or sale transactions in the same security at different times (and could potentially result in certain transactions being made by one portfolio manager on behalf of certain Client Accounts before similar transactions are made by a different portfolio manager on behalf of other Client Accounts), or could also result in different purchase and sale transactions being made with respect to the same security. The Advisor may also affect transactions for the Company that differ from fundamental analysis, research or proprietary models issued by the BlackRock Entities or by the Advisor itself in various contexts. The foregoing transactions may negatively impact the Company and its direct and indirect investments through market movements or by decreasing the pool of available securities or liquidity, which effects can be more pronounced in thinly traded securities and less liquid markets.

The BlackRock Entities and different investment teams and groups within the Advisor have no obligation to seek information or to make available to or share with the Company any third-party manager with which the Company invests any information, research, investment strategies, opportunities or ideas known to BlackRock Entity personnel or developed or used in connection with other clients or activities. The BlackRock Entities and different investment teams and groups within the Advisor may compete with the Company or any third-party manager with which the Company invests for appropriate investment opportunities on behalf of their other Client Accounts. The results of the investment activities of the Company may differ materially from the results achieved by BlackRock Entities for other Client Accounts. BlackRock Entities may give advice and take action with respect to other Client Accounts that may compete or conflict with the advice the Advisor may give to the Company, including with respect to their view of the operations or activities of an investment, the return of an investment, the timing or nature of action relating to an investment or the method of exiting an investment.

BlackRock Entities may restrict transactions for themselves, but not for the Company, or vice versa. BlackRock Entities and certain of their personnel, including the Advisor's personnel or other BlackRock Entity personnel advising or otherwise providing services to the Company, may be in possession of information not available to all BlackRock Entity personnel, and such personnel may act on the basis of such information in ways that have adverse effects on the Company. The Company could sustain losses during periods in which BlackRock Entities and other Client Accounts achieve significant profits.

Material, Non-Public Information. The Advisor and its personnel may not trade for the Company or other Client Accounts or for their own benefit or recommend trading in financial instruments of a company while they are in possession of material, non-public or price sensitive information ("Inside Information") concerning such company, or disclose such Inside Information to any person not entitled to receive it. The BlackRock Entities (including the Advisor) may have access to Inside Information. The Advisor has instituted an internal information barrier policy designed to prevent securities laws violations based on access to Inside Information. Accordingly, there may be certain cases where the Advisor may be restricted from effecting purchases and/or sales of interests in securities or other financial instruments, or entering into certain transactions or exercising certain rights under such transactions on behalf of the Company and/or the other Client Accounts. There can be no assurance that the Advisor will not receive Inside Information and that such restrictions will not occur. At times, the Advisor, in an effort to avoid restriction for the Company or the other Client Accounts, may elect not to receive Inside Information, which may be relevant to the Company's portfolio, that other market participants are eligible to receive or have received and could affect decisions that would have otherwise been made.

Any partner, officer or employee of the BlackRock Entities may serve as an officer, director, advisor or in comparable management functions for the investments of other Client Accounts, and any such person may obtain Inside Information in connection therewith, or in connection with such partner's, officer's or employee's other activities in the financial markets. In an effort to manage possible risks arising from the internal sharing of material non-public information, BlackRock maintains a list of restricted securities with respect to which it has access to material non-public information and in which Client Accounts are restricted from trading. If partners, officers or employees of BlackRock obtain such material non-public information about a portfolio company which is an investment of a Client Account, the Company may be prohibited by law, policy or contract, for a period of time, from (i) unwinding a position in such company, (ii) establishing an initial position or taking any greater position in such company and/or (iii) pursuing other investment opportunities, which could impact the returns to the Company. In addition, in certain circumstances, particularly during the liquidation of a Client Account, the Company may be prohibited from trading a position that it holds, directly or indirectly, in the Client Account because BlackRock determines that one or more partners, officers or employees of BlackRock holds material non-public information with respect to one or more remaining positions held by the Client Account.

Transactions with Certain Stockholders. The Company is permitted to enter into transactions with certain stockholders, subject to applicable law. For example, the Advisor may be presented with opportunities to receive financing and/or other services in connection with the Company's operations and/or the Company's investments from certain stockholders or their affiliates that are engaged in lending or related business, which subjects the Advisor to conflicts of interest.

The Company's Use of Investment Consultants and BlackRock's Relationship with Investment Consultants. Stockholders may work with pension or other institutional investment consultants (collectively, "Investment Consultants"). Investment Consultants provide a wide array of services to pension plans and other institutions, including assisting in the selection and monitoring of investment advisers such as the Advisor. From time to time, Investment Consultants who recommend the Advisor to, and provide oversight of the Advisor for, stockholders may also provide services to or purchase services from the BlackRock Entities. For example, the BlackRock Entities purchase certain index and performance-related databases and human resources-related information from Investment Consultants and their affiliates. The BlackRock Entities also utilize brokerage execution services of Investment Consultants or their affiliates, and BlackRock Entities personnel may attend conferences sponsored by Investment Consultants. Conversely, from time to time, the BlackRock Entities may be hired by Investment Consultants and their affiliates to provide investment management and/or risk management services, creating possible conflicts of interest.

Other Relationships with BlackRock Entities, Clients and Market Participants. The BlackRock Entities have developed, and will in the future develop, relationships with (or may invest in) a significant number of clients and other market participants (e.g., financial institutions, service providers, managers of investment funds, banks, brokers, advisors, joint venturers, consultants, finders (including executive finders), executives, attorneys, accountants, institutional investors, family offices, lenders, current and former employees, and current and former portfolio investment executives, as well as certain family members or close contacts of these persons), including those that may hold or may have held investments similar to the investments intended to be made by the Company, that may themselves represent appropriate investment opportunities for the Company, or that may compete with the Company for investment opportunities. Furthermore, the Advisor generally exercises its discretion to recommend to the Company or to an investment thereof that it contract for services with such clients and market participants, and/or with other BlackRock Entities. It is difficult to predict the circumstances under which these relationships could become material conflicts for the Company, but it is possible that as a result of such relationships (or agreements with other Client Accounts) the Advisor may refrain from making all or a portion of any investment or a disposition on behalf of the Company, which may materially adversely affect the performance of the Company. Certain of these persons or entities will invest (or will be affiliated with an investor) in, engage in transactions with and/or provide services (including services at reduced rates) to, the BlackRock Entities and/or Client Accounts and/or their affiliates. BlackRock expects to be subject to a potential conflict of interest with the Company in recommending the retention or continuation of a third-party service provider to such Company or a portfolio investment if such recommendation, for example, is motivated by a belief that the service provider or its affiliate(s) will continue to invest in the Company or one or more Client Accounts, will provide the BlackRock Entities information about markets and industries in which the BlackRock Entities operate (or are contemplating operations) or will provide other services that are beneficial to the BlackRock Entities, the Company or one or more Client Accounts. The Advisor expects to be subject to a potential conflict of interest in making such recommendations, in that Advisor has an incentive to maintain goodwill between it and clients and other market participants, while the products or services recommended may not necessarily be the best available or most cost effective to the Company or its investments.

Legal Representation. The Company, as well as the Advisor and/or other BlackRock Entities, have engaged several counsel to represent them. In connection with such representation, counsel has relied upon certain information furnished to them by the Advisor and the BlackRock Entities, and has not investigated or verified the accuracy or completeness of such information. Such counsel’s engagement is limited to the specific matters as to which they are consulted and, therefore, there may exist facts or circumstances that could have a bearing on the Company’s or BlackRock’s financial condition or operations with respect to which counsel has not been consulted and for which they expressly disclaim any responsibility. Counsel has not represented and will not be representing stockholders. No independent counsel has been retained (or is expected to be retained) to represent stockholders. No attorney-client relationship exists between any counsel and any stockholder solely by such stockholder making an investment in the Company. As a result, stockholders are urged to retain their own counsel.

Resolution of Conflicts. Any conflicts of interest that arise between the Company or particular stockholders, on the one hand, and other Client Accounts or BlackRock Entities or affiliates thereof, on the other hand, will be discussed and resolved on a case-by-case basis by business, legal and compliance officers of the Advisor and its affiliates, as applicable. Any such discussions will take into consideration the interests of the relevant parties and the circumstances giving rise to the conflicts. Stockholders should be aware that conflicts will not necessarily be resolved in favor of the interests of the Company or any affected stockholder. There can be no assurance that any actual or potential conflicts of interest will not result in the Company receiving less favorable investment or other terms with respect to investments, transactions or services than if such conflicts of interest did not exist.

Potential Impact on the Company. It is difficult to predict the circumstances under which one or more of the foregoing conflicts could become material, but it is possible that such relationships could require the Company to refrain from making all or a portion of any investment or a disposition in order for BlackRock to comply with its fiduciary duties, the 1940 Act, the Advisers Act or other applicable law. The Advisor may, under certain circumstances, seek to have conflicts or transactions involving conflicts approved in accordance with the governing agreements of the Company. Copies of Part 2A of the Advisor’s Form ADV, which includes additional detail regarding conflicts of interest that are relevant to BlackRock’s investment management business, are available at www.sec.gov and will be provided to current and prospective stockholders upon request.

The foregoing list of potential and actual conflicts of interest does not purport to be a complete enumeration of the conflicts attendant to an investment in the Company. Additional conflicts may exist that are not presently known to the Advisor, BlackRock or their respective affiliates or are deemed immaterial. Prospective investors should consult with their independent advisors before deciding whether to invest in the Company. In addition, as the investment program of the Company develops and changes over time, an investment in the Company may be subject to additional and different actual and potential conflicts of interest.

Our Base Management Fee may induce our Advisor to cause us to incur additional leverage.

Our Base Management Fee is calculated on the basis of total assets (excluding cash) including assets acquired with the proceeds of leverage. This may encourage the Advisor to use leverage to increase the aggregate amount of and the return on our investments, even when it may not be appropriate to do so, and to refrain from de-levering when it would otherwise be appropriate to do so. Under certain circumstances, the use of increased leverage may increase the likelihood of default, which would impair the value of our common stock. Given the subjective nature of the investment decisions made by our Adviser on our behalf, we will not be able to monitor this conflict of interest.

Our Incentive Fee structure and the formula for calculating the Incentive Fee may incentivize our Advisor to pursue speculative investments.

The Incentive Fee payable by us to the Advisor may create an incentive for the Advisor to pursue investments on our behalf that are riskier or more speculative than would otherwise be the case in the absence of such compensation arrangement. The Incentive Fee payable to the Advisor is based on two calculations (i) quarterly on income other than capital gains, if quarterly net investment income is above the specified hurdle rate and (ii) annually on capital gains, if net realized capital gains exceeds gross unrealized capital depreciation during the annual period defined in the Current Management Agreement (see Note 3 to the consolidated financial statements). The Incentive Fee payable by us to the Advisor also may induce the Advisor to invest on our behalf in instruments that have a deferred interest feature, even if such deferred payments would not provide cash necessary to enable us to pay current distributions to our stockholders. Under these investments, we would accrue interest over the life of the investment but would not receive the cash income from the investment until the end of the term, if at all. Our net investment income used to calculate the income portion of our Incentive Fee, however, will include accrued interest. Thus, a portion of this Incentive Fee would be based on income that we have not yet received in cash and may never receive in cash if the portfolio company is unable to satisfy such interest payment obligation to us. The foregoing risks could be increased because the Advisor is not obligated to reimburse us for any Incentive Fee received even if we subsequently incur losses or never receive in cash income that was previously accrued.

We are not managed by BlackRock, but rather one of its subsidiaries and may not replicate the success of that entity.

Our performance may be lower or higher than the performance of other entities managed by BlackRock or its affiliates and their past performance is no guarantee of our future results.

We may not replicate the success of BlackRock.

Our investment strategies differ from those of BlackRock or its affiliates. As a BDC, we are subject to certain investment restrictions that do not apply to BlackRock. Our performance may be lower or higher than the performance of other entities managed by BlackRock or its affiliates and their past performance is no guarantee of our future results.

Our business model depends upon the development and maintenance of strong referral relationships with other asset managers and investment banking firms.

We are substantially dependent on our informal relationships, which we use to help identify and gain access to investment opportunities. If we fail to maintain our relationships with key firms, or if we fail to establish strong referral relationships with other firms or other sources of investment opportunities, we will not be able to grow our portfolio of investments and achieve our investment objective. In addition, persons with whom we have informal relationships are not obligated to inform us of investment opportunities, and therefore such relationships may not lead to the origination of equity or other investments. Any loss or diminishment of such relationships could effectively reduce our ability to identify attractive portfolio companies that meet our investment criteria, either for direct investments or for investments through private secondary market transactions or other secondary transactions.

Our Advisor's liability is limited under the investment management agreement, and we are required to indemnify our Advisor against certain liabilities, which may lead our Advisor to act in a riskier manner on our behalf than it would when acting for its own account.

Our Advisor has not assumed any responsibility to us other than to render the services described in the investment management agreement, and it will not be responsible for any action of our Board of Directors in declining to follow our Advisor's advice or recommendations. Pursuant to the investment management agreement, our Advisor and its members and their respective officers, managers, partners, agents, employees, controlling persons and members and any other person or entity affiliated with it will not be liable to us for their acts under the investment management agreement, absent willful misfeasance, bad faith, gross negligence or reckless disregard in the performance of their duties. We have agreed to indemnify, defend and protect our Advisor and its members and their respective officers, managers, partners, agents, employees, controlling persons and members and any other person or entity affiliated with it with respect to all damages, liabilities, costs and expenses resulting from acts of our Advisor not arising out of willful misfeasance, bad faith, gross negligence or reckless disregard in the performance of their duties under the investment and management agreement. These protections may lead our Advisor to act in a riskier manner when acting on our behalf than it would when acting for its own account.

We may not replicate the historical performance of other investment companies and funds with which our investment professionals have been affiliated.

The 1940 Act imposes numerous constraints on the investment activities of BDCs. For example, BDCs are required to invest at least 70% of their total assets primarily in securities of U.S. private companies or thinly traded public companies (public companies with a market capitalization of less than $250 million), cash, cash equivalents, U.S. government securities and high-quality debt investments that mature in one year or less. These constraints may hinder our Advisor's ability to take advantage of attractive investment opportunities and to achieve our investment objectives. In addition, the investment philosophy and techniques used by our Advisor may differ from those used by other investment companies and funds advised by our Advisor. Accordingly, we can offer no assurance that we will replicate the historical performance of other investment companies and funds with which our investment professionals have been affiliated, and we caution that our investment returns could be substantially lower than the returns achieved by such other companies.

Substantially all of our portfolio investments are recorded at fair value as determined in good faith by or under the direction of our Board of Directors and, as a result, there is uncertainty regarding the value of our portfolio investments.

There is not a readily available market value for substantially all of the investments in our portfolio. We value these investments quarterly at fair value as determined in good faith under the direction of our Board of Directors using a consistently applied valuation process in accordance with a documented valuation policy that has been reviewed and approved by our Board of Directors. Our Board of Directors utilizes the services of one or more independent valuation firms to aid in determining the fair value of these investments. With respect to our Level 3 assets, such review by one or more independent valuation firms occurs on a quarterly basis. Due to the inherent uncertainty and subjectivity of determining the fair value of investments that do not have a readily available market value, the fair value of our investments may differ significantly from the values that would have been used had a readily available market value existed for such investments and may differ materially from the amounts we realize on any dispositions of such investments. In addition, the impact of changes in the market environment and other events on the fair values of our investments that have no readily available market values may differ from the impact of such changes on the readily available market values for our other investments. Our net asset value could be adversely affected if our determinations regarding the fair value of our investments were materially higher than the values that we ultimately realize upon the disposal of such investments.

We may in the future determine to fund a portion of our investments by issuing preferred stock, which would magnify the potential gains or losses and the risks of investing in us in the same manner as our borrowings.

Preferred stock, which is another form of leverage, has the same risks to our common stockholders as borrowings because the dividends on any preferred stock we issue must be cumulative. Payment of such dividends and repayment of the liquidation preference of such preferred stock must take preference over any dividends or other payments to our common stockholders and preferred stockholders are not subject to any of our expenses or losses, and are not entitled to participate in any income or appreciation in excess of their stated preference.

The issuance of shares of preferred stock with dividend or conversion rights, liquidation preferences or other economic terms favorable to the holders of preferred stock could adversely affect the market price for our common stock by making an investment in the common stock less attractive. In addition, the dividends on any preferred stock we issue must be cumulative. Payment of dividends and repayment of the liquidation preference of preferred stock must take preference over any dividends or other payments to our common stockholders, and holders of preferred stock are not subject to any of our expenses or losses and are not entitled to participate in any income or appreciation in excess of their stated preference (other than convertible preferred stock that converts into common stock). In addition, under the 1940 Act, preferred stock constitutes a "senior security" for purposes of the asset coverage test.

We may experience fluctuations in our periodic results.

We could experience fluctuations in our periodic results due to a number of factors, some of which are beyond our control, including our ability to make investments in companies that meet our investment criteria, the interest rates payable on the debt investments we make, the default rate on such investments, the level of our expenses (including the interest rates payable on our borrowings and the dividend rates on any preferred stock we may issue), variations in and the timing of the recognition of realized and unrealized gains or losses, the degree to which we encounter competition in our markets and general economic conditions. As a result of these factors, results for any period should not be relied upon as being indicative of performance in future periods.

Changes in interest rates may affect our cost of capital and net investment income.

General interest rate fluctuations may have a substantial negative impact on our investments, the value of our common stock and our rate of return on invested capital. A reduction in the interest rates on new investments relative to interest rates on current investments could also have an adverse impact on our net investment income. An increase in interest rates could decrease the value of any investments we hold which earn fixed interest rates, including subordinated loans, senior and junior secured and unsecured debt securities and loans and high-yield bonds, and also could increase our interest expense, thereby decreasing our net investment income. Also, an increase in interest rates available to investors could make investment in our common stock less attractive if we are not able to increase our distributions rate, which could reduce the value of our common stock.

Increased geopolitical unrest, terrorist attacks, or acts of war may affect any market for our common stock, impact the businesses in which we invest, and harm our business, operating results, and financial conditions.

Terrorist activity and the continued threat of terrorism and acts of civil or international hostility, both within the United States and abroad, as well as ongoing military and other actions and heightened security measures in response to these types of threats, may cause significant volatility and declines in the global markets, loss of life, property damage, disruptions to commerce and reduced economic activity, which may negatively impact the businesses in which we invest directly or indirectly and, in turn, could have a material adverse impact on our business, operating results, and financial condition. Losses from terrorist attacks are generally uninsurable.

Changes to United States tariff and import/export regulations may have a negative effect on our portfolio companies and, in turn, harm us.

There has been ongoing discussion and commentary regarding potential significant changes to United States trade policies, treaties and tariffs. There remains uncertainty about the future relationship between the United States and other countries with respect to the trade policies, treaties and tariffs. These developments, or the perception that any of them could occur, may have a material adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global trade and, in particular, trade between the impacted nations and the United States. Any of these factors could depress economic activity and restrict our portfolio companies' access to suppliers or customers and have a material adverse effect on their business, financial condition and results of operations, which in turn would negatively impact us.

Changes in legal, tax and regulatory regimes could negatively impact our business, financial condition and earnings.

The global financial crisis of 2007-2009 led the U.S. Government and the Federal Reserve, as well as certain foreign governments, to take a number of unprecedented actions designed to support certain financial institutions and segments of the financial markets that experienced extreme volatility. The withdrawal of Federal Reserve or other U.S. or non-U.S. governmental support could negatively affect financial markets generally and reduce the value and liquidity of certain securities. Additionally, with continued economic recovery and the cessation of certain market support activities, we may face a heightened level of interest rate risk as a result of a rise or increased volatility in interest rates.

Changes enacted by the current presidential administration could significantly impact the regulation of financial markets in United States. Areas subject to potential change, amendment or repeal include trade and foreign policy, corporate tax rates, energy and infrastructure policies, the environment and sustainability, criminal and social justice initiatives, immigration, healthcare and the oversight of certain federal financial regulatory agencies and the Federal Reserve. Certain of these changes can, and have, been effectuated through executive order. For example, the current administration has taken steps to address the COVID-19 pandemic, rejoin the Paris climate accord of 2015, cancel the Keystone XL pipeline and change immigration enforcement priorities. Other potential changes that could be pursued by the current presidential administration could include an increase in the corporate income tax rate; changes to regulatory enforcement priorities; and spending on clean energy and infrastructure. It is not possible to predict which, if any, of these actions will be taken or, if taken, their effect on the economy, securities markets or the financial stability of the United States. The Company may be affected by governmental action in ways that are not foreseeable, and there is a possibility that such actions could have a significant adverse effect on the Company and its ability to achieve its investment objective.

Additional risks arising from the differences in expressed policy preferences among the various constituencies in the branches of the U.S. government has led in the past, and may lead in the future, to short-term or prolonged policy impasses, which could, and has, resulted in shutdowns of the U.S. federal government. U.S. federal government shutdowns, especially prolonged shutdowns, could have a significant adverse impact on the economy in general and could impair the ability of issuers to raise capital in the securities markets. Any of these effects could have a material adverse effect on our business, financial condition and results of operations.

Market disruptions and other geopolitical or macroeconomic events could create market volatility that negatively impact our business, financial condition and earnings.

Periods of market volatility remain, and may continue to occur in the future, in response to various political, social and economic events both within and outside of the United States. These conditions have resulted in, and in many cases continue to result in, greater price volatility, less liquidity, widening credit spreads and a lack of price transparency, with many securities remaining illiquid and of uncertain value. Such market conditions may adversely affect the Company, including by making valuation of some of the Company's securities uncertain and/or result in sudden and significant valuation increases or declines in the Company's holdings. If there is a significant decline in the value of the Company's portfolio, this may impact the asset coverage levels for the Company's outstanding leverage.

Risks resulting from any future debt or other economic crisis could also have a detrimental impact on the global economic recovery, the financial condition of financial institutions and our business, financial condition and results of operation. Market and economic disruptions have affected, and may in the future affect, consumer confidence levels and spending, personal bankruptcy rates, levels of incurrence and default on consumer debt and home prices, among other factors. To the extent uncertainty regarding the U.S. or global economy negatively impacts consumer confidence and consumer credit factors, our business, financial condition and results of operations could be significantly and adversely affected. Downgrades to the credit ratings of major banks could result in increased borrowing costs for such banks and negatively affect the broader economy. Moreover, Federal Reserve policy, including with respect to certain interest rates, may also adversely affect the value, volatility and liquidity of dividend- and interest-paying securities. Market volatility, rising interest rates and/or a return to unfavorable economic conditions could impair the Company's ability to achieve its investment objective.

The occurrence of events similar to those in recent years, such as the aftermath of the war in Iraq, instability in Afghanistan, Pakistan, Egypt, Libya, Syria, Russia, Ukraine and the Middle East, ongoing epidemics of infectious diseases (including Coronavirus) in certain parts of the world, terrorist attacks in the United States and around the world, social and political discord, debt crises (such as the Greek crisis), sovereign debt downgrades, increasingly strained relations between the United States and a number of foreign countries, including traditional allies, such as certain European countries, and historical adversaries, such as North Korea, Iran, China and Russia, and the international community generally, new and continued political unrest in various countries, such as Venezuela and Spain, the exit or potential exit of one or more countries from the EU or the EMU, continued changes in the balance of political power among and within the branches of the U.S. government, among others, may result in market volatility, may have long-term effects on the U.S. and worldwide financial markets, and may cause further economic uncertainties in the United States and worldwide.

The current political climate has intensified concerns about a potential trade war between China and the United States, as each country has recently imposed tariffs on the other country's products. These actions may trigger a significant reduction in international trade, the oversupply of certain manufactured goods, substantial price reductions of goods and possible failure of individual companies and/or large segments of China's export industry, which could have a negative impact on our performance. U.S. companies that source material and goods from China and those that make large amounts of sales in China would be particularly vulnerable to an escalation of trade tensions. Uncertainty regarding the outcome of the trade tensions and the potential for a trade war could cause the U.S. dollar to decline against safe haven currencies, such as the Japanese yen and the euro. Events such as these and their consequences are difficult to predict and it is unclear whether further tariffs may be imposed or other escalating actions may be taken in the future. Any of these effects could have a material adverse effect on our business, financial condition and results of operations.

A cyber-attack or a failure to implement effective information and cybersecurity policies, procedures and capabilities could disrupt operations and cause financial losses that may have a material adverse effect on our business, results of operations and financial condition.

We are dependent on the effectiveness of the information and cybersecurity policies, procedures and capabilities maintained by our Advisor and other service providers to protect their computer and telecommunications systems and the data that reside on or are transmitted through them. An externally caused information security incident, such as a hacker attack, virus, phishing scam or worm, or an internally caused issue, such as failure to control access to sensitive systems, could materially interrupt business operations or cause disclosure or modification of sensitive or confidential client or competitive information. Moreover, our Advisor's and other service providers' increased use of mobile and cloud technologies could heighten these and other operational risks as certain aspects of the security of such technologies may be complex, unpredictable or beyond their control. Our Advisor's and other service providers' reliance on mobile or cloud technology or any failure by mobile technology and cloud service providers to adequately safeguard their systems and prevent cyber-attacks could disrupt their operations and result in misappropriation, corruption or loss of personal, confidential or proprietary information. In addition, there is a risk that encryption and other protective measures may be circumvented, particularly to the extent that new computing technologies increase the speed and computing power available.

There have been a number of recent highly publicized cases involving financial services and consumer-based companies reporting the unauthorized disclosure of client or customer information, as well as cyber-attacks involving the dissemination, theft and destruction of corporate information or other assets, as a result of failure to follow procedures by employees or contractors or as a result of actions by third parties, including actions by terrorist organizations and hostile foreign governments.

Our Advisor has been the target of attempted cyber-attacks, as well as the co-opting of its brand to create fraudulent websites, and must continuously monitor and develop its systems to protect its technology infrastructure and data from misappropriation or corruption, as the failure to do so could disrupt our Advisor's operations and cause financial losses. Although our Advisor takes protective measures and endeavors to strengthen its computer systems, software, technology assets and networks to prevent and address potential cyber-attacks, there can be no assurance that any of these measures prove effective. Moreover, due to the complexity and interconnectedness of our Advisor's systems, the process of upgrading or patching our Advisor's protective measures could itself create a risk of security issues or system disruptions for the Company, as well as for external stakeholders who rely upon, or have exposure to, our Advisor's systems.

In addition, due to our Advisor's and other service providers' interconnectivity with third-party vendors, central agents, exchanges, clearing houses and other financial institutions, our Advisor and other service providers may be adversely affected if any of them are subject to a successful cyber-attack or other information security event, including those arising due to the use of mobile and cloud technologies.

Our Advisor and other service providers also routinely transmit and receive personal, confidential or proprietary information by email and other electronic means. Our Advisor and other service providers collaborate with clients, vendors and other third parties to develop secure transmission capabilities and protect against cyber-attacks. However, our Advisor or our other service providers cannot ensure that they or such third parties have all appropriate controls in place to protect the confidentiality of such information.

Any information security incident or cyber-attack against our Advisor, our other service providers or third parties with whom they are connected, including any interception, mishandling or misuse of personal, confidential or proprietary information, could result in material financial loss, loss of competitive position, regulatory fines and/or sanctions, breach of client contracts, reputational harm or legal liability, which, in turn, may have a material adverse effect on our business, results of operations and financial condition.

The failure in cyber-security systems, as well as the occurrence of events unanticipated in our disaster recovery systems and management continuity planning could impair our ability to conduct business effectively.

The occurrence of a disaster such as a cyber-attack, a natural catastrophe, an industrial accident, a terrorist attack or war, events unanticipated in our disaster recovery systems, or a support failure from external providers, could have an adverse effect on our ability to conduct business and on our results of operations and financial condition, particularly if those events affect our computer-based data processing, transmission, storage, and retrieval systems or destroy data. If a significant number of our managers were unavailable in the event of a disaster, our ability to effectively conduct our business could be severely compromised.

We depend heavily upon computer systems to perform necessary business functions. Despite our implementation of a variety of security measures, our computer systems could be subject to cyber-attacks and unauthorized access, such as physical and electronic break-ins or unauthorized tampering. Like other companies, we may experience threats to our data and systems, including malware and computer virus attacks, unauthorized access, system failures and disruptions. If one or more of these events occurs, it could potentially jeopardize the confidential, proprietary and other information processed and stored in, and transmitted through, our computer systems and networks, or otherwise cause interruptions or malfunctions in our operations, which could result in damage to our reputation, financial losses, litigation, increased costs, regulatory penalties and/or customer dissatisfaction or loss.

We are dependent on information systems and systems failures could significantly disrupt our business, which may, in turn, negatively affect the market price of our common stock and our ability to pay dividends.

Our business is dependent on our and third parties' communications and information systems. Any failure or interruption of those systems, including as a result of the termination of an agreement with any third-party service providers, could cause delays or other problems in our activities. Our financial, accounting, data processing, backup or other operating systems and facilities may fail to operate properly or become disabled or damaged as a result of a number of factors including events that are wholly or partially beyond our control and adversely affect our business. There could be:

- sudden electrical or telecommunications outages;
- natural disasters such as earthquakes, tornadoes and hurricanes;
- disease pandemics;

- events arising from local or larger scale political or social matters, including terrorist acts; and
- cyber-attacks.

These events, in turn, could have a material adverse effect on our operating results and negatively affect the market price of our common stock and our ability to pay dividends to our stockholders.

Risks Related to Our Investments

Our investments are risky and highly speculative, and we could lose all or part of our investment.

Investing in private middle-market companies involves a high degree of risk and our financial results may be affected adversely if one or more of our significant portfolio investments defaults on its loans or fails to perform as we expect. We invest in middle-market companies in the form of senior and junior secured and unsecured debt securities and loans, each of which may include an equity component, and by making direct preferred, common and other equity investments in such companies.

Investing in private middle-market companies involves a number of significant risks, including that these companies:

- may have limited financial resources and may be unable to meet their obligations under their debt securities that we hold, which may be accompanied by a deterioration in the value of any collateral and a reduction in the likelihood of us realizing any guarantees we may have obtained in connection with our investment;
- typically have shorter operating histories, narrower product lines and smaller market shares than larger businesses, which tend to render them more vulnerable to competitors' actions and market conditions, as well as general economic downturns;
- are more likely to depend on the management talents and efforts of a small group of persons; therefore, the death, disability, resignation or termination of one or more of these persons could have a material adverse impact on our portfolio company and, in turn, on us;
- generally have less predictable operating results, may from time to time be parties to litigation, may be engaged in rapidly changing businesses with products subject to a substantial risk of obsolescence, and may require substantial additional capital to support their operations, finance expansion or maintain their competitive position;
- may have difficulty accessing the capital markets to meet future capital needs, which may limit their ability to grow or to repay their outstanding indebtedness upon maturity;
- may name our executive officers, directors and the Advisor, in the ordinary course of business, as defendants in litigation arising from our investments in the portfolio companies;
- generally have little public information; these companies and their financial information are not subject to the Exchange Act and other regulations that govern public companies, and we may be unable to uncover all material information about these companies, which may prevent us from making a fully informed investment decision and cause us to lose money on our investments;
- may be adversely affected by changes in laws and regulations, as well as their interpretations, which may adversely affect the business, financial structure or prospects of these companies; and
- may have difficulty accessing the capital markets to meet future capital needs.

In addition, in the course of providing significant managerial assistance to certain of our portfolio companies, certain of our officers and directors may serve as directors on the boards of such companies. To the extent that litigation arises out of our investments in these companies, our officers and directors may be named as defendants in such litigation, which could result in an expenditure of funds (through our indemnification of such officers and directors) and the diversion of management time and resources.

Because our investments are generally not in publicly traded securities, there will be uncertainty regarding the value of our investments, which could adversely affect the determination of our net asset value.

Our portfolio investments will generally not be in publicly traded securities. As a result, although we expect that some of our equity investments may trade on private secondary marketplaces, the fair value of our direct investments in portfolio companies will often not be readily determinable. Under the 1940 Act, for our investments for which there are no readily available market quotations, including securities that while listed on a private securities exchange, have not actively traded, we will value such securities at fair value quarterly as determined in good faith by or under the direction of our Board of Directors. In connection with that determination, members of our Advisor's portfolio management team will prepare portfolio company valuations using, where available, the most recent portfolio company financial statements and forecasts. The Board of Directors utilizes the services of independent valuation firms, which prepare valuations for each of our portfolio investments that are not publicly traded or for which we do not have readily available market quotations, including securities that while listed on a private securities exchange, have not actively traded. For example, our Level 3 assets are reviewed by independent valuation firms on a quarterly basis. However, the Board of Directors retains ultimate authority as to the appropriate valuation of each such investment. The types of factors that the Board of Directors takes into account in determining fair value with respect to such non-traded investments includes, as relevant and, to the extent available, the portfolio company's earnings, the markets in which the portfolio company does business, comparison to valuations of publicly traded companies, comparisons to recent sales of comparable companies, the discounted value of the cash flows of the portfolio company and other relevant factors. This information may not be available because it is difficult to obtain financial and other information with respect to private companies, and even where we are able to obtain such information, there can be no assurance that it is complete or accurate. Because such valuations are inherently uncertain and may be based on estimates, our determinations of fair value may differ materially from the values that would be assessed if a readily available market for these securities existed. Due to this uncertainty, our fair value determinations with respect to any non-traded investments we hold may cause our net asset value on a given date to materially understate or overstate the value that we may ultimately realize on one or more of our investments. As a result, investors purchasing our securities based on an overstated net asset value would pay a higher price than the value of our investments might warrant. Conversely, investors selling securities during a period in which the net asset value understates the value of our investments will receive a lower price for their securities than the value of our investments might warrant.

We and the Advisor may be a party to legal proceedings in connection with our investments in our portfolio companies.

From time to time, we and the Advisor may be a party to certain legal proceedings incidental to the normal course of our business, including the enforcement of our rights under contracts with our portfolio companies. While we cannot predict the outcome of these legal proceedings with certainty, we do not expect that these proceedings will have a material effect on our consolidated financial statements.

An investment strategy focused primarily on privately held companies presents certain challenges, including the lack of available information about these companies.

We invest primarily in privately held companies. Generally, little public information exists about these companies. We must therefore rely on the ability of our Advisor to obtain adequate information to evaluate the potential risks of investing in these companies. These companies and their financial information generally are not subject to the Sarbanes-Oxley Act of 2002 and other rules that govern public companies. If we are unable to uncover all material information about these companies, we may not make a fully informed investment decision, and we may lose money on our investments. These factors could affect our investment returns.

Our investments in lower credit quality obligations are risky and highly speculative, and we could lose all or part of our investment.

Most of our debt investments are likely to be in lower grade obligations. The lower grade investments in which we invest may be rated below investment grade by one or more nationally-recognized statistical rating agencies at the time of investment or may be unrated but determined by the Advisor to be of comparable quality. Debt securities rated below investment grade are commonly referred to as "junk bonds" and are considered speculative with respect to the issuer's capacity to pay interest and repay principal. The debt that we invest in typically is not initially rated by any rating agency, but we believe that if such investments were rated, they would be below investment grade (rated lower than "Baa3" by Moody's Investors Service, lower than "BBB-" by Fitch Ratings or lower than "BBB-" by Standard & Poor's). We may invest without limit in debt of any rating, as well as debt that has not been rated by any nationally recognized statistical rating organization.

Investment in lower grade investments involves a substantial risk of loss. Lower grade securities or comparable unrated securities are considered predominantly speculative with respect to the issuer's ability to pay interest and principal and are susceptible to default or decline in market value due to adverse economic and business developments. The market values for lower grade debt tend to be very volatile and are less liquid than investment grade securities. For these reasons, your investment in our company is subject to the following specific risks: increased price sensitivity to a deteriorating economic environment; greater risk of loss due to default or declining credit quality; adverse company specific events are more likely to render the issuer unable to make interest and/or principal payments; and if a negative perception of the lower grade debt market develops, the price and liquidity of lower grade securities may be depressed. This negative perception could last for a significant period of time.

Any investments in distressed debt obligations may not produce income and may require us to bear large expenses in order to protect and recover our investment.

At times, distressed debt obligations may not produce income and may require us to bear certain extraordinary expenses (including legal, accounting, valuation and transaction expenses) in order to protect and recover our investment. Therefore, to the extent we invest in distressed debt, our ability to achieve current income for our stockholders may be diminished. We also will be subject to significant uncertainty as to when and in what manner and for what value the distressed debt we invest in will eventually be satisfied (e.g., through liquidation of the obligor's assets, an exchange offer or plan of reorganization involving the distressed debt securities or a payment of some amount in satisfaction of the obligation). In addition, even if an exchange offer is made or plan of reorganization is adopted with respect to distressed debt we hold, there can be no assurance that the securities or other assets received by us in connection with such exchange offer or plan of reorganization will not have a lower value or income potential than may have been anticipated when the investment was made. Moreover, any securities received by us upon completion of an exchange offer or plan of reorganization may be restricted as to resale. As a result of our participation in negotiations with respect to any exchange offer or plan of reorganization with respect to an issuer of distressed debt, we may be restricted from disposing of such securities.

If we invest in preferred stock, we may incur additional risks.

To the extent we invest in preferred securities, we may incur particular risks, including:

- Preferred securities may include provisions that permit the issuer, at its discretion, to defer distributions for a stated period without any adverse consequences to the issuer. If we own a preferred security that is deferring its distributions, we may be required to report income for tax purposes before we receive such distributions. Preferred securities are subordinated to bonds and other debt instruments in a company's capital structure in terms of priority to corporate income and liquidation payments, and therefore will be subject to greater credit risk than more senior debt instruments; and
- generally, preferred security holders have no voting rights with respect to the issuing company unless preferred dividends have been in arrears for a specified number of periods, at which time the preferred security holders may elect a number of directors to the issuer's board. Generally, once all of the arrearages have been paid, the preferred security holders no longer have voting rights.

Our equity investments may decline in value.

The equity securities in which we invest may not appreciate or may decline in value. We may thus not be able to realize gains from our equity securities, and any gains that we do realize on the disposition of any equity securities may not be sufficient to offset any other losses we experience. As a result, the equity securities in which we invest may decline in value, which may negatively impact our ability to pay distributions and cause you to lose all or part of your investment.

We may expose ourselves to risks if we engage in hedging transactions.

We may enter into hedging transactions, which could expose us to risks associated with such transactions. We may utilize instruments such as forward contracts and interest rate swaps, caps, collars and floors to seek to hedge against fluctuations in the relative values of our portfolio positions and amounts due under our debt arrangements from changes in market interest rates. Use of these hedging instruments may include counterparty credit risk. Utilizing such hedging instruments does not eliminate the possibility of fluctuations in the values of such positions and amounts due under our debt arrangements or prevent losses if the values of such positions decline. However, such hedging can establish other positions designed to gain from those same developments, thereby offsetting the decline in the value of such portfolio positions. Such hedging transactions may also limit the opportunity for gain if the values of the underlying portfolio positions should increase. Moreover, it may not be possible to hedge against an interest rate fluctuation that is so generally anticipated that we are not able to enter into a hedging transaction at an acceptable price. The Dodd-Frank Act has made broad changes to the OTC derivatives market, granted significant new authority to the CFTC and the SEC to regulate OTC derivatives (swaps and security-based swaps) and participants in these markets. The Dodd-Frank Act is intended to regulate the OTC derivatives market by requiring many derivative transactions to be cleared and traded on an exchange, expanding entity registration requirements, imposing business conduct requirements on dealers and requiring banks to move some derivatives trading units to a non-guaranteed affiliate separate from the deposit-taking bank or divest them altogether. The CFTC has implemented mandatory clearing and exchange-trading of certain OTC derivatives contracts including many standardized interest rate swaps and credit default index swaps. The CFTC continues to approve contracts for central clearing. Exchange-trading and central clearing are expected to reduce counterparty credit risk by substituting the clearinghouse as the counterparty to a swap and increase liquidity, but exchange-trading and central clearing do not make swap transactions risk-free. Uncleared swaps, such as non-deliverable foreign currency forwards, are subject to certain margin requirements that mandate the posting and collection of minimum margin amounts. This requirement may result in the portfolio and its counterparties posting higher margin amounts for uncleared swaps than would otherwise be the case. Certain rules require centralized reporting of detailed information about many types of cleared and uncleared swaps. Reporting of swap data may result in greater market transparency, but may subject a portfolio to additional administrative burdens, and the safeguards established to protect trader anonymity may not function as expected. Future CFTC or SEC rulemakings to implement the Dodd-Frank Act requirements could potentially limit or completely restrict our ability to use these instruments as a part of our investment strategy, increase the costs of using these instruments or make them less effective. Limits or restrictions applicable to the counterparties with which we engage in derivative transactions could also prevent us from using these instruments or affect the pricing or other factors relating to these instruments, or may change availability of certain investments. The SEC has also recently adopted new rules on the use of derivatives by registered investment companies and BDCs. These rules may affect the nature and extent of our use of derivatives.

The success of our hedging transactions will depend on our ability to correctly predict movements and interest rates. Therefore, while we may enter into such transactions to seek to reduce interest rate risks, unanticipated changes in interest rates may result in poorer overall investment performance than if we had not engaged in any such hedging transactions. In addition, the degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the portfolio positions being hedged may vary. Moreover, for a variety of reasons, we may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings or debt arrangements being hedged. Any such imperfect correlation may prevent us from achieving the intended hedge and expose us to risk of loss. See also "—Changes in interest rates may affect our cost of capital and net investment income."

Economic recessions or downturns could impair our portfolio companies and harm our operating results.

Many of our portfolio companies may be susceptible to economic slowdowns or recessions and may be unable to repay our loans during these periods. Therefore, our non-performing assets may increase and the value of our portfolio may decrease during these periods as we are required to record the values of our investments. Adverse economic conditions also may decrease the value of collateral securing some of our loans and the value of our equity investments. Economic slowdowns or recessions could lead to financial losses in our portfolio and a decrease in revenues, net income and assets. Unfavorable economic conditions also could increase our funding costs, limit our access to the capital markets or result in a decision by lenders not to extend credit to us. These events could prevent us from increasing investments and harm our operating results.

The lack of liquidity in our investments may adversely affect our business.

We make investments in private companies. A portion of these investments may be subject to legal and other restrictions on resale, transfer, pledge or other disposition or will otherwise be less liquid than publicly traded securities. The illiquidity of our investments may make it difficult for us to sell such investments if the need arises. In addition, if we are required to liquidate all or a portion of our portfolio quickly, we may realize significantly less than the value at which we have previously recorded our investments. In addition, we face other restrictions on our ability to liquidate an investment in a business entity to the extent that we or the Advisor has or could be deemed to have material non-public information regarding such business entity.

Our portfolio companies may incur debt that ranks equally with, or senior to, our investments in such companies.

Our portfolio companies usually will have, or may be permitted to incur, other debt that ranks equally with, or senior to, debt securities in which we invest. By their terms, such debt instruments may provide that the holders are entitled to receive payment of interest or principal on or before the dates on which we are entitled to receive payments. Also, in the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of a portfolio company, holders of debt instruments ranking senior to our investment in that portfolio company would typically be entitled to receive payment in full before we receive any distribution in respect of our investment. After repaying such senior creditors, the portfolio company may not have any remaining assets to use for repaying its obligations to us. In the case of debt ranking equally with debt securities in which we invest, we would have to share on an equal basis any distributions with other creditors holding such debt in the event of an insolvency, liquidation, dissolution, reorganization or bankruptcy of the relevant portfolio company. The rights we may have with respect to the collateral securing any junior priority loans we make to our portfolio companies may also be limited pursuant to the terms of one or more intercreditor agreements (including agreements governing "first out" and "last out" structures) that we enter into with the holders of senior debt. Under such an intercreditor agreement, at any time that senior obligations are outstanding, we may forfeit certain rights with respect to the collateral to the holders of the senior obligations. These rights may include the right to commence enforcement proceedings against the collateral, the right to control the conduct of such enforcement proceedings, the right to approve amendments to collateral documents, the right to release liens on the collateral and the right to waive past defaults under collateral documents. We may not have the ability to control or direct such actions, even if as a result our rights as junior lenders are adversely affected.

When we are a debt or minority equity investor in a portfolio company, we are often not in a position to exert influence on the entity, and other equity holders and management of the company may make decisions that could decrease the value of our portfolio holdings.

When we make debt or minority equity investments, we are subject to the risk that a portfolio company may make business decisions with which we disagree and the other equity holders and management of such company may take risks or otherwise act in ways that do not serve our interests. As a result, a portfolio company may make decisions that could decrease the value of our investment.

In addition, we may not be in a position to control any portfolio company by investing in its debt securities. As a result, we are subject to the risk that a portfolio company in which we invest may make business decisions with which we disagree, and the management of such company, as representatives of the holders of its common equity, may take risks or otherwise act in ways that do not serve our interests as debt investors.

There may be circumstances in which our debt investments could be subordinated to claims of other creditors or we could be subject to lender liability claims.

If one of our portfolio companies were to go bankrupt, even though we may have structured our interest as senior debt, depending on the facts and circumstances, a bankruptcy court might re-characterize our debt holding as an equity investment and subordinate all or a portion of our claim to that of other creditors. In addition, lenders can be subject to lender liability claims for actions taken by them where they become too involved in the borrower's business or exercise control over the borrower. For example, we could become subject to a lender's liability claim, if, among other things, we actually render significant managerial assistance.

Our portfolio companies may be highly leveraged.

Some of our portfolio companies may be highly leveraged, which may have adverse consequences to these companies and to us as an investor. These companies may be subject to restrictive financial and operating covenants and the leverage may impair these companies' ability to finance their future operations and capital needs. As a result, these companies' flexibility to respond to changing business and economic conditions and to take advantage of business opportunities may be limited. Further, a leveraged company's income and net assets will tend to increase or decrease at a greater rate than if borrowed money were not used.

Because we generally do not hold controlling equity interests in our portfolio companies, we may not be in a position to exercise control over our portfolio companies or to prevent decisions by management of our portfolio companies that could decrease the value of our investments.

We generally do not hold controlling equity positions in our portfolio companies. As a result, we are subject to the risk that a portfolio company may make business decisions with which we disagree, and that the management and/or stockholders of a portfolio company may take risks or otherwise act in ways that are adverse to our interests. In addition, other stockholders, such as private or public funds, that have substantial investments in our portfolio companies may have interests that differ from that of the portfolio company or its minority stockholders, which may lead them to take actions that could materially and adversely affect the value of our investment in the portfolio company. Due to the lack of liquidity of the debt and equity investments that we typically hold in our portfolio companies, we may not be able to dispose of our investments in the event we disagree with the actions of a portfolio company and may therefore suffer a decrease in the value of our investments.

Concentration of our assets in an issuer, industry or sector may present more risks than if we were more broadly diversified over numerous issuers, industries and sectors of the economy.

We are classified as a non-diversified investment company within the meaning of the 1940 Act, which means that we are not limited by the 1940 Act with respect to the proportion of our assets that we may invest in securities of a single issuer. To the extent that we assume large positions in the securities of a small number of issuers, our net asset value may fluctuate to a greater extent than that of a diversified investment company as a result of changes in the financial condition or the market's assessment of the issuer. We may also be more susceptible to any single economic or regulatory occurrence than a diversified investment company.

In addition, we may, from time to time, invest a substantial portion of our assets in the securities of issuers in any single industry or sector of the economy or in only a few issuers. We cannot predict the industries or sectors in which our investment strategy may cause us to concentrate and cannot predict the level of our diversification among issuers to ensure that we satisfy diversification requirements for qualification as a RIC for U.S. federal income tax purposes. A downturn in an industry or sector in which we are concentrated would have a larger impact on us than on a company that does not concentrate in that particular industry or sector. Furthermore, the Advisor has not made and does not intend to make any determination as to the allocation of assets among different classes of securities. At any point in time we may be highly concentrated in a single type of asset, such as junior unsecured loans or distressed debt. Consequently, events which affect a particular asset class disproportionately could have an equally disproportionate effect on us.

Our failure to make follow-on investments in our portfolio companies could impair the value of our portfolio.

Following an initial investment in a portfolio company, we may make additional investments in that portfolio company as "follow-on" investments in order to: (i) increase or maintain in whole or in part our equity ownership percentage; (ii) exercise warrants, options or convertible securities that were acquired in the original or any subsequent financing; or (iii) attempt to preserve or enhance the value of our investments. We may elect not to make follow-on investments or otherwise lack sufficient funds to make those investments. We will have the discretion to make any follow-on investments, subject to the availability of capital resources. The failure to make follow-on investments may, in some circumstances, jeopardize the continued viability of a portfolio company and our initial investment, or may result in a missed opportunity for us to maintain or increase our participation in a successful operation. Even if we have sufficient capital to make a desired follow-on investment, we may elect not to make a follow-on investment because we may not want to increase our concentration of risk, either because we prefer other opportunities or because we are subject to BDC requirements that would prevent such follow-on investments or the desire to maintain our RIC status.

Our investments in foreign securities may involve significant risks in addition to the risks inherent in U.S. investments.

While we invest primarily in U.S. companies, our investment strategy contemplates that a portion of our investments may be in securities of foreign companies. Accordingly, we may invest on an opportunistic basis in certain non-U.S. companies, including those located in emerging markets, that otherwise meet our investment criteria. In regards to the regulatory requirements for business development companies, some of these investments may not qualify as investments in “eligible portfolio companies,” and thus may not be considered “qualifying assets.” “Eligible portfolio companies” generally include U.S. companies that are not investment companies and that do not have securities listed on a national exchange. If at any time less than 70% of our gross assets are comprised of qualifying assets, including as a result of an increase in the value of any non-qualifying assets or decrease in the value of any qualifying assets, we would generally not be permitted to acquire any additional non-qualifying assets until such time as 70% of our then current gross assets were comprised of qualifying assets. We would not be required, however, to dispose of any non-qualifying assets in such circumstances. In addition, investing in foreign companies, and particularly those in emerging markets, may expose us to additional risks not typically associated with investing in U.S. companies. These risks include changes in exchange control regulations, political and social instability, expropriation, imposition of foreign taxes (potentially at confiscatory levels), less liquid markets and less available information than is generally the case in the U.S., higher transaction costs, less government supervision of exchanges, brokers and issuers, less developed bankruptcy laws, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility. Further, we may have difficulty enforcing our rights as equity holders in foreign jurisdictions. In addition, to the extent we invest in non-U.S. companies, we may face greater exposure to foreign economic developments.

Although most of our investments are denominated in U.S. dollars, our investments that are denominated in a foreign currency are subject to the risk that the value of a particular currency may change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation, and political developments. We may employ hedging techniques to minimize these risks, but we can offer no assurance that we will, in fact, hedge currency risk or, that if we do, such strategies will be effective.

Our investments in the healthcare sector face considerable uncertainties including substantial regulatory challenges.

Our investments in the healthcare sector are subject to substantial risks. The laws and rules governing the business of healthcare companies and interpretations of those laws and rules are subject to frequent change. Broad latitude is given to the agencies administering those regulations. Existing or future laws and rules could force our portfolio companies engaged in healthcare to change how they do business, restrict revenue, increase costs, change reserve levels, change business practices and increase liability in federal and state courts. Healthcare companies often must obtain and maintain regulatory approvals to market many of their products, change prices for certain regulated products and to consummate some of their acquisitions and divestitures. Delays in obtaining or failure to obtain or maintain these approvals could reduce revenue or increase costs. Policy changes on the local, state and federal level, such as the expansion of the government’s role in the health care arena and alternative assessments and tax increases specific to the healthcare industry or healthcare products as part of federal health care reform initiatives, could fundamentally change the dynamics of the healthcare industry.

Our investments in the financial services sector are subject to various risks including volatility and extensive government regulation.

These risks include the effects of changes in interest rates on the profitability of financial services companies, the rate of corporate and consumer debt defaults, price competition, governmental limitations on a company’s loans, other financial commitments, product lines and other operations and recent ongoing changes in the financial services industry (including consolidations, development of new products and changes to the industry’s regulatory framework). The deterioration of the credit markets starting in late 2007 generally has caused an adverse impact in a broad range of markets, including U.S. and international credit and interbank money markets generally, thereby affecting a wide range of financial institutions and markets. In particular, events in the financial sector in late 2008 resulted, and may continue to result, in an unusually high degree of volatility in the financial markets, both domestic and foreign. This situation has created instability in the financial markets and caused certain financial services companies to incur large losses. Insurance companies have additional risks, such as heavy price competition, claims activity and marketing competition, and can be particularly sensitive to specific events such as man-made and natural disasters (including weather catastrophes), terrorism, mortality risks and morbidity rates.

Our investments in the consumer products sector are subject to various risks including cyclical risks associated with the overall economy.

General risks of companies in the consumer products sector include cyclicality of revenues and earnings, economic recession, currency fluctuations, changing consumer tastes, extensive competition, product liability litigation and increased government regulation. Generally, spending on consumer products is affected by the health of consumers. Companies in the consumer products sectors are subject to government regulation affecting the permissibility of using various food additives and production methods, which regulations could affect company profitability. A weak economy and its effect on consumer spending would adversely affect companies in the consumer products sector.

Our investments in the chemicals, plastics, and rubber sector are subject to various risks including costs of raw materials and energy, increased competition and extensive government regulation.

Our investments in the chemicals, plastics and rubber sectors are subject to various risks including risks related to the costs of raw materials and energy. General risks of companies in the chemicals, plastics, and rubber industries include safety or product liability issues, costs of raw materials and energy, including crude oil, and competition in global markets. The chemicals, plastics, and rubber industries are highly competitive, which puts pressure on prices. Prices are subject to international supply and demand as well as to the purchase costs of raw materials and energy. Markets for these products, as well as prices for raw materials and energy used by these industries, are cyclical and volatile and the costs of raw materials and energy represent a substantial portion of the industries' production costs and operating expenses. In addition, manufacturing facilities in these industries are subject to planned and unplanned production shutdowns, turnarounds and outages, which could have an adverse effect on long-term production. Companies in these industries are also subject to extensive federal, state, local and foreign environmental, health and safety laws and regulations concerning, among other things, emissions in the air, discharges to land and water and the generation, handling, treatment and disposal of hazardous waste and other materials. These requirements, and enforcement of these requirements, may become more stringent in the future. In addition, future regulatory or other developments could also restrict or eliminate the use of, or require companies in these industries to make modifications to, its products, packaging, manufacturing processes and technology, which could have a significant adverse impact on its financial condition, results of operations and cash flows.

Cyclicality within the energy sector may adversely affect some of our portfolio companies.

Industries within the energy sector are cyclical with fluctuations in commodity prices and demand for, and production of commodities driven by a variety of factors. The highly cyclical nature of the industries within the energy sector may lead to volatile changes in commodity prices, which may adversely affect the earnings of energy companies in which we may invest and the performance and valuation of our portfolio.

The effect of global climate change may impact the operations of our portfolio companies.

There may be evidence of global climate change. Climate change creates physical and financial risk and some of our portfolio companies may be adversely affected by climate change. For example, the needs of customers of energy companies vary with weather conditions, primarily temperature and humidity. To the extent weather conditions are affected by climate change, energy use could increase or decrease depending on the duration and magnitude of any changes. Increases in the cost of energy could adversely affect the cost of operations of our portfolio companies if the use of energy products or services is material to their business. A decrease in energy use due to weather changes may affect some of our portfolio companies' financial condition, through decreased revenues. Extreme weather conditions in general require more system backup, adding to costs, and can contribute to increased system stresses, including service interruptions.

We may invest in "covenant-lite" loans, which could have limited investor protections.

We may invest in, or obtain exposure to, obligations that may be "covenant-lite," which means such obligations lack, or possess fewer, financial covenants that protect lenders. Covenant-lite agreements feature incurrence covenants, as opposed to more restrictive maintenance covenants. Under a maintenance covenant, the borrower would need to meet regular, specific financial tests, while under an incurrence covenant, the borrower only would be required to comply with the financial tests at the time it takes certain actions (e.g., issuing additional debt, paying a dividend, making an acquisition). A covenant-lite obligation contains fewer maintenance covenants than other obligations, or no maintenance covenants, and may not include terms that allow the lender to monitor the performance of the borrower and declare a default if certain criteria are breached. Furthermore, in the event of default, covenant-lite loans may exhibit diminished recovery values as the lender may not have the opportunity to negotiate with the borrower prior to default.

Risks Related to Our Operations as a BDC

While our ability to enter into transactions with our affiliates is restricted under the 1940 Act, we have received an exemptive order from the SEC permitting certain affiliated investments subject to certain conditions. As a result, the Advisor may face conflicts of interests and investments made pursuant to the exemptive order conditions could in certain circumstances adversely affect the price paid or received by us or the availability or size of the position purchased or sold by us.

We are generally prohibited under the 1940 Act from knowingly participating in certain transactions with certain of our affiliates without the prior approval of our independent directors and, in some cases, of the SEC. Any person that owns, directly or indirectly, 5% or more of our outstanding voting securities will be our affiliate for purposes of the 1940 Act and we are generally prohibited from buying or selling any security (other than our securities) from or to such affiliate, absent the prior approval of our independent directors. The 1940 Act also prohibits certain "joint" transactions with certain of our affiliates, which could include investments in the same portfolio company (whether at the same or different times), without prior approval of our independent directors and, in some cases, of the SEC. We are prohibited from buying or selling any security from or to any person who owns more than 25% of our voting securities or certain of that person's affiliates, or entering into prohibited joint transactions with such persons, absent the prior approval of the SEC through an exemptive order (other than in certain limited situations pursuant to current regulatory guidance). The analysis of whether a particular transaction constitutes a joint transaction requires a review of the relevant facts and circumstances then existing. Similar restrictions limit our ability to transact business with our officers or directors or their affiliates.

However, our Advisor has received an exemption from certain SEC regulations prohibiting transactions with affiliates. The exemptive order requires that certain procedures be followed prior to making an investment subject to the order and such procedures could in certain circumstances adversely affect the price paid or received by us or the availability or size of the position purchased or sold by us. The Advisor may also face conflicts of interest in making investments pursuant to the exemptive order.

Regulations governing our operation as a BDC affect our ability to, and the way in which we, raise additional capital.

Our business requires a substantial amount of capital. We may acquire additional capital from the issuance of senior securities or other indebtedness, the issuance of additional shares of our common stock or from securitization transactions. However, we may not be able to raise additional capital in the future on favorable terms or at all. We may issue debt securities or preferred securities, which we refer to collectively as "senior securities," and we may borrow money from banks or other financial institutions, up to the maximum amount permitted by the 1940 Act. The 1940 Act, as amended by the SBCAA, permits us to issue senior securities or incur indebtedness only in amounts such that our asset coverage, as defined in the 1940 Act, equals at least 150% after such issuance or incurrence. If the value of our assets declines, we may be unable to satisfy this test. If that happens, we may be required to liquidate a portion of our investments and repay a portion of our indebtedness at a time when such sales may be disadvantageous. If the value of our assets declines, we may be unable to satisfy this test. If that happens, we may be required to liquidate a portion of our investments and repay a portion of our indebtedness at a time when such sales may be disadvantageous.

- *Senior Securities*. As a result of issuing senior securities, we would also be exposed to typical risks associated with leverage, including an increased risk of loss. If we issue preferred securities they would rank "senior" to common stock in our capital structure, preferred stockholders would have separate voting rights and may have rights, preferences or privileges more favorable than those of our common stockholders. Furthermore, the issuance of preferred securities could have the effect of delaying, deferring or preventing a transaction or a change of control that might involve a premium price for our common stockholders or otherwise be in the best interests of our common stockholders.
- *Additional Common Stock*. Our Board of Directors may decide to issue common stock to finance our operations rather than issuing debt or other senior securities. As a BDC, we are generally not able to issue our common stock at a price below net asset value, or issue securities convertible into common stock, without first obtaining the required approvals from our stockholders and our independent directors. We may also make rights offerings to our stockholders. If we raise additional capital by issuing more common stock or senior securities convertible into, or exchangeable for, our common stock, the percentage ownership of our common stockholders at that time would decrease, and our common stockholders may experience dilution.
- *Securitization*. In addition to issuing securities to raise capital as described above, we anticipate that in the future we may securitize our loans to generate cash for funding new investments. To securitize loans, we may create a wholly owned subsidiary, contribute a pool of loans to the subsidiary and have the subsidiary issue primarily investment grade debt securities to purchasers who we would expect would be willing to accept a substantially lower interest rate than the loans earn. We would retain all or a portion of the equity in the securitized pool of loans. Our retained equity would be exposed to any losses on the portfolio of loans before any of the debt securities would be exposed to such losses. An inability to successfully securitize our loan portfolio could limit our ability to grow our business and fully execute our business strategy and adversely affect our earnings, if any. Moreover, the successful securitization of our loan portfolio might expose us to losses as the residual loans in which we do not sell interests will tend to be those that are riskier and more apt to generate losses.

Stockholders will likely incur dilution if we sell or otherwise issue shares of our common stock or securities to subscribe for or convertible into shares of our common stock at prices below the then current net asset value per share of our common stock.

We generally seek approval from our stockholders so that we have the flexibility to issue up to 25% of our then outstanding shares of our common stock immediately prior to any such sale at a price below net asset value. Pursuant to approval granted at our adjourned special meeting of stockholders held on May 15, 2020, we currently are permitted to sell or otherwise issue shares of our common stock at a price below net asset value, subject to certain limitations and determinations that must be made by our board of directors. Such stockholder approval expires on May 15, 2021.

In addition, we may also issue shares of common stock in certain limited circumstances under our dividend reinvestment plan and under interpretive advice issued by the Internal Revenue Service. Any sale or other issuance of shares of our common stock at a price below net asset value per share would result in an immediate dilution to the net asset value per share. This dilution would occur as a result of a proportionately greater decrease in a stockholder's interest in our earnings and assets and voting interest in us than the increase in our assets resulting from such issuance. Because the number of shares of common stock that could be so issued and the timing of any issuance is not currently known, the actual dilutive effect cannot be predicted. Such effects may be material, and we undertake to describe material risks and dilutive effects of any offering that we make at a price below our then current net asset value in the future in a prospectus supplement issued in connection with any such offering. We cannot predict whether shares of our common stock will trade above, at or below our net asset value. If we were to sell our common stock at prices below net asset value for a sustained period of time, such sales may result in an increased risk of our common stock trading at a discount to its net asset value.

Changes in the laws or regulations governing our business or the businesses of our portfolio companies and any failure by us or our portfolio companies to comply with these laws or regulations could negatively affect the profitability of our operations or of our portfolio companies.

We are subject to changing rules and regulations of federal and state governments, as well as the stock exchange on which our common stock is listed. These entities, including the Public Company Accounting Oversight Board, the SEC and The NASDAQ Global Select Market, have issued a significant number of new and increasingly complex requirements and regulations over the course of the last several years and continue to develop additional regulations. In particular, changes in the laws or regulations or the interpretations of the laws and regulations that govern BDCs, RICs or non-depository commercial lenders could significantly affect our operations and our cost of doing business. We are subject to federal, state and local laws and regulations and are subject to judicial and administrative decisions that affect our operations, including our loan originations, maximum interest rates, fees and other charges, disclosures to portfolio companies, the terms of secured transactions, collection and foreclosure procedures and other trade practices. If these laws, regulations or decisions change, or if we expand our business into jurisdictions that have adopted more stringent requirements than those in which we currently conduct business, we may have to incur significant expenses in order to comply, or we might have to restrict our operations. In addition, if we do not comply with applicable laws, regulations and decisions, we may lose licenses needed for the conduct of our business and be subject to civil fines and criminal penalties, any of which could have a material adverse effect upon our business, financial condition and results of operations.

Any failure on our part to maintain our status as a BDC would reduce our operating flexibility.

The 1940 Act imposes numerous constraints on the operations of BDCs. Any failure to comply with the requirements imposed on BDCs by the 1940 Act could cause the SEC to bring an enforcement action against us and/or expose us to claims of private litigants. In addition, upon approval of a majority of our stockholders, we may elect to withdraw our status as a BDC. If we decide to withdraw our election, or if we otherwise fail to qualify, or maintain our qualification, as a BDC, we may be subject to the substantially greater regulation under the 1940 Act as a closed-end investment company. Compliance with such regulations would significantly decrease our operating flexibility, and could significantly increase our costs of doing business.

If we do not invest a sufficient portion of our assets in qualifying assets, we could fail to qualify as a BDC or be precluded from investing according to our current business strategy.

As a BDC, we may not acquire any assets other than "qualifying assets" unless, at the time of and after giving effect to such acquisition, at least 70% of our total assets are qualifying assets. We believe that most of the investments that we may acquire in the future will constitute qualifying assets. However, we may be precluded from investing in what we believe are attractive investments if such investments are not qualifying assets for purposes of the 1940 Act. If we do not invest a sufficient portion of our assets in qualifying assets, we could be found to be in violation of the 1940 Act provisions applicable to BDCs, which would have a material adverse effect on our business, financial condition and results of operations. Similarly, these rules could prevent us from making follow-on investments in existing portfolio companies (which could result in the dilution of our position) or could require us to dispose of investments at inappropriate times in order to come into compliance with the 1940 Act. Because most of our investments will be in private companies, and therefore will be relatively illiquid, any such dispositions could be made at disadvantageous prices and could result in substantial losses.

Loss of status as a RIC would reduce our net asset value and distributable income.

We currently qualify as a RIC under the Code and intend to continue to qualify each year as a RIC. As a RIC we do not have to pay federal income taxes on our income (including realized gains) that is distributed to our stockholders, provided that we satisfy certain distribution requirements. Accordingly, we are not permitted under accounting rules to establish reserves for taxes on our unrealized capital gains. If we fail to qualify for RIC status in any year, to the extent that we had unrealized gains, we would have to establish reserves for taxes, which would reduce our net asset value. In addition, if we, as a RIC, were to decide to make a deemed distribution of net realized capital gains and retain the net realized capital gains, we would have to establish appropriate reserves for taxes that we would have to pay on behalf of stockholders. It is possible that establishing reserves for taxes could have a material adverse effect on the value of our common stock.

We will be subject to corporate-level income tax if we are unable to maintain our qualification as a RIC under Subchapter M of the Code or do not satisfy the annual distribution requirement.

To maintain RIC status and be relieved of federal taxes on income and gains distributed to our stockholders, we must meet the following annual distribution, income source and asset diversification requirements.

- The annual distribution requirement for a RIC will be satisfied if we distribute to our stockholders on an annual basis at least 90% of our net ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any. Because we may use debt financing, we are subject to an asset coverage ratio requirement under the 1940 Act and we may be subject to certain financial covenants under our debt arrangements that could, under certain circumstances, restrict us from making distributions necessary to satisfy the distribution requirement. If we are unable to obtain cash from other sources, we could fail to qualify for RIC tax treatment and thus become subject to corporate-level income tax.
- The income source requirement will be satisfied if we obtain at least 90% of our income for each year from dividends, interest, gains from the sale of stock or securities or similar sources.
- The asset diversification requirement will be satisfied if we meet certain asset diversification requirements at the end of each quarter of our taxable year. To satisfy this requirement, at least 50% of the value of our assets must consist of cash, cash equivalents, U.S. government securities, securities of other RICs, and other acceptable securities; and no more than 25% of the value of our assets can be invested in the securities, other than U.S. government securities or securities of other RICs, of one issuer, of two or more issuers that are controlled, as determined under applicable Code rules, by us and that are engaged in the same or similar or related trades or businesses or of certain "qualified publicly traded partnerships." Failure to meet these requirements may result in our having to dispose of certain investments quickly in order to prevent the loss of RIC status. Because most of our investments will be in private companies, and therefore will be relatively illiquid, any such dispositions could be made at disadvantageous prices and could result in substantial losses.

If we fail to qualify for or maintain RIC status for any reason and are subject to corporate-level income tax, the resulting corporate-level taxes could substantially reduce our net assets, the amount of income available for distribution and the amount of our distributions. Such a failure would have a material adverse effect on us and our stockholders. The Code provides some relief from RIC disqualification due to failures of the income source and asset diversification requirements, although there may be additional taxes due in such cases. We cannot assure you that we would qualify for any such relief should we fail the income source or asset diversification requirements.

Risks Relating to Our Common Stock and Other Securities

Our shares of common stock have traded at a discount from net asset value and may do so again in the future, which could limit our ability to raise additional equity capital.

Shares of closed-end investment companies, including business development companies, may trade at a market discount from net asset value. This characteristic of closed-end investment companies and business development companies is separate and distinct from the risk that our net asset value per share may decline. In the past, the stocks of BDCs as an industry, including shares of our common stock, have traded below net asset value and at historic lows as a result of concerns over liquidity, leverage restrictions and distribution requirements. When our common stock is trading below its net asset value per share, we will generally not be able to issue additional shares of our common stock at its market price without first obtaining approval for such issuance from our stockholders and our independent directors. At our adjourned special meeting of stockholders held on May 15, 2020, subject to certain conditions and Board of Directors determinations, our stockholders approved our ability to sell or otherwise issue shares of our common stock at a price below its then current net asset value per share for a 12-month period expiring on the anniversary of the date of stockholder approval, unless approved again by our stockholders for another 12-month period.

Investing in our common stock may involve an above average degree of risk.

The investments we make in accordance with our investment objective may result in a higher amount of risk than alternative investment options and a higher risk of volatility or loss of principal. Our investments in portfolio companies involve higher levels of risk, and therefore, an investment in our common stock may not be suitable for someone with lower risk tolerance.

The price of our common stock may fluctuate significantly.

As with any company, the price of our common stock will fluctuate with market conditions and other factors. The market price and liquidity of the market for our common stock may from time to time be affected by a number of factors, which include, but are not limited to, the following:

- volatility in the market price and trading volume of common stocks of BDCs or other financial services companies, which are not necessarily related to the operating performance of these companies;
- investors' general perception of our company, the economy and general market conditions;
- our quarterly results of operations;
- our origination activity, including the pace of, and competition for, new investment opportunities;
- the financial performance of the specific industries in which we invest on a recurring basis, including, without limitation, our investments in the business services, finance, chemicals, plastics and rubber and healthcare industries;
- announcements of strategic developments, acquisitions and other material events by us or our competitors;
- changes in regulatory policies or tax guidelines, particularly with respect to RICs or BDCs;
- loss of RIC status;
- changes in earnings or variations in operating results;
- changes in the value of our portfolio investments;
- any shortfall in revenue or net income or any increase in losses from levels expected by investors or securities analysts;
- departure of key personnel from the Advisor;
- operating performance of companies comparable to us;
- short-selling pressure with respect to shares of our common stock or BDCs generally;
- general economic trends and other external factors, including price and volume fluctuations in the overall stock market; and
- loss of a major funding source.

Our capital-raising activities may have an adverse effect on the market price of our common stock.

When we issue securities or incur debt, we generally obtain cash or cash equivalents. Any increase in our holdings of cash or cash equivalents could adversely affect the prevailing market prices for our common stock, especially if we are unable to timely deploy the capital in suitable investments. The adverse impact on the prevailing market prices for our common stock could be greater if we issue debt securities or other securities requiring the payment of interest and are unable to timely deploy the capital in suitable investments.

There is a risk that investors in our equity securities may not receive distributions or that our distributions may not grow over time.

We intend to make distributions on a quarterly basis to our stockholders out of assets legally available for distribution. There can be no assurance that we will achieve investment results that will allow us to make a specified level of cash distributions or year-to-year increases in cash distributions. If we declare a distribution and if more stockholders opt to receive cash distributions rather than participate in our dividend reinvestment plan, we may be forced to sell some of our investments in order to make cash distributions. In addition, due to the asset coverage test applicable to us as a BDC, we may be limited in our ability to make distributions. Further, if we invest a greater amount of assets in equity securities that do not pay current dividends, it could reduce the amount available for distribution.

We may choose to pay dividends in our own stock, in which case you may be required to pay tax in excess of the cash you receive.

We may distribute taxable dividends that are payable to our stockholders in part through the issuance of shares of our common stock. Under certain applicable provisions of the Internal Revenue Code of 1986 (the "Code") and the Treasury regulations and a revenue procedure issued by the Internal Revenue Service, a regulated investment company ("RIC") may treat a distribution of its own stock as fulfilling its RIC distribution requirements if each stockholder may elect to receive his or her entire distribution in either cash or stock of the RIC, subject to a limitation that the aggregate amount of cash to be distributed to all stockholders must be at least 20% (which has been temporarily reduced to 10% for distributions declared on or after April 1, 2020, and on or before December 31, 2020) of the aggregate declared distribution. If too many stockholders elect to receive their distributions in cash, we must allocate the cash available for distribution among the stockholders electing to receive cash (with the balance of the distribution paid in shares of our common stock). If we decide to make any distributions consistent with this revenue procedure that are payable in part in our stock, U.S. taxable stockholders receiving such dividends generally will be required to include the full amount of the dividend (whether received in cash, our stock, or a combination thereof) as ordinary income (or as long-term capital gain to the extent such distribution is properly reported as a capital gain dividend) to the extent of our current and accumulated earnings and profits for U.S. federal income tax purposes. As a result, a U.S. stockholder may be required to pay tax with respect to such dividends in excess of any cash received. If a U.S. stockholder sells the stock it receives as a dividend in order to pay this tax, the sales proceeds may be less than the amount included in income with respect to the dividend, depending on the market price of our stock at the time of the sale.

Furthermore, with respect to non-U.S. stockholders, we may be required to withhold U.S. tax with respect to such dividends, including in respect of all or a portion of such dividend that is payable in stock. If a significant number of our stockholders determine to sell shares of our stock in order to pay taxes owed on dividends, it may put downward pressure on the trading price of our stock. In addition, to the extent our stock is trading below our NAV per share, our NAV per share will be diluted.

If we issue preferred stock, the net asset value and market value of our common stock may become more volatile.

We cannot assure you that the issuance of preferred stock would result in a higher yield or return to the holders of our common stock. The issuance of preferred stock would likely cause the net asset value and market value of our common stock to become more volatile. If the dividend rate on the preferred stock were to approach the net rate of return on our investment portfolio, the benefit of leverage to the holders of our common stock would be reduced. If the dividend rate on the preferred stock were to exceed the net rate of return on our portfolio, the leverage would result in a lower rate of return to the holders of our common stock than if we had not issued preferred stock. Any decline in the net asset value of our investment would be borne entirely by the holders of our common stock. Therefore, if the market value of our portfolio were to decline, the leverage would result in a greater decrease in net asset value to the holders of our common stock than if we were not leveraged through the issuance of preferred stock. This greater net asset value decrease would also tend to cause a greater decline in the market price of our common stock. We might be in danger of failing to maintain the required asset coverage of the preferred stock or of losing our ratings on the preferred stock or, in an extreme case, our current investment income might not be sufficient to meet the dividend requirements on the preferred stock. In order to counteract such an event, we might need to liquidate investments in order to fund a redemption of some or all of the preferred stock. In addition, we would pay (and the holders of our common stock would bear) all costs and expenses relating to the issuance and ongoing maintenance of the preferred stock, including higher Incentive Fees if our total return exceeds the dividend rate on the preferred stock. Holders of preferred stock may have different interests than holders of common stock and may at times have disproportionate influence over our affairs.

We may in the future determine to issue preferred stock, which could adversely affect the market value of our common stock.

The issuance of shares of preferred stock with dividend or conversion rights, liquidation preferences or other economic terms favorable to the holders of preferred stock could adversely affect the market price for our common stock by making an investment in the common stock less attractive. In addition, the dividends on any preferred stock we issue must be cumulative. Payment of dividends and repayment of the liquidation preference of preferred stock must take preference over any dividends or other payments to our common stockholders, and holders of preferred stock are not subject to any of our expenses or losses and are not entitled to participate in any income or appreciation in excess of their stated preference (other than convertible preferred stock that converts into common stock). In addition, under the 1940 Act, preferred stock constitutes a “senior security” for purposes of the asset coverage test.

Holders of any preferred stock we might issue would have the right to elect members of our Board of Directors and class voting rights on certain matters.

Holders of any preferred stock we might issue, voting separately as a single class, would have the right to elect two members of our Board of Directors at all times and in the event dividends become two full years in arrears would have the right to elect a majority of the directors until such arrearage is completely eliminated. In addition, preferred stockholders have class voting rights on certain matters, including changes in fundamental investment restrictions and conversion to open-end status, and accordingly can veto any changes. Restrictions imposed on the declarations and payment of dividends or other distributions to the holders of our common stock and preferred stock, both by the 1940 Act and by requirements imposed by rating agencies, might impair our ability to maintain our qualification as a RIC for federal income tax purposes. While we would intend to redeem our preferred stock to the extent necessary to enable us to distribute our income as required to maintain our qualification as a RIC, there can be no assurance that such actions could be affected in time to meet the tax requirements.

Certain provisions of the Delaware General Corporation Law and our certificate of incorporation and bylaws could deter takeover attempts and have an adverse impact on the price of our common stock.

The Delaware General Corporation Law, our amended certificate of incorporation and our amended and restated bylaws contain provisions that may have the effect of discouraging a third party from making an acquisition proposal for us. These anti-takeover provisions may inhibit a change in control in circumstances that could give the holders of our common stock the opportunity to realize a premium over the market price of our common stock. We have also adopted measures that may make it difficult for a third party to obtain control of us, including provisions of our amended certificate of incorporation and amended and restated bylaws dividing our Board of Directors in three classes serving staggered three-year terms, requiring the affirmative vote of the holders of 75% of the then outstanding shares of our capital stock entitled to vote to remove a director for cause, and, subject to the rights of any holders of preferred stock, filling any vacancy on our Board of Directors only by a vote of a majority of the directors then in office. The classification of our Board of Directors and the limitations on removal of directors and filling of vacancies could have the effect of making it more difficult for a third party to acquire us, or of discouraging a third party from acquiring us. Our certificate of incorporation and bylaws also provide that special meetings of the stockholders may only be called by our Board of Directors, Chairman, Chief Executive Officer or Secretary. These provisions, as well as other provisions of our amended certificate of incorporation and our amended and restated bylaws, may delay, defer or prevent a transaction or a change in control that might otherwise be in the best interests of our stockholders.

Your interest in us may be diluted if you do not fully exercise your subscription rights in any rights offering we may conduct. In addition, if the subscription price is less than our net asset value per share, then you will experience an immediate dilution of the aggregate net asset value of your shares.

In the event we issue subscription rights, stockholders who do not fully exercise their subscription rights should expect that they will, at the completion of a rights offering, own a smaller proportional interest in us than would otherwise be the case if they fully exercised their rights. We cannot state precisely the amount of any such dilution in share ownership because we do not know at this time what proportion of the shares will be purchased as a result of such rights offering.

In addition, if the subscription price is less than the net asset value per share of our common stock, then our stockholders would experience an immediate dilution of the aggregate net asset value of their shares as a result of the offering. The amount of any decrease in net asset value is not predictable because it is not known at this time what the subscription price and net asset value per share will be on the expiration date of a rights offering or what proportion of the shares will be purchased as a result of such rights offering. Such dilution could be substantial.

A trading market or market value of our debt securities may fluctuate.

In the event we issue debt securities, they may or may not have an established trading market. We cannot assure you that a trading market for debt securities will ever develop or be maintained if developed. In addition to our creditworthiness, many factors may materially adversely affect the trading market for, and market value of, debt securities we may issue. These factors include, but are not limited to, the following:

- the time remaining to the maturity of these debt securities;
- the outstanding principal amount of debt securities with terms identical to these debt securities;
- the ratings assigned by national statistical ratings agencies;
- the general economic environment;
- the supply of debt securities trading in the secondary market, if any;
- the redemption or repayment features, if any, of these debt securities;
- the level, direction and volatility of market interest rates generally; and
- market rates of interest higher or lower than rates borne by the debt securities.

You should also be aware that there may be a limited number of buyers if and when you decide to sell your debt securities. This too may materially adversely affect the market value of the debt securities or the trading market for the debt securities.

Terms relating to redemption may materially adversely affect your return on any debt securities that we may issue.

If your debt securities are redeemable at our option, we may choose to redeem your debt securities at times when prevailing interest rates are lower than the interest rate paid on your debt securities. In addition, if your debt securities are subject to mandatory redemption, we may be required to redeem your debt securities also at times when prevailing interest rates are lower than the interest rate paid on your debt securities. In this circumstance, you may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as your debt securities being redeemed.

Our credit ratings are subject to change and may not reflect all risks of an investment in our debt securities.

Our credit ratings are an assessment by third parties of our ability to pay our obligations and are subject to change. For example, our credit ratings were changed several times during the most recent fiscal year and are subject to further change. Such fluctuations in our credit ratings may adversely affect the market value of our debt securities. In addition, our credit ratings may not reflect the potential impact of risks related to market conditions generally or other factors on the market value of or trading market for the publicly issued debt securities.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

We do not own any real estate or other physical properties materially important to our operation. Our administrative and principal executive offices are located at 40 East 52nd Street, New York, NY 10022. We believe that our office facilities are suitable and adequate for our business as it is contemplated to be conducted.

Item 3. Legal Proceedings

From time to time, we and the Advisor may be a party to certain legal proceedings incidental to the normal course of our business, including the enforcement of our rights under contracts with our portfolio companies. Further, third parties may try to seek to impose liability on us in connection with the activities of our portfolio companies. While we cannot predict the outcome of these legal proceedings with certainty, we do not expect that these proceedings will have a material effect on our consolidated financial statements.

Item 4. Mine Safety Disclosures

Not applicable

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Price Range of Common Stock

Our common stock has been quoted on The NASDAQ Global Select Market under the symbol "BKCC" since June 27, 2007. The following table lists the high and low closing bid price for our common stock, the closing bid price as a percentage of NAV, and quarterly dividends per share for the last two completed fiscal years. On December 31, 2020, the reported closing price of our common stock was $2.69 per share.

	NAV(1)	Closing Sales Price High	Closing Sales Price Low	Premium/ Discount of High Sales Price to NAV(2)	Premium/ Discount of Low Sales Price to NAV(2)	Declared Distributions
Year Ended December 31, 2019						
First Quarter	$ 7.15	$ 6.60	$ 5.41	(8) %	(24) %	$ 0.18
Second Quarter	$ 6.82	$ 6.26	$ 5.95	(8) %	(13) %	$ 0.18
Third Quarter	$ 6.49	$ 6.12	$ 5.01	(6) %	(23) %	$ 0.14
Fourth Quarter	$ 6.33	$ 5.17	$ 4.63	(18) %	(27) %	$ 0.14
Year Ended December 31, 2020						
First Quarter	$ 5.35	$ 5.09	$ 1.47	(5) %	(73) %	$ 0.14
Second Quarter	$ 4.84	$ 3.51	$ 1.79	(27) %	(63) %	$ 0.10
Third Quarter	$ 4.24	$ 3.08	$ 2.31	(27) %	(46) %	$ 0.10
Fourth Quarter	$ 4.23	$ 3.07	$ 2.34	(27) %	(45) %	$ 0.10

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

(2) The High/Low Closing Sales Price is based on the close of trading on the NASDAQ on a given day in the applicable quarter and calculated as the respective High/Low Sales Price divided by NAV, minus 1.

Issuer purchases of equity securities

The following table provides information regarding our purchases of our common stock for each month in the year ended December 31, 2020:

Period	Average Price Paid per Share(1)	Total Number of Shares Purchased	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs(2)
January 2020	$ —	—	—	5,000,000
February 2020	4.56	69,601	69,601	4,930,399
March 2020	3.61	916,953	916,953	4,013,446
April 2020	—	—	—	4,013,446
May 2020	—	—	—	4,013,446
June 2020	—	—	—	4,013,446
July 2020	—	—	—	4,013,446
August 2020	—	—	—	4,013,446
September 2020	—	—	—	4,013,446
October 2020(3)	—	—	—	4,013,446
November 2020(3)	—	—	—	7,500,000
December 2020	—	—	—	7,500,000
	$ 3.68	986,554	986,554	

(1) The average price paid per share includes $0.03 of commission fees paid per share.

(2) *See Note 8 to the consolidated financial statements for further detail.*
(3) *On October 29, 2019, the Company's Board of Directors renewed the authorization for the Company to purchase up to a total of 5,000,000 shares, effective until the earlier of November 3, 2020 or such time that all of the authorized shares have been repurchased (the "October 2019 Repurchase Plan"). On November 3, 2020, the October 2019 Repurchase Plan expired with 4,013,446 shares remaining unpurchased. On November 3, 2020, the Company's Board of Directors authorized the Company to purchase up to a total of 7,500,000 shares, effective until the earlier of November 2, 2021 or such time that all of the authorized shares have been repurchased.*

The repurchase plan does not obligate us to acquire any specific number of shares and may be discontinued at any time. We intend to fund any repurchases with available liquidity.

Holders

At March 3, 2021, there were approximately 206 holders of record of our common stock. Such number of stockholders includes institutional or omnibus accounts that hold common stock for multiple underlying investors.

Distributions

Our quarterly distributions, if any, are determined by our Board of Directors. Distributions are declared considering our estimate of annual taxable income available for distribution to stockholders and the amount of taxable income carried over from the prior year for distribution in the current year. We cannot assure stockholders that they will receive any distributions or distributions at a particular level. The following table lists the quarterly distributions per share from our common stock since December 2018:

Distribution Amount Per Share Outstanding	Record Date	Payment Date
$0.18	December 18, 2018	January 8, 2019
$0.18	March 18, 2019	April 8, 2019
$0.18	June 18, 2019	July 9, 2019
$0.14	September 16, 2019	October 7, 2019
$0.14	December 18, 2019	January 8, 2020
$0.14	March 17, 2020	April 7, 2020
$0.10	June 1, 2020	July 7, 2020
$0.10	August 18, 2020	September 29, 2020
$0.10	November 18, 2020	December 30, 2020
$0.10	March 17, 2021	April 7, 2021

Tax characteristics of all distributions are reported to stockholders on Form 1099 after the end of the calendar year.

We have elected to be taxed as a RIC under Subchapter M of the Code. In order to maintain favorable RIC tax treatment, we must distribute annually to our stockholders at least 90% of our ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any, out of the assets legally available for distribution. Under the Regulated Investment Company Modernization Act of 2010, capital losses incurred by the Company after December 31, 2010 will not be subject to expiration. In addition, such losses must be utilized prior to the losses incurred in the years preceding enactment. In order to avoid certain excise taxes imposed on RICs, we must distribute during each calendar year an amount at least equal to the sum of:

- 98% of our ordinary income for the calendar year;
- 98.2% of our capital gains in excess of capital losses for the one-year period ending on October 31st; and
- any ordinary income and net capital gains for preceding years that were not distributed during such years.

We may, at our discretion, carry forward taxable income in excess of calendar year distributions and pay a 4% excise tax on this income. If we choose to do so, all other things being equal, this would increase expenses and reduce the amounts available to be distributed to our stockholders. We will accrue excise tax on estimated taxable income as required. In addition, although we currently intend to distribute realized net capital gains (i.e., net long-term capital gains in excess of short-term capital losses), if any, at least annually, out of the assets legally available for such distributions, we may in the future decide to retain such capital gains for investment. There was no provision for federal excise taxes recorded for the years ended December 31, 2020, 2019 and 2018.

The final tax characterization of distributions is determined after the fiscal year and is reported on Form 1099 and in the Company's annual report to stockholders. Distributions can be characterized as ordinary income, capital gains and/or return of capital. To the extent that distributions exceed the Company's current and accumulated earnings and profits, the excess may be treated as a non-taxable return of capital. Distributions that exceed a Company's taxable income but do not exceed the Company's current and accumulated earnings and profits, may be classified as ordinary income which is taxable to stockholders.

The Company estimates the source of its distributions as required by Section 19(a) of the 1940 Act. On a quarterly basis, for any payment of dividends estimated to be paid from any other source other than net investment income accrued for current period or certain cumulative periods based on the Section 19(a) requirement, the Company posts a Section 19(a) notice through the Depository Trust Company's Legal Notice System and its website, as well as sends its registered stockholders a printed copy of such notice along with the dividend payment. The estimates of the source of the distribution are interim estimates based on GAAP that are subject to revision, and the exact character of the distributions for tax purposes cannot be determined until the final books and records are finalized for the calendar year. Therefore, these estimates are made solely in order to comply with the requirements of Section 19(a) of the 1940 Act and should not be relied upon for tax reporting or any other purposes and could differ significantly from the actual character of distributions for tax purposes. For the $0.10 dividend paid on December 30, 2020, the Company noted that $0.10 was from net investment income and none was a return of capital. For Consolidated Statements of Changes in Net Assets, sources of distribution to stockholders is adjusted on an annual basis, if necessary, and calculated in accordance with federal income tax regulations.

We maintain an "opt out" dividend reinvestment plan for our common stockholders. As a result, except as discussed below, if we declare a distribution, stockholders' cash distributions will be automatically reinvested in additional shares of our common stock, unless they specifically "opt out" of the dividend reinvestment plan as to receive cash distributions. Additionally, if the Company makes a distribution to be paid in cash or in stock at the election of stockholders as of the applicable dividend record date (a "Cash/Stock Distribution"), the terms are subject to the amended Plan dated May 13, 2020 described below (see Note 8 to the consolidated financial statements).

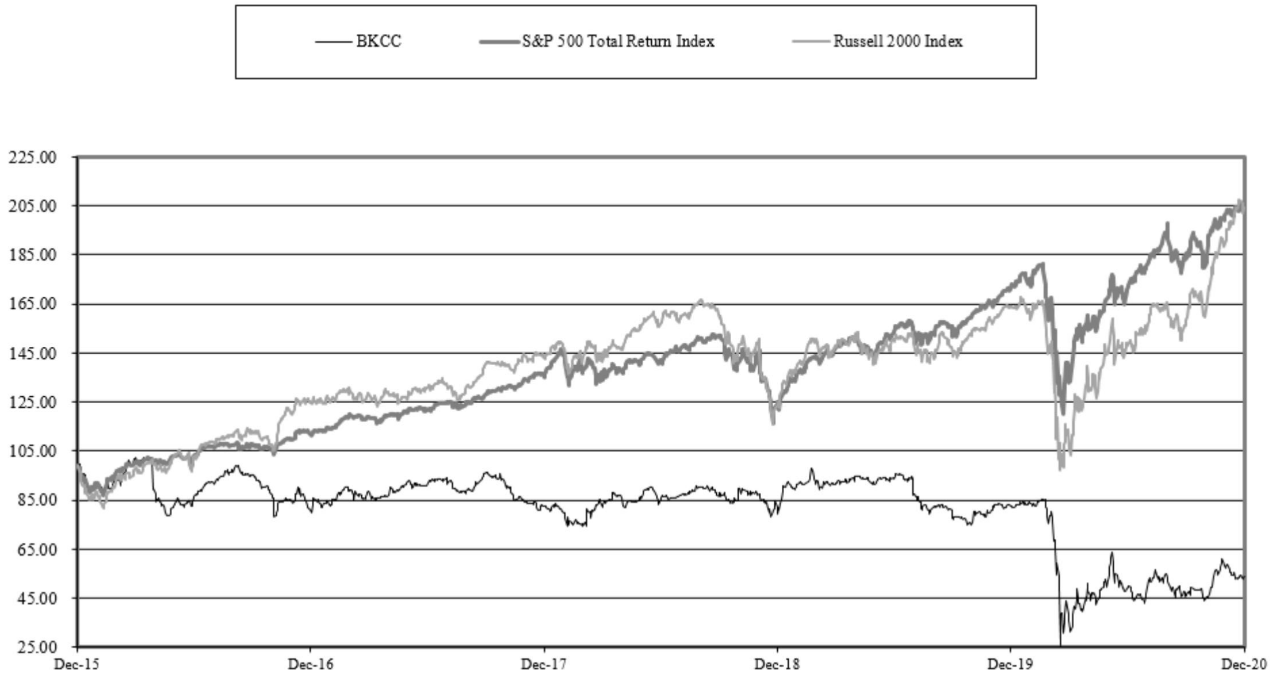
On March 6, 2018, the Board of Directors of the Company adopted amendments to the Company's dividend reinvestment plan (the "Plan"). Under the terms of the amended Plan, if the Company declares a dividend or determines to make a capital gain or other distribution, the reinvestment plan agent will acquire shares for the participants' accounts, depending upon the following circumstances, (i) through receipt of additional unissued but authorized shares from the Company ("newly issued shares") and/or (ii) by purchase of outstanding shares on the open market ("open-market purchases"). If, on the distribution payment date, the last quarterly net asset value per share ("NAV") is equal to or less than the closing market price per share on such distribution payment date (such condition often referred to as a "market premium"), the reinvestment plan agent will invest the distribution amount in newly issued shares on behalf of the participants. The number of newly issued shares to be credited to each participant's account will be determined by dividing the dollar amount of the distribution by the greater of (i) the NAV or (ii) 95% of the closing market price on the distribution payment date. If, on the distribution payment date, the NAV is greater than the closing market price per share on such distribution payment date (such condition often referred to as a "market discount"), the reinvestment plan agent may, upon notice from the Company, either (a) invest the distribution amount in newly issued shares on behalf of the participants or (b) invest the distribution amount in shares acquired on behalf of the participants in open-market purchases.

On May 13, 2020, the Board of Directors of the Company adopted further amendments to the Plan. Under the terms of the amended Plan, if the Company makes a Cash/Stock Distribution, each stockholder will be required to elect whether to receive the distribution in cash or in shares of the Company's common stock ("Common Shares"), pursuant to such notices, forms or other documentation as may be provided to the stockholder by the Company (the "Election Forms"). If the stockholder is a Plan participant and elects to receive the Cash/Stock Distribution in cash, the stockholder will be deemed to have elected not to participate in the Plan solely with respect to such Cash/Stock Distribution and will receive the distribution in cash subject to any rules applicable to the distribution that may limit the portion of the distribution the Company is required to pay in cash. If the stockholder is a Plan participant and elects to receive the Cash/Stock Distribution in stock, the stockholder will receive the distribution in newly issued Common Shares. The number of newly issued Common Shares credited to the stockholders' account in either case will be determined by dividing the dollar amount of the distribution (or portion of the distribution to be paid in Common Shares) by the price per Common Share determined in accordance with the Election Forms rather than pursuant to the formula(s) otherwise applicable under the Plan. This feature of the Plan means that, under certain circumstances, we may issue shares of our common stock at a price below net asset value per share, which could cause our stockholders to experience dilution. We may not be able to achieve operating results that will allow us to make distributions at a specific level or to increase the amount of these distributions from time to time. Also, we may be limited in our ability to make distributions due to the asset coverage test applicable to us as a BDC under the 1940 Act and due to provisions in our existing and future debt arrangements.

If we do not distribute a certain percentage of our income annually, we will suffer adverse tax consequences, including possible loss of favorable RIC tax treatment. In addition, in accordance with U.S. generally accepted accounting principles and tax regulations, we include in income certain amounts that we have not yet received in cash, such as payment-in-kind interest, which represents contractual interest added to the loan balance that becomes due at the end of the loan term, or the accrual of original issue or market discount. Since we may recognize income before or without receiving cash representing such income, we may have difficulty meeting the requirement to distribute at least 90% of our investment company taxable income to obtain tax benefits as a RIC and may be subject to income or excise taxes. In order to satisfy the annual distribution requirement applicable to RICs, we may have the ability to declare a large portion of a dividend in shares of our common stock instead of in cash. As long as a sufficient portion of such dividend is paid in cash and certain requirements are met, the entire distribution would generally be treated as a dividend for U.S. federal income tax purposes.

Stock performance graph

The following graph compares the return on our common stock with that of the Standard & Poor's ("S&P") 500 Total Return Index and the Russell 2000 Index for the period December 31, 2015 through December 31, 2020. The graph assumes that, on December 31, 2015, a person invested $100 in each of our common stock ("BKCC" in the graph), the S&P 500 Total Return Index, and the Russell 2000 Index. The graph measures total shareholder return, which takes into account both changes in stock price and distributions. It assumes that distributions paid are invested in like securities.



The graph and other information furnished under this Part II Item 5 of this Form 10-K shall not be deemed to be "soliciting material" or to be "filed" with the SEC or subject to Regulation 14A or 14C, or to the liabilities of Section 18 of the Securities Exchange Act of 1934, or the Exchange Act, as amended. The stock price performance included in the above graph is not necessarily indicative of future stock performance.

Fees and Expenses

The following table will assist you in understanding the various costs and expenses that an investor in shares of our common stock will bear directly or indirectly. However, we caution you that some of the percentages indicated in the table below are estimates and may vary. The following table should not be considered a representation of our future expenses. Actual expenses may be greater or less than shown. Except where the context suggests otherwise, whenever this prospectus contains a reference to fees or expenses paid by “you” or “us” or that “we” will pay fees or expenses, stockholders will indirectly bear such fees or expenses as investors in the Company.

Stockholder Transaction Expenses			
Sales Load (as a percentage of offering price)		%	(1)
Offering Expenses (as a percentage of offering price)		%	(2)
Total Common Stockholder Expenses (as a percentage of offering price)		%	(3)
Estimated Annual Expenses (as a Percentage of Net Assets Attributable to Common Shares)(4)			
Management Fees	2.94	%	(5)
Incentive Fees Payable Under the Management Agreement	1.62	%	(6)
Interest Payments on Borrowed Funds	4.95	%	(7)
Other Expenses	2.07	%	(8)
Acquired Fund Fees and Expenses	4.43	%	(9)
Total Annual Expenses	16.01	%	(10)

(1) In the event that securities are sold to or through underwriters, a corresponding prospectus supplement will disclose the applicable sales load.
(2) The related prospectus supplement will disclose the estimated amount of offering expenses, the offering price and the offering expenses borne by us as a percentage of the offering price.
(3) The expenses of our dividend reinvestment plan are included in “Other Expenses.”
(4) “Net Assets Attributable to Common Shares” equals our net assets at December 31, 2020.
(5) Management Fees used for the purpose of this table equal the annualized Base Management Fee during the most recent fiscal quarter. Effective May 2, 2020, after the annual meeting of the Company’s stockholders, held on May 1, 2020, our Base Management Fee was reduced from 1.75% of total assets to 1.50% of total assets up to 200% of net asset value and 1.0% on total assets that exceed 200% (excluding cash), payable quarterly in arrears based on our total asset valuation at the end of the prior quarter. For more detailed information about the Base Management Fee, please see Note 3 to the consolidated financial statements.
(6) Incentive Fees used for the purpose of this table equal the annualized Incentive Fee during the most recent fiscal quarter, pre fee waiver. BlackRock Advisors, in consultation with the Company’s Board of Directors, agreed to waive Incentive Fees based on income after March 6, 2017 to June 30, 2019. BCIA had agreed to honor such waiver. The Advisor voluntarily waived a portion of its Incentive Fees based on income from July 1, 2019 through December 31, 2020. The Incentive Fee, which is based on our performance, will vary from year to year and will not be paid unless our performance exceeds certain thresholds. As we cannot predict whether we will meet these thresholds, the Incentive Fee paid in future years, if any, may be substantially different than the fee earned historically. Effective May 2, 2020, after the annual meeting of the Company’s stockholders, held on May 1, 2020, our Incentive Fee based on net investment income was reduced from 20% over a 7% hurdle to 17.5% over a 7% hurdle; and (iii) Incentive Fee based on net capital gains was reduced from 20% to 17.5%. For more detailed information about the Incentive Fee, please see Note 3 of the consolidated financial statements.
(7) “Interest Payments on Borrowed Funds” is based upon actual fees incurred for the year ended December 31, 2020 and represents interest and credit facility fees as well as debt issuance costs. Our outstanding debt balance at December 31, 2020 was approximately $38.8 million. For more detailed information about debt, please see Note 7 to the consolidated financial statements.
(8) “Other Expenses” includes our overhead expenses, including expenses of the Advisor reimbursable under the Company's current investment management agreement with the Advisor (the “Current Management Agreement” or the “Management Agreement”) and of the Administrator reimbursable under the administration agreement. Such expenses are based on actual amounts incurred for the year ended December 31, 2020, which the Company believes to be a reasonable estimate of the current fiscal year expenses.
(9) Our stockholders indirectly bear the expenses of underlying funds or other investment vehicles in which we invest that (1) are investment companies or (2) would be investment companies under section 3(a) of the Investment Company Act but for the exceptions to that definition provided for in sections 3(c)(1) and 3(c)(7) of the Investment Company Act (“Acquired Funds”). “Acquired Fund Fees and Expenses” includes our share of the estimated annual fees and expenses of BCIC Senior Loan Partners, LLC, First Boston Construction Holdings, LLC, and Marsico Holdings LLC, which are Acquired Funds as of December 31, 2020.
(10) “Total Annual Expenses” as a percentage of net assets attributable to common shares are higher than the total annual expenses percentage would be for a company that is not leveraged. We borrow money to leverage our net assets and increase our total assets. The SEC requires that the “Total Annual Expenses” percentage be calculated as a percentage of net assets (defined as total assets less indebtedness), rather than the total assets, including assets that have been funded with borrowed monies. If the “Total Annual Expenses” percentage were calculated instead as a percentage of total assets, our “Total Annual Expenses” would be 9.85% of total assets.

Example

The following example illustrates the projected dollar amount of total cumulative expenses that you would pay on a $1,000 hypothetical investment in common shares, assuming (1) a 4.50% sales load (underwriting discounts and commissions) and offering expenses totaling 0.20%, (2) total net annual expenses of 14.39% of net assets attributable to common shares as set forth in the table above (other than Incentive Fees based on income), and (3) a 5% annual return:

	1 Year	3 Years	5 Years	10 Years
Total Expenses Incurred*	$ 178	$ 403	$ 589	$ 920
Total Expenses Incurred**	$ 185	$ 421	$ 611	$ 939

* Assumes that we will not realize any capital gains computed net of all realized capital losses and unrealized capital depreciation.

** Assumes no unrealized capital depreciation or realized capital losses and annual returns resulting entirely from net realized capital gains (and therefore subject to the capital gains Incentive Fee).

This example and the expenses in the table above should not be considered a representation of our future expenses. Actual expenses may be greater or less than those assumed. The foregoing table is to assist you in understanding the various costs and expenses that an investor in our common stock will bear directly or indirectly. While the example assumes, as required by the SEC, a 5% annual return, our performance will vary and may result in a return greater or less than 5%. Assuming a 5% annual return, the Incentive Fee based on income under the Management Agreement would not be earned or payable and is not included in the example. If we achieve sufficient returns on our investments, including through the realization of capital gains, to trigger such an Incentive Fee of a material amount, our expenses, and returns to our investors, would be higher. In addition, while the example assumes reinvestment of all dividends and distributions at net asset value, participants in our dividend reinvestment plan will receive a number of shares of our common stock, determined in accordance with our dividend reinvestment plan. See Note 8 to the consolidated financial statements for additional information regarding our dividend reinvestment plan.

Item 6. Selected Financial Data

The unaudited Consolidated Statement of Operations Data, Consolidated Per Share Data and Consolidated Balance Sheet Data for each of the five years in the period ended December 31, 2020 are derived from our consolidated financial statements which have been audited by Deloitte & Touche LLP, our independent registered public accounting firm. This selected financial data should be read in conjunction with our consolidated financial statements and related notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this Annual Report.

	Year ended December 31, 2020	Year ended December 31, 2019	Year ended December 31, 2018	Year ended December 31, 2017	Year ended December 31, 2016
	(Dollars in thousands, except per share data)				
Consolidated Statement of Operations Data:					
Total Investment Income	$ 67,116	$ 78,119	$ 83,868	$ 97,329	$ 117,411
Total Expenses	32,892	36,211	36,436	42,238	63,374
Net Investment Income	34,223	41,908	47,432	55,092	54,037
Net Realized and Unrealized Gain (Loss) including Realized Losses on Extinguishment of Debt	(138,076)	(48,795)	(56,594)	(34,190)	(138,329)
Net Increase (Decrease) in Net Assets Resulting from Operations	(103,853)	(6,887)	(9,162)	20,902	(84,292)
Consolidated Per Share Data:					
Net Asset Value Per Common Share at Year End	$ 4.23	$ 6.33	$ 7.07	$ 7.83	$ 8.21
Market Price at Year End	2.69	4.97	5.29	6.23	6.96
Net Investment Income	0.49	0.61	0.66	0.75	0.74
Net Realized and Unrealized Gain (Loss) including Realized Losses on Extinguishment of Debt	(1.98)	(0.71)	(0.79)	(0.46)	(1.90)
Net Increase (Decrease) in Net Assets Resulting from Operations	(1.49)	(0.10)	(0.13)	0.29	(1.16)
Distributions Declared	0.44	0.64	0.72	0.72	0.84
Consolidated Balance Sheet Data at Year End:					
Total Assets	$ 511,720	$ 774,063	$ 693,632	$ 799,880	$ 957,067
Borrowings Outstanding	179,798	313,570	186,398	206,661	335,668
Total Net Assets	315,010	435,609	487,020	571,100	596,320
Other Data:					
Total Return(1)	(35.7)%	5.3%	(4.4)%	(0.6)%	(18.1)%
Number of Portfolio Companies at Year End	55	47	27	30	38
Value of Investments at Year End	$ 479,025	$ 749,859	$ 671,653	$ 757,941	$ 931,123
Yield on Total Portfolio at Cost(2)	7.4%	9.4%	9.7%	8.7%	9.2%

Figures may not total due to rounding

(1) Total return is based on the change in market price during the respective years. Total return calculations take into account distributions, if any, reinvested in accordance with the Company's dividend reinvestment plan and do not reflect brokerage commissions.

(2) Yield on total portfolio at year end represents the weighted average yield of total portfolio at amortized cost. Yields do not reflect the Company's fees and expenses, including sales loads, offering expenses, and brokerage commissions.

Item 7.Management’s Discussion and Analysis of Financial Condition and Results of Operations

The information contained in this section should be read in conjunction with the Selected Financial Data and our consolidated financial statements and notes thereto appearing elsewhere in this Annual Report.

Forward-looking statements

This report, and other statements that we may make, may contain forward-looking statements with respect to future financial or business performance, strategies or expectations. Forward-looking statements are typically identified by words or phrases such as “trend,” “opportunity,” “pipeline,” “believe,” “comfortable,” “expect,” “anticipate,” “current,” “intention,” “estimate,” “position,” “assume,” “potential,” “outlook,” “continue,” “remain,” “maintain,” “sustain,” “seek,” “achieve” and similar expressions, or future or conditional verbs such as “will,” “would,” “should,” “could,” “may” or similar expressions.

Forward-looking statements are subject to numerous assumptions, risks and uncertainties, which change over time. Forward-looking statements speak only as of the date they are made, and we assume no duty to and do not undertake to update forward-looking statements. Actual results could differ materially from those anticipated in forward-looking statements and future results could differ materially from historical performance.

In addition to factors previously disclosed in our SEC reports and those identified elsewhere in this report, including the “Risk Factors” section, the following factors, among others, could cause actual results to differ materially from forward-looking statements or historical performance:

- our future operating results;
- our business prospects and the prospects of our portfolio companies;
- the impact of investments that we expect to make;
- our contractual arrangements and relationships with third parties;
- the dependence of our future success on the general economy and its impact on the industries in which we invest;
- the financial condition of and ability of our current and prospective portfolio companies to achieve their objectives;
- our expected financings and investments;
- the adequacy of our cash resources and working capital, including our ability to obtain continued financing on favorable terms;
- the timing of cash flows, if any, from the operations of our portfolio companies;
- the impact of increased competition;
- the impact of COVID-19 on our portfolio companies and the markets in which they operate, interest rates and the economy in general;
- the ability of the Advisor to locate suitable investments for us and to monitor and administer our investments;
- changes in law and policy accompanying the new administration and uncertainty pending any such changes;
- increased geopolitical unrest, terrorist attacks or acts of war, which may adversely affect the general economy, domestic and local financial and capital markets, or the specific industries of our portfolio companies;
- changes and volatility in political, economic or industry conditions, the interest rate environment, foreign exchange rates or financial and capital markets;
- the unfavorable resolution of legal proceedings; and
- the impact of changes to tax legislation and, generally, our tax position.

Overview

We were incorporated in Delaware on April 13, 2005 and commenced operations with private funding on July 25, 2005 and completed our initial public offering on July 2, 2007. Our investment objective is to generate both current income and capital appreciation through debt and equity investments. We invest primarily in middle-market companies in the form of senior debt securities and loans, and our investment portfolio may include junior secured and unsecured debt securities and loans, each of which may include an equity component.

We are externally managed and have elected to be regulated as a BDC under the 1940 Act. As a BDC, we are required to comply with certain regulatory requirements. For instance, we generally have to invest at least 70% of our total assets in "qualifying assets," including securities of private or thinly traded public U.S. companies, cash, cash equivalents, U.S. Government securities and high-quality debt investments that mature in one year or less.

Certain items previously reported may have been reclassified to conform to the current year presentation.

Investments

Our level of investment activity can and does vary substantially from period to period depending on many factors, including the amount of debt and equity capital available to middle-market companies, the level of merger and acquisition activity, the general economic environment and the competitive environment for the types of investments we make.

As a BDC, we generally do not acquire any assets other than "qualifying assets" specified in the 1940 Act unless, at the time the acquisition is made, at least 70% of our total assets are qualifying assets (with certain limited exceptions). Qualifying assets include investments in "eligible portfolio companies." Under the relevant SEC rules, the term "eligible portfolio company" includes most private companies, companies whose securities are not listed on a national securities exchange, and certain public companies that have listed their securities on a national securities exchange and have a market capitalization of less than $250 million. These rules also permit us to include as qualifying assets certain follow-on investments in companies that were eligible portfolio companies at the time of initial investment but that no longer meet the definition. As of December 31, 2020, approximately 17.9% of the total assets of the Company were not qualifying assets under Section 55(a) of the 1940 Act.

Revenues

We generate revenues primarily in the form of interest on the debt we hold, dividends on our equity interests and capital gains on the sale of warrants and other debt or equity interests that we acquire in portfolio companies. Our investments in fixed income instruments generally have an expected maturity of three to ten years, although we have no lower or upper constraint on maturity, and typically bear interest at a fixed or floating rate. Interest on our debt securities is generally payable quarterly or semi-annually. In some cases, our debt instruments and preferred stock investments may defer payments of cash interest or dividends or pay interest or dividends in-kind. Any outstanding principal amount of our debt securities and any accrued but unpaid interest will generally become due at the maturity date. In addition, we may generate revenue in the form of prepayment fees, commitment, origination, capital structuring fees, and fees for providing significant managerial assistance.

Expenses

Our primary operating expenses include the payment of a Base Management Fee and, depending on our operating results, an Incentive Fee, interest and credit facility fees, expenses reimbursable under the management agreement, professional fees, administration fees and the allocable portion of overhead under the administration agreement. The Base Management Fee and Incentive Fee compensate the Advisor for work in identifying, evaluating, negotiating, closing and monitoring our investments. Our Current Management Agreement with the Advisor provides that we will reimburse the Advisor for costs and expenses incurred by the Advisor for office space rental, office equipment and utilities allocable to the Advisor under the Current Management Agreement, as well as any costs and expenses incurred by the Advisor relating to any non-investment advisory, administrative or operating services provided by the Advisor to us. We bear all other costs and expenses of our operations and transactions.

Critical accounting policies

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Changes in the economic environment, financial markets and any other parameters used in determining such estimates could cause actual results to differ.

Management considers the significant accounting policies important to understanding the consolidated financial statements. In addition to the discussion below, our significant accounting policies are further described in the notes to the consolidated financial statements. See Note 2 to the consolidated financial statements for a description of significant accounting policies and of recently issued accounting pronouncements. Management considers Investments to be an area deemed a critical accounting policy as a result of the judgments necessary for management to select valuation methodologies and to select significant unobservable inputs to estimate fair value (see Note 10 to the consolidated financial statements).

Financial and operating highlights

At December 31, 2020:
Investment portfolio, at fair value: $479.0 million
Net assets: $315.0 million
Indebtedness, excluding deferred financing costs: $181.2 million
Net asset value per share: $4.23

Portfolio Activity for the Year Ended December 31, 2020:
Cost of investments during period, including PIK: $143.5 million
Sales, repayments and other exits during period: $277.6 million
Number of portfolio companies at end of period: 55

Operating Results for the Year Ended December 31, 2020:
Net investment income per share: $0.49
Distributions declared per share: $0.44
Basic earnings/(losses) per share: $(1.49)
Net investment income: $34.2 million
Net realized and unrealized gain/(loss): $(138.1) million
Net increase/(decrease) in net assets from operations: $(103.9) million
Net investment income per share, as adjusted[1]: $0.49
Basic earnings per share, as adjusted[1]: $(1.49)
Net investment income, as adjusted[1]: $34.2 million
Net increase in net assets from operations, as adjusted[1]: $(103.9) million

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As Adjusted[1]: Amounts are adjusted to remove the Incentive Fee based on gains, as required by GAAP, and to include only the incremental Incentive Fee expense based on income. Under the Current Management Agreement, Incentive Fee expense based on income is calculated for each calendar quarter and may be paid on a quarterly basis if certain thresholds are met. Amounts reflect the Company's ongoing operating results and reflect the Company's financial performance over time.

Portfolio and investment activity

We invested approximately $143.5 million during the year ended December 31, 2020. The new investments consisted of senior secured loans secured by first lien ($82.0 million, or 57.1%) or second lien ($20.2 million, or 14.1%), senior secured notes ($1.0 million, or 0.7%), unsecured or subordinated debt securities ($37.8 million, or 26.4%), and equity securities ($2.5 million, or 1.7%). Additionally, we received proceeds from sales, repayments and other exits of approximately $277.6 million during the year ended December 31, 2020.

Concentration of our assets in an issuer, industry or sector may present certain risks. To the extent that we assume large positions in the securities of a small number of issuers, our net asset value may fluctuate to a greater extent than that of a diversified investment company as a result of changes in the financial condition or the market's assessment of the issuer. At December 31, 2020, our portfolio of $479.0 million (at fair value) consisted of 55 portfolio companies and was invested 77% in senior secured loans, 13% in unsecured or subordinated debt securities, 10% in equity investments and less than 1% in senior secured notes. Our average investment by portfolio company at amortized cost, excluding investments below $5.0 million, was approximately $17.3 million at December 31, 2020. Our largest portfolio company investment by value was approximately $36.2 million and our five largest portfolio company investments by value comprised approximately 31% of our portfolio at December 31, 2020. At December 31, 2019, our portfolio of $749.9 million (at fair value) consisted of 47 portfolio companies and was invested 56% in senior secured loans, 22% in unsecured or subordinated debt securities, 21% in equity investments and 1% in senior secured notes. Our average investment by portfolio company at amortized cost, excluding investments below $5.0 million, was approximately $21.9 million at December 31, 2019. Our largest portfolio company investment by value was approximately $118.2 million and our five largest portfolio company investments by value comprised approximately 41% of our portfolio at December 31, 2019.

In addition, we may, from time to time, invest a substantial portion of our assets in the securities of issuers in any single industry or sector of the economy or in only a few issuers. A downturn in an industry or sector in which we are concentrated could have a larger impact on us than on a company that does not concentrate in that particular industry or sector. Our investment advisor monitors industry and sector uncertainties on an ongoing basis, including substantial regulatory challenges in the healthcare sector, volatility and extensive government regulation in the financial services sector, cyclical risks associated with the overall economy and events outside of our control, including public health crises such as COVID-19 which may have resulted in a negative impact to certain industries, including significant reductions in demand for certain goods and services, reductions in business activity and financial transactions, supply chain interruptions and overall economic and financial market instability both globally and in the United States (see Note 5 to the consolidated financial statements and Part I. Item 1A. *Risk Factors*), among various other industry and sector uncertainties due to certain exposures. At December 31, 2020, our top three industry concentrations at fair value consisted of Diversified Financial Services (19.3%), Road & Rail (10.0%) and Thrift & Mortgage Finance (7.8%). At December 31, 2019, our top three industry concentrations at fair value consisted of Diversified Financial Services (34.0%), Chemicals (7.0%) and Thrift & Mortgage Finance (6.2%) (see Note 5 to the consolidated financial statements).

The weighted average yields at fair market value and cost as of December 31, 2020 and December 31, 2019 were as follows:

	December 31, 2020		December 31, 2019	
	Fair Market Value	Cost	Fair Market Value	Cost
Total portfolio	8.7%	7.4%	10.4%	9.4%
Senior secured loans	9.5%	9.5%	10.2%	10.2%
Other debt securities	7.3%	5.3%	11.8%	10.8%
Debt and income producing equity securities	8.9%	8.5%	10.9%	10.7%

For the years ended December 31, 2020 and 2019, the total return based on net asset value was (20.61)% and 0.36%, respectively, and the total return based on market price was (35.70)% and 5.32%, respectively. Total returns are historical and are calculated by determining the percentage change in the net asset value or market price with all distributions reinvested, if any. Distributions are assumed to be reinvested in accordance with our dividend reinvestment plan and do not reflect brokerage commissions.

The Advisor generally employs a grading system for our entire portfolio. The Advisor grades all loans on a scale of 1 to 4. This system is intended to reflect the performance of the borrower’s business, the collateral coverage of the loans and other factors considered relevant. Generally, the Advisor assigns only one loan grade to each portfolio company for all loan investments in that portfolio company; however, the Advisor will assign multiple ratings when appropriate for different investments in one portfolio company. The following is a description of the conditions associated with each investment rating:

Grade 1: Investments in portfolio companies whose performance is substantially within or above the Advisor’s expectations and whose risk factors are neutral to favorable to those at the time of the original investment or subsequent restructuring.

Grade 2: Investments in portfolio companies whose performance is below the Advisor’s expectations and that require closer monitoring; however, the adverse impact may be deemed temporary, and the most likely outcome is that no loss of investment return (interest and/or dividends) or principal is expected.

Grade 3: Investments in portfolio companies whose performance is below the Advisor’s expectations and for which risk has increased materially since origination or subsequent restructuring. Some loss of investment return is likely, but no loss of principal is expected. Companies graded 3 generally present a higher risk of liquidity pressure and/or covenant breach over the next six to twelve months.

Grade 4: Investments in portfolio companies whose performance is materially below the Advisor’s expectations where business trends have deteriorated and risk factors have increased substantially since the original investment or subsequent restructuring, potentially resulting in a breach of covenants or other event of default. Investments graded 4 are those for which some loss of principal or invested capital is likely.

The Advisor monitors and, when appropriate, changes the investment ratings assigned to each investment in our portfolio. In connection with our valuation process, the Advisor and Board of Directors review these investment ratings on a quarterly basis. Our average investment rating was 1.90 at December 31, 2020 and 1.39 at December 31, 2019. The following is a distribution of the investment ratings of our portfolio companies at December 31, 2020 and 2019:

	December 31, 2020	December 31, 2019
Grade 1	$ 189,012,640	$ 543,022,093
Grade 2	198,713,376	163,762,457
Grade 3	38,605,618	—
Grade 4	51,136,642	43,074,531
Not Rated	1,557,200	—
Total investments	$ 479,025,476	$ 749,859,081

Results of operations

Results comparisons are for the years ended December 31, 2020, 2019 and 2018.

Investment income

	Year ended December 31, 2020		Year ended December 31, 2019		Year ended December 31, 2018	
Investment Income:						
Interest and fees on senior secured loans	$	40,269,786	$	40,726,712	$	45,742,483
Interest and fees on other debt securities		18,628,369		21,455,510		21,897,222
Interest earned on short-term investments, cash equivalents		26,846		113,615		139,960
Dividends and fees on equity securities		8,190,499		15,792,313		16,039,698
Other income		—		30,371		48,231
Total investment income	$	67,115,500	$	78,118,521	$	83,867,594

Total investment income for the year ended December 31, 2020 decreased $11.0 million, or 14.1%, as compared to the year ended December 31, 2019. Excluding fee income and other income, total investment income decreased by approximately 13.2%, primarily attributable to a decrease in dividend income year over year, a lower rate environment, and a 1.3% decrease in the average investment portfolio for the year ended December 31, 2020, at amortized cost, as compared to the year ended December 31, 2019. The decrease in dividend income is due to a $5.0 million decrease in dividend income from BCIC Senior Loan Partners, LLC year over year, and our preferred stock investment in Gordon Brothers Finance Company going on non-accrual status during the second half of 2020. The decrease in portfolio size is primarily due to net exits during 2020.

Total investment income for the year ended December 31, 2019 decreased $5.7 million, or 6.9%, as compared to the year ended December 31, 2018. Excluding fee income and other income, total investment income decreased by approximately 6.3%, primarily attributable to i) a decrease in the quarterly average yield of our total debt portfolio, at cost, to 10.8% for the year ended December 31, 2019, as compared to 11.3% for the year ended December 31, 2018, and ii) a 0.8% decrease in the average investment portfolio for the year ended December 31, 2019, at amortized cost, as compared to the year ended December 31, 2018.

Expenses

	Year ended December 31, 2020		Year ended December 31, 2019		Year ended December 31, 2018	
Expenses:						
Base management fees	$	10,799,832	$	12,425,101	$	14,138,788
Incentive management fees		6,304,333		8,751,521		8,510,866
Interest and credit facility fees		15,584,214		15,558,648		15,228,062
Professional fees		1,964,252		2,093,064		2,428,850
Administrative services		1,457,979		1,403,419		1,702,723
Director fees		652,250		729,750		727,000
Investment advisor expenses		350,000		350,000		350,000
Other		2,083,486		1,800,932		1,860,696
Total expenses, before incentive management fee waiver		39,196,346		43,112,435		44,946,985
Incentive management fee waiver		(6,304,333)		(6,901,924)		(8,510,866)
Expenses, net of incentive management fee waiver	$	32,892,013	$	36,210,511	$	36,436,119

Total expenses, net of incentive management fee waiver, decreased $3.3 million, or 9.2%, for year ended December 31, 2020 from the comparable period in 2019, primarily due to a decrease in net incentive fees based on income and a decrease in base management fees, discussed below. Total expenses, net of incentive management fee waiver, decreased $0.2 million, or 0.6%, for the year ended December 31, 2019 from the comparable period in 2018, primarily due to the decrease in base management fees, partially offset by the increase in net incentive management fees, discussed below.

As previously disclosed, the Advisor, in consultation with the Company's Board of Directors, had agreed to waive incentive fees based on income after March 6, 2017 to June 30, 2019 (see Note 3 to the consolidated financial statements). The Advisor voluntarily waived a portion of its incentive fees based on income from July 1, 2019 through December 31, 2020. For the year ended December 31, 2020, the Company incurred net incentive management fees of zero after a waiver of $6.3 million (see Note 3 to the consolidated financial statements), as compared to net incentive management fees of $1.8 million after a waiver of $6.9 million for the year ended

December 31, 2019, and net incentive management fees of zero for the year ended December 31, 2018. For the years ended December 31, 2020, 2019 and 2018, no incentive management fees based on gains were incurred (see Note 3 to the consolidated financial statements).

The decrease of $1.6 million, or 13.1%, in base management fees for the year ended December 31, 2020 from the comparable period in 2019, was primarily due to a decline in the total assets on which management fees are calculated (in arrears), and a decrease in the base management fee rate effective May 2, 2020 (see Note 3 to the consolidated financial statements). The decrease in total assets was primarily due to net sales, repayments and valuation depreciation during 2020. The decrease of $1.7 million, or 12.1%, in base management fees for the year ended December 31, 2019 from the comparable period in 2018, was primarily due to a decline in the total assets on which management fees are calculated (in arrears). The decrease in total assets was primarily resulting from valuation depreciation in 2019 and net sales, repayments and valuation deprecation in the fourth quarter of 2018.

Net investment income

Net investment income was $34.2 million, $41.9 million and $47.4 million, respectively, for the years ended December 31, 2020, 2019 and 2018. For the year ended December 31, 2020, net investment income decreased $7.7 million, or 18.3%, compared to 2019, due to a decrease in total investment income of $11.0 million, partially offset by a decrease in total expenses of $3.3 million. For the year ended December 31, 2019, net investment income decreased $5.5 million, or 11.6%, compared to 2018, due to a decrease in total investment income of $5.7 million, partially offset by a decrease in total expenses of $0.2 million.

Net realized gain or loss

Net realized gain (loss) on investments was $(116.0) million, $(24.9) million and $(45.9) million for the years ended December 31, 2020, 2019 and 2018, respectively. Net realized gain (loss) of $(116.0) million for the year ended December 31, 2020 was primarily due to the restructure of AGY Holding Corp., resulting in a realized gain (loss) of $(59.2) million, the sale of our equity investment in U.S. Well Services, Inc., resulting in a realized gain (loss) of $(43.8) million, and sale of our debt investment in Sur La Table, Inc., which resulted in a realized gain (loss) of $(12.3) million. Net realized gain (loss) of $(24.9) million for the year ended December 31, 2019 was primarily due to i) the restructure of Westmoreland Resource Partners, LP, ii) the partial sale of U.S. Well Services, Inc., Class A common stock, iii) the exit of our second lien debt and equity investments in Vertellus Holdings, LLC and V Global, LLC (collectively, “Vertellus”), as well as the partial sales of our first lien debt investment in Vertellus and preferred equity investment in Advantage Insurance Inc. Substantially all of the net realized losses were reflected in unrealized depreciation in prior periods. Net realized gain (loss) of $(45.9) million for the year ended December 31, 2018 primarily resulted from i) restructurings or write offs of $(76.6) million in our debt investment in MBS Group Holdings Inc. (“MBS”) and SVP Worldwide Ltd. (“SVP”), and ii) partially offset by realized gains of $31.9 million from restructuring and exit of our equity investment in U.S. Well Services, LLC and ECI Cayman Holdings LP., respectively. Substantially all of the net realized losses were reflected in unrealized depreciation in prior periods.

Net change in unrealized appreciation or depreciation

For the years ended December 31, 2020, 2019 and 2018, the change in net unrealized appreciation or (depreciation) on investments and foreign currency translation was an increase in net unrealized depreciation of $(22.1) million, $(23.9) million, and $(10.7) million, respectively. The increase in net unrealized depreciation for the year ended December 31, 2020, was primarily due to a $(85.4) million increase in valuation depreciation in our investments in Gordon Brothers Finance Company and BCIC Senior Loan Partners, LLC, partially offset by a $64.0 million reversal of previously recognized depreciation related to the sale of our equity investment in U.S. Well Services, Inc. and the restructure of AGY Holding Corp. The increase in net unrealized depreciation for the year ended December 31, 2019 was primarily due to i) $(35.0) million increase in valuation depreciation in our investments in AGY Holding Corp. and U.S. Well Services Inc., ii) $(4.2) million increase in valuation depreciation in our equity investments in BCIC Senior Loan Partners, LLC and First Boston Construction Holdings, LLC, partially offset by iii) $19.2 million reversal of previously recognized net unrealized depreciation upon restructuring of our debt investment in Westmoreland Resource Partners, LP, the exit of our second lien debt and equity investments in Vertellus. The increase in net unrealized depreciation for the year ended December 31, 2018 was primarily due to i) increase in net unrealized depreciation of $(69.9) million on investments still held and ii) partially offset by the reversal of previously recognized net depreciation of $59.2 million primarily associated with MBS and SVP disposal, and the restructuring of our equity investments in U.S. Well Services, LLC.

Net increase or decrease in net assets resulting from operations

The net increase (decrease) in net assets resulting from operations was $(103.9) million, $(6.9) million and $(9.2) million for the years ended December 31, 2020, 2019 and 2018, respectively. As compared to the year ended December 31, 2019, the decrease in 2020 is primarily due to an increase in net realized and unrealized losses of $(89.3) million, and a decrease in net investment income of $(7.7) million. As compared to the year ended December 31, 2018, the decrease in 2019 is primarily due to a decrease in net realized and unrealized losses of $7.8 million, partially offset by a decrease in net investment income of $(5.5) million.

Supplemental Non-GAAP information

We report our financial results on a GAAP basis; however, management believes that evaluating our ongoing operating results may be enhanced if investors have additional non-GAAP basis financial measures. Management reviews non-GAAP financial measures to assess ongoing operations and, for the reasons described below, considers them to be effective indicators, for both management and investors, of our financial performance over time. Management does not advocate that investors consider such non-GAAP financial measures in isolation from, or as a substitute for, financial information prepared in accordance with GAAP.

After March 6, 2017, Incentive Fees based on income are calculated for each calendar quarter and may be paid on a quarterly basis if certain thresholds are met. We record our liability for Incentive Fee based on capital gains by performing a hypothetical liquidation at the end of each reporting period. The accrual of this hypothetical capital gains Incentive Fee is required by GAAP, but it should be noted that a fee so calculated and accrued is not due and payable until the end of the measurement period, or every June 30. The incremental incentive management fees disclosed for a given period are not necessarily indicative of actual full year results. Changes in the economic environment, financial markets and other parameters used in determining such estimates could cause actual results to differ and such differences could be material. See Note 3 to the consolidated financial statements in this Annual Report for a more detailed description of the Company's Incentive Fee. In addition, as previously disclosed, the Advisor, in consultation with the Company's Board of Directors, had agreed to waive Incentive Fees based on income from March 7, 2017 to June 30, 2019 (see Note 3 to the consolidated financial statements). BCIA had agreed to honor such waiver. The Advisor had voluntarily waived a portion of its Incentive Fees based on income from July 1, 2019 through December 31, 2020.

Computations for all periods are derived from our consolidated financial statements as follows:

	Year ended December 31, 2020	Year ended December 31, 2019	Year ended December 31, 2018
GAAP Basis:			
Net Investment Income	$ 34,223,487	$ 41,908,010	$ 47,431,475
Net Investment Income per share	0.49	0.61	0.66
Addback: GAAP incentive management fee expense based on Gains	—	—	—
Addback: GAAP incentive management fee expense based on Income net of incentive management fee waiver	—	1,849,597	—
Pre-Incentive Fee[1]:			
Net Investment Income	$ 34,223,487	$ 43,757,607	$ 47,431,475
Net Investment Income per share	0.49	0.64	0.66
Less: Incremental incentive management fee expense based on Income net of incentive management fee waiver	—	(1,849,597)	—
As Adjusted[2]:			
Net Investment Income	$ 34,223,487	$ 41,908,010	$ 47,431,475
Net Investment Income per share	0.49	0.61	0.66

Pre-Incentive Fee[1]: Amounts are adjusted to remove all incentive management fees. Such fees are calculated but not necessarily due and payable at this time.

As Adjusted[2]: Amounts are adjusted to remove the incentive management fee expense based on gains, as required by GAAP, and to include only the incremental incentive management fee expense based on income. Under the Current Management Agreement, incentive management fee expense based on income is calculated for each calendar quarter and may be paid on a quarterly basis if certain thresholds are met. Amounts reflect the Company's ongoing operating results and reflect the Company's financial performance over time.

Financial condition, liquidity and capital resources

During the year ended December 31, 2020, we generated operating cash flows primarily from interest and fees received on senior secured loans and other debt securities, as well as from sales of selected portfolio company investments or repayments of principal. Net cash provided by operating activities for the year ended December 31, 2020 was $170.6 million. Our primary source of cash from operating activities during the year consisted of net proceeds from disposition of investments of $140.5 million.

Net cash used by financing activities for the year ended December 31, 2020 was $(162.0) million. Our uses of cash from financing activities consisted of cash distributions paid of $(22.8) million, purchases of treasury stock of $(3.6) million, and $(135.6) million in debt repayments under the Credit Facility, net of borrowings.

During the year ended December 31, 2019, we generated operating cash flows primarily from interest and fees received on senior secured loans and other debt securities, as well as from sales of selected portfolio company investments or repayments of principal. Net cash used by operating activities for the year ended December 31, 2019 was $(76.8) million. Our primary use of cash from operating activities during the year consisted of net purchases of investments of $(121.3) million, excluding PIK.

Net cash provided by financing activities for the year ended December 31, 2019 was $78.0 million. Our sources of cash from financing activities consisted of $125.4 million in borrowings under the Credit Facility, net of debt repayments. Our uses of cash consisted of distributions paid of $(47.0) million and purchases of treasury stock of $(0.4) million.

Contractual obligations

A summary of our significant contractual payment obligations for the repayment of outstanding borrowings at December 31, 2020 is as follows:

	Payments Due By Period (dollars in millions)				
	Total	**Less than 1 year**	**1-3 years**	**3-5 years**	**After 5 years**
Credit Facility(1)	$ 38.8	$ —	$ 38.8	$ —	$ —
2022 Convertible Notes	143.8	—	143.8	—	—
Interest and Credit Facility Fees Payable	0.5	0.5	—	—	—

(1) At December 31, 2020, $261.2 million remained undrawn under our Credit Facility.

Distributions

Our quarterly distributions, if any, are determined by our Board of Directors. Distributions are declared considering our estimate of annual taxable income available for distribution to stockholders and the amount of taxable income carried over from the prior year for distribution in the current year. We cannot assure stockholders that they will receive any distributions at all or distributions at a particular level. The following table lists the quarterly distributions per share from our common stock since December 2018:

Distribution Amount Per Share Outstanding	Record Date	Payment Date
$0.18	December 18, 2018	January 8, 2019
$0.18	March 18, 2019	April 8, 2019
$0.18	June 18, 2019	July 9, 2019
$0.14	September 16, 2019	October 7, 2019
$0.14	December 18, 2019	January 8, 2020
$0.14	March 17, 2020	April 7, 2020
$0.10	June 1, 2020	July 7, 2020
$0.10	August 18, 2020	September 29, 2020
$0.10	November 18, 2020	December 30, 2020
$0.10	March 17, 2021	April 7, 2021

Tax characteristics of all distributions are reported to stockholders on Form 1099 after the end of the calendar year.

We have elected to be taxed as a RIC under Subchapter M of the Code. In order to maintain favorable RIC tax treatment, we must distribute annually to our stockholders at least 90% of our ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any, out of the assets legally available for distribution. Under the Regulated Investment Company Modernization Act of 2010, capital losses incurred by the Company after December 31, 2010 will not be subject to expiration. In addition, such losses must be utilized prior to the losses incurred in the years preceding enactment. In order to avoid certain excise taxes imposed on RICs, we must distribute during each calendar year an amount at least equal to the sum of:

- 98% of our ordinary income for the calendar year;
- 98.2% of our capital gains in excess of capital losses for the one-year period ending on October 31st; and
- any ordinary income and net capital gains for preceding years that were not distributed during such years.

We may, at our discretion, carry forward taxable income in excess of calendar year distributions and pay a 4% excise tax on this income. If we choose to do so, all other things being equal, this would increase expenses and reduce the amounts available to be distributed to our stockholders. We will accrue excise tax on estimated taxable income as required. In addition, although we currently intend to distribute realized net capital gains (i.e., net long-term capital gains in excess of short-term capital losses), if any, at least annually, out of the assets legally available for such distributions, we may in the future decide to retain such capital gains for investment. There was no provision for federal excise taxes recorded for the years ended December 31, 2020, 2019 and 2018.

The final tax characterization of distributions is determined after the fiscal year and is reported on Form 1099 and in the Company's annual report to shareholders. Distributions can be characterized as ordinary income, capital gains and/or return of capital. To the extent that distributions exceed the Company's current and accumulated earnings and profits, the excess may be treated as a non-taxable return of capital. Distributions that exceed a Company's taxable income but do not exceed the Company's current and accumulated earnings and profits, may be classified as ordinary income which is taxable to shareholders.

The Company estimates the source of its distributions as required by Section 19(a) of the 1940 Act. On a quarterly basis, for any payment of dividends estimated to be paid from any other source other than net investment income accrued for current period or certain cumulative periods based on the Section 19(a) requirement, the Company posts a Section 19(a) notice through the Depository Trust Company's Legal Notice System and its website, as well as sends its registered stockholders a printed copy of such notice along with the dividend payment. The estimates of the source of the distribution are interim estimates based on GAAP that are subject to revision, and the exact character of the distributions for tax purposes cannot be determined until the final books and records are finalized for the calendar year. Therefore, these estimates are made solely in order to comply with the requirements of Section 19(a) of the 1940 Act and should not be relied upon for tax reporting or any other purposes and could differ significantly from the actual character of distributions for tax purposes. For the $0.10 dividend paid on December 30, 2020, the Company estimates that $0.10 was from net investment income and none was a return of capital. For Consolidated Statements of Changes in Net Assets, sources of distribution to stockholders is adjusted on an annual basis, if necessary, and calculated in accordance with federal income tax regulations.

We maintain an "opt out" dividend reinvestment plan for our common stockholders. As a result, except as discussed below, if we declare a distribution, stockholders' cash distributions will be automatically reinvested in additional shares of our common stock, unless they specifically "opt out" of the dividend reinvestment plan as to receive cash distributions. Additionally, if the Company makes a distribution to be paid in cash or in stock at the election of stockholders as of the applicable dividend record date (a "Cash/Stock Distribution"), the terms are subject to the amended Plan dated May 13, 2020 described below (see Note 8 to the consolidated financial statements).

On March 6, 2018, the Board of Directors of the Company adopted amendments to the Company's dividend reinvestment plan (the "Plan"). Under the terms of the amended Plan, if the Company declares a dividend or determines to make a capital gain or other distribution, the reinvestment plan agent will acquire shares for the participants' accounts, depending upon the following circumstances, (i) through receipt of additional unissued but authorized shares from the Company ("newly issued shares") and/or (ii) by purchase of outstanding shares on the open market ("open-market purchases"). If, on the distribution payment date, the last quarterly net asset value per share ("NAV") is equal to or less than the closing market price per share on such distribution payment date (such condition often referred to as a "market premium"), the reinvestment plan agent will invest the distribution amount in newly issued shares on behalf of the participants. The number of newly issued shares to be credited to each participant's account will be determined by dividing the dollar amount of the distribution by the greater of (i) the NAV or (ii) 95% of the closing market price on the distribution payment date. If, on the distribution payment date, the NAV is greater than the closing market price per share on such distribution payment date (such condition often referred to as a "market discount"), the reinvestment plan agent may, upon notice from the Company, either (a) invest the distribution amount in newly issued shares on behalf of the participants or (b) invest the distribution amount in shares acquired on behalf of the participants in open-market purchases.

On May 13, 2020, the Board of Directors of the Company adopted further amendments to the Plan. Under the terms of the amended Plan, if the Company makes a Cash/Stock Distribution, each stockholder will be required to elect whether to receive the distribution in cash or in shares of the Company's common stock ("Common Shares"), pursuant to such notices, forms or other documentation as may be provided to the stockholder by the Company (the "Election Forms"). If the stockholder is a Plan participant and elects to receive the Cash/Stock Distribution in cash, the stockholder will be deemed to have elected not to participate in the Plan solely with respect to such Cash/Stock Distribution and will receive the distribution in cash subject to any rules applicable to the distribution that may limit the portion of the distribution the Company is required to pay in cash. If the stockholder is a Plan participant and elects to receive the Cash/Stock Distribution in stock, the stockholder will receive the distribution in newly issued Common Shares. The number of newly issued Common Shares credited to the stockholders' account in either case will be determined by dividing the dollar amount of the distribution (or portion of the distribution to be paid in Common Shares) by the price per Common Share determined in accordance with the Election Forms rather than pursuant to the formula(s) otherwise applicable under the Plan. This feature of the Plan means that, under certain circumstances, we may issue shares of our common stock at a price below net asset value per share, which could cause our stockholders to experience dilution. We may not be able to achieve operating results that will allow us to make distributions at a specific level or to increase the amount of these distributions from time to time. Also, we may be limited in our ability to make distributions due to the asset coverage test applicable to us as a BDC under the 1940 Act and due to provisions in our existing and future debt arrangements.

If we do not distribute a certain percentage of our income annually, we will suffer adverse tax consequences, including possible loss of favorable RIC tax treatment. In addition, in accordance with U.S. generally accepted accounting principles and tax regulations, we include in income certain amounts that we have not yet received in cash, such as payment-in-kind interest, which represents contractual interest added to the loan balance that becomes due at the end of the loan term, or the accretion of original issue or market discount. Since we may recognize income before or without receiving cash representing such income, we may have difficulty meeting the requirement to distribute at least 90% of our investment company taxable income to obtain tax benefits as a RIC and may be subject to income or excise taxes. In order to satisfy the annual distribution requirement applicable to RICs, we may have the ability to declare a large portion of a dividend in shares of our common stock instead of in cash. As long as a sufficient portion of such dividend is paid in cash and certain requirements are met, the entire distribution would generally be treated as a dividend for U.S. federal income tax purposes.

Off-balance sheet arrangements

In the normal course of business, we may enter into guarantees on behalf of portfolio companies. Under these arrangements, we would be required to make payments to third parties if the portfolio companies were to default on their related payment obligations. There were no such guarantees outstanding at December 31, 2020 and 2019. In addition, from time to time, we may provide for a commitment to a portfolio company for investment in an existing or new security. At December 31, 2020 and 2019, we were obligated to existing portfolio companies for unfunded commitments of $24.3 million and $23.8 million, respectively. Of the $24.3 million total unfunded commitments at December 31, 2020, $4.2 million was on our aggregate $66.1 million equity commitment to Senior Loan Partners (see Note 5 to the consolidated financial statements). We maintain sufficient cash on hand and available borrowings to fund such unfunded commitments should the need arise.

Recent developments

On March 2, 2021, the Company’s Board of Directors declared a distribution of $0.10 per share, payable on April 7, 2021 to stockholders of record at the close of business on March 17, 2021.

Notice is hereby given in accordance with Section 23(c) of the 1940 Act that from time to time the Company may purchase shares of its common stock in the open market at prevailing market prices.

Item 7A. Quantitative and Qualitative Disclosure About Market Risk

We are subject to financial market risks, including changes in interest rates. At December 31, 2020, 87% of our yielding debt investments, at fair value, bore interest based on floating rates, such as LIBOR, the Federal Funds Rate or the Prime Rate. The interest rates on such investments generally reset by reference to the current market index after one to six months. Of those yielding floating rate debt investments, 80% contained an interest rate floor. Floating rate investments subject to a floor generally reset by reference to the current market index after one to six months only if the index exceeds the floor. Interest rate sensitivity refers to the change in our earnings that may result from changes in the level of interest rates. Since we fund a portion of our investments with borrowings, our net investment income is affected by the difference between the rate at which we invest and the rate at which we borrow. The Company's Credit Facility bears interest at variable rates with no interest rate floors, while our 2022 Convertible Notes bear interest at a fixed rate. As a result, there can be no assurance that a significant change in market interest rates will not have a material adverse effect on our net investment income.

The following table shows the approximate annual impact on net investment income of base rate changes in interest rates (considering interest rate floors for variable rate instruments) to our debt portfolio and outstanding borrowings as of December 31, 2020, assuming no changes to our investment and borrowing structure:

Basis Point Change ($ in millions, except per share data)	Net Investment Income(1)	Net Investment Income Per Share(1)
Up 400 basis points	$ 10.8	$ 0.15
Up 300 basis points	$ 7.5	$ 0.11
Up 200 basis points	$ 4.2	$ 0.06
Up 100 basis points	$ 0.9	$ 0.01
Down 100 basis points	$ (0.1)	$ (0.00)

(1) Excludes the impact of incentive management fees based on income

While hedging activities may help to insulate us against adverse changes in interest rates, they also may limit our ability to participate in the beneficial interest rates with respect to our portfolio of investments. There can be no assurance that we will be able to effectively hedge our interest rate risk. During the years ended December 31, 2020, 2019 and 2018, we did not engage in any interest rate hedging activity.

Item 8. Consolidated Financial Statements and Supplementary Data

See the Index to Consolidated Financial Statements on page F-1.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

(a) ***Evaluation of Disclosure Controls and Procedures.*** The Company's management, with the participation of the Company's Interim Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) as of the end of the period covered by this report. Based upon such evaluation, the Company's Interim Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of December 31, 2020, to provide assurance that information that is required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized, and reported, within the time periods specified by the SEC's rules and forms. Disclosure controls and procedures, include without limitation, controls and procedures designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company's management, including its Interim Chief Executive Officer and Chief Financial Officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

(b) ***Management's Report on Internal Control Over Financial Reporting.*** The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act). Under the supervision and with the participation of management, including the Interim Chief Executive Officer and Chief Financial Officer, the Company conducted an evaluation of the effectiveness of the Company's internal control over financial reporting based on the criteria established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on the Company's evaluation under the framework in *Internal Control—Integrated Framework (2013)*, management concluded that the Company's internal control over financial reporting was effective as of December 31, 2020. The Company's internal control over financial reporting as of December 31, 2020 has been audited by our independent registered public accounting firm, Deloitte & Touche LLP, as stated in its report titled "Report of Independent Registered Public Accounting Firm" on the following page.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

(c) ***Attestation Report of the Registered Public Accounting Firm.*** Our independent registered public accounting firm, Deloitte & Touche LLP, has issued an attestation report on the Company's internal control over financial reporting, which is set forth on the following page.

(d) ***Changes in Internal Control Over Financial Reporting.*** There have been no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) during our most recently completed fiscal quarter, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. In addition, there was no material impact to our internal control over financial reporting while most of the employees of the Advisor are working remotely due to the COVID-19 pandemic. The Company is continually monitoring and assessing the COVID-19 situation to determine any potential impact of the design and operating effectiveness of our internal control over financial reporting.

Item 9B. Other Information

None.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
BlackRock Capital Investment Corporation:

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of BlackRock Capital Investment Corporation and subsidiaries (the “Company”) as of December 31, 2020, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated statements of assets and liabilities, including the consolidated schedules of investments, and the related consolidated statements of operations, cash flows, changes in net assets and financial highlights as of and for the year ended December 31, 2020, of the Company and our report dated March 3, 2021, expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte & Touche LLP
New York, NY
March 3, 2021

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this item is contained in the Registrant's definitive Proxy Statement for its 2021 Annual Stockholders Meeting to be filed with the Securities and Exchange Commission within 120 days after December 31, 2020 and is incorporated herein by reference.

Item 11. Executive Compensation

The information required by this item is contained in the Registrant's definitive Proxy Statement for its 2021 Annual Stockholders Meeting to be filed with the Securities and Exchange Commission within 120 days after December 31, 2020 and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholders Matters

The information required by this item is contained in the Registrant's definitive Proxy Statement for its 2021 Annual Stockholders Meeting to be filed with the Securities and Exchange Commission within 120 days after December 31, 2020 and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this item is contained in the Registrant's definitive Proxy Statement for its 2021 Annual Stockholders Meeting to be filed with the Securities and Exchange Commission within 120 days after December 31, 2020 and is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services

The information required by this item is contained in the Registrant's definitive Proxy Statement for its 2021 Annual Stockholders Meeting to be filed with the Securities and Exchange Commission within 120 days after December 31, 2020 and is incorporated herein by reference.

PART IV

Item 15. Exhibits and Consolidated Financial Statement Schedules

The following documents are filed as part of this Annual Report:

(1) Consolidated Financial Statements—See the Index to Consolidated Financial Statements on page F-1.

(2) Consolidated Financial Statement Schedules—None. We have omitted financial statements schedules because they are not required or are not applicable, or the required information is shown in the consolidated financial statements or notes to the consolidated financial statements.

(3) Exhibits—Please note that the agreements included as exhibits to this Form 10-K are included to provide information regarding their terms and are not intended to provide any other factual or disclosure information about BlackRock Capital Investment Corporation or the other parties to the agreements. The agreements contain representations and warranties by each of the parties to the applicable agreement that have been made solely for the benefit of the other parties to the applicable agreement and may not describe the actual state of affairs as of the date they were made or at any other time.

Number	Description
3.1	Certificate of Incorporation of the Registrant (1)
3.2	Certificate of Amendment to the Certificate of Incorporation of the Registrant (2)
3.3	Amended and Restated By-laws of the Registrant (12)
4.1	Description of Capital Stock (14)
4.2	Form of Stock Certificate of the Registrant (3)
10.1*	Second Amended and Restated Investment Management Agreement between the Registrant and BlackRock Capital Investment Advisors, LLC
10.2	Administration Agreement between the Registrant and BlackRock Financial Management, Inc. (4)
10.3	Amended and Restated Dividend Reinvestment Plan (5)
10.4	Custodian Services Agreement between PFPC Trust Company and the Registrant (4)
10.5	Foreign Custody Manager Agreement among Citibank, N.A., PFPC Trust Company and the Registrant (3)
10.6	Limited Liability Company Agreement, dated as of June 23, 2016, between the Registrant and Windward Investments LLC (8)
10.7	Fifth Amendment to the Second Amended and Restated Senior Secured Revolving Credit Agreement among the Registrant, the subsidiary guarantors party thereto, the lenders party thereto and Citibank, N.A. as Administrative Agent (11)
10.8	Indenture dated as of June 13, 2017 between the Registrant as Issuer and Wilmington Trust, National Association as Trustee (9)
10.9	First Supplemental Indenture dated as of June 13, 2017 to the Indenture dated as of June 13, 2017 between the Registrant as Issuer and Wilmington Trust, National Association as Trustee (9)
10.10	Form of Global Note 5.00% Convertible Senior Note due 2022 (included as part of exhibit 10.9) (9)
10.11*	Transfer Agency and Service Agreement Among Each of the BlackRock Business Development Companies and Computershare Trust Company, N.A. and Computershare Inc.
11	Computation of Per Share Earnings (included in the notes to the financial statements contained in this report)
14.1	Code of Ethics of the Registrant (6)
14.2	Code of Ethics and Business Conduct of the Registrant (7)
14.3	Code of Ethics of the Advisor (10)
14.4	Code of Ethics for Chief Executive and Senior Financial Officers (13)
21.1*	Subsidiaries of the Registrant
23.1*	Consent of Independent Registered Public Accounting Firm

Number	Description
31.1*	Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934
31.2*	Certification of Chief Financial Officer Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934
32.1*	Certification of Chief Executive Officer and Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U. S. C. 1350)

* Filed herewith.
(1) Previously filed with the Registrant's Registration Statement on Form 10 (Commission File No. 000-51327), as amended, originally filed on May 24, 2005.
(2) Previously filed with the Registrant's Form 8-K dated as of March 9, 2015.
(3) Previously filed with the Registrant's pre-effective Amendment No. 2 to the Registration Statement on Form N-2 (Commission File No. 333-141090), filed on June 14, 2007.
(4) Previously filed with the Registrant's Form 10-K dated as of December 31, 2005.
(5) Previously filed with the Registrant's Form 8-K dated as of May 15, 2020.
(6) Previously filed with the Registrant's Form 10-K for the year ended December 31, 2009.
(7) Previously filed with the Registrant's Form 10-K for the year ended December 31, 2008.
(8) Previously filed with the Registrant's Form 8-K dated as of June 29, 2016.
(9) Previously filed with the Registrant's Form 8-K dated as of June 13, 2017.
(10) Previously filed with the Registrant's Form N-2 under the Securities Act of 1933 (File No. 333-203068), filed on March 27, 2015.
(11) Previously filed with the Registrant's Form 8-K dated as of May 26, 2020.
(12) Previously filed with the Registrant's Form 8-K dated as of April 30, 2018.
(13) Previously filed with the Registrant's Form 10-K for the year ended December 31, 2019.
(14) Previously filed with the Registrant's Form 10-Q for the period ended March 31, 2020.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

The accompanying notes are an integral part of these consolidated financial statements.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
BlackRock Capital Investment Corporation:

Opinion on the Financial Statements and Financial Highlights

We have audited the accompanying consolidated statements of assets and liabilities of BlackRock Capital Investment Corporation and subsidiaries (the "Company"), including the consolidated schedules of investments, as of December 31, 2020 and 2019, the related consolidated statements of operations, cash flows, and changes in net assets for each of the three years in the period then ended, the consolidated financial highlights for each of the five years in the period then ended, and the related notes (collectively referred to as the "consolidated financial statements and financial highlights"). In our opinion, the consolidated financial statements and financial highlights present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations, changes in net assets, and cash flows for each of the three years in the period then ended, and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 3, 2021, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These consolidated financial statements and financial highlights are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements and financial highlights based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements and financial highlights are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements and financial highlights, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements and financial highlights. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and financial highlights. Our procedures included confirmation of investments owned as of December 31, 2020 and 2019, by correspondence with the custodian, loan agents, and borrowers; when replies were not received, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Fair value of financial instruments – Refer to Notes 2 and 10 to the financial statements

Critical Audit Matter Description

The Company's portfolio of investments consists substantially of investments for which market quotations are not readily available, including senior secured notes, unsecured debt, subordinated debt, and equity securities. The Company expects to value a significant portion of its portfolio investments at fair value as determined in good faith by or under the direction of the Board of Directors and accordingly such investments are classified as Level 3 investments under the fair value disclosure framework. The fair value of the Company's Level 3 investments was $427.5 million as of December 31, 2020.

The Company’s determination of fair value for these investments is inherently uncertain and subjective. The Company utilizes the market approach, the income approach, or both approaches, as appropriate, to value these investments. These approaches require management to make significant judgments related to the selection of inputs used to determine fair value including market multiples of earnings before interest, taxes, depreciation and amortization (“EBITDA”) of comparable guideline public companies and the discount rate or market yield used to discount the estimated future cash flows expected to be received from the underlying investment. Unobservable inputs are inputs that reflect the Company’s assumptions about assumptions market participants would use in pricing an asset or liability.

Given management’s use of significant unobservable inputs to estimate the fair value of investments for which market quotations are not readily available, performing audit procedures to evaluate the appropriateness of the selected inputs required a high degree of auditor judgment to assess the appropriateness of the approaches used and evaluate the selected inputs consistent with what a market participant would use, and an increased extent of effort, including the need to involve our fair value specialists who possess significant quantitative and modeling expertise to assist us in our evaluation.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to testing the unobservable inputs used by management to estimate the fair value of investments included the following, among others:

1. We evaluated the consistency by which management selected significant unobservable inputs.
2. We assessed the reasonableness of any significant changes in valuation methodologies or significant unobservable inputs for those investments held as of the prior year-end.
3. For selected investments, with the assistance of our fair value specialists, we evaluated the reasonableness of the (1) market multiples of EBITDA, and (2) discount rate or market yield by:
    a. Testing the source information underlying the determination of the market multiples of EBITDA and discount rate or market yield.
    b. Testing the mathematical accuracy of the calculation.
    c. Comparing the market multiples of EBITDA to comparable guideline public company information.
    d. Developing a range of independent estimates for discount rate or market yield and comparing those to the discount rate or market yield selected by management.
4. We evaluated management’s ability to reasonably estimate fair value by comparing management’s historical estimates of fair value at prior period end to transactions subsequent to period end, taking into account changes in market or investment specific conditions, where applicable.

/s/ Deloitte & Touche LLP
New York, NY
March 3, 2021

We have served as the Company's auditor since 2005.

The accompanying notes are an integral part of these consolidated financial statements.

BlackRock Capital Investment Corporation

Consolidated Statements of Assets and Liabilities

		December 31, 2020		December 31, 2019
Assets				
Investments at fair value:				
Non-controlled, non-affiliated investments (cost of $369,079,320 and $389,156,775)	$	354,957,936	$	377,136,394
Non-controlled, affiliated investments (cost of $20,927,907 and $65,825,475)		13,099,313		22,473,524
Controlled investments (cost of $216,768,227 and $400,561,551)		110,968,227		350,249,163
Total investments at fair value (cost of $606,775,454 and $855,543,801)		479,025,476		749,859,081
Cash and cash equivalents		23,332,831		14,678,878
Receivable for investments sold		5,439,507		1,871,435
Interest, dividends and fees receivable		2,138,304		5,708,324
Prepaid expenses and other assets		1,783,472		1,945,709
Total Assets	$	511,719,590	$	774,063,427
Liabilities				
Debt (net of deferred financing costs of $1,360,356 and $2,298,004)	$	179,798,037	$	313,569,694
Interest and credit facility fees payable		502,682		757,472
Distributions payable		—		9,637,075
Base management fees payable		2,313,447		3,251,194
Incentive management fees payable		1,849,597		1,849,597
Payable for investments purchased		9,193,917		7,312,500
Accrued administrative services		389,064		372,407
Other accrued expenses and payables		2,662,569		1,704,507
Total Liabilities		196,709,313		338,454,446
Commitments and Contingencies (See Note 9)				
Net Assets				
Common stock, par value $.001 per share, 200,000,000 common shares authorized, 84,478,251 and 77,861,287 issued and 74,466,665 and 68,836,255 outstanding		84,478		77,861
Paid-in capital in excess of par		858,079,713		849,240,398
Distributable earnings (losses)		(476,857,055)		(351,040,023)
Treasury stock at cost, 10,011,586 and 9,025,032 shares held		(66,296,859)		(62,669,255)
Total Net Assets		315,010,277		435,608,981
Total Liabilities and Net Assets	$	511,719,590	$	774,063,427
Net Asset Value Per Share	$	4.23	$	6.33

The accompanying notes are an integral part of these consolidated financial statements.

BlackRock Capital Investment Corporation

Consolidated Statements of Operations

	Year ended		
	December 31, 2020	December 31, 2019	December 31, 2018
Investment Income:			
Non-controlled, non-affiliated investments:			
Cash interest income	$ 31,426,192	$ 29,292,857	$ 28,138,255
PIK interest income	5,026,084	2,085,016	516,904
Fee income	620,705	1,444,113	1,428,852
Total investment income from non-controlled, non-affiliated investments	37,072,981	32,821,986	30,084,011
Non-controlled, affiliated investments:			
Cash interest income	474,862	3,493,487	9,401,715
PIK interest income	461,367	245,197	1,784,118
PIK dividend income	—	220,480	827,934
Fee income	(3,055)	3,055	35,000
Total investment income from non-controlled, affiliated investments	933,174	3,962,219	12,048,767
Controlled investments:			
Cash interest income	19,794,470	22,832,830	24,490,257
PIK interest income	1,053,664	2,776,671	1,474,466
Cash dividend income	8,190,499	15,562,959	14,264,703
PIK dividend income	—	—	731,516
Fee income	70,712	131,485	725,643
Total investment income from controlled investments	29,109,345	41,303,945	41,686,585
Other income	—	30,371	48,231
Total investment income	67,115,500	78,118,521	83,867,594
Expenses:			
Base management fees	10,799,832	12,425,101	14,138,788
Incentive management fees	6,304,333	8,751,521	8,510,866
Interest and credit facility fees	15,584,214	15,558,648	15,228,062
Professional fees	1,964,252	2,093,064	2,428,850
Administrative services	1,457,979	1,403,419	1,702,723
Director fees	652,250	729,750	727,000
Investment advisor expenses	350,000	350,000	350,000
Other	2,083,486	1,800,932	1,860,696
Total expenses, before incentive management fee waiver	39,196,346	43,112,435	44,946,985
Incentive management fee waiver (See Note 3)	(6,304,333)	(6,901,924)	(8,510,866)
Expenses, net of incentive management fee waiver	32,892,013	36,210,511	36,436,119
Net Investment Income	34,223,487	41,908,010	47,431,475
Realized and Unrealized Gain (Loss):			
Net realized gain (loss):			
Non-controlled, non-affiliated investments	(12,941,524)	(23,660,181)	(46,104,588)
Non-controlled, affiliated investments	(43,851,965)	(1,225,060)	28,550,295
Controlled investments	(59,194,744)	—	(28,384,662)
Net realized gain (loss)	(115,988,233)	(24,885,241)	(45,938,955)
Net change in unrealized appreciation (depreciation) on:			
Non-controlled, non-affiliated investments	(2,123,600)	21,084,787	17,493,755
Non-controlled, affiliated investments	35,523,356	(24,529,889)	(35,110,643)
Controlled investments	(55,623,040)	(20,798,389)	7,527,453
Foreign currency translation	135,427	333,982	(565,247)
Net change in unrealized appreciation (depreciation)	(22,087,857)	(23,909,509)	(10,654,682)
Net realized and unrealized gain (loss)	(138,076,090)	(48,794,750)	(56,593,637)
Net Increase (Decrease) in Net Assets Resulting from Operations	$ (103,852,603)	$ (6,886,740)	$ (9,162,162)
Net Investment Income Per Share—basic	$ 0.49	$ 0.61	$ 0.66
Earnings (Loss) Per Share—basic	$ (1.49)	$ (0.10)	$ (0.13)
Average Shares Outstanding—basic	69,801,849	68,836,590	71,373,570
Net Investment Income Per Share—diluted	$ 0.49	$ 0.59	$ 0.64
Earnings (Loss) Per Share—diluted	$ (1.49)	$ (0.10)	$ (0.13)
Average Shares Outstanding—diluted (See Note 4)	86,795,585	85,830,326	88,367,307
Distributions Declared Per Share	$ 0.44	$ 0.64	$ 0.72

The accompanying notes are an integral part of these consolidated financial statements.

BlackRock Capital Investment Corporation

Consolidated Statements of Changes in Net Assets

	Year ended		
	December 31, 2020	December 31, 2019	December 31, 2018
Net Increase (Decrease) in Net Assets Resulting from Operations:			
Net investment income	$ 34,223,487	$ 41,908,010	$ 47,431,475
Net realized gain (loss)	(115,988,233)	(24,885,241)	(45,938,955)
Net change in unrealized appreciation (depreciation) before taxes	(22,087,857)	(23,909,509)	(10,654,682)
Net increase (decrease) in net assets resulting from operations	(103,852,603)	(6,886,740)	(9,162,162)
Distributions to Stockholders from(1):			
All sources, excluding tax return of capital	(21,964,429)	(43,472,714)	(50,000,494)
Tax return of capital	(8,641,096)	(582,492)	(1,268,145)
Total distributions	(30,605,525)	(44,055,206)	(51,268,639)
Capital Share Transactions:			
Share issuance - stock distribution and reinvestment	17,487,028	—	816,549
Purchases of treasury stock	(3,627,604)	(469,227)	(24,465,526)
Net increase (decrease) in net assets resulting from capital share transactions	13,859,424	(469,227)	(23,648,977)
Total Increase (Decrease) in Net Assets	(120,598,704)	(51,411,173)	(84,079,778)
Net assets at beginning of period	435,608,981	487,020,154	571,099,932
Net assets at end of period	$ 315,010,277	$ 435,608,981	$ 487,020,154
Capital Share Activity:			
Shares issued from stock distribution and reinvestment	6,616,964	—	137,523
Purchases of treasury stock	(986,554)	(85,543)	(4,162,635)
Net increase (decrease) in shares outstanding	5,630,410	(85,543)	(4,025,112)

(1) Distributions for annual periods determined in accordance with federal income tax regulations.

The accompanying notes are an integral part of these consolidated financial statements.

BlackRock Capital Investment Corporation

Consolidated Statements of Cash Flows

	Year ended		
	December 31, 2020	December 31, 2019	December 31, 2018
Operating Activities:			
Net increase (decrease) in net assets resulting from operations	$ (103,852,603)	$ (6,886,740)	$ (9,162,162)
Adjustments to reconcile net increase (decrease) in net assets resulting from operations:			
PIK interest, dividends and fees	(6,541,115)	(5,327,364)	(5,334,938)
Net amortization on investments	(1,300,764)	(915,007)	(1,776,741)
Amortization of debt issuance costs and discount	2,868,371	2,439,778	2,445,266
Net change in unrealized (appreciation) depreciation on investments	22,223,284	24,243,491	10,089,435
Net change in unrealized (appreciation) depreciation on foreign currency translation	(135,427)	(333,982)	565,247
Net realized (gain) loss on investments	115,988,233	24,885,241	45,938,955
Changes in operating assets:			
Purchases of investments	(137,077,906)	(298,009,813)	(302,670,544)
Proceeds from disposition of investments	277,596,336	176,721,560	338,429,154
Change in receivable for investments sold	(3,568,072)	188,305	1,268,981
Change in interest, dividends and fees receivable	3,650,987	(1,751,909)	3,619,588
Change in prepaid expenses and other assets	(877,792)	93,516	(138,028)
Changes in operating liabilities:			
Change in payable for investments purchased	1,881,417	6,323,040	510,163
Change in interest and credit facility fees payable	(254,790)	34,630	(1,098,130)
Change in base management fees payable	(937,746)	(243,326)	(240,135)
Change in incentive management fees payable	—	1,849,597	—
Change in accrued administrative services	16,657	(4,099)	261,512
Change in other accrued expenses and payables	958,059	(85,792)	(665,621)
Net cash provided by (used in) operating activities	170,637,129	(76,778,874)	82,042,002
Financing Activities:			
Distributions paid in cash	(22,755,572)	(46,970,341)	(51,052,801)
Proceeds from debt	135,800,000	268,000,000	315,000,000
Repayments of debt	(271,400,000)	(142,600,000)	(337,041,000)
Purchase of treasury stock	(3,627,604)	(469,227)	(24,465,526)
Net cash provided by (used in) financing activities	(161,983,176)	77,960,432	(97,559,327)
Net increase (decrease) in cash and cash equivalents	8,653,953	1,181,558	(15,517,325)
Cash and cash equivalents, beginning of period	14,678,878	13,497,320	29,014,645
Cash and cash equivalents, end of period	$ 23,332,831	$ 14,678,878	$ 13,497,320
Supplemental disclosure of cash flow information and non-cash financing activities:			
Cash paid during period for:			
Interest	$ 12,322,040	$ 11,874,760	$ 12,561,613
Taxes	$ 108,050	$ 80,841	$ 176,464
Share issuance — stock distribution and reinvestment	$ 17,487,028	$ —	$ 816,549

The accompanying notes are an integral part of these consolidated financial statements.

BlackRock Capital Investment Corporation

Consolidated Schedules of Investments
December 31, 2020

Portfolio Company(q)	Industry(s)	Interest Rate	Maturity	Principal Amount or Number of Shares/Units	Cost(a)	Fair Value(b)
Senior Secured Notes—0.35%						
Advanced Lighting Technologies, LLC, Second Lien(d)(f)(j)(t)	*Electrical Equipment*	*18.00% (L + 1700, 1.00% Floor PIK)*	10/4/23	$ 9,762,878	$ 2,181,306	$ —
Calceus Acquisition, Inc., First Lien	*Specialty Retail*	*9.75%*	2/19/25	1,000,000	972,795	1,098,500
Total Senior Secured Notes					3,154,101	1,098,500
Unsecured Debt—7.25%						
Gordon Brothers Finance Company(g)(t)	*Diversified Financial Services*	*12.00% (L + 1100, 1.00% Floor)*	10/31/21	43,288,785	43,288,785	22,850,000
Total Unsecured Debt					43,288,785	22,850,000
Subordinated Debt—11.94%						
Callodine Commercial Finance, LLC(v)	*Diversified Financial Services*	*8.75% (L + 850)*	11/30/24	5,000,000	5,000,000	5,000,000
First Boston Construction Holdings, LLC(d)(g)(k)	*Thrifts & Mortgage Finance*	*12.00%*	2/23/23	32,625,000	32,625,000	32,625,000
Total Subordinated Debt					37,625,000	37,625,000
Senior Secured Loans—117.14%(e)						
Advanced Lighting Technologies, LLC, First Lien(f)	*Electrical Equipment*	*8.50% (L + 750, 1.00% Floor)*	10/4/22	5,036,975	4,998,421	3,223,664
AmeriLife Holdings, LLC, Second Lien	*Insurance*	*9.50% (L + 850, 1.00% Floor)*	3/18/28	6,697,322	6,572,096	6,657,138
AmeriLife Holdings, LLC, Second Lien Incremental	*Insurance*	*9.50% (L + 850, 1.00% Floor)*	3/18/28	2,337,744	2,297,151	2,323,718
Aretec Group, Inc., Second Lien	*Diversified Financial Services*	*8.40% (L+ 825)*	10/1/26	3,563,440	3,525,253	3,313,999
Barri Financial Group, LLC, First Lien	*Consumer Finance*	*8.75% (L + 775, 1.00% Floor)*	10/23/24	7,740,371	7,585,234	7,817,774
Bluefin Holding, LLC, Second Lien	*Software*	*7.90% (L+ 775)*	9/6/27	4,809,535	4,745,288	4,857,631
Calceus Acquisition, Inc., First Lien	*Specialty Retail*	*5.73% (L + 550)*	2/12/25	234,650	222,915	222,918
Callodine Commercial Finance, LLC, First Lien(u)	*Diversified Financial Services*	*10.00% (L + 900, 1.00% Floor)*	11/3/25	25,000,000	25,000,000	25,000,000
CareATC, Inc., First Lien	*Health Care Technology*	*8.25% (L + 725, 1.00% Floor)*	3/14/24	4,733,036	4,669,959	4,780,367
CareATC, Inc., Revolving Term Loan(o)(u)	*Health Care Technology*	*8.25% (L + 725, 1.00% Floor)*	3/14/24	—	(4,515)	—
Diamondback Acquisition, Inc. et al, First Lien	*Energy Equipment & Services*	*10.98% (L + 998, 1.00% Floor)*	6/14/23	13,546,524	13,379,697	13,370,419
Dude Solutions Holdings Inc., First Lien	*Professional Services*	*8.50% (L + 750, 1.00% Floor)*	6/13/25	9,321,820	9,158,283	9,508,256
Dude Solutions Holdings Inc., Revolving Term Loan(o)(u)	*Professional Services*	*8.50% (L + 750, 1.00% Floor)*	6/13/25	—	(20,601)	—
FinancialForce.com, First Lien	*Internet Software & Services*	*9.50% (L + 675, 2.75% Floor)*	2/1/24	10,000,000	9,868,861	10,120,000
GlobalTranz Enterprises LLC, Second Lien	*Road & Rail*	*8.40% (L + 825)*	5/15/27	10,808,429	10,627,175	9,262,824
IT Parent, LLC, First Lien	*Insurance*	*7.25% (L + 625, 1.00% Floor)*	10/1/26	1,750,000	1,716,183	1,741,250
IT Parent, LLC, Revolving Term Loan(u)	*Insurance*	*7.25% (L + 625, 1.00% Floor)*	10/1/26	200,000	195,206	198,750
Juul Labs, Inc., First Lien	*Tobacco Related*	*9.50% (L + 800, 1.50% Floor)*	8/2/23	13,226,497	13,134,287	13,200,044

The accompanying notes are an integral part of these consolidated financial statements.

Portfolio Company(q)	Industry(s)	Interest Rate	Maturity	Principal Amount or Number of Shares/Units	Cost(a)	Fair Value(b)
Kaseya Traverse Inc., First Lien(d)	*Software*	*8.09% (L + 400, 1.00% Floor Cash / 3.00% PIK)*	5/2/25	$ 4,106,632	$ 4,045,856	$ 4,135,378
Kaseya Traverse Inc., Incremental First Lien(d)	*Software*	*8.00% (L + 400, 1.00% Floor Cash / 3.00% PIK)*	5/2/25	96,058	94,164	96,730
Kaseya Traverse Inc., Delayed Draw Term Loan(d)	*Software*	*8.00% (L + 400, 1.00% Floor Cash / 3.00% PIK)*	5/2/25	482,361	479,191	485,737
Kaseya Traverse Inc., Incremental Delayed Draw Term Loan(d)(o)(u)	*Software*	*8.00% (L + 400, 1.00% Floor Cash / 3.00% PIK)*	5/2/25	—	(2,133)	1,223
Kaseya Traverse Inc., Revolving Term Loan(u)	*Software*	*7.50% (L + 650, 1.00% Floor)*	5/2/25	164,770	159,711	164,770
Kellermeyer Bergensons Services, LLC, First Lien	*Commercial Services & Supplies*	*7.50% (L + 650, 1.00% Floor)*	11/7/26	1,617,647	1,604,958	1,633,824
Kellermeyer Bergensons Services, LLC, Delayed Draw Term Loan A	*Commercial Services & Supplies*	*7.50% (L + 650, 1.00% Floor)*	11/7/26	355,882	352,753	359,441
Kellermeyer Bergensons Services, LLC, Delayed Draw Term Loan B(u)	*Commercial Services & Supplies*	*7.50% (L + 650, 1.00% Floor)*	11/7/26	92,778	92,620	97,676
Kemmerer Operations, LLC, First Lien(d)(f)	*Metals & Mining*	*15.00% PIK*	6/21/23	2,662,942	2,662,942	2,314,096
Kemmerer Operations, LLC, Delayed Draw Term Loan(d)(f)(u)	*Metals & Mining*	*15.00% PIK*	6/21/23	499,207	499,207	284,343
Live Auctioneers, LLC, First Lien	*Internet & Catalog Retail*	*7.76% (L + 676, 1.00% Floor)*	5/21/25	7,693,552	7,572,688	7,555,068
Live Auctioneers, LLC, Incremental First Lien	*Internet & Catalog Retail*	*7.76% (L + 676, 1.00% Floor)*	5/21/25	3,005,110	2,945,191	2,951,018
MBS OpCo LLC, First Lien	*Media*	*10.00% (L + 900, 1.00% Floor)*	12/29/22	14,550,000	14,550,000	14,222,625
MetricStream, Inc., First Lien	*Internet Software & Services*	*9.00% (L +800, 1.00% Floor)*	9/28/24	9,535,314	9,356,259	9,344,608
Midwest Physician Administrative Services, LLC, Second Lien(r)	*Health Care Providers & Services*	*7.75% (L + 700, 0.75% Floor)*	8/15/25	10,000,000	9,947,414	9,725,000
NEP II, Inc., Second Lien(r)	*Media*	*7.15% (L + 700)*	10/19/26	6,631,760	6,324,455	5,623,733
One Sky Flight, LLC, First Lien	*Airlines*	*8.50% (L + 750, 1.00% Floor)*	12/27/24	7,125,000	6,974,333	7,196,250
Open Lending, LLC, First Lien	*Consumer Finance*	*7.50% (L + 650, 1.00% Floor)*	3/11/27	490,625	474,859	488,172
Outcomes Group Holdings, Inc., Second Lien	*Health Care Providers & Services*	*7.75% (L + 750)*	10/26/26	11,538,462	11,515,750	11,538,462
Paragon Films, Inc., Second Lien	*Containers & Packaging*	*9.50% (L + 850, 1.00% Floor)*	3/29/26	21,000,000	20,667,384	20,580,000
Paula's Choice Holdings, Inc., First Lien	*Personal Products*	*7.25% (L + 625, 1.00% Floor)*	11/17/25	7,750,000	7,537,774	7,556,250
Persado, Inc., Delayed Draw Term Loan	*Internet Software & Services*	*8.80% (L + 700, 1.80% Floor)*	2/1/25	1,562,500	1,549,386	1,546,875
PharmaLogic Holdings Corp., Second Lien	*Health Care Equipment & Supplies*	*8.15% (L + 800)*	12/11/23	8,786,087	8,740,207	8,522,504
PharmaLogic Holdings Corp., Second Lien(h)(k)	*Health Care Equipment & Supplies*	*8.15% (L + 800)*	12/11/23	3,323,478	3,309,838	3,223,774
PharmaLogic Holdings Corp., Delayed Draw Term Loan	*Health Care Equipment & Supplies*	*8.15% (L + 800)*	12/11/23	2,690,435	2,681,775	2,609,722
Pico Quantitative Trading, LLC, First Lien	*Capital Markets*	*8.75% (L + 725, 1.50% Floor)*	2/7/25	500,000	481,114	495,500
Puppet, Inc., First Lien	*IT Services*	*9.50% (L + 850, 1.00% Floor)*	6/19/23	1,000,000	976,937	982,000
Quartz Holding Company, Second Lien	*Internet Software & Services*	*8.15% (L + 800)*	4/2/27	5,512,958	5,421,288	5,444,046
Red Apple Stores Inc., Second Lien(g)(h)(k)	*Multiline Retail*	*10.00%*	8/1/24	16,802,196	16,802,197	14,785,933

The accompanying notes are an integral part of these consolidated financial statements.

BlackRock Capital Investment Corporation

Consolidated Schedules of Investments—(Continued)
December 31, 2020

Portfolio Company(q)	Industry(s)	Interest Rate	Maturity	Principal Amount or Number of Shares/Units	Cost(a)	Fair Value(b)
RigUp, Inc., Delayed Draw Term Loan(u)	*Professional Services*	*8.50% (L + 700, 1.50% Floor)*	3/1/24	$ 333,333	$ 325,097	$ 324,333
Sandata Technologies, LLC, First Lien	*Health Care Technology*	*6.31% (L + 600)*	7/23/24	4,500,000	4,449,231	4,383,000
Sandata Technologies, LLC, Revolving Term Loan(o)(u)	*Health Care Technology*	*6.31% (L + 600)*	7/23/24	—	(5,506)	(13,000)
Sonny's Enterprises, LLC, First Lien	*Machinery*	*8.00% (L + 700, 1.00% Floor)*	8/5/26	1,459,390	1,430,241	1,430,202
Sonny's Enterprises, LLC, Delayed Draw Term Loan(o)(u)	*Machinery*	*8.00% (L + 700, 1.00% Floor)*	8/5/26	—	(70,750)	(70,885)
St. George Warehousing & Trucking Co. of California, Inc., First Lien(d)	*Road & Rail*	*11.25% (L + 925 PIK, 1.00% Cash, 1.00% Floor)*	4/28/23	35,796,853	35,796,853	32,038,183
St. George Warehousing & Trucking Co. of California, Inc., Delayed Draw Term Loan(d)	*Road & Rail*	*11.25% (L + 925 PIK, 1.00% Cash, 1.00% Floor)*	4/28/23	7,337,916	7,337,916	6,567,435
Superman Holdings, LLC, First Lien	*Software*	*10.25% (P + 700, 1.00% Libor Floor)*	8/31/27	2,313,532	2,258,098	2,322,786
Superman Holdings, LLC, Revolving Term Loan(o)(u)	*Software*	*10.25% (P + 700, 1.00% Libor Floor)*	8/31/26	—	(7,780)	—
Syndigo, LLC, Second Lien	*Internet & Catalog Retail*	*8.75% (L + 800, 0.75% Floor)*	12/14/28	4,673,472	4,603,370	4,603,370
Syntellis Performance Solutions, Inc., First Lien	*Software*	*9.00% (L + 800, 1.00% Floor)*	8/2/27	856,092	831,337	860,372
Team Services Group, LLC, Second Lien	*Health Care Providers & Services*	*10.00% (L + 900, 1.00% Floor)*	11/13/28	5,788,615	5,601,268	5,730,729
Thras.io, LLC, First Lien	*Diversified Consumer Services*	*8.00% (L + 700, 1.00% Floor)*	12/18/26	4,708,253	4,590,547	4,590,547
Thras.io, LLC, Delayed Draw Term Loan(o)(u)	*Diversified Consumer Services*	*8.00% (L + 700, 1.00% Floor)*	12/18/26	—	(77,687)	(77,687)
Unanet, Inc., First Lien	*Aerospace & Defense*	*6.44% (L + 625)*	5/31/24	6,632,653	6,584,223	6,526,531
Unanet, Inc., Revolving Term Loan	*Aerospace & Defense*	*6.44% (L + 625)*	5/31/24	816,327	810,431	803,265
Unanet, Inc., Delayed Draw Term Loan(u)	*Aerospace & Defense*	*6.44% (L + 625)*	5/31/24	1,709,183	1,697,471	1,668,367
WH Buyer, LLC, First Lien	*Textile, Apparel & Luxury Goods*	*9.26% (L + 776, 1.50% Floor)*	7/16/25	15,273,116	15,146,958	15,181,476
WH Buyer, LLC, First Lien Incremental	*Textile, Apparel & Luxury Goods*	*9.26% (L + 776, 1.50% Floor)*	7/16/25	1,153,846	1,143,530	1,146,922
Winshuttle, LLC, First Lien	*Software*	*9.42% (L + 842, 1.00% Floor)*	8/9/24	7,655,992	7,496,633	7,770,832
Zest Acquisition Corp., Second Lien	*Health Care Equipment & Supplies*	*8.50% (L + 750, 1.00% Floor)*	3/14/26	15,000,000	14,895,219	13,650,000
Total Senior Secured Loans					380,325,711	369,000,288
Preferred Stock—2.31%(c)						
Advantage Insurance Inc.(d)(f)(j)(t)	*Insurance*	*8.00% PIK*		572,001	8,692,584	5,720,010
AGY Equity LLC, Class A(f)(j)	*Chemicals*			4,195,600	1,139,597	1,557,200
AGY Equity LLC, Class B(f)(j)	*Chemicals*			2,936,920	—	—
Gordon Brothers Finance Company(g)(t)	*Diversified Financial Services*	*13.50%*		34,285	36,624,684	—
Red Apple Stores Inc.(g)(h)(k)	*Multiline Retail*			6,806,383	—	—
Total Preferred Stock					46,456,865	7,277,210
Common Stock—0.00%(c)						
AGY Equity LLC, Class C(f)(j)	*Chemicals*			2,307,580	—	—
Gordon Brothers Finance Company(g)	*Diversified Financial Services*			10,612	10,611,548	—
Red Apple Stores Inc.(g)(h)(i)(k)	*Multiline Retail*			8,756,859	6,751,452	—
Total Common Stock					17,363,000	—

The accompanying notes are an integral part of these consolidated financial statements.

BlackRock Capital Investment Corporation

Consolidated Schedules of Investments—(Continued)
December 31, 2020

Portfolio Company(q)	Industry(s)	Interest Rate	Maturity	Principal Amount or Number of Shares/Units	Cost(a)	Fair Value(b)
Limited Partnership/Limited Liability Company Interests—13.02%						
Advanced Lighting Technologies, LLC(c)(f)	*Electrical Equipment*			149,717	$ —	$ —
BCIC Senior Loan Partners, LLC(g)(j)(k)(p)(r)(u)	*Diversified Financial Services*			61,908,311	61,908,311	36,150,259
ETX Energy, LLC(c)(m)	*Oil, Gas & Consumable Fuels*			51,119	—	—
ETX Energy Management Company, LLC(c)	*Oil, Gas & Consumable Fuels*			53,815	—	—
First Boston Construction Holdings, LLC(c)(g)(k)	*Thrifts & Mortgage Finance*			8,156,250	8,156,250	4,557,035
Kemmerer Operations, LLC(c)(f)(l)	*Metals & Mining*			8	753,850	—
Marsico Holdings, LLC(c)(j)	*Capital Markets*			91,445	1,848,077	—
MBS Parent, LLC(c)(n)	*Media*			546	500,000	313,424
SVP-Singer Holdings LP(c)(j)	*Household Durables*			1,416,279	5,030,156	—
Total Limited Partnership/Limited Liability Company Interests					78,196,644	41,020,718
Equity Warrants/Options—0.05%(c)						
Advanced Lighting Technologies, LLC(f)(j)	*Electrical Equipment*		*expire 10/4/27*	2,360	—	—
Facet Investment, Inc.	*Health Care Equipment & Supplies*		*expire 1/18/21*	1,978	250,000	—
FinancialForce.com(j)	*Internet Software & Services*		*expire 1/30/29*	62,840	100,544	137,714
Pico Quantitative Trading, LLC(j)	*Capital Markets*		*expire 2/7/30*	162	14,804	16,046
Total Equity Warrants/Options					365,348	153,760
TOTAL INVESTMENTS—152.06%					$ 606,775,454	$ 479,025,476
OTHER ASSETS & LIABILITIES (NET)—(52.06)%						(164,015,199)
NET ASSETS—100.00%						$ 315,010,277

(a) Represents amortized cost for fixed income securities and cost for preferred and common stock, limited partnership/limited liability company interests and equity warrants/options.
(b) Fair value is determined by or under the direction of the Company's Board of Directors. See Note 2 for further details.
(c) Non-income producing equity securities at December 31, 2020.
(d) Interest may be paid in cash or payment-in-kind ("PIK"), or a combination thereof which is generally at the option of the borrower. PIK earned is included in the cost basis of the security. In accordance with the Company's policy, PIK may be recorded on an effective yield basis.
(e) Approximately 95.3% of the fair value of total senior secured loans in the Company's portfolio bear interest at a floating rate that may be determined by reference to the London Interbank Offered Rate (LIBOR), "L", or other base rate (commonly the Federal Funds Rate or the Prime Rate), "P", at the borrower's option. In addition, 80.7% of the fair value of such senior secured loans have floors of 0.75% to 2.75%. The borrower under a senior secured loan generally has the option to select from interest reset periods of one, two, three or six months and may alter that selection at the end of any reset period. The stated interest rate represents the weighted average interest rate at December 31, 2020 of all contracts within the specified loan facility.
(f) Transaction and other information for "non-controlled, affiliated" investments under the Investment Company Act of 1940, whereby the Company owns 5% or more (but not more than 25%) of the portfolio company's outstanding voting securities, is presented in a separate table in Consolidated Schedules of Investments.
(g) Transaction and other information for "controlled" investments under the Investment Company Act of 1940, whereby the Company owns more than 25% of the portfolio company's outstanding voting securities, is presented in a separate table in Consolidated Schedules of Investments.
(h) Non-U.S company or principal place of business outside the U.S.
(i) Original purchase denominated in Canadian dollars.
(j) Security is either exempt from registration under Rule 144A of the Securities Act of 1933, or sale of the security is subject to certain contractual restrictions. Securities exempt under 144A may be resold in transactions that are exempt from registration, normally to qualified institutional buyers. In aggregate, these securities represent 13.8% of the Company's net assets at December 31, 2020. The acquisition dates for restricted securities of unaffiliated issuers were as follows as of December 31, 2020:

Investment	Acquisition Date
Marsico Holdings, LLC, Limited Partnership/Limited Liability Company Interests	11/28/2007
SVP-Singer Holdings LP, Limited Partnership/Limited Liability Company Interests	3/16/2018
FinancialForce.com, Warrants	1/30/2019
Pico Quantitative Trading, LLC, Warrants	2/5/2020

The accompanying notes are an integral part of these consolidated financial statements.

(k) Investments that the Company has determined are not “qualifying assets” under Section 55(a) of the 1940 Act. Under the 1940 Act, we may not acquire any non-qualifying asset unless, at the time such acquisition is made, qualifying assets represent at least 70% of our total assets. The status of these assets under the 1940 Act may be subject to change. The Company monitors the status of these assets on an ongoing basis. As of December 31, 2020, approximately 17.9% of the total assets of the Company were not qualifying assets under Section 55(a) of the 1940 Act.

(l) The Company is the sole stockholder of BKC ASW Blocker, Inc., a consolidated subsidiary, which is the beneficiary of 5% or more (but not more than 25%) of the voting securities of Kemmerer Operations, LLC and thus non-controlled, affiliated investments.

(m) The Company is the sole stockholder of BKC ASW Blocker, Inc., a consolidated subsidiary, which is the beneficiary of less than 5% of the voting securities of ETX Energy, LLC, and thus a non-controlled, non-affiliated investment.

(n) The Company is the sole stockholder of BCIC-MBS, LLC, a consolidated subsidiary, which is the beneficiary of less than 5% of the voting securities of MBS Parent, LLC and thus a non-controlled, non-affiliated investment.

(o) Negative balances represent unfunded commitments that were acquired and/or valued at a discount.

(p) This investment is deemed significant under Regulation S-X Rule 4-08(g). BCIC Senior Loan Partners, LLC was formed on June 23, 2016. See Note 5 for summarized financial information of BCIC Senior Loan Partners, LLC.

(q) Unless otherwise indicated, all investments are considered Level 3 in accordance with ASC Topic 820 (see Note 10).

(r) Investments are considered other than Level 3 in accordance with ASC Topic 820 (see Note 10).

(s) Unaudited. As of December 31, 2020, the Company generally uses Global Industry Classification Standard (“GICS”) codes to identify the industry groupings.

(t) The investment is on non-accrual status as of December 31, 2020 and therefore non-income producing. At December 31, 2020, the aggregate fair value and amortized cost of the Company’s debt and preferred stock investments on non-accrual status represents 6.53% and 17.77%, respectively.

(u) Position or portion thereof has an unfunded loan commitment as of December 31, 2020 (see Note 9). Note that there may be additional unfunded positions which do not have a funded component at period end, and therefore are not displayed herein.

(v) This investment will have a first lien security interest after the senior tranches are repaid.

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Schedules of Investments—(Continued)
December 31, 2020

						Year Ended December 31, 2020			
Non-controlled, Affiliated Investments	**Fair Value at December 31, 2019**	**Gross Additions (Cost)***	**Gross Reductions (Cost)****	**Net Unrealized Gain (Loss) Before Taxes**	**Fair Value at December 31, 2020**	**Net Realized Gain (Loss)**	**Interest Income**	**Fee Income**	**Dividend Income**
Advanced Lighting Technologies, LLC.:									
Senior Secured Note, Second Lien	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Senior Secured Loan, First Lien	4,885,476	18,717	(52,062)	(1,628,467)	3,223,664	—	473,544	—	—
Limited Liability Co. Interest	—	—	—	—	—	—	—	—	—
Warrants	—	—	—	—	—	—	—	—	—
Advantage Insurance Inc.:									
Preferred Stock	5,752,610	—	(227,952)	195,352	5,720,010	(77,952)	—	—	—
AGY Equity, LLC:									
Class A Preferred Units	—	1,139,598	—	417,602	1,557,200	—	—	—	—
Class B Preferred Units	—	—	—	—	—	—	—	—	—
Class C Common Units	—	—	—	—	—	—	—	—	—
Kemmerer Operations, LLC:									
Delayed Draw Term Loan, First Lien	576,294	92,405	(169,491)	(214,865)	284,343	—	92,372	(3,055)	—
Senior Secured Loan, First Lien	2,292,783	370,158	—	(348,845)	2,314,096	—	370,313	—	—
Limited Liability Co. Interest	508,730	—	—	(508,730)	—	—	—	—	—
U.S. Well Services, Inc.:									
Common Stock, Class A	8,457,631	—	(46,068,940)	37,611,309	— †	(43,774,013)	—	—	—
Totals	$ 22,473,524	$ 1,620,878	$ (46,518,445)	$ 35,523,356	$ 13,099,313	$ (43,851,965)	$ 936,229	$ (3,055)	$ —

* Gross additions include increases in the cost basis of investments resulting from new portfolio investments, PIK interest or dividends, the amortization of unearned income, the exchange of one or more existing securities for one or more new securities and the movement of an existing portfolio company into this category from a different category.

** Gross reductions include decreases in the cost basis of investments resulting from principal collections related to investment repayments or sales, the exchange of one or more existing securities for one or more new securities and the movement of an existing portfolio company out of this category into a different category.

† Investment no longer held as of December 31, 2020.

The aggregate fair value of non-controlled, affiliated investments at December 31, 2020 represents 4.2% of the Company’s net assets.

The accompanying notes are an integral part of these consolidated financial statements.

Controlled Investments	Fair Value at December 31, 2019	Gross Additions (Cost)*	Gross Reductions (Cost)**	Net Unrealized Gain (Loss) Before Taxes***	Fair Value at December 31, 2020	Year Ended December 31, 2020			
						Net Realized Gain (Loss)	Interest Income	Fee Income	Dividend Income
AGY Holding Corp.:									
Senior Secured Note, Second Lien	$ 9,186,817	$ —	$ (24,503,088)	$ 15,316,271	$ — †	$ (24,503,088)	$ —	$ —	$ —
Senior Secured Loan, First Lien	25,509,040	773,773	(26,282,813)	—	— †	(24,116,266)	765,271	—	—
Senior Secured Loan, First Lien	—	2,639,252	(2,639,252)	—	— †	288,157	106,269	—	—
Delayed Draw Term Loan, First Lien	—	4,792,093	(4,792,093)	—	— †	189,577	192,019	—	—
KAGY Holding Company, Inc. (AGY Holding Corp.):									
Preferred Stock	—	—	(11,053,124)	11,053,124	— †	(11,053,124)	—	—	—
Common Stock	—	—	—	—	— †	—	—	—	—
BCIC Senior Loan Partners, LLC:									
Limited Liability Co. Interest	88,272,340	143,053	(34,568,073)	(17,697,061)	36,150,259	—	—	—	5,850,565
First Boston Construction Holdings, LLC:									
Subordinated Debt	40,237,500	—	(7,612,500)	—	32,625,000	—	4,285,112	12,744	—
Limited Liability Co. Interest	5,999,814	—	(1,903,125)	460,346	4,557,035	—	—	—	—
Gordon Brothers Finance Company:									
Unsecured Debt	118,168,342	31,925,097	(106,804,654)	(20,438,785)	22,850,000	—	13,046,143	57,968	—
Subordinated Debt	—	5,000,000	(5,000,000)	—	— ††	—	111,639	—	—
Preferred Stock	34,284,760	2,339,934	—	(36,624,694)	—	—	—	—	2,339,934
Common Stock	10,611,550	—	—	(10,611,550)	—	—	—	—	—
Red Apple Stores Inc.:									
Senior Secured Loan, Second Lien	17,979,000	—	(6,247,803)	3,054,736	14,785,933	—	2,341,681	—	—
Preferred Stock	—	—	—	—	—	—	—	—	—
Common Stock	—	—	—	—	—	—	—	—	—
Totals	$ 350,249,163	$ 47,613,202	$ (231,406,525)	$ (55,487,613)	$ 110,968,227	$ (59,194,744)	$ 20,848,134	$ 70,712	$ 8,190,499

* Gross additions include increases in the cost basis of investments resulting from new portfolio investments, PIK interest or dividends, the amortization of unearned income, the exchange of one or more existing securities for one or more new securities and the movement of an existing portfolio company into this category from a different category.

** Gross reductions include decreases in the cost basis of investments resulting from principal collections related to investment repayments or sales, the exchange of one or more existing securities for one or more new securities and the movement of an existing portfolio company out of this category into a different category.

*** Net unrealized gain (loss) before taxes includes the net change in unrealized appreciation (depreciation) on controlled investments and net change in unrealized appreciation (depreciation) on foreign currency translation associated with the controlled investments. For the year ended December 31, 2020, the net change in unrealized appreciation (depreciation) and foreign currency translation associated with the Red Apple Stores Inc.'s common stock was $(135,427) and $135,427, respectively.

† Investment no longer held as of December 31, 2020.

†† Investment moved from the controlled category into the non-controlled, non-affiliated category.

The aggregate fair value of controlled investments at December 31, 2020 represents 35.2% of the Company's net assets.

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Schedules of Investments
December 31, 2019

Portfolio Company(r)	Industry(t)	Interest Rate	Maturity	Principal Amount or Number of Shares/Units	Cost(a)	Fair Value(b)
Senior Secured Notes—2.11%						
Advanced Lighting Technologies, Inc., Second Lien(d)(f)(j)(u)	*Electrical Equipment*	*19.03% (L + 1700, 1.00% Floor PIK)*	10/4/23	$ 8,137,424	$ 2,181,306	$ —
AGY Holding Corp., Second Lien(d)(g)(j)(p)(u)	*Chemicals*	*11.00% PIK*	11/15/20	25,554,428	24,503,088	9,186,817
Total Senior Secured Notes					26,684,394	9,186,817
Unsecured Debt—29.22%						
CB-HDT Holdings, Inc.(d)(j)	*Aerospace & Defense*	*12.00% PIK*	3/6/21	9,120,639	9,120,639	9,120,639
Gordon Brothers Finance Company(g)(w)	*Diversified Financial Services*	*12.69% (L + 1100, 1.00% Floor)*	10/31/21	118,168,342	118,168,342	118,168,342
Total Unsecured Debt					127,288,981	127,288,981
Subordinated Debt—9.24%						
First Boston Construction Holdings, LLC(d)(g)(k)(p)	*Thrifts & Mortgage Finance*	*12.00%*	2/23/23	40,237,500	40,237,500	40,237,500
Total Subordinated Debt					40,237,500	40,237,500
Senior Secured Loans—96.09%(e)						
Advanced Lighting Technologies, Inc., First Lien(f)	*Electrical Equipment*	*9.53% (L + 750, 1.00% Floor)*	10/4/22	5,089,037	5,031,765	4,885,476
AGY Holding Corp., First Lien(d)(g)(p)	*Chemicals*	*12.00% PIK*	9/15/20	25,509,040	25,509,040	25,509,040
Aretec Group, Inc., Second Lien(s)	*Diversified Financial Services*	*10.05% (L+ 825)*	10/1/26	3,563,440	3,520,454	3,504,037
Barri Financial Group, LLC, First Lien	*Consumer Finance*	*9.54% (L + 775, 1.00% Floor)*	10/23/24	9,138,572	8,914,975	8,989,614
Bluefin Holding, LLC, Second Lien	*Software*	*9.64% (L+ 775)*	9/6/27	7,309,535	7,203,486	7,245,942
Cambrex Corporation, Second Lien	*Pharmaceuticals*	*10.70% (L+ 900, 1.00% Floor)*	12/6/27	11,903,098	11,665,797	11,724,552
CareATC, Inc., First Lien	*Health Care Technology*	*9.14% (L + 725, 1.00% Floor)*	3/14/24	4,733,036	4,653,053	4,722,624
CareATC, Inc., Revolving Term Loan(o)(v)	*Health Care Technology*	*9.14% (L + 725, 1.00% Floor)*	3/14/24	—	(5,787)	(745)
Diamondback Acquisition, Inc. et al, First Lien	*Energy Equipment & Services*	*10.81% (L + 881, 1.00% Floor)*	6/14/22	13,683,978	13,481,555	13,543,033
Dude Solutions Holdings Inc., First Lien	*Professional Services*	*8.80% (L + 700, 1.00% Floor)*	6/13/25	9,345,183	9,150,678	9,174,166
Dude Solutions Holdings Inc., Revolving Term Loan(o)(v)	*Professional Services*	*8.80% (L + 700, 1.00% Floor)*	6/13/25	—	(24,938)	(22,307)
ECI Macola/Max Holding, LLC, Second Lien(s)	*Diversified Telecommunication Services*	*9.94% (L + 800, 1.00% Floor)*	9/29/25	5,125,000	5,069,620	5,043,871
FinancialForce.com, First Lien	*Internet Software & Services*	*9.50% (L + 675, 2.75% Floor)*	2/1/24	10,000,000	9,833,005	10,166,000
GlobalTranz Enterprises LLC, Second Lien	*Road & Rail*	*10.04% (L + 825)*	5/15/27	10,808,429	10,606,682	10,482,013
Juul Labs, Inc., First Lien(d)	*Tobacco Related*	*8.90% (L + 700, 1.50% Floor Cash / 1.50% PIK)*	8/2/23	13,157,895	13,035,938	13,101,316
Kaseya Traverse Inc., First Lien(d)	*Software*	*8.72% (L + 550, 1.00% Floor Cash / 1.00% PIK)*	5/3/25	8,009,406	7,864,672	7,854,024
Kaseya Traverse Inc., Delayed Draw Term Loan(d)(v)	*Software*	*8.69% (L + 550, 1.00% Floor Cash / 1.00% PIK)*	5/3/25	125,136	115,726	106,490
Kaseya Traverse Inc., Revolving Term Loan(v)	*Software*	*8.60% (L + 650, 1.00% Floor)*	5/3/25	384,360	372,320	371,311
Kellermeyer Bergensons Services, LLC, First Lien	*Commercial Services & Supplies*	*8.39% (L + 650, 1.00% Floor)*	11/7/26	1,633,987	1,618,146	1,619,281

The accompanying notes are an integral part of these consolidated financial statements.

BlackRock Capital Investment Corporation

Consolidated Schedules of Investments—(Continued)
December 31, 2019

Portfolio Company(r)	Industry(t)	Interest Rate	Maturity	Principal Amount or Number of Shares/Units	Cost(a)	Fair Value(b)
Kellermeyer Bergensons Services, LLC, Delayed Draw Term Loan(o)(v)	*Commercial Services & Supplies*	*8.39% (L + 650, 1.00% Floor)*	11/7/26	$ —	$ —	$ (7,794)
Kemmerer Operations, LLC, First Lien(d)(f)	*Metals & Mining*	*15.00% PIK*	6/21/23	2,292,784	2,292,784	2,292,783
Kemmerer Operations, LLC, Delayed Draw Term Loan(d)(f)(v)	*Metals & Mining*	*15.00% PIK*	6/21/23	576,294	576,294	576,294
Live Auctioneers, LLC, First Lien	*Internet & Catalog Retail*	*8.56% (L + 676, 1.00% Floor)*	5/20/25	7,771,659	7,629,231	7,590,579
Marketlive, LLC et al, First Lien	*Software*	*9.95% (L + 800, 1.00% Floor)*	12/18/20	2,397,938	2,356,467	2,356,934
MBS OpCo LLC, First Lien	*Media*	*10.94% (L + 900, 1.00% Floor)*	12/29/22	14,700,000	14,700,000	14,773,500
Midwest Physician Administrative Services, LLC, Second Lien(s)	*Health Care Providers & Services*	*8.80% (L + 700, 0.75% Floor)*	8/15/25	15,000,000	14,890,314	14,550,000
NEP II, Inc., Second Lien(s)	*Media*	*8.80% (L + 700)*	10/19/26	5,287,765	5,217,340	4,745,769
NorthStar Financial Services Group, LLC et al, Second Lien	*Capital Markets*	*9.30% (L + 750, 0.75% Floor)*	5/25/26	11,040,744	10,996,311	10,819,929
One Sky Flight, LLC, First Lien	*Airlines*	*9.30% (L + 750, 1.00% Floor)*	12/27/24	7,500,000	7,312,500	7,312,500
Outcomes Group Holdings, Inc., Second Lien	*Health Care Providers & Services*	*9.41% (L + 750)*	10/26/26	15,000,000	14,966,924	14,850,000
P&L Development, LLC, First Lien	*Pharmaceuticals*	*9.50% (L + 750, 2.00% Floor)*	6/28/24	8,545,191	8,350,310	8,459,739
Paragon Films, Inc., Second Lien	*Containers & Packaging*	*10.30% (L + 850, 1.00% Floor)*	3/29/26	21,000,000	20,616,864	20,790,000
PharmaLogic Holdings Corp., Second Lien	*Health Care Equipment & Supplies*	*9.80% (L + 800)*	12/11/23	8,786,087	8,727,416	8,742,157
PharmaLogic Holdings Corp., Second Lien(h)(k)	*Health Care Equipment & Supplies*	*9.80% (L + 800)*	12/11/23	3,323,478	3,306,944	3,306,861
PharmaLogic Holdings Corp., Delayed Draw Term Loan	*Health Care Equipment & Supplies*	*9.80% (L + 800)*	12/11/23	2,690,435	2,678,882	2,676,983
Quartz Holding Company, Second Lien	*Internet Software & Services*	*9.71% (L + 800)*	4/2/27	5,512,958	5,409,974	5,471,610
Red Apple Stores Inc., Second Lien(g)(h)(k)(p)	*Multiline Retail*	*10.00%*	8/1/24	23,050,000	23,050,000	17,979,000
Sandata Technologies, LLC, First Lien	*Health Care Technology*	*8.00% (L + 600)*	7/23/24	4,500,000	4,437,141	4,431,600
Sandata Technologies, LLC, Revolving Term Loan(o)(v)	*Health Care Technology*	*8.00% (L + 600)*	7/23/24	—	(6,841)	(7,600)
St. George Warehousing & Trucking Co. of California, Inc., First Lien(d)	*Road & Rail*	*12.14% (L + 300, 1.00% Floor Cash / 7.25% PIK)*	4/28/23	32,695,435	32,695,435	29,589,369
St. George Warehousing & Trucking Co. of California, Inc., Delayed Draw Term Loan(d)	*Road & Rail*	*12.14% (L + 300, 1.00% Floor Cash / 7.25% PIK)*	4/28/23	6,702,165	6,702,165	6,065,460
Sur La Table, Inc., First Lien(d)	*Specialty Retail*	*10.89% (L + 750, 1.00% Floor Cash / 1.50% PIK)*	7/31/22	21,056,804	21,056,804	20,214,532
Unanet, Inc., First Lien	*Aerospace & Defense*	*8.06% (L + 625)*	5/31/24	6,632,653	6,572,120	6,639,949
Unanet, Inc., Revolving Term Loan(o)(v)	*Aerospace & Defense*	*8.06% (L + 625)*	5/31/24	—	(7,207)	—
Unanet, Inc., Delayed Draw Term Loan(v)	*Aerospace & Defense*	*8.31% (L + 625)*	5/31/24	1,709,183	1,693,217	1,711,990
Vertellus Holdings LLC, First Lien	*Chemicals*	*8.38% (L + 675, 1.00% Floor)*	8/2/21	17,461,298	17,461,298	17,461,298
WH Buyer, LLC, First Lien	*Textile, Apparel & Luxury Goods*	*8.75% (L + 675, 1.50% Floor)*	7/16/25	15,273,116	15,127,890	15,132,603
Winshuttle, LLC, First Lien	*Software*	*10.22% (L + 842, 1.00% Floor)*	8/9/24	7,733,521	7,537,730	7,544,282
Zest Acquisition Corp., Second Lien	*Health Care Equipment & Supplies*	*9.25% (L + 750, 1.00% Floor)*	3/14/26	25,000,000	24,802,748	24,500,000
Total Senior Secured Loans					428,767,242	418,590,065

The accompanying notes are an integral part of these consolidated financial statements.

BlackRock Capital Investment Corporation

Consolidated Schedules of Investments—(Continued)
December 31, 2019

Portfolio Company(r)	Industry(t)	Interest Rate	Maturity	Principal Amount or Number of Shares/Units	Cost(a)	Fair Value(b)
Preferred Stock—9.19%						
Advantage Insurance Inc.(c)(d)(f)(j)(u)	*Insurance*	*8.00% PIK*		587,001	$ 8,920,536	$ 5,752,610
Gordon Brothers Finance Company(g)(w)	*Diversified Financial Services*	*13.50%*		34,285	34,284,750	34,284,760
KAGY Holding Company, Inc. (AGY Holding Corp.)(c)(d)(g)(p)(u)	*Chemicals*	*20.00% PIK*		22,960	11,053,124	—
Red Apple Stores Inc.(c)(g)(h)(k)(p)	*Multiline Retail*			6,806,383	—	—
Total Preferred Stock					54,258,410	40,037,370
Common Stock—4.38%(c)						
Advanced Lighting Technologies, Inc.(f)	*Electrical Equipment*			149,717	—	—
Gordon Brothers Finance Company(g)(w)	*Diversified Financial Services*			10,612	10,611,548	10,611,550
KAGY Holding Company, Inc. (AGY Holding Corp.)(g)(p)	*Chemicals*			3,131,292	—	—
Red Apple Stores Inc.(g)(h)(i)(k)(p)	*Multiline Retail*			8,756,859	6,751,451	—
U.S. Well Services, Inc., Class A(f)(s)	*Energy Equipment & Services*			4,474,937	46,068,940	8,457,631
Total Common Stock					63,431,939	19,069,181
Limited Partnership/Limited Liability Company Interests—21.89%						
BCIC Senior Loan Partners, LLC(g)(j)(k)(q)(s)(v)	*Diversified Financial Services*			96,333,333	96,333,333	88,272,340
ETX Energy, LLC(c)(m)	*Oil, Gas & Consumable Fuels*			51,119	—	—
ETX Energy Management Company, LLC(c)	*Oil, Gas & Consumable Fuels*			53,815	—	—
First Boston Construction Holdings, LLC(c)(g)(k)(p)	*Thrifts & Mortgage Finance*			10,059,375	10,059,375	5,999,814
Kemmerer Operations, LLC(c)(f)(l)	*Metals & Mining*			8	753,850	508,730
Marsico Holdings, LLC(c)(j)	*Capital Markets*			91,445	1,848,077	—
MBS Parent, LLC(c)(n)	*Media*			546	500,000	571,482
SVP-Singer Holdings LP(c)(j)	*Household Durables*			1,416,279	5,030,156	—
Total Limited Partnership/Limited Liability Company Interests					114,524,791	95,352,366
Equity Warrants/Options—0.02%(c)						
Advanced Lighting Technologies, Inc.(f)(j)	*Electrical Equipment*		*expire 10/4/27*	2,360	—	—
Facet Investment, Inc.	*Health Care Equipment & Supplies*		*expire 1/18/21*	1,978	250,000	—
FinancialForce.com(j)	*Internet Software & Services*		*expire 1/30/29*	62,840	100,544	96,801
Total Equity Warrants/Options					350,544	96,801
TOTAL INVESTMENTS—172.14%					$ 855,543,801	$ 749,859,081
OTHER ASSETS & LIABILITIES (NET)—(72.14)%						(314,250,100)
NET ASSETS—100.00%						$ 435,608,981

The accompanying notes are an integral part of these consolidated financial statements.

(a) Represents amortized cost for fixed income securities and cost for preferred and common stock, limited partnership/limited liability company interests and equity warrants/options.
(b) Fair value is determined by or under the direction of the Company's Board of Directors. See Note 2 for further details.
(c) Non-income producing equity securities at December 31, 2019.
(d) Interest may be paid in cash or payment-in-kind ("PIK"), or a combination thereof which is generally at the option of the borrower. PIK earned is included in the cost basis of the security. In accordance with the Company's policy, PIK may be recorded on an effective yield basis.
(e) Approximately 88.9% of the fair value of total senior secured loans in the Company's portfolio bear interest at a floating rate that may be determined by reference to the London Interbank Offered Rate (LIBOR), "L", or other base rate (commonly the Federal Funds Rate or the Prime Rate), "P", at the borrower's option. In addition, 80.2% of the fair value of such senior secured loans have floors of 0.75% to 2.75%. The borrower under a senior secured loan generally has the option to select from interest reset periods of one, two, three or six months and may alter that selection at the end of any reset period. The stated interest rate represents the weighted average interest rate at December 31, 2019 of all contracts within the specified loan facility.
(f) Transaction and other information for "non-controlled, affiliated" investments under the Investment Company Act of 1940, whereby the Company owns 5% or more (but not more than 25%) of the portfolio company's outstanding voting securities, is presented in a separate table in Consolidated Schedules of Investments.
(g) Transaction and other information for "controlled" investments under the Investment Company Act of 1940, whereby the Company owns more than 25% of the portfolio company's outstanding voting securities, is presented in a separate table in Consolidated Schedules of Investments.
(h) Non-U.S company or principal place of business outside the U.S.
(i) Original purchase denominated in Canadian dollars.
(j) Security is either exempt from registration under Rule 144A of the Securities Act of 1933, or sale of the security is subject to certain contractual restrictions. Securities exempt under 144A may be resold in transactions that are exempt from registration, normally to qualified institutional buyers. In aggregate, these securities represent 25.8% of the Company's net assets at December 31, 2019. The acquisition dates for restricted securities of unaffiliated issuers were as follows as of December 31, 2019:

Investment	Acquisition Date
CB-HDT Holdings, Inc., Unsecured Debt	12/15/2016
Marsico Holdings, LLC, Limited Partnership/Limited Liability Company Interests	11/28/2007
SVP-Singer Holdings LP, Limited Partnership/Limited Liability Company Interests	3/16/2018
FinancialForce.com, Warrants	1/30/2019

(k) Investments that the Company has determined are not "qualifying assets" under Section 55(a) of the 1940 Act. Under the 1940 Act, we may not acquire any non-qualifying asset unless, at the time such acquisition is made, qualifying assets represent at least 70% of our total assets. The status of these assets under the 1940 Act may be subject to change. The Company monitors the status of these assets on an ongoing basis. As of December 31, 2019, approximately 20.2% of the total assets of the Company were not qualifying assets under Section 55(a) of the 1940 Act.
(l) The Company is the sole stockholder of BKC ASW Blocker, Inc., a consolidated subsidiary, which is the beneficiary of 5% or more (but not more than 25%) of the voting securities of Kemmerer Operations, LLC and thus non-controlled, affiliated investment.
(m) The Company is the sole stockholder of BKC ASW Blocker, Inc., a consolidated subsidiary, which is the beneficiary of less than 5% of the voting securities of ETX Energy, LLC, and thus a non-controlled, non-affiliated investments.
(n) The Company is the sole stockholder of BCIC-MBS, LLC, a consolidated subsidiary, which is the beneficiary of less than 5% of the voting securities of MBS Parent, LLC and thus a non-controlled, non-affiliated investment.
(o) Negative balances represent unfunded commitments that were acquired and/or valued at a discount.

The accompanying notes are an integral part of these consolidated financial statements.

(p) This investment is deemed significant under Regulation S-X Rule 4-08(g). The summarized financial information of AGY Holding Company, Inc., First Boston Construction Holdings, LLC, and Red Apple Stores Inc., are shown below:

AGY Holding Company, Inc

($ in millions)	December 31, 2019	December 31, 2018
Total assets	$ 176.6	$ 177.0
Total liabilities	$ 316.2	$ 253.8
Total preferred stock and shareholder's equity (deficit)	$ (139.6)	$ (76.8)

($ in millions)	Year Ended December 31, 2019	Year Ended December 31, 2018	Year Ended December 31, 2017
Net sales	$ 140.9	$ 141.9	$ 154.3
Cost of sales	$ (119.6)	$ (112.0)	$ (122.6)
Gross profit	$ 21.3	$ 29.9	$ 31.7
Net income (loss)	$ (63.3)	$ (2.7)	$ (17.6)

Note: Balance sheet amounts are as of period end

First Boston Construction Holdings, LLC

($ in millions)	December 31, 2019	December 31, 2018
Total assets	$ 163.2	$ 174.0
Total liabilities	$ 134.4	$ 145.8
Total members' equity	$ 28.8	$ 28.2

($ in millions)	Year Ended December 31, 2019	Year Ended December 31, 2018	Year Ended December 31, 2017
Total Income	$ 23.6	$ 23.4	$ 18.4
Operating expenses	$ (23.9)	$ (21.9)	$ (16.3)
Net income (loss)	$ (0.2)	$ 1.5	$ 2.1

Note: Balance sheet amounts are as of period end

Red Apple Stores Inc.

($ in millions)	December 28, 2019	December 29, 2018
Total assets	$ 49.4	$ 48.1
Total liabilities	$ 55.3	$ 54.2
Total shareholder's equity (deficit)	$ (5.9)	$ (6.1)

($ in millions)	52 Week Period Ended December 28, 2019	52 Week Period Ended December 29, 2018	52 Week Period Ended December 30, 2017
Net sales	$ 225.7	$ 231.1	$ 234.6
Cost of sales	$ (155.7)	$ (159.1)	$ (160.8)
Gross profit	$ 70.0	$ 72.0	$ 73.8
Net income (loss)	$ 0.7	$ (4.5)	$ 2.1

Note: Red Apple Stores Inc. uses a floating fiscal year end, ending on the last Saturday of January. The balances above represents rolling 52 week presented insofar as practicable to the Company's year end.

The accompanying notes are an integral part of these consolidated financial statements.

(q) This investment is deemed significant under Regulation S-X Rule 3-09. BCIC Senior Loan Partners, LLC was formed on June 23, 2016. See Note 5 for summarized financial information of BCIC Senior Loan Partners, LLC. The separate audited financial statements of BCIC Senior Loan Partners, LLC at December 31, 2019 and for the year ended December 31, 2019 were filed as Exhibit 21.3 to the Company's Form 10-K as filed with the Securities and Exchange Commission on March 4, 2020.

(r) Unless otherwise indicated, all investments are considered Level 3 in accordance with ASC Topic 820 (see Note 10).

(s) Investments are considered other than Level 3 in accordance with ASC Topic 820 (see Note 10).

(t) Unaudited. As of December 31, 2019, the Company generally uses Global Industry Classification Standard ("GICS") codes to identify the industry groupings.

(u) The investment is on non-accrual status as of December 31, 2019 and therefore non-income producing. At December 31, 2019, the aggregate fair value and amortized cost of the Company's debt and preferred stock investments on non-accrual status represents 2.35% and 6.89%, respectively.

(v) Position or portion thereof has an unfunded loan commitment as of December 31, 2019 (see Note 9). Note that there may be additional unfunded positions which do not have a funded component at period end, and therefore are not displayed herein.

(w) This investment is deemed significant under Regulation S-X Rule 3-09. Gordon Brothers Finance Company commenced operations on October 31, 2014. The separate audited financial statements of Gordon Brothers Finance Company at December 31, 2019 and 2018 and for the years ended December 31, 2019, December 31, 2018 and December 31, 2017 were filed as Exhibit 21.1 to the Company's Form 10-K as filed with the Securities and Exchange Commission on March 4, 2020.

The accompanying notes are an integral part of these consolidated financial statements.

BlackRock Capital Investment Corporation

Consolidated Schedules of Investments—(Continued)
December 31, 2019

Non-controlled, Affiliated Investments	Fair Value at December 31, 2018	Gross Additions (Cost)*	Gross Reductions (Cost)**	Net Unrealized Gain (Loss) Before Taxes	Fair Value at December 31, 2019		Year Ended December 31, 2019 Net Realized Gain (Loss)	Interest Income	Fee Income	Dividend Income
Advanced Lighting Technologies, Inc.:										
Senior Secured Note, Second Lien	$ 671,375	$ —	$ —	$ (671,375)	$ —		$ —	$ 131	$ —	$ —
Senior Secured Loan, First Lien	5,141,099	20,129	(52,062)	(223,690)	4,885,476		—	538,720	—	—
Common Stock	—	—	—	—	—		—	—	—	—
Warrants	—	—	—	—	—		—	—	—	—
Advantage Insurance Inc.:										
Preferred Stock	9,052,500	220,480	(2,477,063)	(1,043,307)	5,752,610		(879,673)	—	—	220,480
MBS OpCo LLC:										
Senior Secured Loan, First Lien	14,701,500	—	(14,701,500)	—	—	†	—	—	—	—
MBS Parent, LLC:										
Limited Liability Co. Interest	304,865	—	(304,865)	—	—	†	—	—	—	—
Kemmerer Operations, LLC:										
Delayed Draw Term Loan, First Lien	—	915,278	(338,984)	—	576,294		—	68,643	3,055	—
Senior Secured Loan, First Lien	—	2,292,783	—	—	2,292,783		—	176,554	—	—
Limited Liability Co. Interest	—	753,591	—	(244,861)	508,730		—	—	—	—
U.S. Well Services, Inc.:										
Common Stock, Class A	1,726,940	44,914,918	(1,502,810)	(36,681,417)	8,457,631		(269,226)	—	—	—
Common Stock, Class B	—	—	—	—	—	††	—	—	—	—
USWS Holdings, LLC:										
Limited Liability Co. Interest	25,544,031	—	(44,914,918)	19,370,887	—	††	—	—	—	—
Vertellus Holdings LLC:										
Senior Secured Loan, First Lien	22,461,298	—	(22,461,298)	—	—	†	(79,242)	1,531,520	—	—
Senior Secured Loan, Second Lien	14,958,791	—	(15,109,890)	151,099	—	††	(384,913)	1,423,116	—	—
V Global Holdings LLC:										
Limited Liability Co. Interest	17,164,835	—	(11,977,610)	(5,187,225)	—	††	387,994	—	—	—
Totals	$ 111,727,234	$ 49,117,179	$ (113,841,000)	$ (24,529,889)	$ 22,473,524		$ (1,225,060)	$ 3,738,684	$ 3,055	$ 220,480

* Gross additions include increases in the cost basis of investments resulting from new portfolio investments, PIK interest or dividends, the amortization of unearned income, the exchange of one or more existing securities for one or more new securities and the movement of an existing portfolio company into this category from a different category.

** Gross reductions include decreases in the cost basis of investments resulting from principal collections related to investment repayments or sales, the exchange of one or more existing securities for one or more new securities and the movement of an existing portfolio company out of this category into a different category.

† Investment moved from the non-controlled, affiliated category into the non-controlled, non-affiliated category.

†† Investment no longer held as of December 31, 2019.

The aggregate fair value of non-controlled, affiliated investments at December 31, 2019 represents 5.2% of the Company’s net assets.

The accompanying notes are an integral part of these consolidated financial statements.

BlackRock Capital Investment Corporation

Consolidated Schedules of Investments—(Continued)
December 31, 2019

Controlled Investments	Fair Value at December 31, 2018	Gross Additions (Cost)*	Gross Reductions (Cost)**	Net Unrealized Gain (Loss) Before Taxes	Fair Value at December 31, 2019	Year Ended December 31, 2019: Net Realized Gain (Loss)	Interest Income	Fee Income	Dividend Income
AGY Holding Corp.:									
Senior Secured Note, Second Lien	$ 22,959,438	$ 1,631,310	$ —	$ (15,403,931)	$ 9,186,817	$ —	$ 1,314,938	$ —	$ —
Senior Secured Loan, First Lien	24,021,390	1,487,650	—	—	25,509,040	—	2,945,444	—	—
KAGY Holding Company, Inc. (AGY Holding Corp.):									
Preferred Stock	2,276,044	—	—	(2,276,044)	—	—	—	—	—
Common Stock	—	—	—	—	—	—	—	—	—
BCIC Senior Loan Partners, LLC									
Limited Liability Co. Interest	91,516,666	—	—	(3,244,326)	88,272,340	—	—	—	10,876,314
First Boston Construction Holdings, LLC:									
Subordinated Debt	40,000,000	3,500,000	(3,262,500)	—	40,237,500	—	5,088,210	10,965	—
Limited Liability Co. Interest	7,324,557	875,000	(815,625)	(1,384,118)	5,999,814	—	—	1,925	—
Gordon Brothers Finance Company:									
Unsecured Debt	110,689,939	67,305,620	(59,827,217)	—	118,168,342	—	13,923,996	111,646	—
Preferred Stock	33,821,486	463,264	—	10	34,284,760	—	—	6,949	4,686,645
Common Stock	10,611,548	—	—	2	10,611,550	—	—	—	—
Red Apple Stores Inc.:									
Senior Secured Loan, Second Lien	16,135,000	—	—	1,844,000	17,979,000	—	2,336,913	—	—
Preferred Stock	—	—	—	—	—	—	—	—	—
Common Stock	—	333,982	—	(333,982)	—	—	—	—	—
Totals	$ 359,356,068	$ 75,596,826	$ (63,905,342)	$ (20,798,389)	$ 350,249,163	$ —	$ 25,609,501	$ 131,485	$ 15,562,959

* Gross additions include increases in the cost basis of investments resulting from new portfolio investments, PIK interest or dividends, the amortization of unearned income, the exchange of one or more existing securities for one or more new securities and the movement of an existing portfolio company into this category from a different category.

** Gross reductions include decreases in the cost basis of investments resulting from principal collections related to investment repayments or sales, the exchange of one or more existing securities for one or more new securities and the movement of an existing portfolio company out of this category into a different category.

The aggregate fair value of controlled investments at December 31, 2019 represents 80.4% of the Company's net assets.

The accompanying notes are an integral part of these consolidated financial statements.

1. Organization

BlackRock Capital Investment Corporation (together with its subsidiaries, the "Company"), was organized as a Delaware corporation on April 13, 2005 and was initially funded on July 25, 2005. The Company has elected to be regulated as a business development company ("BDC") under the Investment Company Act of 1940 (the "1940 Act"). In addition, for tax purposes the Company has qualified and has elected to be treated as a regulated investment company ("RIC") under the Internal Revenue Code of 1986 (the "Code").

The Company's investment objective is to generate both current income and capital appreciation through debt and equity investments. We invest primarily in middle-market companies in the form of senior debt securities and loans, and our investment portfolio may include junior secured and unsecured debt securities and loans, each of which may include an equity component.

2. Significant accounting policies

Basis of Presentation

The accompanying consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The Company is an investment company following the accounting and reporting guidance in Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 946, *Financial Services-Investment Company* ("ASC 946"). The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the consolidated financial statements and the reported amounts of income and expenses during the reported period. Changes in the economic environment, financial markets and any other parameters used in determining these estimates could cause actual results to differ and such differences could be material.

The accompanying consolidated financial statements include the accounts of the Company and its subsidiaries, which were established to hold certain investments of the Company. The Company owns 100% of each subsidiary and, as such, the subsidiaries are consolidated into the Company's consolidated financial statements. The subsidiaries hold investments which are treated as pass through entities for tax purposes. By investing through these 100% owned subsidiaries, the Company is able to benefit from corporate tax treatment for these entities and thereby create a tax structure that is more advantageous with respect to the RIC status of the Company. Intercompany balances and transactions are eliminated in consolidation.

Certain prior period information has been reclassified to conform to the current period presentation. The reclassification has no effect on the Company's consolidated financial position or the consolidated results of operations as previously reported.

Expenses are recorded on an accrual basis.

Investments

Security transactions are accounted for on the trade date unless there are substantial conditions to the transaction. Realized gains or losses are measured by the difference between the net proceeds from the disposition and the amortized cost of the investment. Unrealized gains or losses primarily reflect the change in investment values, including the reversal of previously recorded unrealized gains or losses when gains or losses are realized. Realized gains or losses on the disposition of investments are calculated using the specific identification method.

Securities traded on a recognized securities exchange are valued using the close price on the exchange on valuation date. Investments for which market prices from an exchange are not readily available are valued using the last available bid price or quote provided by an independent pricing service or one or more broker-dealers or market makers, unless they are deemed not to represent fair value. Debt and equity securities for which market quotations are not readily available or for which market quotations are deemed not to represent fair value are valued at fair value as determined in good faith by or under the direction of the Company's Board of Directors.

Because the Company expects that there will not be a readily available market for all of the investments in its portfolio, the Company expects to value a significant portion of its portfolio investments at fair value as determined in good faith by or under the direction of the Board of Directors using a consistently applied valuation process in accordance with a documented valuation policy that has been reviewed and approved by the Board of Directors. Due to the inherent uncertainty and subjectivity of determining the fair value of investments that do not have a readily available market value, the fair value of the Company's investments may differ significantly from the values that would have been used had a readily available market value existed for such investments and may differ materially from the values that the Company may ultimately realize, as these amounts depend on future circumstances and cannot reasonably be determined until the individual investments are actually liquidated. Such circumstances may include macroeconomic, geopolitical and other events and conditions such as the COVID-19 pandemic that may significantly impact the profitability or viability of businesses in which the Company is invested, and therefore may significantly impact the return on and realizability of the Company's investments.

In addition, changes in the market environment and other events may have differing impacts on the market quotations used to value some of the Company's investments than on the fair values of the Company's investments for which market quotations are not readily available. Market quotations may be deemed not to represent fair value in certain circumstances where BlackRock Capital Investment Advisors, LLC ("BCIA" or the "Advisor"), believes that facts and circumstances applicable to an issuer, a seller, a purchaser or the market for a particular security cause current market quotations to not reflect the fair value of the security. Examples of these events could include cases where a security trades infrequently causing a quoted purchase or sale price to become stale, where there is a "forced" sale by a distressed seller, where market quotations vary substantially among market makers, or where there is a wide bid-ask spread or significant increase in the bid-ask spread.

With respect to the Company's investments for which market quotations are not readily available or for which market quotations are deemed not to represent fair value, the Board of Directors has approved a multi-step valuation process applied each quarter, as described below:

(i) The quarterly valuation process begins with each portfolio company or investment being initially evaluated and rated by the investment professionals of the Advisor responsible for the portfolio investment;

(ii) The investment professionals provide recent portfolio company financial statements and other reporting materials to independent valuation firms engaged by the Board of Directors (with the exception of statements and materials related to investments priced directly by the Advisor as described in (iv) below), such firms conduct independent appraisals each quarter and their preliminary valuation conclusions are documented and discussed with senior management of the Advisor;

(iii) The Audit Committee of the Board of Directors reviews the preliminary valuations prepared by the independent valuation firm and the Advisor, as applicable;

(iv) The fair value of certain investments, comprising in the aggregate, less than 5% of the Company's net asset value and no more than 15% of total positions held, respectively, may be determined by the Advisor in good faith without the engagement of an independent valuation firm in accordance with the Company's valuation policy; provided that if only the threshold with respect to the number of all positions valued at zero or immaterial amounts is exceeded, the Advisor may request Board approval to not request a fair valuation from an independent valuation firm for all such positions; and

(v) The Board of Directors discuss valuations and determines the fair value of each investment in the portfolio in good faith based on the input of the Advisor, the respective independent valuation firms (to the extent applicable) and the Audit Committee.

Those investments for which market quotations are not readily available or for which market quotations are deemed not to represent fair value are valued utilizing a market approach, an income approach, or both approaches, as appropriate. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities (including a business). The income approach uses valuation techniques to convert future amounts (for example, cash flows or earnings) to a single present amount (discounted). The measurement is based on the value indicated by current market expectations about those future amounts. In following these approaches, the types of factors that the Company may take into account in determining the fair value of its investments include, as relevant and among other factors: available current market data, including relevant and applicable market trading and transaction comparables, applicable market yields and multiples, security covenants, call protection provisions, information rights, the nature and realizable value of any collateral, the portfolio company's ability to make payments, (e.g. non-performance risk), its earnings and discounted cash flows, the markets in which the portfolio company does business, comparisons of financial ratios of peer companies that are public, M&A comparables, the Company's principal market (as the reporting entity), any bid for a Company asset (irrespective of the perceived validity of such bid), and enterprise values.

Until the end of the second calendar quarter following its acquisition, each unquoted investment in a new portfolio company generally is held at amortized cost, which the Advisor believes approximates fair value under the circumstances. As of that date, an independent valuation firm conducts an initial independent appraisal of the investment.

ASC 820-10, *Fair Value Measurements and Disclosures* ("ASC 820-10"), issued by the FASB, defines fair value, establishes a framework for measuring fair value and requires disclosures about fair value measurements. See Note 10 for further details.

Cash and Cash Equivalents

Cash equivalents include short-term liquid overnight investments with original maturities of three months or less and may not be insured by the FDIC or may exceed federally insured limits.

Revenue Recognition

The Company adopted ASU 2014-09, *Revenue from Contracts with Customers*, effective on January 1, 2018 using the modified retrospective method. Substantially all revenue streams are excluded from the scope of the new standard and the adoption of the standard had no material impact on the Company's consolidated financial statements.

Interest income is recorded on an accrual basis and includes amortization of discounts and premiums. Discounts and premiums to par value on securities purchased are amortized into interest income over the life of the respective security. Discounts and premiums are determined based on the cash flows expected to be received for a particular investment upon maturity. Dividend income is recorded on the ex-dividend date and is adjusted to the extent that the Company expects to collect such amounts.

For loans and securities with payment-in-kind (“PIK”) income, which represents contractual interest or dividends accrued and added to the principal balance and generally due at maturity, such income is accrued only to the extent that the Advisor believes that the PIK income is likely to be collected. To maintain the Company’s status as a RIC, this non-cash source of income must be paid out to stockholders in the form of distributions, even though the Company has not yet collected the cash.

Fee income, such as structuring fees, origination, closing, commitment and other upfront fees are generally non-recurring and are recognized as revenue when earned. In instances where the Company does not perform significant services in connection with the related investment, fees paid to the Company may be deferred and amortized over the estimated life of the investment. Upon the prepayment of a loan or debt security, any prepayment penalties and unamortized loan origination, structuring, closing, commitment and other upfront fees are recorded as income.

U.S. Federal Income Taxes

The Company has elected to be treated as a RIC under Subchapter M of the Code and operates in a manner so as to continue to qualify for the tax treatment applicable to RICs.

In order to qualify for favorable tax treatment as a RIC, the Company is required to distribute annually to its stockholders at least 90% of its investment company taxable income, as defined by the Code. To avoid federal excise taxes, the Company must distribute annually at least 98% of our ordinary income and 98.2% of net capital gains from the current year and any undistributed ordinary income and net capital gains from the preceding years. The Company, at its discretion, may carry forward taxable income in excess of calendar year distributions and pay regular federal income taxes or a 4% excise tax on this income. If the Company chooses to do so, all other things being equal, this would increase expenses and reduce the amount available to be distributed to stockholders. The Company will accrue excise tax on estimated undistributed taxable income as required.

Distributions from net investment income and distributions from net realized capital gains are determined in accordance with U.S. federal income tax regulations, which may differ from those amounts determined in accordance with GAAP. These book/tax differences are either temporary or permanent in nature. To the extent these differences are permanent, they are charged or credited to paid-in-capital or accumulated net realized gain (loss), as appropriate, in the period that the differences arise. Temporary and permanent differences are primarily attributable to differences in the tax treatment of certain loans and the tax characterization of income and non-deductible expenses. These differences are generally determined in conjunction with the preparation of the Company’s annual RIC tax return.

Book and tax basis differences relating to stockholder distributions and other permanent book and tax differences are reclassified among the Company’s capital accounts. In addition, the character of income and gains to be distributed is determined in accordance with income tax regulations that may differ from GAAP.

The final tax characterization of distributions is determined after the fiscal year and is reported on Form 1099 and in the Company’s annual report to shareholders. Distributions can be characterized as ordinary income, capital gains and/or return of capital. To the extent that distributions exceed the Company’s current and accumulated earnings and profits, the excess may be treated as a non-taxable return of capital.

ASC 740-10, *Income Taxes* (“ASC 740-10”) clarifies the accounting for income taxes by prescribing the minimum recognition threshold an uncertain tax position is required to meet before tax benefits associated with such uncertain tax position are recognized in the consolidated financial statements. Based on its analysis of its tax position, the Company has concluded that it does not have any uncertain tax positions that met the recognition or measurement criteria of ASC 740-10.

The Company files U.S. federal and various state and local tax returns. No income tax returns are currently under examination. The statute of limitations on the Company’s U.S. federal income tax returns remains open for each of the three years ended December 31, 2020. The statute of limitations on the Company’s state and local tax returns may remain open for an additional year depending upon the jurisdiction.

As of December 31, 2020, the Company had a net capital loss carryforward of $372,373,557, which can be used to offset future capital gains and is not subject to expiration.

The Company holds certain portfolio investments through taxable subsidiaries. Income earned and gains realized on the investment held by the taxable subsidiary are taxable to such subsidiary. A tax provision for income, if any, is shown as income tax in the Consolidated Statements of Operations for the Company. A tax provision for realized and unrealized gains is included as a reduction of realized and/or unrealized gain (loss) in the Consolidated Statements of Operations for the Company.

Distributions to Common Stockholders

Distributions to common stockholders are recorded on the ex-dividend date. The amount to be paid out as a distribution is determined by the Board of Directors. Net realized capital gains, if any, generally are distributed at least annually, although the Company may decide to retain such capital gains for investment.

The Company has adopted a dividend reinvestment plan that provides for reinvestment of distributions on behalf of stockholders, unless a stockholder elects to receive cash. As a result, if the Board of Directors authorizes, and the Company declares, a cash distribution, then stockholders who have not "opted out" of the dividend reinvestment plan will have their cash dividends automatically reinvested in additional shares of Common Stock, rather than receiving the cash distributions. Additionally, if the Company makes a distribution to be paid in cash or in stock at the election of stockholders as of the applicable dividend record date (a "Cash/Stock Distribution"), the terms are subject to the amended Plan dated May 13, 2020 described below.

On March 6, 2018, the Board of Directors of the Company adopted amendments to the Company's dividend reinvestment plan (the "Plan"). Under the terms of the amended Plan, if the Company declares a dividend or determines to make a capital gain or other distribution, the reinvestment plan agent will acquire shares for the participants' accounts, depending upon the following circumstances, (i) through receipt of additional unissued but authorized shares from the Company ("newly issued shares") and/or (ii) by purchase of outstanding shares on the open market ("open-market purchases"). If, on the distribution payment date, the last quarterly net asset value per share ("NAV") is equal to or less than the closing market price per share on such distribution payment date (such condition often referred to as a "market premium"), the reinvestment plan agent will invest the distribution amount in newly issued shares on behalf of the participants. The number of newly issued shares to be credited to each participant's account will be determined by dividing the dollar amount of the distribution by the greater of (i) the NAV or (ii) 95% of the closing market price on the distribution payment date. If, on the distribution payment date, the NAV is greater than the closing market price per share on such distribution payment date (such condition often referred to as a "market discount"), the reinvestment plan agent may, upon notice from the Company, either (a) invest the distribution amount in newly issued shares on behalf of the participants or (b) invest the distribution amount in shares acquired on behalf of the participants in open-market purchases.

On May 13, 2020, the Board of Directors of the Company adopted further amendments to the Plan. Under the terms of the amended Plan, if the Company makes a Cash/Stock Distribution, each stockholder will be required to elect whether to receive the distribution in cash or in shares of the Company's common stock ("Common Shares"), pursuant to such notices, forms or other documentation as may be provided to the stockholder by the Company (the "Election Forms"). If the stockholder is a Plan participant and elects to receive the Cash/Stock Distribution in cash, the stockholder will be deemed to have elected not to participate in the Plan solely with respect to such Cash/Stock Distribution and will receive the distribution in cash subject to any rules applicable to the distribution that may limit the portion of the distribution the Company is required to pay in cash. If the stockholder is a Plan participant and elects to receive the Cash/Stock Distribution in stock, the stockholder will receive the distribution in newly issued Common Shares. The number of newly issued Common Shares credited to the stockholders' account in either case will be determined by dividing the dollar amount of the distribution (or portion of the distribution to be paid in Common Shares) by the price per Common Share determined in accordance with the Election Forms rather than pursuant to the formula(s) otherwise applicable under the Plan.

Foreign Currency

Foreign currency amounts are translated into United States dollars on the following basis:

(i) market value of investment securities, other assets and liabilities—at the spot exchange rate on the last business day of the period; and

(ii) purchases and sales of investment securities, income and expenses—at the rates of exchange prevailing on the respective dates of such transactions, income or expenses.

Although net assets and fair values are presented based on the applicable foreign exchange rates described above, the Company may not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in fair values of investments held. Such fluctuations are included with the net realized and unrealized gain or loss from investments.

Investments denominated in foreign currencies and foreign currency transactions may involve certain considerations and risks not typically associated with those of domestic origin, including unanticipated movements in the value of the foreign currency relative to the U.S. dollar.

Debt Issuance Costs

Debt issuance costs are amortized over the term of the related debt using the straight line method, which approximates the effective interest rate method.

Equity Offering Expenses

The Company records registration expenses related to its shelf registration statement and related SEC filings as prepaid assets. These expenses are charged as a reduction of capital upon utilization, in accordance with ASC 946.

Non-Accrual Loans

Loans or debt securities are placed on non-accrual status, as a general matter, when principal or interest payments are past due 30 days or more or when there is reasonable doubt that principal or interest will be collected. Accrued interest generally is reversed when a loan or debt security is placed on non-accrual status. Interest payments received on non-accrual loans or debt securities may be recognized as income or applied to principal depending upon management's judgment. Non-accrual loans and debt securities are restored to accrual status when past due principal and interest is paid and, in management's judgment, are likely to remain current. The Company may make exceptions to this treatment if the loan has sufficient collateral value and is in the process of collection.

Recent Accounting Pronouncements

In August 2018, the FASB issued ASU No. 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework- Changes to the Disclosure Requirements for Fair Value Measurement. The updated guidance modifies the disclosure requirements on fair value measurements by (1) removing certain disclosure requirements including policies related to valuation processes and the timing of transfers between Levels 1 and 2 of the fair value hierarchy, (2) amending disclosure requirements related to measurement uncertainty from the use of significant unobservable inputs, and (3) adding certain new disclosure requirements including changes in unrealized gains and losses for the period included in other comprehensive income (loss) for recurring Level 3 fair value measurements held at the end of the reporting period and the range and weighted average used to develop significant unobservable inputs for Level 3 fair value measurements. ASU No. 2018-13 is effective for fiscal years beginning after December 15, 2019, including interim periods therein, with early adoption permitted. The Company adopted this pronouncement as of January 1, 2020. The adoption did not have a material impact on the Company's consolidated financial statements.

In May 2020, the SEC adopted rule amendments that will impact the requirements of investment companies, including BDCs, to disclose the financial statements of certain of their portfolio companies or certain acquired funds (the "Final Rules"). The Final Rules adopted a new definition of "significant subsidiary" set forth in Rule 1-02(w)(2) of Regulation S-X under the Securities Act. Rules 3-09 and 4-08(g) of Regulation S-X require investment companies to include separate financial statements or summary financial information, respectively, in such investment company's periodic reports for any portfolio company that meets the definition of "significant subsidiary." The Final Rules adopt a new definition of "significant subsidiary" applicable only to investment companies that (i) modifies the investment test and the income test, and (ii) eliminates the asset test currently in the definition of "significant subsidiary" in Rule 1-02(w) of Regulation S-X. The new Rule 1-02(w)(2) of Regulation S-X is intended to more accurately capture those portfolio companies that are more likely to materially impact the financial condition of an investment company. The Final Rules will be effective on January 1, 2021, but voluntary compliance is permitted in advance of the effective date. The Company has early adopted the amendments as of December 31, 2020. The adoption resulted in fewer portfolio companies meeting the significant subsidiary definition under the Final Rules, thus resulting in reduced disclosures.

3. Agreements and Related Party Transactions

Investment Management Agreement

At a special meeting of the Company's stockholders, held on February 18, 2015, the Company's stockholders approved a new investment management agreement between the Company and BlackRock Advisors to permit BlackRock Advisors to serve as the Company's investment adviser following the completion of the sale of certain assets related to managing the Company from the Previous Advisor, 52nd Street Capital Advisors LLC, formerly BlackRock Kelso Capital Advisors LLC. BlackRock Advisors is a wholly owned indirect subsidiary of BlackRock, Inc. The Transaction was completed on March 6, 2015 and, pursuant to the BlackRock Advisors Management Agreement, dated as of March 6, 2015, BlackRock Advisors began managing the Company's investment activities. Prior to the consummation of the Transaction, the Company had entered into an investment management agreement with 52nd Street Capital Advisors LLC, the Company's previous adviser. The BlackRock Advisors Management Agreement had the same base management fee ("Base Management Fee") and incentive management fee ("Incentive Fee") terms until March 6, 2017 different Base Management Fee and Incentive Fee terms thereafter. For Base Management Fee and Incentive Fee terms prior to March 6, 2017, refer to the Company's Annual Report on Form 10-K for the year ended December 31, 2019, which was filed with the SEC on March 4, 2020.

On January 16, 2018, BlackRock Advisors assigned the BlackRock Advisors Management Agreement, dated March 6, 2015, to a wholly owned subsidiary, BCIA, the Advisor, pursuant to Rule 2a-6 of the 1940 Act and the Company entered into a new investment management agreement with BCIA (the "Previous Management Agreement").

At the annual meeting of the Company's stockholders, held on May 1, 2020, the Company's stockholders approved, among other matters, the proposal to allow the Company to increase leverage by approving the application to the Company of a minimum asset coverage ratio of 150%, pursuant to Section 61(a)(2) of the Investment Company Act of 1940, to become effective on May 2, 2020. Effective at the same time, the Company and BCIA amended and restated the Previous Management Agreement (as amended and restated, (the "Current Management Agreement" or the "Management Agreement") to reduce the Base Management Fee and Incentive Fees as follows: (i) Base Management Fee was reduced from 1.75% of total assets to 1.50% on total assets up to 200% of net asset value and 1.0% on total assets that exceed 200% of net asset value; (ii) Incentive Fee based on net investment income was reduced from 20% over a 7% hurdle to 17.5% over a 7% hurdle; and (iii) Incentive Fee based on net capital gains was reduced from 20% to 17.5%.

The Current Management Agreement will be in effect from year-to-year if approved annually by the Board of Directors or by the affirmative vote of the holders of a majority of outstanding voting securities, including, in either case, approval by a majority of the directors who are not interested persons. The Company's Board of Directors approved the continuation of the Current Management Agreement on November 3, 2020.

Base Management Fee

Under the Management Agreement, the investment advisor, subject to the overall supervision of the Board, manages the day-to-day operations and provides the Company with investment advisory services. For providing these services, effective May 2, 2020, the Advisor receives a Base Management Fee at an annual rate of 1.50% of total assets (excluding cash and cash equivalents), including any assets acquired with the proceeds of leverage, payable quarterly in arrears based on the asset valuation as of the end of the prior quarter. Additionally, the Base Management Fee is calculated at 1.00% on assets that exceed 200% of net asset value of the Company. Prior to May 2, 2020, the Base Management Fee was calculated at an annual rate of 1.75% of total assets (excluding cash and cash equivalents). The Base Management Fee for any partial quarter is prorated.

For the years ended December 31, 2020, 2019 and 2018, the Company incurred $10,799,832, $12,425,101, and $14,138,788, respectively, in Base Management Fees under the investment management agreement.

Incentive Management Fee

(i) Quarterly Incentive Fee Based on Income

The Current Management Agreement provides that the investment advisor or its affiliates may be entitled to an Incentive Fee under certain circumstances. The Incentive Fee has two parts. The first portion is based on income other than capital gains and is calculated separately for each calendar quarter and will be paid on a quarterly basis. Effective May 2, 2020, the Incentive Fee based on income is calculated as follows:

- No Incentive Fee based on income other than capital gains for any calendar quarter in which the Pre-Incentive Fee Net Investment Income does not exceed 1.75% (7.00% annualized) of net assets attributable to common stock at the beginning of such quarter.
- 100% of the Pre-Incentive Fee Net Investment Income in any calendar quarter with respect to that portion of such Pre-Incentive Fee Net Investment Income, if any, for such calendar quarter, that exceeds 1.75% (7.00% annualized) of net assets attributable to common stock at the beginning of such quarter but is less than approximately 2.12% (8.48% annualized).
- 17.5% of the Pre-Incentive Fee Net Investment Income, if any, for any calendar quarter that exceeds approximately 2.12% (8.48% annualized) of net assets attributable to common stock at the beginning of such quarter.

Prior to May 2, 2020 (and since March 6, 2017), the Incentive Fee based on income was calculated as follows:

- No Incentive Fee based on income other than capital gains for any calendar quarter in which the Pre-Incentive Fee Net Investment Income does not exceed 1.75% (7.00% annualized) of net assets attributable to common stock at the beginning of such quarter.
- 100% of the Pre-Incentive Fee Net Investment Income in any calendar quarter with respect to that portion of such Pre-Incentive Fee Net Investment Income, if any, for such calendar quarter, that exceeds 1.75% (7.00% annualized) of net assets attributable to common stock at the beginning of such quarter but is less than approximately 2.19% (8.75% annualized).
- 20% of the Pre-Incentive Fee Net Investment Income, if any, for any calendar quarter that exceeds approximately 2.19% (8.75% annualized) of net assets attributable to common stock at the beginning of such quarter.

The calculations described above will be appropriately prorated for any period of less than a quarter and adjusted for the net proceeds from any common stock issuances and the cost of any common stock repurchases during such quarter.

The payment of any such Incentive Fee based on income otherwise earned by our investment advisor will be deferred if, for the most recent four full calendar quarter period ending on or prior to the date such payment is to be made, the Annualized Rate of Return is less than 7.0% of net assets attributable to common stock at the beginning of such four quarter period as adjusted for the net proceeds from any common stock issuances and the cost of any common stock repurchases during such four full calendar quarter period, with any deferred Incentive Fees to be carried over for payment in subsequent quarterly calculation periods to the extent such payment can then be made in accordance with the investment management agreement.

For the years ended December 31, 2020, 2019, and 2018, the Company incurred $6,304,333, $8,751,521, and $8,510,866, respectively, in Incentive Fees based on income.

BlackRock Advisors, in consultation with the Company's Board of Directors, agreed to waive Incentive Fees based on income after March 6, 2017 to June 30, 2019. BCIA had agreed to honor such waiver. The Advisor voluntarily waived a portion of its Incentive Fees based on income from July 1, 2019 through December 31, 2020. For the year ended December 31, 2020, the Advisor has waived Incentive Fees of $6,304,333, resulting in no net Incentive Fees for the period. For the year ended December 31, 2019, the Advisor has waived Incentive Fees of $6,901,924, resulting in net Incentive Fees of $1,849,597. The waiver for Incentive Fees based on income was $8,510,866 for the year ended December 31, 2018, resulting in no net Incentive Fees based on income incurred by the Company. As of December 31, 2020, and 2019, there were $1,849,597, and $1,849,597, respectively, of Incentive Fees payable based on income. The payment of Incentive Fee based on income of $1,849,597 at December 31, 2020 was deferred pursuant to the incentive fee deferral provision discussed above.

(ii) Annual Incentive Fee Based on Capital Gains

The second portion of the Incentive Fee is based on capital gains and is calculated separately for each Annual Period. Effective May 2, 2020, our investment advisor will be entitled to receive an Incentive Fee based on capital gains for each Annual Period in an amount equal to 17.5% of the amount by which (1) net realized capital gains occurring during the period, if any, exceeds (2) gross unrealized capital depreciation, if any, occurring during the period. In calculating the portion of the Incentive Fee based on capital gains payable for any period, investments are accounted for on a security-by-security basis. In addition, the portion of the Incentive Fee based on capital gains is determined using the "period-to-period" method pursuant to which the portion of the Incentive Fee based on capital gains for any period will be based on realized capital gains for the period reduced by realized capital losses for the period and unrealized capital depreciation for the period. Prior to May 2, 2020 (and since March 6, 2017), the Incentive Fee on capital gains was calculated at an annual rate of 20%.

The capital gains Incentive Fee as calculated under the Current Management Agreement and the BlackRock Advisors Management Agreement as described above, at December 31, 2020 and 2019, respectively, resulted in no capital gains Incentive Fee accrual. The Company did not have any cumulative accrued balance at December 31, 2020 and 2019.

(iii) Calculation of Incentive Fee Based on Capital Gains

For purposes of calculating the Incentive Fee based on capital gains, (i) "Annual Period" means the period beginning on July 1 of each calendar year, including the calendar year prior to the year in which the investment management agreement became effective, and ending on June 30 of the next calendar year; (ii) "Annualized Rate of Return" is computed by reference to the sum of (i) the aggregate distributions to common stockholders for the period in question and (ii) the change in net assets attributable to common stock (before taking into account any Incentive Fees otherwise payable during such period); (iii) "net assets attributable to common stock" means total assets less indebtedness and preferred stock; and (iv) "Pre-Incentive Fee Net Investment Income" means net investment income (as determined in accordance with United States generally accepted accounting principles) accrued by the Company during the calendar quarter excluding any accruals for or payments in respect of the Incentive Fee.

The Company is required under GAAP to accrue a hypothetical capital gains Incentive Fee based upon net realized capital gains and unrealized capital appreciation and depreciation on investments held at the end of each period. The accrual of this hypothetical capital gains Incentive Fee assumes all unrealized capital appreciation and depreciation is realized in order to reflect a hypothetical capital gains Incentive Fee that would be payable at each measurement date. If such amount is positive at the end of the period, then we recorded a capital gains Incentive Fee equal to 17.5% of such amount, for period ended after May 2, 2020 (or 20%, for period ended prior to May 2, 2020), less the amount of capital gains related Incentive Fees already accrued in prior periods.

If the resulting amount is negative, the accrual for GAAP in a given period may have resulted in the reduction of an expense. There can be no assurance that such unrealized capital appreciation will be realized in the future. However, it should be noted that a fee so calculated and accrued would not be payable under the Advisers Act, the Current Management Agreement or the BlackRock Advisors Management Agreement. Amounts actually paid were consistent with the Advisers Act, which specifically excludes consideration of unrealized capital appreciation. In accordance with GAAP, the hypothetical liquidation for the years ended December 31, 2020 and 2019 resulted in no capital gains Incentive Fee.

(iv) Calculation of Capital Gains

Capital gains and losses are calculated using the proceeds received and either (i) fair market value at the beginning of the Annual Period or (ii) cost for investments acquired during the Annual Period. In calculating whether the portion of the Incentive Fee based on capital gains is payable with respect to any period, the Company accounts for assets on a security-by-security basis. In addition, the Company uses the "period-to-period" method pursuant to which the portion of the Incentive Fee based on capital gains for any period is based on realized capital gains for the period reduced by realized capital losses and gross unrealized capital depreciation for the period. Based on current interpretations of Section 205(b)(3) of the Investment Advisers Act of 1940 by the SEC and its staff, the calculation of unrealized depreciation for each portfolio security over a period is based on the fair value of the security at the end of the period compared to the fair value at the beginning of the period. Incentive Fees earned in any of the periods described above are not subject to modification or repayment based upon performance in a subsequent period. The Advisor has agreed to change the calculation of its incentive fees based upon gains for the period from July 1, 2018 until June 30, 2019, solely with respect to any change in the fair market value of the Company's investment in preferred stock of KAGY Holding Company, Inc. by using $11,952,516 (March 31, 2018 value) as the fair market value at the beginning of the Annual Period instead of $329,881 (June 30, 2018 value).

Advisor Reimbursements

The investment management agreement provides that the Company will reimburse the Advisor for costs and expenses incurred by the Advisor for administrative or operating services, office space rental, office equipment and utilities allocable to the Advisor under the investment management agreement, as well as any costs and expenses incurred by the Advisor relating to any non-investment advisory, administrative or operating services provided by the Advisor to the Company. For the years ended December 31, 2020, 2019 and 2018, the Company incurred $350,000, $350,000 and $350,000 respectively, for such investment advisor expenses.

From time to time, the Advisor and its affiliates may pay third party providers for goods or services utilized by the Company. The Company will subsequently reimburse the Advisor and its affiliates for such amounts. Reimbursements to the Advisor, BlackRock Advisors and their affiliates for such purposes during the years ended December 31, 2020, 2019 and 2018 were $361,740, $183,037 and $280,932, respectively.

No person who is an officer, director or employee of the Advisor and who serves as a director of the Company receives any compensation from the Company for such services. Directors who are not affiliated with the Advisor receive compensation for their services and reimbursement of expenses incurred to attend meetings.

Administration

The Company also has entered into an administration agreement with BlackRock Financial Management, Inc. (the "Administrator") under which the Administrator provides certain administrative services to the Company. For providing these services, facilities and personnel, the Company reimburses the Administrator for the Company's allocable portion of overhead and other expenses incurred by the Administrator in performing its obligations under the administration agreement, including rent and the Company's allocable portion of the cost of certain of the Company's officers and their respective staffs. For the years ended December 31, 2020, 2019 and 2018, the Company incurred $1,457,979, $1,403,419 and $1,702,723, respectively, for such administrative services expenses.

Advisor Stock Transactions

Effective upon completion of the Transaction, BlackRock Advisors assumed the role as investment adviser to the Company. On January 16, 2018, BlackRock Advisors assigned the BlackRock Advisors Management Agreement to BCIA. BlackRock Advisors and BCIA did not own any shares of the Company at December 31, 2020 and December 31, 2019, respectively.

As of December 31, 2020, 2019, and 2018, other entities affiliated with the Administrator and Advisor beneficially owned less than 1% of the Company's total shares of common stock outstanding, respectively.

4. Earnings (Loss) per share

The following information sets forth the computation of basic and diluted net increase (decrease) in net assets from operations per share (earnings (loss) per share) for the years ended December 31, 2020, 2019 and 2018.

	Year ended December 31, 2020	Year ended December 31, 2019	Year ended December 31, 2018
Earnings (Loss) per share – basic:			
Net increase (decrease) in net assets resulting from operations	$ (103,852,603)	$ (6,886,740)	$ (9,162,162)
Weighted average shares outstanding – basic	69,801,849	68,836,590	71,373,570
Earnings (Loss) per share – basic:	$ (1.49)	$ (0.10)	$ (0.13)
Earnings (Loss) per share – diluted:			
Net increase (decrease) in net assets resulting from operations, before adjustments	$ (103,852,603)	$ (6,886,740)	$ (9,162,162)
Adjustments for interest on unsecured convertible senior notes(1)	—	—	—
Net increase (decrease) in net assets resulting from operations, as adjusted	$ (103,852,603)	$ (6,886,740)	$ (9,162,162)
Weighted average shares outstanding – diluted(1)	69,801,849	68,836,590	71,373,570
Earnings (Loss) per share – diluted:	$ (1.49)	$ (0.10)	$ (0.13)

(1) Due to a net decrease in net assets from operations for the years ended December 31, 2020, 2019, and 2018, no incremental shares were included because the effect would be antidilutive.

5. Investments

Purchases of investments, including PIK, for the years ended December 31, 2020, 2019 and 2018 totaled $143,538,052, $303,464,758 and $308,644,673, respectively. Proceeds from sales, repayments and other exits of investments for the years ended December 31, 2020, 2019 and 2018 totaled $277,596,336, $176,721,560 and $338,429,154, respectively.

At December 31, 2020, investments consisted of the following:

	Cost	Fair Value
Senior secured notes	$ 3,154,101	$ 1,098,500
Unsecured debt	43,288,785	22,850,000
Subordinated debt	37,625,000	37,625,000
Senior secured loans:		
First lien	242,048,582	236,547,705
Second/other priority lien	138,277,129	132,452,583
Total senior secured loans	380,325,711	369,000,288
Preferred stock	46,456,865	7,277,210
Common stock	17,363,000	—
Limited partnership/limited liability company interests	78,196,644	41,020,718
Equity warrants/options	365,348	153,760
Total investments	$ 606,775,454	$ 479,025,476

At December 31, 2019, investments consisted of the following:

	Cost	Fair Value
Senior secured notes	$ 26,684,394	$ 9,186,817
Unsecured debt	127,288,981	127,288,981
Subordinated debt	40,237,500	40,237,500
Senior secured loans:		
First lien	256,037,486	252,157,341
Second/other priority lien	172,729,756	166,432,724
Total senior secured loans	428,767,242	418,590,065
Preferred stock	54,258,410	40,037,370
Common stock	63,431,939	19,069,181
Limited partnership/limited liability company interests	114,524,791	95,352,366
Equity warrants/options	350,544	96,801
Total investments	$ 855,543,801	$ 749,859,081

Industry Composition

As of December 31, 2020, the Company generally uses Global Industry Classification Standard ("GICS") to classify the industries of its portfolio companies. The following table shows the industry composition of the portfolio, at fair value, at December 31, 2020 and 2019 by GICS:

Industry(1)	December 31, 2020	December 31, 2019
Diversified Financial Services	19.3%	34.0%
Road & Rail	10.0	6.2
Thrifts & Mortgage Finance	7.8	6.2
Health Care Equipment & Supplies	5.8	5.2
Health Care Providers & Services	5.6	3.9
Internet Software & Services	5.6	2.1
Software	4.3	3.4
Containers & Packaging	4.3	2.8
Media	4.2	2.7
Insurance	3.5	0.8
Textile, Apparel & Luxury Goods	3.4	2.0
Internet & Catalog Retail	3.2	1.0
Multiline Retail	3.1	2.4
Energy Equipment & Services	2.8	2.9
Tobacco Related	2.8	1.7
Professional Services	2.1	1.2
Health Care Technology	1.9	1.2
Aerospace & Defense	1.9	2.3
Consumer Finance	1.7	1.2
Personal Products	1.6	—
Airlines	1.5	1.0
Diversified Consumer Services	0.9	—
Electrical Equipment	0.7	0.7
Metals & Mining	0.5	0.5
Commercial Services & Supplies	0.3	0.1
Chemicals	0.3	7.0
Machinery	0.3	—
Specialty Retail	0.3	2.7
IT Services	0.2	—
Capital Markets	0.1	1.4
Household Durables	—	—
Oil, Gas & Consumable Fuels	—	—
Diversified Telecommunication Services	—	0.7
Pharmaceuticals	—	2.7
Totals	100.0%	100.0%

(1) Unaudited. As of December 31, 2020, the Company generally uses Global Industry Classification Standard ("GICS") codes to identify the industry groupings.

The geographic composition of the portfolio at fair value at December 31, 2020 was United States 96.2%, and Canada 3.8% and at December 31, 2019 was United States 97.2%, and Canada 2.8%. The geographic composition is determined by several factors including the location of the corporate headquarters of the portfolio company.

Market and Credit Risk

In the normal course of business, the Company invests in securities and enters into transactions where risks exist due to fluctuations in the market (market risk) or failure of the issuer of a security to meet all its obligations (issuer credit risk). The value of securities held by the Company may decline in response to certain events, including those directly involving the issuers whose securities are owned by the Company; conditions affecting the general economy; overall market changes; local, regional or global political, social or economic instability; and currency and interest rate and price fluctuations. An outbreak of infectious respiratory illness caused by a novel coronavirus known as "COVID-19" has now been detected globally (see Part I. Item 1A. *Risk Factors*). This coronavirus has resulted in authorities implementing numerous measures attempting to contain the spread and impact of COVID-19, such as travel bans and restrictions, quarantines, shelter in place orders, and limitations on business activity, including closures. The impact of epidemics and pandemics such as the coronavirus, could affect the economies of many nations, individual companies and the market in general in ways that cannot necessarily be foreseen at the present time. Similar to issuer credit risk, the Company may be exposed to counterparty credit risk, or the risk that an entity with which the Company has unsettled or open transactions may fail to or be unable to perform on its commitments. The Company manages counterparty risk by entering into transactions only with counterparties that they believe have the financial resources to honor their obligations and by monitoring the financial stability of those counterparties. Financial assets, which potentially expose the Company to market, issuer and counterparty credit risks, consist principally of investments in portfolio companies. The extent of the Company's exposure to market, issuer and counterparty credit risks with respect to these financial assets is generally approximated by their value recorded in the consolidated statements of assets and liabilities. The Company is also exposed to credit risk related to maintaining all of its cash at a major financial institution.

The Company has investments in lower rated and comparable quality unrated senior and junior secured, unsecured and subordinated debt securities and loans, which are subject to a greater degree of credit risk than more highly rated investments. The risk of loss due to default by the issuer is significantly greater for holders of such securities and loans, particularly in cases where the investment is unsecured or subordinated to other creditors of the issuer.

BCIC Senior Loan Partners, LLC

On June 23, 2016, the Company and Windward Investments LLC ("Windward") entered into an agreement to create BCIC Senior Loan Partners, LLC ("Senior Loan Partners"), a joint venture. Senior Loan Partners is structured as an unconsolidated Delaware limited liability company, and makes loans to and other investments in portfolio companies. All portfolio and other material decisions regarding Senior Loan Partners must be submitted to its board of directors, which is comprised of four members, two of whom were selected by the Company and two of whom were selected by Windward, and must be approved by at least one member appointed by the Company and one appointed by Windward. In addition, certain matters may be approved by Senior Loan Partners' investment committee, which is comprised of one member appointed by the Company and one member appointed by Windward.

The Company does not consolidate its non-controlling interests in Senior Loan Partners because the entity is not considered a substantially wholly owned investment company subsidiary, as provided under ASC 946. Senior Loan Partners is a joint venture for which shared power exists relating to the decisions that most significantly impact the economic performance of the entity.

The Company and Windward had committed to provide an aggregate of $133.3 million at December 31, 2019, out of which $113.3 million was funded and $20.0 million was unfunded. During 2020, Senior Loan Partners returned $40.5 million of capital pro-rata to its members and terminated unfunded commitments of $55.5 million in aggregate. As of December 31, 2020, the Company and Windward are committed to provide an aggregate of $77.8 million of equity to Senior Loan Partners, with the Company committing to provide $66.1 million and Windward committing to provide $11.7 million (of which the Company and Windward had funded $61.9 million and $10.9 million, respectively, and remaining commitments from the Company and Windward as of December 31, 2020 were $4.2 million and $0.8 million, respectively). Capital contributions have primarily been used to make investments and fund ongoing administrative expenses of Senior Loan Partners.

On June 24, 2016, Senior Loan Partners as Seller and Collateral Manager, and BCIC Senior Loan Funding, LLC ("Senior Loan Funding"), a newly formed Delaware limited liability company consolidated by Senior Loan Partners, as Borrower, entered into a $200.0 million Loan and Security Agreement (the "LSA" or the "Senior Facility") with Citibank, N.A. ("Citi") acting as Administrative Agent and The Bank of New York Mellon Trust Company ("BoNY") as Collateral Agent. On July 27, 2018, the Senior Facility was fully prepaid, prior to its June 24, 2021 maturity date, with proceeds under the New Senior Facility, as defined below. Senior Loan Funding was dissolved in July 2020.

On July 13, 2018, Senior Loan Partners as Transferor and Servicer, and BCIC Senior Loan Funding II, LLC ("Senior Loan Funding II"), a newly formed Delaware limited liability company consolidated by Senior Loan Partners, as Borrower, entered into a $270.0 million Loan and Servicing Agreement (the "New LSA" or the "New Senior Facility") with Morgan Stanley Senior Funding, Inc. ("Morgan Stanley") acting as Administrative Agent and BoNY acting as Collateral Agent.

On December 29, 2020, the New Senior Facility was fully prepaid, prior to its July 13, 2023 maturity date. Upon termination of the New Senior Facility, debt issuance costs of approximately $1.7 million were recognized as realized loss on debt extinguishment. The average outstanding debt balance during the years ended December 31, 2020 and 2019 were $181.4 million and $230.4 million, respectively, and the maximum amount borrowed during the same periods were $217.5 million and $252.0 million, respectively, under the Senior Facility and the New Senior Facility. During the years ended December 31, 2020 and 2019, $6.0 million and $11.0 million of interest expense and other debt related expenses were incurred, respectively.

As of December 31, 2020, Senior Loan Partners had total investments at fair value of $35.5 million, after selling a majority of its loan portfolio in December 2020. Purchase of investments for the year ended December 31, 2020 was $6.7 million. Proceeds from investment sales, prepayments or exits for the year ended December 31, 2020 were $212.0 million. Additionally, Senior Loan Partners had unfunded commitments totaling $0.8 million at par, or $0.8 million at fair market value. The weighted average yield of the portfolio at its current cost basis as of December 31, 2020 and 2019 was 6.75% and 6.64%, respectively. Below is a summary of Senior Loan Partners' portfolio as of December 31, 2020:

Portfolio Company	Industry(4)	Interest Rate(1)	Maturity	Principal Amount or Number of Shares/Units	Cost	Fair Value(2)
Senior Secured Loans						
Crown Paper Group, Inc., First Lien Term Loan(3)	Paper & Forest Products	7.75% (L + 475, 1.00% Floor Cash / 2.00% PIK)	4/3/24	$ 19,322,307	$ 19,182,686	$ 13,525,615
PVHC Holding Corp., First Lien Term Loan	Containers & Packaging	5.75% (L + 475,1.00% Floor)	8/2/24	10,390,825	10,355,098	8,546,454
Q Holding Company, First Lien Term Loan	Chemicals	6.00% (L + 500,1.00% Floor)	12/31/23	9,598,601	9,563,559	9,310,643
TLE Holdings, LLC, Delayed Draw Term Loan	Professional Services	7.00% (L + 600,1.00% Floor)	6/28/24	998,123	982,413	843,414
TLE Holdings, LLC, First Lien Term Loan	Professional Services	7.00% (L + 600,1.00% Floor)	6/28/24	3,900,376	3,875,674	3,295,816
Total					$ 43,959,430	$ 35,521,942

(1) 100% of the senior secured loans in BCIC Senior Loan Partners' portfolio bear interest at a floating rate with 1.00% floor. The borrower under a senior secured loan generally has the option to select from interest reset periods of one, two, three or six months and may alter that selection at the end of any reset period. The stated interest rate represents the weighted average interest rate at December 31, 2020 of all contracts within the specified loan facility.

(2) Represents fair value in accordance with ASC Topic 820. The determination of such fair value is not included in the Company's Board of Directors' valuation process described elsewhere herein.

(3) Portfolio company has an unfunded loan commitment as of December 31, 2020.

(4) Unaudited. As of December 31, 2020, Senior Loan Partners uses Global Industry Classification Standard ("GICS") codes to identify the industry groupings.

Below is a summary of Senior Loan Partners' portfolio as of December 31, 2019:

Portfolio Company	Industry(3)	Interest Rate(1)	Maturity	Principal Amount or Number of Shares/Units	Cost	Fair Value(2)
Senior Secured Loans						
Achilles Acquisition LLC, First Lien Term Loan	Insurance	5.81% (L + 400)	10/13/25	$ 11,910,000	$ 11,885,022	$ 11,999,325
AP Exhaust Acquisition, LLC, First Lien Term Loan	Auto Components	6.90% (L + 500,1.00% Floor)	5/10/24	11,359,445	11,218,653	5,566,128
AP Plastics Group, LLC, First Lien Term Loan	Chemicals	6.94% (L + 525,1.00% Floor)	8/1/22	9,455,153	9,414,046	9,455,153
BARBRI, Inc., First Lien Term Loan	Diversified Consumer Services	6.46% (L + 425,1.00% Floor)	12/1/23	11,148,649	11,112,706	11,148,649
Crown Paper Group Inc., First Lien Term Loan	Paper & Forest Products	6.55% (L + 475,1.00% Floor)	4/3/24	19,871,048	19,720,639	19,523,305
Dunn Paper, Inc., First Lien Term Loan	Paper & Forest Products	6.55% (L + 475,1.00% Floor)	8/26/22	6,989,180	6,953,679	6,762,032
Edgewood Partners Holdings Inc., First Lien Term Loan	Insurance	6.05% (L + 425,1.00% Floor)	9/8/24	14,712,281	14,698,181	14,565,158
ENC Holding Corporation, First Lien Term Loan	Road & Rail	5.94% (L + 400,1.00% Floor)	5/30/25	9,858,571	9,839,136	9,587,461
Golden West Packaging Group, LLC, First Lien Term Loan	Containers & Packaging	7.55% (L + 575,1.00% Floor)	6/20/23	17,674,047	17,618,150	17,563,585
KC Culinarte Intermediate, LLC, First Lien Term Loan	Food Products	5.56% (L + 375,1.00% Floor)	8/22/25	14,812,500	14,751,121	14,534,766
MHE Intermediate Holdings LLC, Delayed Draw Term Loan	Trading Companies & Distributors	6.95% (L + 500,1.00% Floor)	3/8/24	1,819,003	1,813,533	1,819,003
MHE Intermediate Holdings LLC, First Lien Term Loan	Trading Companies & Distributors	6.94% (L + 500,1.00% Floor)	3/8/24	10,115,594	10,053,394	10,115,594
MSHC, Inc. (Service Logic), First Lien Term Loan	Construction & Engineering	6.05% (L + 425,1.00% Floor)	12/31/24	23,170,708	23,085,701	23,054,854
National Spine and Pain Centers, LLC, First Lien Term Loan	Health Care Providers & Services	6.30% (L + 450,1.00% Floor)	6/2/24	9,750,000	9,718,548	9,189,375

Portfolio Company	Industry(3)	Interest Rate(1)	Maturity	Principal Amount or Number of Shares/Units	Cost	Fair Value(2)
Senior Secured Loans - (continued)						
NGS US FINCO, LLC, First Lien Term Loan	Gas Utilities	6.05% (L + 425,1.00% Floor)	10/1/25	$ 9,900,000	$ 9,858,632	$ 9,875,250
On Location Events, LLC, First Lien Term Loan	Leisure Products	6.98% (L + 500,1.00% Floor)	9/29/21	19,361,455	19,248,305	19,361,455
Premise Health Holding Corp., Delayed Draw Term Loan(3)	Health Care Providers & Services	5.44% (L + 350)	7/10/25	—	(1,216)	(8,615)
Premise Health Holding Corp., First Lien Term Loan	Health Care Providers & Services	5.44% (L + 350)	7/10/25	7,145,451	7,115,692	7,038,269
Pretium Packaging, LLC, First Lien Term Loan	Containers & Packaging	6.91% (L + 500,1.00% Floor)	11/14/23	14,737,501	14,655,963	14,590,126
Protective Industrial Products, Inc., Delayed Draw Term Loan	Commercial Services & Supplies	6.26% (L + 450,1.00% Floor)	1/31/24	2,602,174	2,579,253	2,576,152
Protective Industrial Products, Inc., First Lien Term Loan	Commercial Services & Supplies	6.30% (L + 450,1.00% Floor)	1/31/24	13,299,470	13,234,305	13,166,475
PVHC Holding Corp., Delayed Draw Term Loan(3)	Containers & Packaging	6.69% (L + 475)	8/2/24	—	(6,544)	(102,750)
PVHC Holding Corp., First Lien Term Loan	Containers & Packaging	6.69% (L + 475)	8/2/24	10,497,125	10,454,628	9,709,841
Q Holding Company, First Lien Term Loan	Chemicals	6.80% (L + 500,1.00% Floor)	12/31/23	9,695,802	9,651,759	9,695,802
Research Now Group, LLC, First Lien Term Loan	IT Services	7.41% (L + 550,1.00% Floor)	12/20/24	4,464,896	4,422,131	4,458,198
TLE Holdings, LLC, Delayed Draw Term Loan	Professional Services	7.70% (L + 550,1.00% Floor)	6/28/24	277,930	270,271	277,930
TLE Holdings, LLC, First Lien Term Loan	Professional Services	7.30% (L + 550,1.00% Floor)	6/28/24	3,940,380	3,909,047	3,940,380
Total					$ 267,274,735	$ 259,462,901

(1) 100% of the senior secured loans in BCIC Senior Loan Partners' portfolio bear interest at a floating rate that may be determined by reference to the London Interbank Offered Rate (LIBOR) or other base rate (commonly the Federal Funds Rate or the Prime Rate), at the borrower's option. In addition, 89.0% of the fair value of such senior secured loans have floors of at least 1.00%. The borrower under a senior secured loan generally has the option to select from interest reset periods of one, two, three or six months and may alter that selection at the end of any reset period. The stated interest rate represents the weighted average interest rate at December 31, 2019 of all contracts within the specified loan facility.

(2) Represents fair value in accordance with ASC Topic 820. The determination of such fair value is not included in the Company's board of director's valuation process described elsewhere herein.

(3) Negative balances represent unfunded commitments that were acquired and/or valued at a discount.

(4) Unaudited. As of December 31, 2019, Senior Loan Partners uses Global Industry Classification Standard ("GICS") codes to identify the industry groupings.

Below is certain summarized financial information for Senior Loan Partners as of December 31, 2020 and 2019, and for the years ended December 31, 2020, 2019 and 2018:

Selected Balance Sheet Information

	December 31, 2020	December 31, 2019
Investments, at fair value (cost $43,959,430 and $267,274,735)	$ 35,521,942	$ 259,462,901
Cash and cash equivalents	7,862,709	61,586,220
Other assets	233,626	4,045,743
Total assets	$ 43,618,277	$ 325,094,864
Debt	—	217,504,560
Distribution payable	110,102	2,596,676
Interest and credit facility fees payable	—	763,907
Other accrued expenses and payables	978,459	379,908
Total liabilities	$ 1,088,561	$ 221,245,051
Members' equity	42,529,716	103,849,813
Total liabilities and members' equity	$ 43,618,277	$ 325,094,864

Selected Statement of Operations Information

	Year ended December 31, 2020	Year ended December 31, 2019	Year ended December 31, 2018
Total Investment income	$ 13,648,848	$ 24,605,503	$ 20,652,567
Interest and credit facility fees	6,038,407	11,015,180	8,700,894
Other fees and expenses	727,424	794,317	1,151,016
Total expenses	$ 6,765,831	$ 11,809,497	$ 9,851,910
Net investment income (loss)	$ 6,883,017	$ 12,796,006	$ 10,800,657
Net realized and unrealized appreciation (depreciation)	(19,118,305)	(6,932,650)	(1,995,157)
Realized losses on extinguishment of debt	(1,701,771)	—	—
Net increase (decrease) in members' capital	$ (13,937,059)	$ 5,863,356	$ 8,805,500

For the years ended December 31, 2020 and 2019, the Company's share of net estimated taxable income from Senior Loan Partners was $5.9 million and $10.9 million, respectively, which are included in dividend income from controlled investments on the Company's Consolidated Statements of Operations. As of December 31, 2020 and 2019, $0.1 million and $2.2 million, respectively, was included in interest, dividends and fees receivable on the Company's Consolidated Statements of Assets and Liabilities.

6. Derivatives

Foreign Currency

The Company may enter into forward foreign currency contracts from time to time to facilitate settlement of purchases and sales of investments denominated in foreign currencies or to help mitigate the impact that an adverse change in foreign exchange rates would have on the value of the Company's investments denominated in foreign currencies. A forward foreign currency contract is a commitment to purchase or sell a foreign currency at a future date (usually the security transaction settlement date) at a negotiated forward rate. These contracts are marked-to-market by recognizing the difference between the contract exchange rate and the current market rate as unrealized appreciation or depreciation. Realized gains or losses are recognized when contracts are settled. The Company's forward foreign currency contracts generally have terms of approximately three months. The volume of open contracts at the end of each reporting period is reflective of the typical volume of transactions during each calendar quarter. Risks may arise as a result of the potential inability of the counterparties to meet the terms of their contracts. The Company attempts to limit this risk by dealing with only creditworthy counterparties. There were no open forward foreign currency contracts at December 31, 2020 and 2019.

Warrants and Options

The Company holds warrants and options in certain portfolio companies in an effort to achieve additional investment return. In purchasing warrants and options, the Company bears the risk of an unfavorable change in the value of the underlying equity interest. The aggregate fair value of warrants and options as of December 31, 2020 and 2019, represents 0.05% and 0.02% of the Company's net assets, respectively.

The Company may enter into other derivative instruments and incur other exposures with other counterparties in the future. The derivative instruments held as of December 31, 2020 and 2019, reflect the volume of derivative activity throughout the periods presented.

7. Debt

Effective on May 2, 2020, after obtaining stockholder approval at the annual meeting of the Company's stockholders held on May 1, 2020, the Company's asset coverage requirement was reduced from 200% to 150%, as set forth in Section 61(a)(2) of the 1940 Act, as amended by the Small Business Credit Availability Act (the "SBCAA"). As of December 31, 2020 and 2019, the Company's asset coverage was 271% and 235%, respectively.

Senior Secured Revolving Credit Facility

On February 19, 2016, the Company entered into a Second Amended and Restated Senior Secured Revolving Credit Facility (the "Credit Facility"), which has an initial aggregate principal amount of up to $440,000,000, a stated commitment termination date of February 19, 2020, and a stated maturity date of February 19, 2021. The interest rate applicable to Eurocurrency borrowings thereunder is generally LIBOR plus an applicable margin of either 1.75% or 2.00% based on a pricing grid using the borrowing base as a multiple of the combined debt amount. The interest rate applicable to ABR borrowings thereunder is generally the prime rate in effect plus an applicable margin of either 0.75% or 1.00% based on a pricing grid using the borrowing base as a multiple of the combined debt amount. The Credit Facility's commitment may increase in size, under certain circumstances, up to a total of $750,000,000. From the commitment termination date to the stated maturity date, the Company is required to repay outstanding principal amounts under the Credit Facility on a monthly basis in an amount equal to 1/12th of the outstanding amount at the commitment termination date. On June 5, 2017, the Company entered into a Second Amendment to the Credit Facility which extended the commitment termination date on the Credit Facility to June 5, 2021 and the maturity date to June 5, 2022. On March 15, 2018, the Company entered into a Third Amendment to the Credit Facility which (i) permanently reduced the aggregate amount of multicurrency commitments under the Credit Facility from $440,000,000 to $400,000,000 and (ii) reduced the amount of shareholders' equity required under the Credit Facility from $500,000,000 plus 25% of net proceeds from the sale of equity interests to $450,000,000 plus 25% of net proceeds from the sale of equity interests. On August 30, 2019, the Company entered into a Fourth Amendment to the Credit Facility which (i) permanently reduced the aggregate amount of multicurrency commitments under the Credit Facility from $400,000,000 to $340,000,000 and (ii) reduced the amount of shareholders' equity required under the Credit Facility from $450,000,000 plus 25% of net proceeds from the sale of equity interests to $375,000,000 plus 25% of net proceeds from the sale of equity interests after August 30, 2019. On March 31, 2020, the Company had entered into a Waiver and Agreement to the Credit Facility to waive certain requirements under the Credit Facility from March 31, 2020 through May 10, 2020 (the "Waiver Period"), which was extended to August 10, 2020 with a Second Waiver and Agreement that the Company entered into on May 1, 2020. As a result of the Fifth Amendment of the Credit Facility (described below), the waivers are no longer required or applicable.

On May 22, 2020, the Company entered into a Fifth Amendment to the Credit Facility which (i) extends the maturity date on loans made under the Credit Facility from June 5, 2022 to June 5, 2023, (ii) changes the interest rate applicable to borrowings to LIBOR plus an applicable margin equal to either 2.00% or 2.25% depending on a ratio of the borrowing base to certain indebtedness, (iii) reduces the aggregate commitment under the Credit Facility from $340,000,000 to $300,000,000, (iv) makes certain changes to the calculation of the borrowing base, and (v) reduces the amount that the Company's commitment may increase in size, under certain circumstances, from $750,000,000 to $375,000,000. The most recent amendment also modifies the financial covenants under the Credit Facility to (i) reduce the amount of shareholders' equity required under the Credit Facility from $375,000,000 to $275,000,000 plus 25% of the net proceeds of the sale of Equity interests by the Company and its subsidiaries, (ii) reduce the minimum asset coverage ratio from 200% to 150% and (iii) incorporate a new senior coverage ratio to be maintained by the Company.

Unsecured Convertible Senior Notes Due 2022

On June 13, 2017, the Company issued $143,750,000 in aggregate principal amount ($125,000,000 of the initial offering and $18,750,000 of the underwriters' exercise of the overallotment option) of 5.00% Convertible Notes due 2022 (the "2022 Convertible Notes") under an indenture, dated as of June 13, 2017. Net proceeds to the Company from the offering, including the exercise of the overallotment option, were approximately $139,800,000. The 2022 Convertible Notes will mature on June 15, 2022, unless previously converted, repurchased or redeemed in accordance with their terms. The interest rate on the notes is 5.00% per year, payable semiannually in arrears on June 15 and December 15 of each year, commencing on December 15, 2017. Holders may convert their notes at their option prior to the close of business on the business day immediately preceding December 15, 2021, in integral multiples of $1,000 principal amount, only under certain circumstances. Upon conversion of a note, we will pay or deliver, as the case may be, cash, shares of our common stock or a combination of cash and shares of our common stock, at our election at an initial conversion rate of 118.2173 shares of common stock per $1,000 principal amount of notes, which is equivalent to an initial conversion price of approximately $8.46 per share of the Company's common stock. On or after December 23, 2021, the Company may redeem the 2022 Convertible Notes for cash, in whole or from time to time in part, at its option in accordance with their terms.

The 2022 Convertible Notes are accounted for in accordance with ASC 470-20, *Debt – Debt with Conversion and Other Options*. The Company has determined that the embedded conversion options in the 2022 Convertible Notes are not required to be separately accounted for as a derivative under U.S. GAAP. In accounting for the 2022 Convertible Notes, at the time of issuance the Company estimated separate debt and equity components, and an original issue discount equal to the equity component was recorded in additional paid-in-capital in the accompanying Consolidated Statements of Assets and Liabilities.

Unsecured Convertible Senior Notes Due 2018

On February 19, 2013, the Company issued $115,000,000 in aggregate principal amount ($100,000,000 of the principal offering and $15,000,000 of the underwriters' exercise of the overallotment option) of 5.50% unsecured convertible senior notes due 2018 (the "Convertible Notes"). On September 27, 2017, the Company purchased $59,959,000 in aggregate principal amount of its existing $115,000,000 Convertible Notes pursuant to a cash tender offer at a purchase price equal to $1,015 per $1,000 principal amount of notes purchased, plus accrued and unpaid interest, using borrowings under the Credit Facility and cash on hand. On February 15, 2018, the remaining Convertible Notes of $55,041,000 matured and the Company paid the principal and interest in cash.

The Company's outstanding debt as of December 31, 2020 and 2019 was as follows:

	As of					
	December 31, 2020			December 31, 2019		
	Total Aggregate Principal Amount Available(1)	Principal Amount Outstanding	Carrying Value	Total Aggregate Principal Amount Available(1)	Principal Amount Outstanding	Carrying Value
Credit Facility	$300,000,000 (2)	$ 38,800,000	$ 38,800,000	$340,000,000 (2)	$174,400,000	$174,400,000
2022 Convertible Notes	143,750,000	143,750,000	140,998,037 (3)	143,750,000	143,750,000	139,169,694 (4)
	$443,750,000	$182,550,000	$179,798,037	$483,750,000	$318,150,000	$313,569,694

(1) Subject to borrowing base and leverage restrictions.
(2) Provides for a feature that allows the Company, under certain circumstances, to increase the size of the Credit Facility up to $375,000,000 effective May 22, 2020 (or $750,000,000 prior to May 22, 2020).
(3) Represents the aggregate principal amount outstanding of the 2022 Convertible Notes less an unamortized discount initially recorded upon issuance and unamortized debt issuance costs of $1,391,607 and $1,360,356, respectively, as of December 31, 2020.
(4) Represents the aggregate principal amount outstanding of the 2022 Convertible Notes less an unamortized discount initially recorded upon issuance and unamortized debt issuance costs of $2,282,302 and $2,298,004, respectively, as of December 31, 2019.

At December 31, 2020, the Company had $38,800,000 drawn on the Credit Facility as compared to $174,400,000 at December 31, 2019. Subject to compliance with applicable covenants and borrowing base limitations, the remaining undrawn amount available under the Credit Facility was $261,200,000 at December 31, 2020 and $165,600,000 at December 31, 2019. The Company's average outstanding debt balance during the years ended December 31, 2020, 2019 and 2018 was $310,955,762, $249,099,570, and $241,446,017, respectively. The maximum amounts borrowed during the years ended December 31, 2020, 2019 and 2018 was $356,304,028, $313,569,694, and $329,042,847, respectively.

Amortization of $1,977,676, $1,597,772 and $1,649,290 related to debt issuance costs are included in interest and credit facility fees within the Consolidated Statements of Operations for the years ended December 31, 2020, 2019 and 2018, respectively.

The weighted average annual interest cost, including the amortization of debt issuance cost, for the years ended December 31, 2020, 2019 and 2018 was 4.80%, 5.80% and 5.79%, respectively, exclusive of commitment fees of $573,692, $1,025,759 and $1,187,897, respectively. With respect to any unused portion of the commitments under the Credit Facility, the Company incurs an annual commitment fee of 0.40% (0.375% prior to May 22, 2020).

Under the Credit Facility, the Company is required to comply with various affirmative and restrictive covenants, reporting requirements and other customary requirements for similar debt facilities, including, without limitation, covenants related to: (a) limitations on the incurrence of additional indebtedness and liens, (b) limitations on certain investments, (c) limitations on distributions and certain other restricted payments, (d) certain restrictions on subsidiaries and fundamental changes thereto, (e) maintaining a certain minimum shareholders' equity, (f) maintaining an asset coverage ratio of not less than 1.5:1.0 (2.0:1:0 prior to May 22, 2020), (g) maintaining a senior coverage ratio of not less than 2.0:1:0, (h) limitations on certain transactions with affiliates, (i) limitations on pledging certain unencumbered assets, and (j) limitations on the creation or existence of agreements that prohibit liens on certain properties of the Company and certain of its subsidiaries. These covenants are subject to important limitations and exceptions that are described in the governing documents. Further, amounts available to borrow under the Credit Facility (and the incurrence of certain other permitted debt) are also subject to compliance with a borrowing base that applies different advance rates to different types of assets in the Company's portfolio that are pledged as collateral. The Credit Facility is secured by a lien on substantially all of the assets of the Company and its subsidiaries.

The 2022 Convertible Notes contain certain covenants, including covenants requiring the Company to reserve shares of common stock for the purpose of satisfying all obligations to issue the underlying securities upon conversion of the securities and to furnish to holders of the securities upon request, any information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

At December 31, 2020 the Company was in compliance with all covenants required under the Credit Facility and 2022 Convertible Notes.

8. Capital stock

On October 29, 2019, the Company's Board of Directors renewed the authorization for the Company to purchase up to a total of 5,000,000 shares, effective until the earlier of November 3, 2020 or such time that all of the authorized shares have been repurchased (the "October 2019 Repurchase Plan"). On November 3, 2020, the October 2019 Repurchase Plan expired with 4,013,446 shares remaining unpurchased. On November 3, 2020, the Company's Board of Directors authorized the Company to purchase up to a total of 7,500,000 shares, effective until the earlier of November 2, 2021 or such time that all of the authorized shares have been repurchased. As of December 31, 2020, 7,500,000 shares remained available for repurchase.

During the years ended December 31, 2020, 2019, and 2018, the Company purchased a total of 986,554, 85,543, and 4,162,635 shares, respectively, of its common stock on the open market for $3,627,604, $469,227 and $24,465,526, respectively, including brokerage commissions. Since inception of the original repurchase plan through December 31, 2020, the Company has purchased 10,011,586 shares of its common stock on the open market for $66,296,859, including brokerage commissions through the repurchase plan. The Company currently holds the shares it repurchased in treasury.

For the years ended December 31, 2020, 2019 and 2018, declared distributions to common shareholders were as follows:

For the quarter ended	Distribution in Cash	Distribution in newly issued common shares		Total Declared Distribution	Reinvested distributions paid during quarter (1) (2)	
March 31, 2020	$ 9,543,152	$ —		$ 9,543,152	$ 719,692	
June 30, 2020	1,363,314	5,450,680	(4)	6,813,994	638,560	
September 30, 2020	1,403,889	5,613,339	(5)	7,017,228	—	(4)(5)
December 31, 2020	1,446,700	5,784,451	(6)	7,231,151	—	(6)
Total	$ 13,757,055	$ 16,848,470		$ 30,605,525	$ 1,358,252	

For the quarter ended	Distribution in Cash	Distribution in newly issued common shares	Total Declared Distribution	Reinvested distributions paid during quarter (1) (3)
March 31, 2019	$ 12,390,525	$ —	$ 12,390,525	$ 1,002,900
June 30, 2019	12,390,526	—	12,390,526	985,662
September 30, 2019	9,637,075	—	9,637,075	971,119
December 31, 2019	9,637,080	—	9,637,080	747,147
Total	$ 44,055,206	$ —	$ 44,055,206	$ 3,706,828

(1) The Company has adopted a dividend reinvestment plan that provides for reinvestment of distributions on behalf of stockholders, unless a stockholder elects to receive cash (see Note 2).
(2) Distributions reinvested through issuance of new shares and purchase of shares in the open market.
(3) Distributions reinvested through purchase of shares in the open market.
(4) Declared distribution in newly issued common shares includes $858,365 of distribution reinvested through 100% stock election for the dividend paid on 7/7/2020.
(5) Declared distribution in newly issued common shares includes $817,130 of distribution reinvested through 100% stock election for the dividend paid on 9/29/2020.
(6) Declared distribution in newly issued common shares includes $794,677 of distribution reinvested through 100% stock election for the dividend paid on 12/30/2020.

9. Guarantees, commitments and contingencies

In the normal course of business, the Company may enter into guarantees on behalf of portfolio companies. Under these arrangements, the Company would be required to make payments to third parties if the portfolio companies were to default on their related payment obligations. There were no such guarantees outstanding at December 31, 2020 and December 31, 2019. In addition, from time to time, the Company may provide for a commitment to a portfolio company for investment in an existing or new security. At December 31, 2020 and 2019, the Company was obligated to existing portfolio companies for unfunded commitments of $24.3 million and $23.8 million, respectively. Of the $24.3 million total unfunded commitments at December 31, 2020, $4.2 million was on our aggregate $66.1 million equity commitment to BCIC Senior Loan Partners, LLC (see Note 5). The aggregate fair value of unfunded commitments at December 31, 2020 and 2019 was $22.2 million and $22.4 million, respectively. We maintain sufficient cash on hand and available borrowings to fund such unfunded commitments should the need arise.

In the normal course of business, the Company enters into contractual agreements that provide general indemnifications against losses, costs, claims and liabilities arising from the performance of individual obligations under such agreements. The Company has had no prior claims or payments pursuant to such agreements. The Company's individual maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Company that have not yet occurred. However, based on management's experience, the Company expects the risk of loss to be remote.

From time to time, the Company and the Advisor may be a party to certain legal proceedings incidental to the normal course of its business, including the enforcement of its rights under contracts with our portfolio companies. Further, third parties may try to seek to impose liability on the Company in connection with the activities of its portfolio companies. While the Company cannot predict the outcome of these legal proceedings with certainty, we do not expect that these proceedings will have a material effect on its consolidated financial statements.

10. Fair value of financial instruments

Fair Value Measurements and Disclosure

ASC 820-10 defines fair value, establishes a framework for measuring fair value and requires disclosures about fair value measurements. ASC 820-10 defines fair value as the price that the Company would receive upon selling an investment or pay to transfer a liability in an orderly transaction to a market participant in the principal or most advantageous market for the investment. ASC 820-10 emphasizes that valuation techniques maximize the use of observable market inputs and minimize the use of unobservable inputs. Inputs refer broadly to the assumptions that market participants would use in pricing an asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing an asset or liability developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions about the assumptions market participants would use in pricing an asset or liability developed based on the best information available in the circumstances.

Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access.

Level 2 – Valuations based on unadjusted quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement. The inputs into the determination of fair value may require significant management judgment or estimation.

Transfers between levels, if any, represent the value as of the beginning of the period of any investment where a change in the pricing level occurred from the beginning to the end of the period.

The Company's valuation policy and fair value disclosures are consistent with ASC 820-10. The Company evaluates the source of inputs, including any markets in which its investments are trading, in determining fair value and categorizes each investment within the fair value hierarchy pursuant to ASC 820-10.

Under the 1940 Act, the Company is required to separately identify non-controlled investments where it owns 5% or more of a portfolio company's outstanding voting securities as investments in "affiliated" companies. In addition, under the 1940 Act, the Company is required to separately identify investments where it owns more than 25% of a portfolio company's outstanding voting securities as investments in "controlled" companies. Detailed information with respect to the Company's non-controlled non-affiliated, non-controlled affiliated and controlled investments is contained in the accompanying consolidated schedules of investments and consolidated financial statements. The information in the tables below is presented on an aggregate portfolio basis, without segregating the non-controlled non-affiliated, non-controlled affiliated and controlled investment categories.

The carrying values of the Company's financial instruments approximate fair value. The carrying values of receivables, other assets, accounts payable and accrued expenses approximate fair value due to their short maturities. The fair value of the Company's Credit Facility and 2022 Convertible Notes is derived by taking the average of the high and low quotes as obtained from a broker. The fair value of the Credit Facility and 2022 Convertible Notes would be classified as Level 2 with respect to the fair value hierarchy.

The carrying and fair values of the Company's outstanding debt as of December 31, 2020 and 2019 were as follows:

	December 31, 2020		December 31, 2019	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Credit Facility	$ 38,800,000	$ 35,696,000	$ 174,400,000	$ 165,680,000
2022 Convertible Notes	140,998,037	143,210,938	139,169,694	144,109,375
Total	$ 179,798,037	$ 178,906,938	$ 313,569,694	$ 309,789,375

The following tables summarize the fair values of the Company's investments and cash and cash equivalents based on the inputs used at December 31, 2020 and 2019 in determining such fair values:

		Fair Value Inputs at December 31, 2020		
	Fair Value at December 31, 2020	Price Quotations (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Senior secured notes	$ 1,098,500	$ —	$ —	$ 1,098,500
Unsecured debt	22,850,000	—	—	22,850,000
Subordinated debt	37,625,000	—	—	37,625,000
Senior secured loans	369,000,288	—	15,348,733	353,651,555
Preferred stock	7,277,210	—	—	7,277,210
Common stock	—	—	—	—
Limited partnership/limited liability company interests	4,870,459	—	—	4,870,459
Equity warrants/options	153,760	—	—	153,760
Investment measured at net asset value(1)	36,150,259	—	—	—
Total investments	479,025,476	—	15,348,733	427,526,484
Cash and cash equivalents	23,332,831	23,332,831	—	—
Total	$ 502,358,307	$ 23,332,831	$ 15,348,733	$ 427,526,484

(1) In accordance with ASC 820-10, BCIC Senior Loan Partners, LLC is measured at fair value using the net asset value practical expedient and has not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the Consolidated Statements of Assets and Liabilities. See Note 5 for further details on BCIC Senior Loan Partners, LLC.

		Fair Value Inputs at December 31, 2019		
	Fair Value at December 31, 2019	Price Quotations (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Senior secured notes	$ 9,186,817	$ —	$ —	$ 9,186,817
Unsecured debt	127,288,981	—	—	127,288,981
Subordinated debt	40,237,500	—	—	40,237,500
Senior secured loans	418,590,065	—	27,843,677	390,746,388
Preferred stock	40,037,370	—	—	40,037,370
Common stock	19,069,181	8,457,631	—	10,611,550
Limited partnership/limited liability company interests	7,080,026	—	—	7,080,026
Equity warrants/options	96,801	—	—	96,801
Investment measured at net asset value(1)	88,272,340	—	—	—
Total investments	749,859,081	8,457,631	27,843,677	625,285,433
Cash and cash equivalents	14,678,878	14,678,878	—	—
Total	$ 764,537,959	$ 23,136,509	$ 27,843,677	$ 625,285,433

(1) In accordance with ASC 820-10, BCIC Senior Loan Partners, LLC is measured at fair value using the net asset value practical expedient and has not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the Consolidated Statements of Assets and Liabilities. See Note 5 for further details on BCIC Senior Loan Partners, LLC.

The valuation techniques used at December 31, 2020 and 2019 in determining the fair values of the Company’s investments for which significant unobservable inputs were used were in accordance with the Company’s valuation process as described in Note 2.

The following is a reconciliation for the year ended December 31, 2020 of investments for which Level 3 inputs were used in determining fair value:

	Fair Value at December 31, 2019	Accretion/ (Amortization) of Premium/ (Discount)— Net	Net Realized Gain (Loss)	Net Change in Unrealized Appreciation or (Depreciation) before Taxes	Purchases	Sales or Repayments	Net Transfers in and/or (out) of Level 3	Fair Value at December 31, 2020
Senior secured notes	$ 9,186,817	$ 2,793	$ (24,503,088)	$ 15,441,978	$ 970,000	$ —	$ —	$ 1,098,500
Unsecured debt	127,288,981	—	—	(20,438,786)	32,910,694	(116,910,889)	—	22,850,000
Subordinated debt	40,237,500	—	—	—	5,000,000	(7,612,500)	—	37,625,000
Senior secured loans	390,746,388	1,215,525	(37,049,653)	(1,086,439)	101,064,674	(104,742,977)	3,504,037	353,651,555
Preferred stock	40,037,370	—	(11,131,076)	(24,958,615)	3,479,531	(150,000)	—	7,277,210
Common stock	10,611,550	—	—	(10,611,550)	—	—	—	—
Limited partnership/LLC Interest	7,080,026	—	—	(306,442)	—	(1,903,125)	—	4,870,459
Equity warrants/options	96,801	—	—	42,155	14,804	—	—	153,760
Total investments	$ 625,285,433	$ 1,218,318	$ (72,683,817)	$ (41,917,699)	$ 143,439,703	$ (231,319,491)	$ 3,504,037	$ 427,526,484

The following is a reconciliation for the year ended December 31, 2019 of investments for which Level 3 inputs were used in determining fair value:

	Fair Value at December 31, 2018	Accretion/ (Amortization) of Premium/ (Discount)— Net	Net Realized Gain (Loss)	Net Change in Unrealized Appreciation or (Depreciation) before Taxes	Purchases	Sales or Repayments	Net Transfers in and/or (out) of Level 3	Fair Value at December 31, 2019
Senior secured notes	$ 23,630,813	$ 34,420	$ —	$ (16,074,994)	$ 1,596,578	$ —	$ —	$ 9,186,817
Unsecured debt	118,807,277	—	—	—	68,308,919	(59,827,215)	—	127,288,981
Subordinated debt	40,000,000	—	—	—	3,500,000	(3,262,500)	—	40,237,500
Senior secured loans	289,871,384	566,976	(24,207,417)	23,127,634	216,717,867	(100,330,056)	(15,000,000)	390,746,388
Preferred stock	45,150,030	—	(879,673)	(3,319,342)	683,745	(1,597,390)	—	40,037,370
Common stock	10,611,548	—	13,598	—	—	(13,596)	—	10,611,550
Limited partnership/LLC Interest	141,854,954	—	533,264	12,821,300	1,628,591	(58,241,417)	(91,516,666)	7,080,026
Equity warrants/options	—	—	(444,450)	440,707	100,544	—	—	96,801
Total investments	$ 669,926,006	$ 601,396	$ (24,984,678)	$ 16,995,305	$ 292,536,244	$ (223,272,174)	$ (106,516,666.0)	$ 625,285,433

There was a transfer out of Level 2 and into Level 3 of $3,504,037 during the year ended December 31, 2020, due to a decrease of observable market activity for the one investment. There was a transfer out of Level 3 and into Level 2 of $15,000,000 during the year ended December 31, 2019, due to an increase of observable market activity for one investment. In addition, there was a transfer out of Level 3 of $91,516,666 during the year ended December 31, 2019, attributable to BCIC Senior Loan Partners, LLC measured at fair value using the net asset value practical expedient in accordance with ASC 820-10. Transfers between levels are recognized as of the beginning of the reporting period. All realized and unrealized gains and losses are included in earnings (changes in net assets) and are reported as separate line items within the Company’s Consolidated Statements of Operations.

Net change in unrealized appreciation (depreciation) for the years ended December 31, 2020, 2019 and 2018 on investments still held by the Company at period end, for which Level 3 inputs were used in determining fair value was $(69,137,101), $(19,061,731) and $(68,362,449), respectively.

The significant unobservable inputs used in the market approach of fair value measurement of the Company’s investments are the market multiples of earnings before interest, taxes, depreciation and amortization (“EBITDA”) of the comparable guideline public companies. The independent valuation firms select a population of public companies for each investment with similar operations and attributes of the subject company. Using these guideline public companies’ data, a range of multiples of enterprise value to EBITDA is calculated. The independent valuation firms select percentages from the range of multiples for purposes of determining the subject company’s estimated enterprise value based on said multiple and generally the latest twelve months EBITDA of the subject company (or other meaningful measure). Significant increases or decreases in the multiple will result in an increase or decrease in enterprise value, resulting in an increase or decrease in the fair value estimate of the investment.

The significant unobservable input used in the income approach of fair value measurement of the Company's investments is the discount rate or market yield used to discount the estimated future cash flows expected to be received from the underlying investment, which include both future principal and interest payments. Significant increases or decreases in the discount rate or market yield would result in a decrease or increase in the fair value measurement. Included in the consideration and selection of discount rates or market yields are the following factors: risk of default, rating of the investment and comparable company investments, and call provisions.

The ranges of significant unobservable inputs used in the fair value measurement of the Company's Level 3 investments as of December 31, 2020 were as follows:

	Low	High	Weighted Average
EBITDA Multiples:			
Senior secured notes	n/a	n/a	n/a
Unsecured debt	n/a	n/a	n/a
Subordinated debt	n/a	n/a	n/a
Senior secured loans	1.75x	2.75x	2.25x
Preferred stock	n/a	n/a	n/a
Common stock	n/a	n/a	n/a
Limited partnerships/LLC interest	5.75x	6.25x	6.00x
Equity warrants/options(1)	n/a	n/a	n/a
Market Yields:			
Senior secured notes	6.87%	7.37%	7.12%
Unsecured debt	11.88%	13.88%	12.88%
Subordinated debt	9.39%	9.39%	9.39%
Senior secured loans	9.91%	10.79%	10.35%
Preferred stock	n/a	n/a	n/a
Common stock	n/a	n/a	n/a
Limited partnerships/LLC interest	n/a	n/a	n/a
Equity warrants/options	n/a	n/a	n/a
Book Value Multiples:			
Senior secured notes	n/a	n/a	n/a
Unsecured debt	n/a	n/a	n/a
Subordinated debt	0.90x	1.00x	0.95x
Senior secured loans	n/a	n/a	n/a
Preferred stock	0.80x	1.05x	1.00x
Common stock	n/a	n/a	n/a
Limited partnerships/LLC interest	0.90x	1.00x	0.95x
Equity warrants/options	n/a	n/a	n/a
Revenue Multiples:			
Senior secured loans	0.25x	0.30x	0.28x
Preferred stock	0.55x	0.75x	0.65x
Indicative Bid Quotes:			
Senior secured loans	1	1	1

(1) The aggregate fair value of warrants and options as of December 31, 2020 represents 0.05% of the Company's net assets. The range of significant unobservable inputs for warrants and options were as follows:

Equity warrants/options	Low	High	Weighted Average
Option Pricing Model:			
Revenue Multiple	3.93x	4.38x	4.15x
Implied Volatility	51.0%	60.0%	55.5%
Term	1.6 years	2.5 years	2.1 years

The ranges of significant unobservable inputs used in the fair value measurement of the Company's Level 3 investments as of December 31, 2019 were as follows:

	Low	High	Weighted Average
EBITDA Multiples:			
Senior secured notes	7.50x	8.50x	8.00x
Unsecured debt	6.93x	7.79x	7.36x
Subordinated debt	n/a	n/a	n/a
Senior secured loans	7.06x	8.16x	7.61x
Preferred stock	n/a	n/a	n/a
Common stock	n/a	n/a	n/a
Limited partnerships/LLC interest	3.82x	5.41x	4.62x
Equity warrants/options(1)	n/a	n/a	n/a
Market Yields:			
Senior secured notes	n/a	n/a	n/a
Unsecured debt	n/a	n/a	n/a
Subordinated debt	n/a	n/a	n/a
Senior secured loans	10.56%	11.65%	11.10%
Preferred stock	n/a	n/a	n/a
Common stock	n/a	n/a	n/a
Limited partnerships/LLC interest	n/a	n/a	n/a
Equity warrants/options	n/a	n/a	n/a
Book Value Multiples:			
Senior secured notes	n/a	n/a	n/a
Unsecured debt	1.05x	1.15x	1.10x
Subordinated debt	0.85x	0.95x	0.90x
Senior secured loans	n/a	n/a	n/a
Preferred stock	1.01x	1.12x	1.07x
Common stock	1.05x	1.15x	1.10x
Limited partnerships/LLC interest	0.85x	0.95x	0.90x
Equity warrants/options	n/a	n/a	n/a
Indicative Bid Quotes:			
Senior secured loans	1	1	1

(1) The aggregate fair value of warrants and options as of December 31, 2019 represents 0.02% of the Company's net assets. The range of significant unobservable inputs for warrants and options were as follows:

Equity warrants/options	Low	High	Weighted Average
Option Pricing Model:			
Revenue Multiple	3.25x	3.75x	3.50x
Implied Volatility	50.0%	60.0%	55.0%
Term	1.5 years	2.5 years	2 years

11. Consolidated financial highlights

The following per share data and ratios have been derived from information provided in the consolidated financial statements. The following is a schedule of consolidated financial highlights for a common share outstanding for each of the five years in the period ended December 31, 2020.

	Year ended December 31, 2020	Year ended December 31, 2019	Year ended December 31, 2018	Year ended December 31, 2017	Year ended December 31, 2016
Per Share Data:					
Net asset value, beginning of period	$ 6.33	$ 7.07	$ 7.83	$ 8.21	$ 10.17
Net investment income	0.49	0.61	0.66	0.75	0.74
Net realized and unrealized gain (loss)	(1.98)	(0.71)	(0.79)	(0.44)	(1.90)
Realized losses on extinguishment of debt	—	—	—	0.02	—
Total from investment operations	(1.49)	(0.10)	(0.13)	0.29	(1.16)
Distributions to stockholders, excluding tax return of capital	(0.32)	(0.63)	(0.70)	(0.72)	(0.84)
Tax Return of capital	(0.12)	(0.01)	(0.02)	—	—
Total distributions	(0.44)	(0.64)	(0.72)	(0.72)	(0.84)
Purchases of treasury stock at prices below net asset value	0.03	—	0.09	—	0.05
Equity component of convertible notes	—	—	—	0.06	—
Issuance/reinvestment of stock at prices (below) net asset value	(0.20)	—	—	(0.01)	(0.01)
Net increase (decrease) in net assets	(2.10)	(0.74)	(0.76)	(0.38)	(1.96)
Net asset value, end of period	$ 4.23	$ 6.33	$ 7.07	$ 7.83	$ 8.21
Market price, end of period	$ 2.69	$ 4.97	$ 5.29	$ 6.23	$ 6.96
Total return(1)	(35.70)%	5.32%	(4.44)%	(0.61)%	(18.10)%
Ratios / Supplemental Data:					
Ratio of operating expenses to average net assets(2)(3)	4.84%	4.39%	3.90%	4.04%	6.97%
Ratio of interest and other debt related expenses to average net assets(2)	4.35%	3.31%	2.80%	3.06%	2.48%
Ratio of total expenses to average net assets(2)(3)	9.19%	7.70%	6.70%	7.10%	9.45%
Ratio of net investment income to average net assets(2)	9.56%	8.91%	8.72%	9.27%	8.06%
Net assets, end of period	$ 315,010,277	$ 435,608,981	$ 487,020,154	$ 571,099,932	$ 596,320,369
Average debt outstanding	$ 310,955,762	$ 249,099,570	$ 241,446,017	$ 297,575,896	$ 361,314,732
Weighted average shares outstanding	69,801,849	68,836,590	71,373,570	72,983,354	72,757,978
Average debt per share(4)	$ 4.45	$ 3.62	$ 3.38	$ 4.08	$ 4.97
Portfolio turnover	21%	25%	40%	28%	32%
Yield on total portfolio at cost	7.4%	9.4%	9.7%	8.7%	9.2%

(1) Total return is based on the change in market price per share during the respective periods. Total return calculations take into account distributions, if any, reinvested in accordance with the Company's dividend reinvestment plan and do not reflect brokerage commissions. Total return is not annualized.

(2) Annualized.

(3) Ratio including incentive fee based on income waiver for the years ended December 31, 2020, 2019, 2018, and 2017 (see Note 3 for more detail). Excluding incentive fee waiver, the ratio of operating expenses to average net assets would be 6.60%, 5.86%, 5.46%, and 5.39% for the years ended December 31, 2020, 2019, 2018, and 2017 respectively. The ratio of total expenses to average net assets would be 10.95%, 9.17%, 8.26% and 8.45% for the same respective periods.

(4) Average debt per share is calculated as average debt outstanding divided by the weighted average shares outstanding during the applicable period.

12. Federal tax information

Distributions from net investment income and net realized capital gains are determined in accordance with U.S. federal income tax regulations, which may differ from those amounts determined in accordance with GAAP. These book/tax differences are either temporary or permanent in nature. To the extent these differences are permanent, they are charged or credited to paid-in-capital or distributable earnings (losses), as appropriate, in the period that the differences arise. Temporary and permanent differences are primarily attributable to differences in income recognized from investments in wholly owned subsidiaries, non-deductible expenses and the expiration of capital losses which were reclassified for tax purposes.

Taxable income generally differs from the change in net assets resulting from operations for financial reporting purposes due to temporary and permanent differences in the recognition of income and expenses, and generally excludes net unrealized appreciation or depreciation, as unrealized gains or losses are not included in taxable income until they are realized.

Book and tax basis differences relating to stockholder distributions and other permanent book and tax differences are reclassified among the Company's capital accounts. In addition, the character of income and gains to be distributed is determined in accordance with income tax regulations that may differ from GAAP.

	December 31, 2020	December 31, 2019	December 31, 2018
Paid-in capital in excess of par	$ —	$ (3,425,904)	$ (4,387,294)
(Increase) decrease in distributable earnings (losses)	—	3,425,904	4,387,294

The following table reconciles net increase (decrease) in net assets resulting from operations to taxable income for the years ended December 31, 2020, 2019, and 2018:

	December 31, 2020	December 31, 2019	December 31, 2018
Net increase (decrease) in net assets resulting from operations	$ (103,852,603)	$ (6,886,740)	$ (9,162,162)
Net unrealized (appreciation) depreciation not taxable	22,087,857	23,909,509	10,654,682
Current year net capital (gains) losses	155,551,717	23,613,827	85,446,388
Losses not currently taxable	(39,563,484)	1,271,414	(39,507,433)
Other book/tax differences	(2,616,280)	4,483,641	(3,059,969)
Amortization of organizational costs	(5,703)	(3,804)	(3,804)
Taxable income before deductions for distributions	$ 31,601,504	$ 46,387,847	$ 44,367,702

Components of accumulated net losses on a tax basis and reconciliation to accumulated net losses on a book basis:

	December 31, 2020	December 31, 2019	December 31, 2018
Net unrealized appreciation (depreciation)	$ (129,340,535)	$ (107,252,678)	$ (83,343,165)
Differences between book and tax loss on investments	24,857,037	(17,322,727)	(14,993,579)
Dividends payable	—	(9,637,075)	(12,552,212)
Capital loss carryforward (a)	(372,373,557)	(216,821,840)	(193,208,013)
Expenses not currently deductible	—	(5,703)	(9,504)
Total accumulated losses—net, book basis	$ (476,857,055)	$ (351,040,023)	$ (304,106,473)

(a) Capital Loss Carryover is available to offset futures realized gains and not subject to expiration.

At December 31, 2020 and 2019, gross unrealized appreciation and gross unrealized depreciation based on cost for federal income tax purposes were as follows:

	December 31, 2020	December 31, 2019
Tax cost	$ 579,287,363	$ 870,235,474
Gross unrealized appreciation	52,886,528	1,354,674
Gross unrealized depreciation	(153,148,415)	(121,731,067)
Total investments, at fair market value	$ 479,025,476	$ 749,859,081

The tax character of distributions declared for the years ended December 31, 2020, 2019, and 2018 were as follows:

	Year ended December 31, 2020	Year ended December 31, 2019	Year ended December 31, 2018
Ordinary income	$ 21,964,429	$ 43,472,714	$ 50,000,494
Tax return of capital	8,641,096	582,492	1,268,145
Total distributions	$ 30,605,525	$ 44,055,206	$ 51,268,639

Important Tax Information (Unaudited)

During the fiscal year ended December 31, 2020, the following information is provided with respect to the ordinary income distributions paid by the Company.

Qualified Dividend Income for Individuals(1)	$	2,339,934
Dividends Qualifying for the Dividend Received Deduction for Corporations(2)		7.40%
Interest Related Dividends for Non-U.S. Residents(3)	$	17,998,707

(1) The Company hereby designates the above maximum amounts allowable by law.
(2) For corporate shareholders, represents the percentage of ordinary income distributions paid during the fiscal year that qualified for the dividends-received deduction.
(3) Represents the maximum amount allowable as interest-related dividends eligible for exemption from US withholding tax for nonresident aliens and foreign corporations.

ASC 740-10 clarifies the accounting for income taxes by prescribing the minimum recognition threshold an uncertain tax position is required to meet before tax benefits associated with such uncertain tax position are recognized in the consolidated financial statements. Based on its analysis of its tax position, the Company has concluded that it does not have any uncertain tax positions that met the recognition or measurement criteria of ASC 740-10.

The Company files U.S. federal and various state and local tax returns. No income tax returns are currently under examination. The statute of limitations on the Company's U.S. federal income tax returns remains open for each of the three years ended December 31, 2020. The statute of limitations on the Company's state and local tax returns may remain open for an additional year depending upon the jurisdiction.

13. Selected quarterly financial data (unaudited)

Quarter Ended	Total Investment Income	Net Investment Income	Net Realized and Unrealized Gain (Loss) after Taxes	Net Increase (Decrease) in Net Assets Resulting from Operations	Basic Earnings (Loss) per Common Share	Diluted Earnings (Loss) per Common Share	Net Asset Value per Common Share at End of Quarter
	(Dollars in thousands, except per share data)						
December 31, 2020	$ 14,611	$ 7,308	$ 2,592	$ 9,900	$ 0.14	$ 0.14	$ 4.23
September 30, 2020	16,302	8,527	(35,691)	(27,164)	(0.39)	(0.39)	4.24
June 30, 2020	17,503	8,766	(36,161)	(27,395)	(0.40)	(0.40)	4.84
March 31, 2020	18,699	9,622	(68,816)	(59,194)	(0.86)	(0.86)	5.35
December 31, 2019	19,191	9,637	(11,211)	(1,574)	(0.02)	(0.02)	6.33
September 30, 2019	19,956	9,637	(22,329)	(12,692)	(0.18)	(0.18)	6.49
June 30, 2019	19,656	11,230	(21,819)	(10,589)	(0.15)	(0.15)	6.82
March 31, 2019	19,315	11,404	6,565	17,969	0.26	0.24	7.15
December 31, 2018	20,718	11,784	(44,206)	(32,422)	(0.46)	(0.46)	7.07
September 30, 2018	21,009	12,486	7,519	20,005	0.28	0.25	7.66
June 30, 2018	21,305	11,538	(7,367)	4,171	0.06	0.06	7.56
March 31, 2018	20,836	11,623	(12,539)	(916)	(0.01)	(0.01)	7.65

Figures may not total due to rounding.

14. Senior Securities

Information about our senior securities is shown in the following table as of each December 31 since 2011, unless otherwise noted. The "—" indicates information which the SEC expressly does not require to be disclosed for certain types of senior securities.

Class and Year	Total Amount Outstanding (in 000's)	Asset Coverage per Unit(5)	Involuntary Liquidating Preference Per Unit(6)	Average Market Value Per Unit(7)
Credit Facility(1)				
Fiscal 2020 (as of December 31, 2020)	$ 38,800	$ 2,706	$ —	N/A
Fiscal 2019 (as of December 31, 2019)	$ 174,400	$ 2,352	$ —	N/A
Fiscal 2018 (as of December 31, 2018)	$ 49,000	$ 3,542	$ —	N/A
Fiscal 2017 (as of December 31, 2017)	$ 16,000	$ 3,655	$ —	N/A
Fiscal 2016 (as of December 31, 2016)	$ 190,000	$ 2,754	$ —	N/A
Fiscal 2015 (as of December 31, 2015)	$ 60,000	$ 3,023	$ —	N/A
Fiscal 2014 (as of December 31, 2014)	$ 144,000	$ 2,713	$ —	N/A
Fiscal 2013 (as of December 31, 2013)	$ 179,000	$ 2,460	$ —	N/A
Fiscal 2012 (as of December 31, 2012)	$ 171,850	$ 2,952	$ —	N/A
Fiscal 2011 (as of December 31, 2011)	$ 168,000	$ 3,009	$ —	N/A
Convertible Notes Due 2022(1)				
Fiscal 2020 (as of December 31, 2020)	$ 143,750	$ 2,706	$ —	N/A
Fiscal 2019 (as of December 31, 2019)	$ 143,750	$ 2,352	$ —	N/A
Fiscal 2018 (as of December 31, 2018)	$ 143,750	$ 3,542	$ —	N/A
Fiscal 2017 (as of December 31, 2017)	$ 143,750	$ 3,665	$ —	N/A
Convertible Notes Due 2018(2)				
Fiscal 2020 (as of December 31, 2020)	N/A	N/A	$ —	N/A
Fiscal 2019 (as of December 31, 2019)	N/A	N/A	$ —	N/A
Fiscal 2018 (as of December 31, 2018)	N/A	N/A	$ —	N/A
Fiscal 2017 (as of December 31, 2017)	$ 55,041	$ 3,665	$ —	N/A
Fiscal 2016 (as of December 31, 2016)	$ 115,000	$ 2,754	$ —	N/A
Fiscal 2015 (as of December 31, 2015)	$ 115,000	$ 3,023	$ —	N/A
Fiscal 2014 (as of December 31, 2014)	$ 115,000	$ 2,713	$ —	N/A
Fiscal 2013 (as of December 31, 2013)	$ 115,000	$ 2,460	$ —	N/A
Senior Secured Notes(3)				
Fiscal 2020 (as of December 31, 2020)	N/A	N/A	$ —	N/A
Fiscal 2019 (as of December 31, 2019)	N/A	N/A	$ —	N/A
Fiscal 2018 (as of December 31, 2018)	N/A	N/A	$ —	N/A
Fiscal 2017 (as of December 31, 2017)	N/A	N/A	$ —	N/A
Fiscal 2016 (as of December 31, 2016)	$ 17,000	$ 2,754	$ —	N/A
Fiscal 2015 (as of December 31, 2015)	$ 175,000	$ 3,023	$ —	N/A
Fiscal 2014 (as of December 31, 2014)	$ 175,000	$ 2,713	$ —	N/A
Fiscal 2013 (as of December 31, 2013)	$ 175,000	$ 2,460	$ —	N/A
Fiscal 2012 (as of December 31, 2012)	$ 175,000	$ 2,952	$ —	N/A
Fiscal 2011 (as of December 31, 2011)	$ 175,000	$ 3,009	$ —	N/A
Term Loan(4)				
Fiscal 2020 (as of December 31, 2020)	N/A	N/A	$ —	N/A
Fiscal 2019 (as of December 31, 2019)	N/A	N/A	$ —	N/A
Fiscal 2018 (as of December 31, 2018)	N/A	N/A	$ —	N/A
Fiscal 2017 (as of December 31, 2017)	N/A	N/A	$ —	N/A
Fiscal 2016 (as of December 31, 2016)	$ 15,000	$ 2,754	$ —	N/A
Fiscal 2015 (as of December 31, 2015)	$ 15,000	$ 3,023	$ —	N/A
Fiscal 2014 (as of December 31, 2014)	$ 15,000	$ 2,713	$ —	N/A
Fiscal 2013 (as of December 31, 2013)	$ 10,000	$ 2,460	$ —	N/A

(1) For further information on the Company's Credit Facility and Convertible Notes Due 2022, refer to Note 7 of the consolidated financial statements.

(2) On February 19, 2013, the Company closed a private offering of $100.0 million in aggregate principal amount of 5.50% unsecured convertible senior notes due 2018 (the “Convertible Notes”). The initial purchasers of the Convertible Notes fully exercised their overallotment option and purchased an additional $15.0 million in aggregate principal amount of the Convertible Notes. The closing of the overallotment option took place on March 4, 2013. With the exercise of the overallotment option, a total of $115.0 million in aggregate principal amount of the Convertible Notes was sold. Net proceeds to the Company from the offering, including the exercise of the overallotment option, were approximately $111.3 million. The Convertible Notes were only offered to qualified institutional buyers as defined in the Securities Act of 1933, as amended (the “Securities Act”) pursuant to Rule 144A under the Securities Act. The Convertible Notes were unsecured and bore interest at a rate of 5.50% per year, payable semi-annually in arrears. In certain circumstances and during certain periods, the Convertible Notes were convertible into cash, shares of the Company’s common stock or a combination of cash and shares of the Company’s common stock, at the Company’s election, at an initial conversion rate of 86.0585 shares of common stock per $1,000 principal amount of the Convertible Notes, which is equivalent to an initial conversion price of approximately $11.62 per share of the Company’s common stock, subject to defined anti-dilution adjustments. The Company did not have the right to redeem the Convertible Notes prior to maturity. On September 27, 2017, the Company purchased $60.0 million in aggregate principal amount of its existing $115.0 million Convertible Notes pursuant to a cash tender offer at a purchase price equal to $1,015 per $1,000 principal amount of notes purchased, plus accrued and unpaid interest, using borrowings under the Credit Facility and cash on hand. All Convertible Notes purchased in the tender offer were retired, cancelled, and no longer outstanding under the indenture. The aggregate purchase price of the Convertible Notes was $60.9 million, plus approximately $0.1 million of reacquisition costs, for a total reacquisition price of $61.0 million, excluding $0.4 million of interest expense. The net carrying amount of the Convertible Notes purchased in the tender offer at the time of purchase was $59.8 million, net of unamortized debt issuance costs and unamortized discount. As such, in accordance with ASC 470-50, Debt – Modifications and Extinguishments, the difference between the reacquisition price and the net carrying amount of the Convertible Notes was recorded as a $1.3 million loss on extinguishment of debt. On February 15, 2018, the remaining Convertible Notes of $55.0 million matured and the Company paid the principal and interest in cash.

(3) On January 18, 2011, the Company closed a private placement issuance of $17.0 million in aggregate principal amount of seven-year senior secured notes with a fixed interest rate of 6.60% and a maturity date of January 18, 2018. The $158.0 million five-year, senior secured notes matured on January 18, 2016 and were repaid using proceeds from the Company’s Credit Facility. On April 17, 2017, the Company redeemed the $17.0 million aggregate principal amount of 6.60% senior secured notes due 2018, using proceeds from the Credit Facility. The notes were prepaid at 100% of the principal amount, plus accrued and unpaid interest through the prepayment date, as well as $0.7 million make-whole premium.

(4) On February 19, 2016, the Company entered into an Amended and Restated Senior Secured Term Loan Credit Agreement (the “Term Loan”) which has a principal amount of $15.0 million. The Term Loan has a stated maturity date of March 27, 2019. The interest rate applicable to borrowings thereunder is generally LIBOR plus an applicable margin of 3.25%. On June 22, 2017, the Term Loan was repaid.

(5) The asset coverage ratio for senior securities representing indebtedness is calculated as our consolidated total assets, less all consolidated liabilities and indebtedness not represented by senior securities, divided by senior securities representing indebtedness. This asset coverage ratio is multiplied by $1,000 to determine the Asset Coverage Per Unit.

(6) The amount to which such class of senior security would be entitled upon the involuntary liquidation of the issuer in preference to any security junior to it.

(7) Not applicable, as senior securities are not registered for public trading.

15. Subsequent events

On March 2, 2021, the Company’s Board of Directors declared a distribution of $0.10 per share, payable on April 7, 2021 to stockholders of record at the close of business on March 17, 2021.

The Company has reviewed subsequent events occurring through the date that these consolidated financial statements were available to be issued, and determined that no subsequent events occurred requiring accrual or disclosure, except as disclosed above and elsewhere in these notes to consolidated financial statements.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BLACKROCK CAPITAL INVESTMENT CORPORATION

By: /s/ JAMES E. KEENAN
James E. Keenan
Interim Chief Executive Officer

March 3, 2021

Each of the officers and directors of BlackRock Capital Investment Corporation whose signature appears below, in so signing, also makes, constitutes and appoints each of James E. Keenan and Abby Miller, or either of them, each acting alone, his true and lawful attorneys-in-fact, with full power and substitution, for him in any and all capacities, to execute and cause to be filed with the Securities and Exchange Commission any and all amendments to the Annual Report on Form 10-K, with exhibits thereto and other documents connected therewith and to perform any acts necessary to be done in order to file such documents, and hereby ratifies and confirms all that said attorneys-in-fact or their substitute or substitutes may do or cause to be done by virtue hereof.

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATE
/s/ JAMES E. KEENAN **James E. Keenan**	Interim Chief Executive Officer (principal executive officer) and Chairman of the Board of Directors	March 3, 2021
/s/ NIK SINGHAL **Nik Singhal**	President	March 3, 2021
/s/ ABBY MILLER **Abby Miller**	Chief Financial Officer and Treasurer (principal financial and accounting officer)	March 3, 2021
/s/ JOHN R. BARON **John R. Baron**	Director	March 3, 2021
/s/ JERROLD B. HARRIS **Jerrold B. Harris**	Director	March 3, 2021
/s/ WILLIAM E. MAYER **William E. Mayer**	Director	March 3, 2021
/s/ MERIDEE A. MOORE **Meridee A. Moore**	Director	March 3, 2021
/s/ MAUREEN K. USIFER **Maureen K. Usifer**	Director	March 3, 2021

EXHIBIT 10.1

SECOND AMENDED AND RESTATED INVESTMENT MANAGEMENT AGREEMENT

SECOND AMENDED AND RESTATED INVESTMENT MANAGEMENT AGREEMENT (this "Agreement"), dated as of May 2, 2020, between BlackRock Capital Investment Corporation, a Delaware corporation (the "BDC"), and BlackRock Capital Investment Advisors, LLC, a Delaware limited liability company (the "Advisor").

WHEREAS, the BDC and the Advisor are parties to that certain Amended and Restated Investment Management Agreement, dated January 16, 2018 (the "Previous Agreement"), pursuant to which the Advisor provides investment management services to the BDC; and

WHEREAS, the BDC and the Advisor desire to amend and restate the Previous Agreement in its entirety solely to reduce the Management Fee and the Incentive Fee (each as defined herein); and

WHEREAS, the Advisor has agreed to furnish investment advisory services to the BDC, a closed-end management company that has elected to be regulated as a business development company under the 1940 Act; and

WHEREAS, this Agreement has been approved in accordance with the provisions of the 1940 Act, and the Advisor is willing to furnish such services upon the terms and conditions herein set forth.

NOW, THEREFORE, in consideration of the mutual premises and covenants herein contained and other good and valuable consideration, the receipt of which is hereby acknowledged, it is agreed by and between the parties hereto as follows:

1. In General. The Advisor agrees, all as more fully set forth herein, to act as investment advisor to the BDC with respect to the investment of the BDC's assets and to supervise and arrange for the day-to-day operations of the BDC and the purchase of securities for and the sale of securities held in the investment portfolio of the BDC.

2. Duties and Obligations of the Advisor with Respect to Investment of Assets of the BDC.

(a) Subject to the succeeding provisions of this paragraph and subject to the direction and control of the BDC's Board of Directors, the Advisor shall (i) act as investment advisor for and supervise and manage the investment and reinvestment of the BDC's assets and in connection therewith have complete discretion in purchasing and selling securities and other assets for the BDC and in voting, exercising consents and exercising all other rights appertaining to such securities and other assets on behalf of the BDC; (ii) supervise continuously the investment program of the BDC and the composition of its investment portfolio; (iii) arrange, subject to the provisions of Section 3(b) hereof, for the purchase and sale of securities and other assets held in the investment portfolio of the BDC; and (iv) oversee the administration of all aspects of the BDC's business and affairs and provide, or arrange for others whom it believes to be competent to provide, certain services as specified in paragraph (b) below. Nothing contained herein shall be construed to restrict the BDC's right to hire its own employees or to contract for administrative services to be performed by third parties, including but not limited to, the calculation of the net asset value of the BDC's shares.

(b) Except to the extent provided for directly by the BDC, the specific services to be provided or arranged for by the Advisor for the BDC pursuant to paragraph (a)(iv) above are (i) maintaining the BDC's books and records, to the extent not maintained by the BDC's custodian, transfer agent and dividend disbursing agent in accordance with applicable laws and regulations; (ii) initiating all money transfers to the BDC's custodian and from the BDC's custodian for the payment of the BDC's expenses, investments and dividends; (iii) reconciling account information and balances among the BDC's custodian, transfer agent and dividend disbursing agent; (iv) preparing all governmental filings by the BDC and all reports by the BDC to its shareholders; (v) supervising the calculation of the net asset value of the BDC's shares; and (vi) preparing notices and agendas for meetings of the BDC's shareholders and the BDC's Board of Directors as well as minutes of such meetings in all matters required by applicable law to be acted upon by the Board of Directors.

(c) In the performance of its duties under this Agreement, the Advisor shall at all times use all reasonable efforts to conform to, and act in accordance with, any requirements imposed by (i) the provisions of the 1940 Act, and of any rules or regulations in force thereunder; (ii) any other applicable provision of law; (iii) the provisions of the Certificate of Incorporation and the By-Laws of the BDC, as such documents are amended from time to time; (iv) the investment objectives, policies and restrictions applicable to the BDC as set forth in the BDC's Registration Statement on Form N-2 (the "Registration Statement"); and (v) any policies and determinations of the Board of Directors of the BDC.

(d) The Advisor will seek to provide qualified personnel to fulfill its duties hereunder and, except as set forth in the following sentence, will bear all costs and expenses incurred in connection with its investment advisory duties thereunder. The BDC shall reimburse the Advisor for all direct and indirect cost and expenses incurred by the Advisor (i) for office space rental, office equipment and utilities allocable to performance of investment advisory and non investment advisory administrative or operating services hereunder by the Advisor and (ii) allocable to any non-investment advisory administrative or operating services provided by the Advisor hereunder, including salaries, bonuses, health insurance, retirement benefits and all similar employment costs, such as office equipment and other overhead items. All allocations made pursuant to this paragraph (d) shall be made pursuant to allocation guidelines approved from time to time by the Board of Directors. The BDC shall also be responsible for the payment of all the BDC's other expenses, including (i) payment of the fees payable to the Advisor under Section 8 hereof; (ii) organizational expenses; (iii) brokerage fees and commissions; (iv) taxes; (v) interest charges on borrowings; (vi) the cost of liability insurance or fidelity bond coverage for the BDC's officers and employees, and directors' and officers' errors and omissions insurance coverage; (vii) legal, auditing and accounting fees and expenses; (viii) charges of the BDC's administrator (if any), custodian, transfer agent and dividend disbursing agent and any other service providers; (ix) the BDC's dues, fees and charges of any trade association of which the BDC is a member; (x) the expenses of printing, preparing and mailing proxies, stock certificates, reports, prospectuses, registration statements and other documents used by the BDC; (xi) expenses of registering and offering securities of the BDC under applicable law; (xii) the expenses of holding shareholder meetings; (xiii) the compensation, including fees, of any of the BDC's directors, officers or employees who are not affiliated persons of the Advisor; (xiv) all expenses of computing the BDC's net asset value per share; (xv) litigation and indemnification and other extraordinary or non recurring expenses; and (xvi) all other non investment advisory expenses of the BDC.

(e) The Advisor shall give the BDC the benefit of its professional judgment and effort in rendering services hereunder, but neither the Advisor nor any of its officers, directors, employees, agents or controlling persons shall be liable for any act or omission or for any loss sustained by the BDC in connection with the matters to which this Agreement relates, except a loss resulting from willful misfeasance, bad faith or gross negligence in the performance of its duties, or by reason of its reckless disregard of its obligations and duties under this Agreement; provided, however, that the foregoing shall not constitute a waiver of any rights which the BDC may have which may not be waived under applicable law.

3. Covenants. (a) In the performance of its duties under this Agreement, the Advisor shall at all times conform to, and act in accordance with, any requirements imposed by: (i) the provisions of the 1940 Act and the Investment Advisers Act of 1940, as amended (the "Advisers Act"), and all applicable Rules and Regulations of the Securities and Exchange Commission (the "SEC"); (ii) any other applicable provision of law; (iii) the provisions of the Certificate of Incorporation and By-Laws of the BDC, as such documents are amended from time to time; (iv) the investment objectives and policies of the BDC as set forth in its Registration Statement; and (v) any policies and determinations of the Board of Directors of the BDC.

(a) In addition, the Advisor will:

(i) place orders either directly with the issuer or with any broker or dealer. Subject to the other provisions of this paragraph, in placing orders with brokers and dealers, the Advisor will attempt to obtain the best price and the most favorable execution of its orders. In placing orders, the Advisor will consider the experience and skill of the firm's securities traders as well as the firm's financial responsibility and administrative efficiency. Consistent with this obligation, the Advisor may select brokers on the basis of the research, statistical and pricing services they provide to the BDC and other clients of the Advisor. Information and research received from such brokers will be in addition to, and not in lieu of, the services required to be performed by the Advisor hereunder. A commission paid to such brokers may be higher than that which another qualified broker would have charged for effecting the same transaction, provided that the Advisor determines in good faith that such commission is reasonable in terms either of the transaction or the overall responsibility of the Advisor to the BDC and its other clients and that the total commissions paid by the BDC will be reasonable in relation to the benefits to the BDC over the long term. In addition, the Advisor is authorized to take into account the sale of shares of the BDC in allocating purchase and sale orders for portfolio securities to brokers or dealers (including brokers and dealers that are affiliated with the Advisor), provided that the Advisor believes that the quality of the transaction and the commission are comparable to what they would be with other qualified firms. In no instance, however, will the BDC's securities be purchased from or sold to the Advisor, or any affiliated person thereof, except to the extent permitted by the SEC or by applicable law;

(ii) maintain a policy and practice of conducting its investment advisory services hereunder independently of the commercial banking operations of its affiliates. When the Advisor makes investment recommendations for the BDC, its investment advisory personnel will not inquire or take into consideration whether the issuer of securities proposed for purchase or sale for the BDC's account are customers of the commercial department of its affiliates; and

(iii) treat confidentially and as proprietary information of the BDC all records and other information relative to the BDC, and the BDC's prior, current or potential shareholders, and will not use such records and information for any purpose other than performance of its responsibilities and duties hereunder, except after prior notification to and approval in writing by the BDC, which approval shall not be unreasonably withheld and may not be withheld where the Advisor may be exposed to civil or criminal contempt proceedings for failure to comply, when requested to divulge such information by duly constituted authorities, or when so requested by the BDC.

4. Services Not Exclusive. Nothing in this Agreement shall prevent the Advisor or any officer, employee or other affiliate thereof from acting as investment advisor for any other person, firm or corporation, or from engaging in any other lawful activity, and shall not in any way limit or restrict the Advisor or any of its officers, employees or agents from buying, selling or trading any securities for its or their own accounts or for the accounts of others for whom it or they may be acting; provided, however, that the Advisor will undertake, and will cause its employees to undertake, no activities which, in its judgment, will adversely affect the performance of the Advisor's obligations under this Agreement.

5. Books and Records. In compliance with the requirements of Rule 31a-3 under the 1940 Act, the Advisor hereby agrees that all records which it maintains for the BDC are the property of the BDC and further agrees to surrender promptly to the BDC any such records upon the BDC's request. The Advisor further agrees to preserve for the periods prescribed by Rule 31a-2 under the 1940 Act the records required to be maintained by Rule 31a-1 under the 1940 Act.

6. Agency Cross Transactions. From time to time, the Advisor or brokers or dealers affiliated with it may find themselves in a position to buy for certain of their brokerage clients (each an "Account") securities which the Advisor's investment advisory clients wish to sell, and to sell for certain

of their brokerage clients securities which advisory clients wish to buy. Where one of the parties is an advisory client, the Advisor or the affiliated broker or dealer cannot participate in this type of transaction (known as a cross transaction) on behalf of an advisory client and retain commissions from one or both parties to the transaction without the advisory client's consent. This is because in a situation where the Advisor is making the investment decision (as opposed to a brokerage client who makes his own investment decisions), and the Advisor or an affiliate is receiving commissions from both sides of the transaction, there is a potential conflicting division of loyalties and responsibilities on the Advisor's part regarding the advisory client. The SEC has adopted a rule under the Advisers Act, which permits the Advisor or its affiliates to participate on behalf of an Account in agency cross transactions if the advisory client has given written consent in advance. By execution of this Agreement, the BDC authorizes the Advisor or its affiliates to participate in agency cross transactions involving an Account. The BDC may revoke its consent at any time by written notice to the Advisor.

7. Expenses. During the term of this Agreement, the Advisor will bear all costs and expenses of its employees and any overhead incurred in connection with its duties hereunder and shall bear the costs of any salaries or Directors' fees of any officers or Directors of the BDC who are affiliated persons (as defined in the 1940 Act) of the Advisor; provided that the Board of Directors of the BDC may approve reimbursement to the Advisor of the pro rata portion of the salaries, bonuses, health insurance, retirement benefits and all similar employment costs for the time spent on BDC operations (other than the provision of investment advice and administrative services required to be provided hereunder) of all personnel employed by the Advisor who devote substantial time to BDC operations or the operations of other investment companies advised by the Advisor.

8. Compensation.

(a) The provisions of this Section 8 shall apply with respect to the compensation of the Advisor.

(b) The Advisor, for its services to the BDC, will be entitled to receive a management fee from the BDC (the "Management Fee"). The Management Fee will be calculated at an annual rate of 1.50% of total assets, excluding cash; provided, however, that the Management Fee will be calculated at an annual rate of 1.00% of total assets, excluding cash, that exceed an amount equal to 200% of the BDC's net assets. The Management Fee will be paid quarterly in arrears based on the asset valuation as of the end of the prior quarter and will be prorated for any period of less than a quarter.

(c) For purposes of this Agreement, the assets and net assets of the BDC shall be calculated pursuant to the procedures adopted by resolutions of the Directors of the BDC for calculating the value of the BDC's assets or delegating such calculations to third parties.

(d) The Advisor will be entitled to receive an incentive fee (the "Incentive Fee") during each calendar quarter (which will apply only to the portion of the Incentive Fee based on income) and each Annual Period (which will apply only to the portion of the Incentive Fee based on capital gains), as follows:

(i) *Incentive Fee Based on Income*.

(A) The portion of the Incentive Fee based on income other than capital gains will be calculated separately for each calendar quarter and will be paid on a quarterly basis. The BDC will pay the Advisor the portion of the Incentive Fee based on income for each period as follows:

(i) No Incentive Fee based on income other than capital gains for any calendar quarter in which the BDC's Pre-Incentive Fee Net Investment Income does not exceed 1.75% (7.00% annualized) of the BDC's net assets attributable to common stock at the beginning of such quarter.

(ii) 100% of the BDC's Pre-Incentive Fee Net Investment Income in any calendar quarter with respect to that portion of such Pre-Incentive Fee Net Investment Income, if any, for such calendar quarter, that exceeds 1.75% (7.00% annualized) of the BDC's net assets attributable to common stock at the beginning of such quarter but is less than 2.12% (8.48% annualized).

(iii) 17.5% of the BDC's Pre-Incentive Fee Net Investment Income, if any, for any calendar quarter, that exceeds 2.12% (8.48% annualized) of the BDC's net assets attributable to common stock at the beginning of such quarter.

(B) The calculations described above in sub-paragraph (A) will be appropriately pro rated for any period of less than a quarter and adjusted for the net proceeds from any common stock issuances and the cost of any common stock repurchases during such quarter. The payment of any such Incentive Fee based on income otherwise earned by the Advisor shall be deferred if, for the most recent four full calendar quarter period ending on or prior to the date such payment is to be made, the Annualized Rate of Return is less than 7.0% of the BDC's net assets attributable to common stock at the beginning of such four quarter period as adjusted for the net proceeds from any common stock issuances and the cost of any common stock repurchases during such four full calendar quarter period, with any deferred Incentive Fees to be carried over for payment in subsequent quarterly calculation periods to the extent such payment can then be made in accordance with this Agreement.

(ii) *Incentive Fee Based on Capital Gains*.

(A) The portion of the Incentive Fee based on capital gains will be calculated separately for each Annual Period. The Advisor will be entitled to receive an Incentive Fee based on capital gains for each Annual Period in an amount equal to 17.5% of the amount by which (1) the BDC's net realized capital gains occurring during the period, if any, exceeds (2) its unrealized capital depreciation, if any, occurring during the period.

(B) In calculating the portion of the Incentive Fee based on capital gains payable for any period, the BDC's investments shall be accounted for on a security-by-security basis. In addition, the portion of the Incentive Fee based on capital gains will be determined using the "period-to-period" method pursuant to which the portion of the Incentive Fee based on capital gains for any period will be based on realized capital gains for the period reduced by realized capital losses for the period and unrealized capital depreciation for the period.

(iii) The calculation of the Incentive Fee described above in this Section 8(d) is illustrated in the examples attached to this Agreement in Annex A. In the event of a conflict between the language above and the examples, the examples shall prevail.

(iv) Notwithstanding anything else set forth herein, the Incentive Fee shall not include any amounts of capital gain that would violate Section 205(b)(3) of the Advisers Act as interpreted from time to time by the SEC or its staff.

(e) For purposes of Section 8(d), the following terms shall have the meanings ascribed to them below:

(i) "Annual Period" means the period beginning on July 1 of each calendar year and ending on June 30 of the next calendar year;

(ii) "Annualized Rate of Return" is computed by reference to the sum of (i) the aggregate distributions to the BDC's common stockholders for the period in question and (ii) the change in the BDC's net assets attributable to common stock (before taking into account any Incentive Fees otherwise payable during such period);

(iii) "net assets attributable to common stock" means the BDC's total assets less indebtedness and preferred stock; and

(iv) "Pre-Incentive Fee Net Investment Income" means net investment income (as determined in accordance with United States generally accepted accounting principles) accrued by the BDC during the calendar quarter excluding any accruals for or payments in respect of the Incentive Fee.

9. Indemnity. (a) The BDC may, in the discretion of the Board of Directors of the BDC, indemnify the Advisor, and each of the Advisor's directors, officers, employees, agents, associates and controlling persons and the directors, partners, members, officers, employees and agents thereof (including any individual who serves at the Advisor's request as director, officer, partner, member or the like of another entity) (each such person being an "Indemnitee") against any liabilities and expenses, including amounts paid in satisfaction of judgments, in compromise or as fines and penalties, and counsel fees (all as provided in accordance with applicable state law) reasonably incurred by such Indemnitee in connection with the defense or disposition of any action, suit or other proceeding, whether civil or criminal, before any court or administrative or investigative body in which such Indemnitee may be or may have been involved as a party or otherwise or with which such Indemnitee may be or may have been threatened, while acting in any capacity set forth herein or thereafter by reason of such Indemnitee having acted in any such capacity, except with respect to any matter as to which such Indemnitee shall have been adjudicated not to have acted in good faith in the reasonable belief that such Indemnitee's action was in the best interest of the BDC and furthermore, in the case of any criminal proceeding, so long as such Indemnitee had no reasonable cause to believe that the conduct was unlawful; provided, however, that (1) no Indemnitee shall be indemnified hereunder against any liability to the BDC or its shareholders or any expense of such Indemnitee arising by reason of (i) willful misfeasance, (ii) bad faith, (iii) gross negligence or (iv) reckless disregard of the duties involved in the conduct of such Indemnitee's position (the conduct referred to in such clauses (i) through (iv) being sometimes referred to herein as "disabling conduct"), (2) as to any matter disposed of by settlement or a compromise payment by such Indemnitee, pursuant to a consent decree or otherwise, no indemnification either for said payment or for any other expenses shall be provided unless there has been a determination that such settlement or compromise is in the best interests of the BDC and that such Indemnitee appears to have acted in good faith in the reasonable belief that such Indemnitee's action was in the best interest of the BDC and did not involve disabling conduct by such Indemnitee and (3) with respect to any action, suit or other proceeding voluntarily prosecuted by any Indemnitee as plaintiff, indemnification shall be mandatory only if the prosecution of such action, suit or other proceeding by such Indemnitee was authorized by a majority of the full Board of Directors of the BDC.

(a) The BDC may make advance payments in connection with the expenses of defending any action with respect to which indemnification might be sought hereunder if the BDC receives a written affirmation of the Indemnitee's good faith belief that the standard of conduct necessary for indemnification has been met and a written undertaking to reimburse the BDC unless it is subsequently determined that such Indemnitee is entitled to such indemnification and if the Directors of the BDC determine that the facts then known to them would not preclude indemnification. In addition, at least one of the following conditions must be met: (A) the Indemnitee shall provide security for such Indemnitee-undertaking, (B) the BDC shall be insured against losses arising by reason of any unlawful advance, or (C) a majority of a quorum consisting of Directors of the BDC who are neither "interested persons" of the BDC (as defined in Section 2(a)(19) of the 1940 Act) nor parties to the proceeding ("Disinterested Non-Party Directors") or an independent legal counsel in a written opinion, shall determine, based on a review of readily available facts (as opposed to a full trial-type inquiry), that there is reason to believe that the Indemnitee ultimately will be found entitled to indemnification.

(b) All determinations with respect to the standards for indemnification hereunder shall be made (1) by a final decision on the merits by a court or other body before whom the proceeding was brought that such Indemnitee is not liable or is not liable by reason of disabling conduct, or (2) in the absence of such a decision, by (i) a majority vote of a quorum of the Disinterested Non-Party Directors of the BDC, or (ii) if such a quorum is not obtainable or, even if obtainable, if a majority vote of such quorum so directs, independent legal counsel in a written opinion. All determinations that advance payments in connection with the expense of defending any proceeding shall be authorized and shall be made in accordance with the immediately preceding clause (2) above.

The rights accruing to any Indemnitee under these provisions shall not exclude any other right to which such Indemnitee may be lawfully entitled.

10. Limitation on Liability. (a) The Advisor will not be liable for any error of judgment or mistake of law or for any loss suffered by Advisor or by the BDC in connection with the performance of this Agreement, except a loss resulting from a breach of fiduciary duty with respect to the receipt of compensation for services or a loss resulting from willful misfeasance, bad faith or gross negligence on its part in the performance of its duties or from reckless disregard by it of its duties under this Agreement.

(a) Notwithstanding anything to the contrary contained in this Agreement, the parties hereto acknowledge and agree that, as provided in the Certificate of Incorporation, this Agreement is executed by the Directors and/or officers of the BDC, not individually but as such Directors and/or officers of the BDC, and the obligations hereunder are not binding upon any of the Directors or Shareholders individually but bind only the estate of the BDC.

11. Duration and Termination. This Agreement shall become effective as of the date hereof and, unless sooner terminated with respect to the BDC as provided herein, shall continue in effect for a period of two years. Thereafter, if not terminated, this Agreement shall continue in effect with respect to the BDC for successive periods of 12 months, provided such continuance is specifically approved at least annually by both (a) the vote of a majority of the BDC's Board of Directors or the vote of a majority of the outstanding voting securities of the BDC at the time outstanding and entitled to vote, and (b) by the vote of a majority of the Directors who are not parties to this Agreement or interested persons of any party to this Agreement, cast in person at a meeting called for the purpose of voting on such approval. Notwithstanding the foregoing, this Agreement may be terminated by the BDC at any time, without the payment of any penalty, upon giving the Advisor 60 days' notice (which notice may be waived by the Advisor), provided that such termination by the BDC shall be directed or approved by the vote of a majority of the Directors of the BDC in office at the time or by the vote of the holders of a majority of the voting securities of the BDC at the time outstanding and entitled to vote, or by the Advisor on 60 days' written notice (which notice may be waived by the BDC). This Agreement will also immediately terminate in the event of its assignment. (As used in this Agreement, the terms "majority of the outstanding voting securities," "interested person" and "assignment" shall have the same meanings of such terms in the 1940 Act.) If this Agreement is terminated pursuant to this Section, the BDC shall pay the Advisor a pro rated portion of the Management Fee and the Incentive Fee. The Management Fee and the Incentive Fee due to the Adviser in the event of termination pursuant to this Section will be determined according to the method set forth in the following paragraph.

The BDC will engage at its own expense a firm acceptable to the BDC and the Advisor to determine the maximum reasonable fair value as of the termination date of the BDC's consolidated assets (assuming each asset is readily marketable among institutional investors without minority discount and with an appropriate control premium for any control positions and ascribing an appropriate net present value to unamortized organizational and offering costs and going concern value). After review of such firm's work papers by the Advisor and the BDC and resolution of any comments therefrom, such firm will render its report as to valuation, and the BDC will pay to the Advisor or its affiliates any Management Fees or Incentive Fee, as the case may be, payable pursuant to the paragraphs above as if all of the consolidated assets of the BDC had been sold at the values indicated in such report and any net income and gain distributed. Such report will be completed within 90 days after notice of termination is delivered hereto.

12. Notices. Any notice under this Agreement shall be in writing to the other party at such address as the other party may designate from time to time for the receipt of such notice and shall be deemed to be received on the earlier of the date actually received or on the fourth day after the postmark if such notice is mailed first class postage prepaid.

13. Amendment of this Agreement. No provision of this Agreement may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which enforcement of the change, waiver, discharge or termination is sought. Any amendment of this Agreement shall be subject to the 1940 Act.

14. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York for contracts to be performed entirely therein without reference to choice of law principles thereof and in accordance with the applicable provisions of the 1940 Act.

15. Use of the Name BlackRock. The Advisor has consented to the use by the BDC of the name or identifying word "BlackRock" in the name of the BDC. Such consent is conditioned upon the employment of the Advisor as the investment advisor to the BDC. The name or identifying word "BlackRock" may be used from time to time in other connections and for other purposes by the Advisor and any of its affiliates. The Advisor may require the BDC to cease using "BlackRock" in the name of the BDC if the BDC ceases to employ, for any reason, the Advisor, any successor thereto or any affiliate thereof as investment advisor of the BDC.

16. Miscellaneous. The captions in this Agreement are included for convenience of reference only and in no way define or delimit any of the provisions hereof or otherwise affect their construction or effect. If any provision of this Agreement shall be held or made invalid by a court decision, statute, rule or otherwise, the remainder of this Agreement shall not be affected thereby. This Agreement shall be binding on, and shall inure to the benefit of the parties hereto and their respective successors.

17. Counterparts. This Agreement may be executed in counterparts by the parties hereto, each of which shall constitute an original counterpart, and all of which, together, shall constitute one Agreement.

IN WITNESS WHEREOF, the parties hereto have caused the foregoing instrument to be executed by their duly authorized officers, all as of the day and the year first above written.

BLACKROCK CAPITAL INVESTMENT CORPORATION

By: /s/ James E. Keenan
Name: James E. Keenan
Title: Interim Chief Executive Officer

BLACKROCK CAPITAL INVESTMENT ADVISORS, LLC

By: /s/ Laurence D. Paredes
Name: Laurence D. Paredes
Title: Secretary

Annex A

Examples of Fee Calculation Under Section 8 of the Agreement

Example 1—Incentive Fee Based on Income(1)

Formula

The formula for the portion of the Incentive Fee based on income for any quarter can be expressed as follows:

Incentive Fee with respect to Pre-Incentive Fee Net Investment Income —

- When the Pre-Incentive Fee Net Investment Income for such quarter exceeds 1.75%(2) but does not exceed 2.12% = 100% x (Pre-Incentive Fee Net Investment Income – 1.75%)
- When the Pre-Incentive Fee Net Investment Income for such quarter exceeds 2.12% = 100% x (2.12% – 1.75%) + 17.5% x (Pre-Incentive Fee Net Investment Income – 2.12%)

Notwithstanding the foregoing, if the Annualized Rate of Return for the most recent four full calendar quarter period ending on or prior to the date such payment is to be made payment is less than 7.0% of the BDC's net assets attributable to common stock at the beginning of such four quarter period, adjusted for the net proceeds from any common stock issuances and the cost of any common stock repurchases during the period, the payment of such Incentive Fee will be deferred until the earliest quarter such four full calendar quarter Annualized Rate of Return requirement is satisfied. "Annualized Rate of Return" in this context is computed by reference to the sum of (i) the aggregate distributions the BDC's common stockholders during the period and (ii) the change in the BDC's net asset value attributable to common stock prior to calculation of any income or capital gain Incentive Fees during the period and does not take into account changes in the market price of the BDC's common stock.

Assumptions

- Management fee(3) = 0.375%
- Other expenses (legal, accounting, custodian, transfer agent, etc.)(4) = 0.0625%
- After accounting for the distribution of income during each period, there is no change in the Company's net assets

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(1) The hypothetical amount of Pre-Incentive Fee Net Investment Income shown is based on a percentage of net assets attributable to common stock (defined as total assets less indebtedness and preferred stock). The example assumes that during the most recent four full calendar quarter period ending on or prior to the date the payment set forth in the example is to be made, the sum of (a) the BDC's aggregate distributions to stockholders and (b) the BDC's change in net assets attributable to common stock (defined as total assets less indebtedness and preferred stock) before taking into account any Incentive Fees accrued during the period, is at least 7.0% of the BDC's net assets attributable to common stock (defined as total assets less indebtedness and preferred stock) at the beginning of such four quarter period (as adjusted for the net proceeds from any common stock issuances and the cost of any common stock repurchases during such four full calendar period). See Alternative 4 for an example of a failure to satisfy this assumption and Alternative 5 for an example of subsequent satisfaction of this assumption.

(2) Represents quarterly percentage of the value of net assets attributable to common stock at the beginning of the quarter, adjusted for the net proceeds from any common stock issuances and the cost of any common stock repurchases during the quarter.

(3) Represents quarterly portion of an annual base management fee of 1.5% of the value of total assets.

(4) Expressed as a percentage of the value of net assets attributable to common stock at the beginning of the quarter, adjusted for the net proceeds from any common stock issuances and the cost of any common stock repurchases during the period.

Alternative 1

Additional Assumptions

- Investment Income (including interest, dividends, fees, etc.) = 1.25%
- Pre-Incentive Fee Net Investment Income

  = (investment income - (management fee + other expenses))

  = (1.25% - (0.375% + 0.0625%))

  = 0.8125%

Conclusion

Pre-Incentive Fee Net Investment Income does not exceed the Hurdle rate, therefore there is no Incentive Fee based on income.

Alternative 2

Additional Assumptions

- Investment Income (including interest, dividends, fees, etc.) = 2.40%
- Pre-Incentive Fee Net Investment Income

  = (investment income – (management fee + other expenses))

  = (2.40% - (0.375% + 0.0625%))

  = 1.9625%

Determination of Incentive Fee

Pre-Incentive Fee Net Investment Income for the quarter exceeds the Hurdle rate, therefore there is an Incentive Fee payable with respect to net income for the quarter.

- Incentive Fee Based on Income

  = 100% x the lesser of (2.12% – 1.75%) **AND** (Pre-Incentive Fee Net Investment Income – 1.75%) + the greater of 0% and 17.5% x (Pre-Incentive Fee Net Investment Income – 2.12%)

  = 100% x (1.9625% – 1.75%) + 0%

  = 100% x 0.2125%

  = 0.2125%

Alternative 3

Additional Assumptions

- Investment Income (including interest, dividends, fees, etc.) = 3.50%
- Pre-Incentive Fee Net Investment Income

  = (investment income – (management fee + other expenses))

  = (3.50% - (0.375% + 0.0625%))

  = 3.0625%

Determination of Incentive Fee

Pre-Incentive Fee Net Investment Income for the quarter exceeds the Hurdle rate, therefore there is an Incentive Fee payable with respect to net income for the quarter.

- Income Based Incentive Fee

  = 100% x the lesser of (2.12% – 1.75%) **AND** (Pre-Incentive Fee Net Investment Income – 1.75%) + the greater of 0% **AND** 17.5% x (Pre-Incentive Fee Net Investment Income – 2.12%)

  = 100% x (2.12% – 1.75%) + 17.5% x (3.0625% - 2.12%)

  = 0.37% + (17.5% × 0.9425%)

  = 0.37% + 0.165%

  = 0.535%

Alternative 4

Additional Assumptions

<u>During most recently completed quarter (Q4):</u>

- Investment Income = 3.50%
- Pre-Incentive Fee Net Investment Income

  = (investment income – (management fee + other expenses))

  = (3.50% - (0.375% + 0.0625%))

  = 3.0625%

<u>During four quarter period ending with most recently completed quarter:</u>

- Q1 Pre-Incentive Fee Net Investment Income = 1.00%
- Q2 Pre-Incentive Fee Net Investment Income = 1.00%
- Q3 Pre-Incentive Fee Net Investment Income = 1.50%
- All Pre-Incentive Fee Net Investment Income is distributed during the period.
- After accounting for the distribution of the net investment income during the period, there is no change in the BDC's net assets during the period.

Determination of Incentive Fee

<u>During most recently completed quarter:</u>

Pre-Incentive Fee Net Investment Income for the quarter exceeds the Hurdle rate, therefore there is an Incentive Fee based on income payable for the quarter.

- Incentive Fee Based on Income

  = 100% x the lesser of (2.12% – 1.75%) **AND** (Pre-Incentive Fee Net Investment Income – 1.75%) + the greater of 0% **AND** 17.5% x (Pre-Incentive Fee Net Investment Income – 2.12%)

  = 100% x (2.12% – 1.75%) + 17.5% x (3.0625% – 2.12%)

  = 0.37% + 0.165%

  = 0.535%

<u>During four quarter period ending with most recently completed quarter:</u>

- Annualized Rate of Return(5)

  = (Q1 Pre-Incentive Fee Net Investment Income + Q2 Pre-Incentive Fee Net Investment Income + Q3 Pre-Incentive Fee Net Investment Income + Q4 Pre-Incentive Fee Net Investment Income) + (BDC's change in net assets attributable to common stock)

= (1.00% + 1.00% + 1.50% + 3.0625%) + (0)

= 6.5625%

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(5) Annualized Rate of Return is measured before any calculation of Incentive Fees for income or capital gains.

Conclusion

Although an Incentive Fee is payable for such quarter, because the Annualized Rate of Return over the four quarter period is less than 7.00%, the payment is deferred until the first quarter for which the Annualized Rate of Return over the four quarter period including such subsequent quarter equals or exceeds 7.00%.

Alternative 5

Additional Assumptions

<u>During most recently completed quarter (Q4):</u>

- Investment Income = 4.00%
- Pre-Incentive Fee Net Investment Income

  = (investment income – (management fee + other expenses)

  = (4.00% - (0.375% + 0.0625%))

  = 3.5625%

<u>During four quarter period ending with most recently completed quarter:</u>

- Q1 Pre-Incentive Fee Net Investment Income = 1.00%
- Q2 Pre-Incentive Fee Net Investment Income = 1.50%
- Q3 Pre-Incentive Fee Net Investment Income = 3.00%
- All Pre-Incentive Fee Net Investment Income is distributed during the period.
- After accounting for the distribution of the Pre-Incentive Fee Net Investment Income during the period, there is no change in the BDC's net assets attributable to common stock during the period.
- Deferred income based Incentive Fee during the period = 0.60%

Determination of Incentive Fee

<u>During most recently completed quarter:</u>

Pre-Incentive Fee Net Investment Income for the quarter exceeds the Hurdle rate, therefore there is an Incentive Fee based on income payable for the quarter.

- Incentive Fee Based on Income

  = 100% x the lesser of (2.12% – 1.75%) **AND** (Pre-Incentive Fee Net Investment Income – 1.75%) + the greater of 0% **AND** 17.5% x (Pre-Incentive Fee Net Investment Income – 2.12%)

  = 100% x (2.12% – 1.75%) + 17.5% x (3.5625% – 2.12%)

  = 0.37% + 0.2524%

  = 0.6224%

During four quarter period ending with most recently completed quarter:

- Annualized Rate of Return(6)

  = (Q1 Pre-Incentive Fee Net Investment Income + Q2 Pre-Incentive Fee Net Investment Income + Q3 Pre-Incentive Fee Net Investment Income + Q4 Pre-Incentive Fee Net Investment Income) + (BDC's change in net assets attributable to common stock)

  = (1.00% + 1.50% + 3.00% + 3.50%) + (0)

  = 9.00%

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(6) Annualized rate of return is measured before any calculation of Incentive Fees for income or capital gains.

Conclusion

Both the current quarter income based Incentive Fee of 0.70% and the earlier deferred income based Incentive Fee of 0.60% are paid.

Example 1—Incentive Fee Based on Capital Gains

Formula

The formula for the capital gains portion of the Incentive Fee for each July 1 through June 30 "Annual Period" can be expressed as follows:

Incentive Fee with respect to capital gains = 17.5% x (net realized capital gains to the extent in excess of gross unrealized capital depreciation)

Alternative 1

Assumptions

- Year 1: $20.0 million investment made in Company A ("Investment A"), and $30.0 million investment made in Company B ("Investment B")
- Year 2: Investment A is sold for $50.0 million and fair value of Investment B determined to be $32.0 million
- Year 3: fair value of Investment B determined to be $25.0 million
- Year 4: Investment B sold for $31.0 million

Determination of Incentive Fee

The capital gains portion of the Incentive Fee, if any, would be:

- Year 1: None (No sales transactions)
- Year 2: $5.25 million (17.5% multiplied by $30.0 million realized capital gains on sale of Investment A)
- Year 3: None
- Year 4: $1.05 million (17.5% multiplied by $6.0 million realized capital gains on sale of Investment B)

Alternative 2

Assumptions

- Year 1: $20.0 million investment made in Company A ("Investment A"), $30.0 million investment made in Company B ("Investment B") and $25.0 million investment made in Company C ("Investment C")
- Year 2: Investment A sold for $50.0 million, fair value of Investment B determined to be $25.0 million and fair value of Investment C determined to be $25.0 million
- Year 3: fair value of Investment B determined to be $27.0 million and Investment C sold for $30.0 million
- Year 4: fair value of Investment B determined to be $35.0 million
- Year 5: Investment B sold for $20.0 million

Determination of Incentive Fee

The capital gains portion of the Incentive Fee, if any, would be:

- Year 1: None (No sales transactions)
- Year 2: $4.375 million (17.5% multiplied by $25.0 million ($30.0 million realized capital gains on Investment A less $5.0 million unrealized capital depreciation on Investment B))
- Year 3: $0.875 million (17.5% multiplied by $5.0 million realized capital gains on Investment C)
- Year 4: None (No sales transactions)
- Year 5: None

EXHIBIT 10.11

Transfer Agency and Service Agreement
Among
Each of the BlackRock Business Development Companies
Listed Herein on Appendix A
and

Computershare Trust Company, N.A.
and
Computershare Inc.

Table of Contents

TRANSFER AGENCY AGREEMENT

This Transfer Agency Agreement (this "**Agreement**") is made as of July 13, 2020, by and among each of the BlackRock business development companies listed on Appendix A, as amended from time to time, having a principal office and place of business at 100 Bellevue Parkway, Wilmington, Delaware 19809 (each a "**Customer**" or a "**Company**"), Computershare Inc., a Delaware corporation, and its fully owned subsidiary Computershare Trust Company, N.A., a federally chartered trust company ("**Trust Company**"), both doing business at 150 Royall Street, Canton, Massachusetts 02021 (collectively the "**Transfer Agent**" or "**Computershare**").

WHEREAS, the Customer desires to appoint Trust Company as its sole transfer agent, registrar and dividend disbursing agent for the Shares, and administrator of dividend reinvestment plans, and Computershare Inc. as processor of all payments received or made by Customer under this Agreement;

WHEREAS, Trust Company and Computershare Inc. will each separately provide specified services covered by this Agreement and, in addition, Trust Company may arrange for Computershare Inc. to act on behalf of Trust Company in providing certain of its services covered by this Agreement;

WHEREAS, Trust Company and Computershare Inc. desire to accept such respective appointments and perform the services related to such appointments; and

WHEREAS, the Board of Directors or Trustees, as applicable, of each Customer has approved the appointment of the Transfer Agent and the form of this Agreement.

NOW THEREFORE, in consideration of the premises and mutual covenants herein contained, and intending to be legally bound hereby, the parties hereto agree to the statements made in the preceding paragraphs and as follows:

Section 1. Certain Definitions.

"**1933 Act**" means the Securities Act of 1933, as amended.

"**1934 Act**" means the Securities Exchange Act of 1934, as amended. "**1940 Act**" means the Investment Company Act of 1940, as amended.

"**Account**" or "**Accounts**" means the account of each Shareholder which account shall hold any full or fractional Shares held by such Shareholder, outstanding funds or reportable tax information.

"**Additional Services**" means any and all services which are not Services, but performed by Transfer Agent upon request of a Customer.

"**Agreement**" means this agreement and any and all appendices, exhibits or Schedules and any and all amendments or modifications, which may from time to time be executed.

“**Board of Directors**” means the Board of Directors or the Board of Trustees, as the case may be, of each Customer.

“**Dividend Reinvestment Plan**” means any dividend reinvestment plan, direct stock purchase plan, or other investment programs administered by the Trust Company for Customer, the services for which are as set forth in the Service Schedule.

“**Effective Date**” means the date first stated above.

“**Electronic Transmission**” means any form of communication, not directly involving the physical transmission of paper, which creates a record that may be retained, retrieved and reviewed by a recipient thereof, and that may be directly reproduced in paper form by such a recipient through an automated process.

“**Fee Letter**” means the fee letter attached to the Side Agreement as Schedule 1, as may be amended from time to time.

“**Initial Term**” means the term commencing on the Effective Date and continuing for a period of one (1) year from such date.

“**KPI Document**” means the KPI document describing the agreed to service levels attached to the Side Agreement as Schedule 3, as may be amended from time to time.

“**Schedule**” or “**Schedules**” means each schedule attached hereto, separately or collectively as the context requires, as the same may be amended from time to time.

“**SEC**” means the U.S. Securities and Exchange Commission.

“**Securities Laws**” means the 1933 Act and the 1934 Act as applicable to the Transfer Agent. “**Service Schedule**” means the service schedule attached to the Side Agreement as Schedule 2.

“**Services**” means any and all services as further described herein and in the Service Schedule or the Schedules.

“**Share**” means common units of beneficial interest or common stock, as the case may be, of each Customer authorized by the Customer’s respective Declaration of Trust or Articles of Incorporation, as the case may be.

“**Side Agreement**” means the Side Agreement for Transfer Agency Services between the Customer and Transfer Agent dated as of July 13, 2020.

“**Shareholder**” means the holder of record of one or more Shares.

“**U.S.**” means the states of the United States of America, the District of Columbia, Guam, Puerto Rico, U.S. Virgin Islands and any territory or commonwealth of the United States of America with a formal local government substantially equivalent to a state government. Each will be referred to as a “**State**”.

Section 2. Appointment of Agent.

2.1 Appointment. The Company hereby appoints the Trust Company to serve as sole transfer agent and registrar for the Shares, Shareholder servicing agent to the Company and administrator of the Dividend Reinvestment Plans in accordance with the terms and conditions thereof and appoints Computershare Inc. as the service provider to the Trust Company and as processor of all payments received or made by or on behalf of Customer under this Agreement, and the Trust Company and Computershare Inc. accept such respective appointments and agree in connection with such appointments to furnish the Services expressly set forth in this Agreement. Computershare represents that it is currently registered with the SEC as a transfer agent and will remain so registered during the effectiveness of this Agreement.

2.2 Documents. In connection with the appointment of the Trust Company as the transfer agent and registrar for a Customer, the Customer will provide or has previously provided the following documents to the Transfer Agent:

(a) Copies of Registration Statements and amendments thereto, filed with the Securities and Exchange Commission for initial public offerings; and

(b) Specimens of the Signatures of the officers of the Customer authorized to sign written instructions and requests.

2.3 Records. The books and records pertaining to the Customer required by Securities Laws and the 1940 Act which are in the possession or under the control of Computershare shall be the property of the Customer. Agent will prepare and maintain such books and records as required by Securities Laws, or as otherwise mutually agreed by the parties, subject to additional fees. Such books and records shall, to the extent practicable, be maintained separately for each Company. Upon the reasonable request of the Company, copies of any such books and records shall be provided by Computershare to an Authorized Person, and may be subject to a reasonable fee to be agreed upon by the parties. Transfer Agent may adopt as part of its records all lists of Shareholders, records of the Customer's Shares, books, documents and records which have been employed by any former agent of the Customer for the maintenance of the ledgers for the Customer's Shares, provided such ledger is certified by an officer of Customer or the prior transfer agent to be true, authentic and complete.

2.4 Shares. The Customer shall, if applicable, inform Transfer Agent as to (i) the existence or termination of any restrictions on the transfer of Shares and in the application to or removal from any book entry interest of stock of any legend restricting the transfer of such Shares or the substitution for such book entry interest of a book entry interest without such legend, (ii) any authorized but unissued Shares reserved for specific purposes, (iii) any outstanding shares which are exchangeable for Shares and the basis for exchange, (iv) reserved Shares subject to option and the details of such reservation and (v) special instructions regarding dividends and information of foreign holders.

2.5 Customer's Agent. Transfer Agent represents that it is engaged in an independent business and will perform its obligations under this Agreement as an agent of the Customer.

2.6 Certificates. No physical certificates will be issued while this Agreement is in effect. All Shares issued while this Agreement is in effect shall be represented by book entry notations only.

Section 3. Standard Services.

3.1 Services. Computershare shall perform the Services set forth in the Service Schedule.

3.2 Information Security and Data Protection. Computershare shall comply with the provisions of Schedules 9 and 10 of the Side Agreement.

3.3 Reports and Information. Computershare shall provide the Companies with the reports specified in Schedule 6 of the Side Agreement within the periods of time prescribed in Schedule 6 of the Side Agreement and at no additional cost to the Companies.

3.4 Internet Services. Transfer Agent shall make available to Customer and Shareholders, through its web sites, including but not limited to www.computershare.com (**collectively**, "**Web Site**"), online access to certain Account and Shareholder information and certain transaction capabilities ("**Internet Services**"), subject to Transfer Agent's security procedures and the terms and conditions set forth herein and on the Web Site. Transfer Agent provides Internet Services on an "as available" basis as set forth in Schedule 2 of the Side Agreement, and hereby specifically disclaims any and all representations or warranties, express or implied, regarding such Internet Services, including any implied warranty of merchantability or fitness for a particular purpose and implied warranties arising from course of dealing or course of performance. Notwithstanding the foregoing, Transfer Agent shall ensure that content as posted to Web Site by Transfer Agent is an accurate and complete reflection of information contained in Transfer Agent's records database.

3.5 Proprietary Information. Customer agrees that the databases, programs, screen and report formats, interactive design techniques, Internet Services, software (including methods or concepts used therein, source code, object code, or related technical information) and documentation manuals furnished to Customer by Transfer Agent as part of the Services are under the control and ownership of Transfer Agent or a third party (including its affiliates) and constitute copyrighted, trade secret, or other proprietary information (collectively, "**Proprietary Information**"). In no event shall Proprietary Information be deemed Shareholder data. Customer agrees that Proprietary Information is of substantial value to Transfer Agent or other third party and will treat all Proprietary Information as confidential in accordance with Section 14 of this Agreement. Customer shall take reasonable efforts to advise its relevant employees and agents of its obligations pursuant to this Section 3.5. Subject to this Section 3.5, Transfer Agent grants to Customer a nonexclusive, nontransferable, royalty free license to use any Proprietary Information solely for the internal business purposes of Customer. Any rights to the Proprietary Information not expressly licensed hereunder are reserved by Transfer Agent.

3.6 Third Party Content. Transfer Agent may provide real-time or delayed quotations and other market information and messages ("**Market Data**"), which Market Data is provided to Transfer Agent by certain third parties who may assert a proprietary interest in Market Data disseminated by them but do not guarantee the timeliness, sequence, accuracy or completeness thereof. Customer agrees and acknowledges that Transfer Agent shall not be liable in any way for any loss or damage arising from or occasioned by any inaccuracy, error, delay in, omission of, or interruption in any Market Data or the transmission thereof.

3.7 Compliance with Laws. The Customer agrees the Transfer Agent is obligated to and the Transfer Agent agrees to comply with all applicable U.S. federal, state and local laws and regulations, codes, order and government rules in the performance of its duties under this Agreement.

Section 4. Fees and Expenses.

4.1 Fee Letters. As compensation for Services rendered by Computershare during the term of this Agreement, the Company will pay to Computershare such fees and charges and reimburse Computershare for such expenses, as set forth in the Fee Letter or as may otherwise be agreed to from time to time in writing by the Company and Computershare.

4.2 Adjustments. Notwithstanding Section 4.1 above, fees may be changed from time to time as agreed upon in writing between the Transfer Agent and the Customer.

4.3 Invoices. The Customer agrees to pay all fees and reimbursable expenses within forty-five (45) days of receipt of the respective billing notice, except for any fees or expenses that are subject to good faith dispute. In the event of such a dispute, the Customer may only withhold that portion of the fee or expense subject to the good faith dispute. The Customer shall notify the Transfer Agent within forty-five (45) days following the receipt of each billing notice if the Customer is disputing any amounts in good faith. If the Customer does not provide such notice of dispute within the required time, the billing notice will be deemed accepted by the Customer. The Customer shall settle such disputed amounts within a reasonable time following the day on which the parties agree on the amount to be paid by payment of the agreed amount. If no agreement is reached, then such disputed amounts shall be settled as may be required by law or legal process.

4.4 Late Payments.

(a) If any undisputed amount in an invoice of the Transfer Agent (for fees or reimbursable expenses) is not paid when due, the Customer shall pay the Transfer Agent interest thereon (from the due date to the date of payment) at a per annum rate equal to one percent (1.0%) plus the Prime Rate (that is, the base rate on corporate loans posted by large domestic Transfer Agents) published by The Wall Street Journal (or, in the event such rate is not so published, a reasonably equivalent published rate selected by Customer on the first day of publication during the month when such amount was due. Notwithstanding any other provision hereof, such interest rate shall be no greater than permitted under applicable provisions of Massachusetts law.

(b) The failure by Customer to pay an invoice within 45 days after written and telephonic notice to Customer that payment is overdue or the failure by the Customer to timely pay two consecutive invoices shall constitute a material breach pursuant to Section 16.3(a) below. Transfer Agent will provide notice by writing and telephone forty-five (45) days after payment is past due. The Transfer Agent may terminate this Agreement for such material breach immediately and shall not be obligated to provide the Customer with 30 days to cure such breach.

4.5 Taxes. Company is responsible for all taxes, levies, duties, and assessments levied on Services purchased under this Agreement (collectively, "**Transaction Taxes**"). Computershare Inc. is responsible for collecting and remitting Transaction Taxes in all jurisdictions in which Computershare Inc. is registered to collect such Transaction Taxes. Computershare Inc. shall invoice Company for such Transaction Taxes that Computershare Inc. is obligated to collect upon the furnishing of Services. Company shall pay such Transaction Taxes according to the terms in Section 7.3. Computershare Inc. shall timely remit to the appropriate governmental authorities all such Transaction Taxes that Computershare Inc. collects from Company. To the extent that Company provides Computershare Inc. with valid exemption certificates, direct pay permits, or other documentation that exempts Computershare Inc. from collecting Transaction Taxes from Company, invoices issued for Services provided after Computershare Inc.'s receipt of such certificates, permits, or other documentation will not reflect exempted Transaction Taxes. Computershare Inc. is solely responsible for the payment of all personal property taxes, franchise taxes, corporate excise or privilege taxes, property or license taxes, taxes relating to Computershare Inc.'s personnel, and taxes based on Computershare Inc.'s net income or gross revenues relating to Services.

Section 5. Representations and Warranties of Transfer Agent.

5.1 Governance. Computershare Trust Company, N.A. is a federally chartered limited purpose national bank duly organized under the laws of the U.S. and Computershare Inc. is a corporation validly existing and in good standing under the laws of the State of Delaware and they have full corporate power, authority and legal right to execute, deliver and perform this Agreement. The execution, delivery and performance of this Agreement by Computershare has been duly authorized by all necessary corporate action and constitutes the legal valid and binding obligation of Computershare enforceable against Computershare in accordance with its terms.

5.2 Compliance. The execution, delivery and performance of the Agreement by Computershare will not violate, conflict with or result in the breach of any material term, condition or provision of, or require the consent of any other party to, (i) any existing law, ordinance, or governmental rule or regulation to which Computershare is subject, (ii) any judgment, order, writ, injunction, decree or award of any court, arbitrator or governmental or governmental or regulatory official, body or authority which is applicable to Computershare, (iii) the incorporation documents or by-laws of, or any material agreement to which Computershare is a party.

5.3 Facilities. The Transfer Agent has and will continue to have access to the necessary facilities, equipment and personnel to perform its duties and obligations under this Agreement.

5.4 Insurance. The Transfer Agent shall procure and maintain in effect all insurance coverages required by law, and further, shall procure and maintain the policies of insurance (regardless of whether such insurance is required by law) covering claims and liabilities arising from this Agreement as identified in Schedule 8 of the Side Agreement.

Section 6. Representations and Warranties of Customer.

6.1 Each Customer severally and not jointly represents and warrants to the Transfer Agent that:

(a) Organization. It is a corporation or Trust duly organized and existing and in good standing under the laws of the jurisdiction of its organization;

(b) Governance. It is empowered under applicable laws and by its charter documents to enter into and perform this Agreement. All corporate proceedings required by said charter documents and applicable law have been taken to authorize it to enter into and perform this Agreement. The execution, delivery and performance of this Agreement by each Customer has been duly authorized by all necessary corporate or trust action and constitutes the legal valid and binding obligation of each Customer enforceable against each Customer in accordance with its terms;

(c) A registration statement under the 1933 Act has been filed and is currently effective, or will be effective prior to the sale of any Shares, and will remain so effective, and all appropriate state securities law filings have been made with respect to all the Shares of each Customer outstanding or being offered for sale except for any Shares which are offered in a transaction or series of transactions which are exempt from the registration requirements of the 1933 Act and state securities laws; information to the contrary will result in immediate notification to the Transfer Agent.

Section 7. Indemnification/Limitation of Liability.

7.1 Standard of Care. The Transfer Agent shall at all times act in good faith and agrees to use its best efforts within reasonable time limits to insure the accuracy of all Services performed under this Agreement, but assumes no responsibility and shall not be liable for loss or damage unless said loss or damage is caused by its negligence, bad faith or willful misconduct or that of its employees as set forth or breach of any representation or warranty of the Transfer Agent hereunder and subject to the limitations set forth hereunder in Section 7.4 below.

7.2 Customer Indemnity. The Transfer Agent shall not be responsible for, and the Customer shall indemnify and hold the Transfer Agent harmless from and against, any and all claims, losses, damages, costs, charges, payments, expenses, liability and, court costs, fees and expenses of attorneys, expert witnesses, and other professionals reasonably acceptable to Customer arising out of or attributable to:

(a) All actions of the Transfer Agent or its agents or subcontractors required to be taken pursuant to this Agreement, provided such actions are taken in good faith and without negligence or willful misconduct;

(b) The Customer's bad faith, negligence or willful misconduct or the material breach of any representation or warranty of the Customer hereunder;

(c) The reliance or use by the Transfer Agent or its agents or subcontractors of information, records and documents which (i) are received by the Transfer Agent or its agents or subcontractors and furnished to it by or on behalf of the Customer, and (ii) have been prepared and /or maintained by the Customer or any other person or firm on behalf of the Customer;

(d) The reliance or use by the Transfer Agent or its agents or subcontractors of any paper or document reasonably believed to be genuine and to have been signed by the proper person or persons including Shareholders;

(e) The reliance on, or the carrying out by the Transfer Agent or its agents or subcontractors of any instructions or requests of the Customer's representatives, provided such actions are taken in good faith and without negligence or willful misconduct; and

(f) The offer or sale of Shares in violation of any federal or state securities laws requiring that such shares be registered or in violation of any stop order or other determination or ruling by any federal or state agency with respect to the offer or sale of such Shares.

7.3 Instructions. From time to time, the Customer may provide Transfer Agent with instructions concerning the Services. In addition, at any time the Transfer Agent may apply to any officer of the Customer for instruction, and may consult with legal counsel reasonably acceptable to Customer with respect to any matter arising in connection with the services to be performed by the Transfer Agent under this Agreement, and Transfer Agent and its agents and subcontractors shall not be liable and shall be indemnified by the Customer for taking action or omitting to take action by it in reliance upon such instructions or upon the advice or opinion of such counsel provided that when the action is taken it is performed in good faith and without negligence or willful misconduct. The Transfer Agent, its agents and subcontractors shall be protected and indemnified in acting upon any paper or document reasonably believed to be genuine and to have been signed by the proper person or persons, or upon any instruction, information, data, records or documents provided the Transfer Agent or its agents or subcontractors by telephone, in person, machine readable input, telex, CRT data entry or similar means authorized by the Customer or the Company, and shall not be held to have notice of any change of authority of any person, until receipt of written notice thereof from the Customer. The Transfer Agent, its agents and subcontractors shall also be protected and indemnified in recognizing stock certificates which are reasonably believed to bear the proper manual or facsimile signatures of officers of the Customer, and the proper countersignature of any former transfer agent or former registrar, or of a co- transfer agent or co-registrar.

7.4 Transfer Agent Indemnification/Limitation of Liability. Transfer Agent shall be responsible for and shall indemnify and hold the Customer harmless from and against any and all claims, losses, damages, costs, charges, payments, expenses, liability, court costs, and reasonable fees and expenses of attorneys, expert witnesses, and other professionals, arising out of or attributable to Transfer Agent's refusal or failure to comply with the terms of this Agreement, or which arise out of Transfer Agent's bad faith, negligence or willful misconduct or which arise out of the breach of any representation or warranty of Transfer Agent hereunder, for which Transfer Agent is not entitled to indemnification under this Agreement. Any liability of the Transfer Agent shall be limited as set forth in Schedule 11 of the Side Agreement.

7.5 Events Beyond Reasonable Control. Neither party nor its affiliates shall be liable for any loss (including loss caused by delays, failure, errors, interruption or loss of data) or breach hereunder occurring directly or indirectly by reason of any event or circumstance, whether foreseeable or unforeseeable, which despite the taking of commercially reasonable measures is beyond its reasonable control, including without limitation: natural disasters, such as floods, hurricanes, tornados, earthquakes and wildfires; epidemics; action or inaction of civil or military authority; war, terrorism, riots or insurrection; criminal acts; job action by organized labor; interruption, loss or malfunction of utilities, transportation, computer or communications capabilities; non- performance by third parties (other than subcontractors of Transfer Agent for duties or obligations described herein, except to the extent that such non-performance would be an Event Beyond Reasonable Control of Transfer Agent if Transfer Agent was itself the non-performing party and the event(s) referenced above had affected Transfer Agent); or functions or malfunctions of the internet, firewalls, encryption systems or security devices caused by any of the foregoing (all and any of the foregoing being an "**Event Beyond Reasonable Control**"). Upon the occurrence of an Event Beyond Reasonable Control, the affected party shall be excused from any non-performance caused by the Event Beyond Reasonable Control for so long such affected party continues to use commercially reasonable efforts to attempt to perform the obligation so impacted.

7.6 Notice. In order that the indemnification provisions contained in this Section 7 shall apply, upon the assertion of a claim for which one party may be required to indemnify the other, the party seeking indemnification shall promptly notify the other party of such assertion, and shall keep the other party advised with respect to all developments concerning such claim. The indemnifying party shall have the option to participate with the indemnified party in the defense of such claim or to defend against said claim in its own name or the name of the indemnified party. The indemnified party shall in no case confess any claim or make any compromise in any case in which the indemnifying party may be required to indemnify it except with the indemnifying party's prior written consent.

Section 8. Service Fee Credits; Service Levels.

8.1 The KPI Document sets forth provisions applicable to the determination and assessment of "**Service Fee Credits**", as such term is defined in the KPI Document. Service Fee Credits shall not be an exclusive remedy for any loss incurred as a result of breach conduct (which may be claimable as damages pursuant to the terms of this Agreement), but are intended to be a form of recompense to the Company for failure by the Transfer Agent to deliver the Services in a proper, timely and consistent manner, in view of the key significance that the service levels have to the Company. The application of Service Fee Credits shall be without prejudice to any rights of the Company under this Agreement including the right of the Company to terminate this Agreement pursuant to the terms of the Agreement or to claim damages from Transfer Agent, pursuant to the terms of the Agreement, as a result of any matter constituting breach conduct that contributes to circumstances that cause Service Fee Credits that accrue to the Customer.

8.2 The Services provided by Computershare to the Company shall be provided in accordance with the terms of the KPI Document, as relevant. The KPI Document is subject to change, as agreed in writing between the parties.

Section 9. Damages.

9.1 NOTWITHSTANDING ANY OTHER PROVISION OF THE AGREEMENT, IN NO EVENT SHALL ANY PARTY, ITS AFFILIATES OR ANY OF ITS OR THEIR DIRECTORS, OFFICERS, EMPLOYEES, AGENTS OR SUBCONTRACTORS BE LIABLE UNDER ANY THEORY OF TORT, CONTRACT, STRICT LIABILITY OR OTHER LEGAL OR EQUITABLE THEORY FOR LOST PROFITS, FOR EXEMPLARY, PUNITIVE, SPECIAL, INCIDENTAL, INDIRECT OR CONSEQUENTIAL DAMAGES, OR FOR ANY OTHER DAMAGES WHICH ARE NOT DIRECT DAMAGES REGARDLESS OF WHETHER SUCH DAMAGES WERE OR SHOULD HAVE BEEN FORESEEABLE AND REGARDLESS OF WHETHER ANY ENTITY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, ALL AND EACH OF WHICH DAMAGES IS HEREBY EXCLUDED BY AGREEMENT OF THE PARTIES. FOR PURPOSES OF CLARIFICATION: NO

OTHER PROVISION OF THIS AGREEMENT SHALL BE INTERPRETED TO CONDITION, LIMIT, MODIFY, NULLIFY OR OTHERWISE PREVAIL IN WHOLE OR IN PART OVER THIS SECTION 9

Section 10. Responsibilities of the Transfer Agent.

10.1 The Transfer Agent undertakes the duties and obligations imposed by this Agreement upon the following terms and conditions, by all of which the Customer, by its acceptance hereof, shall be bound:

(a) Whenever in the performance of its duties hereunder the Transfer Agent shall deem it necessary or desirable that any fact or matter be proved or established prior to taking or suffering any action hereunder, such fact or matter may be deemed to be conclusively proved and established by a certificate signed by the Chairman of the Board, the President, any Vice President, the Treasurer, any Assistant treasurer, the Secretary any Assistant Secretary or Chief Financial Officer of the Customer and delivered to the Transfer Agent. Such certificate shall be full authorization to the Transfer Agent for any action taken or suffered in good faith by it under the provisions of this Agreement in reliance upon such certificate provided the action taken is without negligence, bad faith or willful misconduct.

(b) The Customer agrees that it will perform, execute, acknowledge and deliver or cause to be performed, executed, acknowledged and delivered all such further and other acts, instruments and assurances as may reasonably be required by the Transfer Agent for the carrying out, or performing by the Transfer Agent of the provisions of this Agreement.

(c) Transfer Agent, any of its affiliates or subsidiaries, and any stockholder, director, officer or employee of the Transfer Agent may buy, sell or deal in the securities of the Customer or become pecuniary interested in any transaction in which the Customer may be interested, or contract with or lend money to the Customer or otherwise act as fully and freely as though it were not appointed as agent under this Agreement. Nothing herein shall preclude the Transfer Agent from acting in any other capacity for the Customer or for any other legal entity.

(d) No provision of this Agreement shall require the Transfer Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of its rights if it shall believe in good faith that repayment of such funds or adequate indemnification against such risk or liability is not reasonably assured to it.

Section 11. Covenants of the Customer and Transfer Agent.

11.1 Customer Corporate Authority. The Customer has previously furnished or shall furnish to the Transfer Agent the following:

(a) A copy of the Articles of incorporation and By-Laws of the Customer;

(b) Copies of all material amendments to its Articles of Incorporation or By-Laws made after the date of this Agreement, promptly after such amendments are made; and

(c) A certificate of the Customer as to the Shares authorized, issued and outstanding, as well as a description of all reserves of unissued shares relating to the exercise of options, warrants or a conversion of debentures or otherwise.

11.2 Transfer Agent Facilities. The Transfer Agent hereby agrees to establish and maintain facilities and procedures consistent with industry standards for the safekeeping of check forms and facsimile signature imprinting devices, if any, and for the preparation, use, and recordkeeping of such forms and devices.

11.3 Notification. Customer shall notify the Transfer Agent as soon as possible in advance of any stock split, stock dividend or any similar event which may affect the Shares and any bankruptcy, insolvency, moratorium or other proceeding regarding Customer affecting the enforcement of creditors' rights. Notwithstanding any other provision of the Agreement to the contrary, the Transfer Agent will have no obligation to perform any Services under the Agreement subsequent to the commencement of any bankruptcy, insolvency, moratorium or other proceeding regarding Customer affecting the enforcement of creditors' rights unless the Transfer Agent receives assurance satisfactory to it that it will receive full payment for such services. Further, Customer may not assume the Agreement after the filing of a bankruptcy petition without the Transfer Agent's written consent.

11.4 Summary of Policies and Procedures. Transfer Agent shall upon request provide Customer with a summary of any of its policies and procedures relating to Services or this Agreement and provide prompt summary e-mail notification of material changes to such policies and procedures

Section 12. Addition or Deletion of a Company.

12.1 The parties shall cooperate to update Appendix A (*e.g.*, add or remove a Company) within 30 days of the end of each calendar quarter to reflect the addition or deletion of any Company receiving Services pursuant to this Agreement.

12.2 The parties agree that Appendix A may be amended for purposes of Section 12.1 and otherwise without an executed written amendment if (a) any member of the BlackRock Relationship Team (as identified in Schedule 4 of the Side Agreement) delivers by email to the Transfer Agent Senior Customer Service Officer or a Transfer Agent Customer Service Officer (all as identified in Schedule 4 of the Side Agreement) (i) a copy of an amended and restated Appendix A, dated as of the date such amended and restated Appendix A is intended to be effective, and (ii) to the extent a Company is being added, a letter substantially in the format stated in Appendix B signed by an authorized officer of such Company confirming the addition of such Company as a party to the Agreement, and (b) the Transfer Agent Senior Customer Service Officer or a Transfer Agent Customer Service Officer, as the case may be, receiving the email message and attachment(s) acknowledges in a responding email that the amended and restated Appendix A has been received.

12.3 The parties agree that Companies listed on Appendix A, as it may be amended from time to time, automatically agree to be bound by the terms of the Side Agreement.

12.4 Notwithstanding the foregoing, if Transfer Agent determines and advises the Customer that additions or revisions to the SCRIP System are necessary in order to accommodate any such new company the Customer shall be deemed to have submitted a request for an amendment to the Agreement.

Section 13. Audits and Site Visits.

13.1 Subject to the further provisions of this Section 13, a reasonable number of representatives of the Customer together, if applicable, with auditors associated with a firm of certified independent public accountants ("**Auditor Firms**") may, during normal weekday business hours, upon giving the Transfer Agent at least twenty (20) days advance notice, no more frequently than once per year (unless required by Customer's regulators or in response to a previously-identified deficiency, in which event the additional audit will only relate to such deficiency), except that, at mutually agreed dates, and subject to the Transfer Agent's reasonable security, privacy and confidentiality policies and procedures inspect the Transfer Agent premises principally utilized to perform the Services and related operations, and (ii) examine on-site any books and records required to be maintained by the Transfer Agent in connection with the performance of the Services and the written procedures utilized by the Transfer Agent in performing the Services, solely to determine the Transfer Agent's compliance with this Agreement.

13.2 During the annual site visit by the BlackRock Relationship Team at mutually agreed dates, and subject to the Transfer Agent's reasonable security, privacy and confidentiality policies and procedures the Customer may, subject to the further provisions of this Section 13, (i) inspect the Transfer Agent premises principally utilized to perform the Services and related operations, and

(ii) request the Transfer Agent provide system and transaction processing demonstrations, and

(iii) make available employees with knowledge about the Services performed to conduct discussions with the Customer and answer reasonable questions of the Customer about such subjects.

13.3 Subject to the further provisions of this Section 13, and Transfer Agent's reasonable security, privacy and confidentiality policies and procedures. Transfer Agent will give regulatory authorities with jurisdiction over the Customer, upon reasonable advance written notice and during normal weekday business hours, the ability to (i) inspect the Transfer Agent premises principally utilized to perform the Services and related operations, and (ii) examine on-site any books and records required to be maintained by the Transfer Agent in connection with the performance of the Services.

13.4 Transfer Agent shall not be required in connection with any site visits under this Section 13 to engage in any conduct that would significantly interfere with or disrupt the normal business operations of the Transfer Agent. The Transfer Agent may, in its sole discretion, prohibit the Customer, personnel of Auditor Firms, and regulators of the Customer from entering certain areas of its facilities for security reasons, in which case the Transfer Agent will provide the Customer with alternative access to the books and records, information or personnel in such restricted area, to the extent reasonably possible. Audits shall not include penetration testing. Any audit under this Section 13 includes the right to inspect the books and records of the Transfer Agent on-site at Transfer Agent's office, but not the right to copy any records. The Customer will provide the Transfer Agent with a written scope of work including a mutually agreed level of detail, at least 10 business days in advance of commencement of any audit. Personnel of Auditor Firms or regulators of the Customer, who in the sole judgment of the Transfer Agent will have access to customer, confidential, proprietary or other privileged information of the Transfer Agent, must prior to the site visit if so requested by the Transfer Agent execute confidentiality agreements containing terms reasonably satisfactory to the Transfer Agent. The Transfer Agent shall not under any circumstances be obligated to divulge any information that is prohibited by law or by a confidentiality agreement with a third party.

13.5 The Customer will compensate the Transfer Agent for all out of pocket expenses incurred in connection with any audit under this Section 13, and will also compensate the Transfer Agent, in accordance with the Transfer Agent's fee schedule in effect at the time of such audit, for the time of each of the Transfer Agent's employees required to assist with such audit; provided, however, that in no event shall the Customer be charged for the time incurred by the Transfer Agent's Relationship Management employees required to assist with such audit.

Section 14. Confidentiality.

14.1 Each party shall keep the Confidential Information (as defined in below) of the other party in confidence and will not use or disclose or allow access to or use of such Confidential Information except as set forth in Section 14.4 below. Each party acknowledges that the Confidential Information of the disclosing party will remain the sole property of such party. In complying with the first sentence of this Section 14.1, each party will use at least the same degree of care it uses to protect its own confidential information, but in no event less than a commercially reasonable degree of care.

14.2 Subject to Sections 14.3 and 14.4 below, "**Confidential Information**" means (i) except to the extent disclosure may be required by the Securities Laws or the 1940 Act, the terms and conditions (but not the existence of) this Agreement, all compensation agreements, arrangements and understandings (including waivers) respecting this Agreement, disputes pertaining to the Agreement, and information about a party's exercise of rights hereunder, performance of obligations hereunder or other conduct of a party in connection with the Agreement, in whatever form, and (ii) information and data of, owned by or about a disclosing party or its affiliates, customers, or subcontractors that may be provided to the other party or become known to the other party in the course of the relationship established by this Agreement, regardless of form or content, including but not limited to (A) competitively sensitive material, and not generally known to the public, including, but not limited to, studies, plans, reports, surveys, summaries, documentation and analyses, regardless of form, information about product plans, marketing strategies, finances, operations, customer relationships, customer profiles, customer lists, sales estimates, business plans, and internal performance results relating to the past, present or future business activities of the Company or Computershare, their respective subsidiaries and Affiliates and the customers, clients and suppliers of any of them; (B) scientific, technical or technological information, a design, process, procedure, formula, or improvement that is commercially valuable and secret in the sense that its confidentiality affords the Company or Computershare a competitive advantage over its competitors; (C) a confidential or proprietary concept, Proprietary Information, documentation, report, data, specification, computer software, source code, object code, flow chart, database, invention, know how, trade secret, whether or not patentable or copyrightable; (D) information related to security, disaster recovery, business continuity and any other operational plans, procedures, practices and protocols, and (E) anything designated as confidential.

14.3 Information or data that would otherwise constitute Confidential Information under Section 14.2 shall not constitute Confidential Information to the extent it:

(a) is already known to the receiving party at the time it is obtained;

(b) is or becomes publicly known or available through no wrongful act of the receiving party;

(c) is rightfully received from a third party who, to the receiving party's knowledge, is not under a duty of confidentiality;

(d) is released by the protected party to a third party without restriction; or

(e) has been or is independently developed or obtained by the receiving party without reference to the Confidential Information provided by the protected party.

14.4 Confidential Information of a disclosing party may be used or disclosed by the receiving party in the circumstances set forth below but except for such permitted use or disclosure shall remain Confidential Information subject to all applicable terms of this Agreement:

(a) in connection with activities contemplated by this Agreement;

(b) as required by law or regulation or pursuant to a court order, subpoena, order or request of a governmental or regulatory or self-regulatory authority or agency, or binding discovery request in pending litigation (provided that, other than for requests to the Transfer Agent for Shareholder records pursuant to standard subpoenas from state or federal government authorities (e.g., divorce and criminal actions) the receiving party will provide the other party written notice of such requirement or request, to the extent such notice is permitted, and subject to proper jurisdiction, if applicable);

(c) in connection with inquiries, examinations, audits or other reviews by a governmental, regulatory or self-regulatory authority or agency, audits by independent auditors or requests for advice or opinions from counsel;

(d) the information or data is relevant and material to any claim or cause of action between the parties or the defense of any claim or cause of action asserted against the receiving party; or

(e) as otherwise agreed in writing between the parties.

14.5 Subject to the exceptions in Section 14.4, each party agrees not to publicly disseminate Confidential Information of the other party or mutual Confidential Information.

14.6 Notwithstanding Section 20.8 (Survival) of this Agreement, the provisions of this Section 14 shall survive termination of this Agreement for a period of three (3) years after such termination.

Section 15. Privacy.

15.1 Computershare agrees to implement and maintain appropriate security measures to protect “personal information”, as that term is defined in 201 CMR 17.00: Standards For The Protection Of Personal Information Of Residents Of The Commonwealth (“**Massachusetts Privacy Regulation**”), consistent with the Massachusetts Privacy Regulation and any applicable federal regulations. Computershare shall treat non-public personal information of Shareholders as confidential, and shall not disclose such information except in connection with carrying out the Services set forth in this Agreement, as required by law or regulation, or as allowed in this Agreement.

Section 16. Term and Termination.

16.1 <u>Term</u>. This Agreement shall be effective from the Effective Date and shall remain in full force and effect and continue through to the end of the Initial Term and shall, upon the expiration thereof, be automatically renewed thereafter for successive one (1) year terms, unless terminated pursuant to Section 16.

16.2 <u>Termination for Convenience</u>. Either party may terminate this Agreement by providing a written notice of termination to the other party, specifying the date this Agreement will terminate as follows: (a) if terminated by Customer, at least 90 days and not more than 365 days in advance of the termination date so specified in the notice, or (b) if terminated by Computershare, at least 180 days and not more than 365 days in advance of the termination date so specified in the notice.

16.3 <u>Termination for Cause</u>. Without prejudice to its other rights under this Agreement, a party (the “**Terminating Party**”) shall be entitled to terminate this Agreement if:

(a) the other party commits a material breach of the Agreement which is capable of being remedied but, following receipt of written notice of such material breach from the Terminating Party, the breaching party does not remedy the material breach within 90 days of receiving such notice (or within such other period as the Customer and the Transfer Agent may agree upon following receipt of such notice). In such case, the Terminating Party may terminate this Agreement by providing a written notice of termination to the breaching party, specifying the date as of which this Agreement will terminate, which may be any date, including the date such written notice is provided, however, the failure by the Customer to pay an invoiced Fee which is subject to a good faith dispute shall not constitute a material breach of the Agreement;

(b) a party commits a material breach of the Agreement which is not capable of being remedied. In such case, the Terminating Party may terminate this Agreement by providing a written notice of termination to the breaching party, specifying the date as of which this Agreement will terminate, which may be any date 90 days from the date such written notice is provided;

(c) In the case of Transfer Agent assigning this Agreement pursuant to Section 17.1, Customer may terminate this Agreement. Customer must exercise its right to terminate pursuant to this Section 16.3(c) within 60 days from the date Customer receives notice of such assignment and must provide the Transfer Agent with not less than ninety (90) days prior written notice of termination.

(d) a party ceases to maintain a regulatory license, registration, permission or authorization that, in the case of the Transfer Agent materially impairs its ability to provide the Services or any material portion thereof or in the case of the Customer, materially alters its ability to perform its obligations under this Agreement; or

(e) the other party becomes the subject of a significant action (such as an enforcement action or investigation) by a regulatory authority with jurisdiction over that party that materially impacts, in the case of the Transfer Agent, its ability to provide Services and, in the case of the Customer, its ability to perform its obligations under this Agreement.

16.4 Regulatory Necessity. In the event the Customer, is required by the written directive an applicable provincial or federal regulatory or self-regulatory organization with jurisdiction over the Customer (the "**Issuing Regulator**") to terminate this Agreement or to cease to receive or procure one or more Services from the Transfer Agent or to cease to carry on the business for the purpose of which it requires the Services due to any circumstance relating specifically to the Transfer Agent (a "**Termination Directive**"), the Customer shall provide the Transfer Agent with a copy of the Termination Directive as promptly as permitted by such Termination Directive, if permitted, and thereafter be entitled to terminate the Agreement or impacted Services in accordance with the requirements of the Termination Directive.

16.5 Termination by the Customer. The Customer may terminate this Agreement by providing a written notice of termination to the Transfer Agent, specifying the date as of which this Agreement will terminate, which may be any date, including the date such written notice is provided, provided the circumstances described below giving rise to the termination right are continuing at the time of the Transfer Agent's receipt of such written notice, if as a result of an Event Beyond Reasonable Control:

(a) The Transfer Agent is prevented from performing the whole or substantially the whole of the Services, or of any key elements of the Services, for a continuous period in excess of 60 days; or

(b) The Transfer Agent is prevented from performing the whole or substantially the whole of the Services, or of any key elements of the Services for a continuous period in excess of 14 days and during that period it has not used all commercially reasonable efforts to: find a solution by which its obligations under this Agreement may be performed despite the continuance of the Event Beyond Reasonable Control; or attempt to perform the impacted obligations, including by implementing its business continuity and disaster recovery plan.

16.6 Insolvency.

(a) Notwithstanding any other provision of this Agreement, the Customer or the Transfer Agent may in their or its sole discretion terminate this Agreement immediately by sending notice thereof to the other party upon the happening of any of the following to such other party:

(i) such party commences as debtor any case or proceeding under any bankruptcy, insolvency or similar law, or there is commenced against such party any such case or proceeding;

(ii) such party commences as debtor any case or proceeding seeking the appointment of a receiver, conservator, trustee, custodian or similar official for such party or any substantial part of its property or there is commenced against such party any such case or proceeding;

(iii) such party makes a general assignment for the benefit of creditors; or

(iv) such party states in any medium, written, electronic or otherwise, any public communication or in any other public manner its inability to pay debts as they come due.

(b) Each of the Customer, and the Transfer Agent may exercise its termination right under Section 16 at any time after the occurrence of any of the foregoing events notwithstanding that such event may cease to be continuing prior to such exercise, and any delay in exercising this right shall not be construed as a waiver or other extinguishment of that right. Any exercise by the Customer or the Transfer Agent of its termination right under Section 16 shall be without any prejudice to any other remedies or rights available to such party and shall not be subject to any fee or penalty, whether monetary or equitable. Notwithstanding anything to the contrary in this Agreement, notice of termination under this Section 16 shall be considered given and effective when given, not when received.

16.7 Each party will notify the other party promptly of any occurrence of the circumstances specified in Sections 16.2, 16.3, 16.4, 16.5, and 16.6. No failure or delay by a party to give any such notice will prejudice or limit the rights of the other party to terminate this Agreement (whether arising out of, in connection with or relating to this Agreement or otherwise).

16.8 Records. Upon receipt of written notice of termination, the parties will use commercially practicable efforts to effect an orderly termination of this Agreement. Subject to the provisions in Schedule 7 of the Side Agreement, the Transfer Agent will deliver promptly to the Customer electronically or in other media, in Computershare's industry standard format, all stockholder and other records, files and data supplied to or compiled by the Transfer Agent on behalf of the Customer, subject to applicable law and Transfer Agent's records management policy.

Section 17. Assignment.

17.1 Affiliates. Upon thirty (30) days prior written notice to Customer, the Transfer Agent may, without further consent of the Customer assign its right and obligations hereunto to any affiliated and registered transfer agent under Rule 17Ac2-1 promulgated under the 1934 Act. The Transfer Agent will not assign its rights and obligations to any other person without the Customer's prior written consent.

17.2 Sub-contractors. The Transfer Agent may, without further consent of the Customer, subcontract with (a) any affiliates, or (b) unaffiliated subcontractors such services as may be required from time to time (*e.g.*, lost shareholder searches, escheatment, telephone and mailing services); provided, however, that the Transfer Agent shall be as fully responsible to the Customer for the acts and omissions of any subcontractor as it is for its own acts and omissions.

Section 18. Unaffiliated Third Parties.

18.1 Nothing herein shall impose any duty upon the Transfer Agent in connection with or make the Transfer Agent liable for the actions or omissions to act of unaffiliated third parties such as, by way of example and not limitation, airborne services, the U.S. mails and telecommunication companies, provided, if the Transfer Agent selected such company, the Transfer Agent shall have exercised due care in selecting the same.

Section 19. Disaster Recovery.

19.1 Computershare shall maintain or arrange with third parties for back-up facilities ("**Back-Up Facilities**") to the primary operations and data centers used by Computershare to provide the Services ("**Primary Facilities**"). The Back-Up Facilities will be capable of providing the Services in the event an incident to the Primary Facilities significantly interrupts the delivery of a significant Service. In the event of equipment failures, Computershare shall, at no additional expense to the Company, take reasonable steps to minimize service interruptions, including using the Back-Up Facilities where appropriate.

19.2 Computershare shall develop and maintain a business continuity plan containing disaster recovery procedures for its data centers and operations facilities ("**Business Continuity Plan**"). Computershare will provide business continuity and disaster recovery services in accordance with its Business Continuity Plan. Computershare's Business Continuity Plan will at a minimum contain:

(a) Crisis management procedures for command and control during a disaster;

(b) Emergency notification process;

(c) Activation procedures including assignment of the authority to activate;

(d) Recovery process;

(e) Procedures and accommodations for the recovery of systems, applications and networks; and

(f) Identification of external service providers required for recovery, including but not limited to, disaster recovery service providers, equipment maintenance, transportation, salvage and building maintenance.

19.3 Annually, or upon the Company's reasonable request, Computershare will certify that its Business Continuity Plan complies with the provisions of this Section 19 and Schedule 5 of the Side Agreement.

19.4 Attached to the Side Agreement as Schedule 5 is an executive summary of the Business Continuity Plan as the Business Continuity Plan was constituted on the Effective Date which sets forth in reasonable detail the characteristics of the Business Continuity Plan. Computershare shall annually provide the Company with an executive summary in written form of the Business Continuity Plan, updated as necessary to incorporate into the executive summary, as of the date provided, summaries of any changes to the Business Continuity Plan since the Effective Date, or the date of the last executive summary of the Business Continuity Plan provided to the Company, as the case may be.

Section 20. Miscellaneous.

20.1 Notices.

All notices or other communications required to be given pursuant to this Agreement shall be in writing, including by Electronic Transmission, and shall be deemed given when (i) delivered in person, by overnight delivery through a commercial courier service, or by registered or certified mail or (ii) delivered by electronic mail directed to the electronic mail address set out in this Section 20. Notices shall be addressed to each party at its address set forth below, or such other address as the recipient may have specified by earlier notice to the sender.

If to the Customer:

c/o BlackRock Capital Investment Advisors, LLC 100
Bellevue Parkway
Wilmington, Delaware 19809 Attn: TA Oversight
E-mail: Matthew.luongo@blackrock.com

With copies to:

BlackRock Capital Investment Corporation 40 East 52nd Street,
NY, NY 10022 Attention: Chief Financial Officer

TCPC
2951 28th Street, Suite 1000 Santa Monica, CA 90405
Attention: Katie McGlynn

If to the Transfer Agent:

Computershare Trust Company, N.A. 150 Royall Street
Canton, MA 02021
Attn: Client Services
Email:Jennifer.bridges@computershare.com;
Maura.Stanley@computershare.com;
John.Jessup@computershare.com;
gino.levrano@computershare.com

The Transfer Agent and the Customer may, by notice to the other, designate additional or different addresses for subsequent notices or communications.

20.2 Successors.

All the covenants and provisions of this Agreement by or for the benefit of the Customer or the Transfer Agent shall bind and inure to the benefit of their respective successors and assigns hereunder.

20.3 Amendments.

This Agreement may be amended or modified by a written amendment executed by both parties hereto and, to the extent required by Customer, authorized or approved by a resolution of the Board of Directors of the Customer, subject to the provisions of Section 12.

20.4 Severability.

If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction or other authority to be invalid, void or unenforceable, the remainder of the terms, provision, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

20.5 Governing Law.

This Agreement shall be governed by the laws of The Commonwealth of Massachusetts.

20.6 Descriptive Headings.

Descriptive headings of the several sections of this Agreement are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

20.7 Third Party Beneficiaries.

The provisions of this Agreement are intended to benefit only the Transfer Agent, the Customer and their respective permitted successors and assigns. No rights shall be granted to any other person by virtue of this Agreement, and there are no third party beneficiaries hereof.

20.8 Survival.

All provisions regarding indemnification, warranty, liability and limits thereon, and confidentiality and protection of proprietary rights and trade secrets shall survive the termination of this Agreement.

20.9 Merger of Agreement.

This Agreement constitutes the entire agreement between the parties hereto and supersedes any prior agreement with respect to the subject matter hereof, whether oral or written.

20.10 Priorities.

In the event of any conflict, discrepancy, or ambiguity between the terms and conditions contained in this Agreement and any schedules or attachments hereto, the terms and conditions contained in this Agreement shall take precedence.

20.11 Counterparts.

This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument. A signature to this Agreement transmitted electronically shall have the same authority, effect, and enforceability as an original signature.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed by one of its officers thereunto duly authorized, all as of the date first written above.

Computershare Trust Company, N.A. and Computershare Inc.

On Behalf of Both Entities:

By:	/s/ Rachel Fisher
Name:	Rachel Fisher
Title:	Sr Contract Negotiation Specialist
Date:	May 19, 2020

BlackRock Capital Investment Corporation

By:	/s/ James E. Keenan
Name:	James E. Keenan
Title:	Chief Executive Officer
Date:	

BlackRock TCP Capital Corp.

By:	/s/ Elizabeth Greenwood
Name:	Elizabeth Greenwood
Title:	General Counsel
Date:	May 20, 2020

Appendix A

Company List

Coy (Legacy Co Code)	Company Name
BTCP	BlackRock TCP Capital Corp.
BKC	BlackRock Capital Investment Corporation

Appendix B

Form of New Company Confirmation Letter

[**DATE**]

Computershare Trust Company, N.A. 150 Royall Street
Canton, MA 02021 Attention: Maura Stanley

Re: Addition of Company to Agreement

Dear Maura:

Reference is made to the Transfer Agency and Service Agreement among BlackRock business development companies listed on Appendix A thereto, Computershare Trust Company, N.A., and Computershare Inc. dated as of July 13, 2020 ("Agreement"). [**New Company Name**] hereby confirms that as of [**Effective Date of New Company Being Added to Agreement**], it is added to the Agreement as a party and will be included in the definition of "Company" and "Customer" as such terms are defined in the Agreement.

[**NEW Company NAME**]

By: ______________________________
Name: ______________________________
Title: ______________________________

BlackRock Capital Investment Corporation

By: ______________________________
Name: ______________________________
Title: ______________________________

BlackRock TCP Capital Corp.

By: ______________________________
Name: ______________________________
Title: ______________________________

[NOTE: Any additional business development companies that are party to the Agreement as of the effective date of the letter would also need to be signatories to this letter, and for avoidance of doubt this letter would accompany an amendment to the Agreement.]

EXHIBIT 21.1

SUBSIDIARIES OF BLACKROCK CAPITAL INVESTMENT CORPORATION

Name	Jurisdiction
BKC ASW Blocker, Inc.	Delaware
BCIC-MBS, LLC	Delaware

In addition, we may be deemed to control certain portfolio companies identified as "Controlled Investments" in footnotes to the Consolidated Schedule of Investments at December 31, 2020 included in the Consolidated Financial Statements portion of BlackRock Capital Investment Corporation's Form 10-K for the year ended December 31, 2020.

EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
BlackRock Capital Investment Corporation:

We consent to the incorporation by reference in Registration Statement No. 333- 230610 on Form N-2 of our report dated March 3, 2021, relating to the consolidated financial statements and consolidated financial highlights of BlackRock Capital Investment Corporation and subsidiaries appearing in this Annual Report on Form 10-K for the year ended December 31, 2020.

/s/ Deloitte & Touche LLP

New York, New York
March 3, 2021

EXHIBIT 31.1

CEO CERTIFICATION

I, James E. Keenan, certify that:

1. I have reviewed this Annual Report on Form 10-K, for the fiscal year ended December 31, 2020 of BlackRock Capital Investment Corporation and subsidiaries;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the consolidated financial statements, and other financial information included in this report, fairly present in all material respects the consolidated financial condition, consolidated results of operations and consolidated cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)), for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 3, 2021	By: /s/ James E. Keenan James E. Keenan Interim Chief Executive Officer

CFO CERTIFICATION

I, Abby Miller, certify that:

1. I have reviewed this Annual Report on Form 10-K, for the fiscal year ended December 31, 2020 of BlackRock Capital Investment Corporation and subsidiaries;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the consolidated financial statements, and other financial information included in this report, fairly present in all material respects the consolidated financial condition, consolidated results of operations and consolidated cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)), for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 3, 2021

By: /s/ Abby Miller
Abby Miller
Chief Financial Officer and Treasurer

EXHIBIT 32.1

Certification of CEO and CFO Pursuant to
18 U.S.C. Section 1350,
as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report on Form 10-K of BlackRock Capital Investment Corporation and subsidiaries (the "Company") for the annual period ended December 31, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), James E. Keenan, as Interim Chief Executive Officer of the Company, and Abby Miller, as Chief Financial Officer and Treasurer of the Company, each hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the consolidated financial condition and consolidated results of operations of the Company.

/s/ James E. Keenan

Name:	James E. Keenan
Title:	Interim Chief Executive Officer
Date:	March 3, 2021

/s/ Abby Miller

Name:	Abby Miller
Title:	Chief Financial Officer and Treasurer
Date:	March 3, 2021