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, 2021

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, 2021 (the last business day of the Registrant's most recently completed second quarter) was $285.8 million 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 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 73,820,093 shares of the Registrant's common stock outstanding at March 2, 2022.

Documents Incorporated by Reference: Portions of the Registrant's Proxy Statement relating to the Registrant's 2022 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

FOR THE YEAR ENDED DECEMBER 31, 2021

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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 Securities and Exchange Commission ("SEC").

Risks Related to Our Business

- Events outside of our control, including public health crises, 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 ("U.S.") 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 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.
- 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.
- Our use of borrowed funds to make investments exposes us to risks typically associated with leverage.
- 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.
- If we incur additional leverage, it will increase the risk of investing in shares of our common stock.
- The lack of liquidity in substantially all of our investments may adversely affect our business.
- A substantial portion of our portfolio investments are recorded at fair value as determined using a consistently applied valuation process in accordance with our documented valuation policy that has been reviewed and approved by our Board of Directors, who also approve in good faith the valuation of such securities and, as a result, there may be uncertainty regarding the value of our portfolio investments.
- Our Advisor and its affiliates and employees may have certain conflicts of interest.
- Our Incentive Fee structure and the formula for calculating the Incentive Fee may incentivize our Advisor to pursue speculative investments.
- A portion of our distributions to stockholders may include a return of stockholder capital.
- 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 Board of Directors may change our operating policies and strategies without prior notice or stockholder approval.

Risks Related to Our Investments

- Our investments are risky and highly speculative, and we could lose all or part of our investments.
- 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 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.
- We are subject to risks related to inflation.

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.
- We will be subject to corporate-level U.S. federal income tax if we are unable to maintain our qualification as a RIC under Subchapter M of the Code, which could have a material adverse effect on our financial performance.
- There is a risk that you may not receive distributions or that our distributions may not grow over time and a portion of our distributions may be a return of capital.
- We may experience cyber-security incidents and are subject to cyber-security risks.

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 market price of our common stock may fluctuate significantly.
- 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.
- Terms relating to redemption may materially adversely affect your return on any debt securities that we may issue.
- Our credit ratings may not reflect all risks of an investment in our debt securities.

Item 1. Business

General

In this annual report in Form 10-K, except as otherwise indicated, the terms:

“Company,”, "we," "us," "our," “BlackRock Capital” and “Registrant” refer to BlackRock Capital Investment Corporation.

The “Advisor” or “BCIA” refers to BlackRock Capital Investment Advisors, LLC, a Delaware limited liability company and the investment manager; and

“Administrator” refers to BlackRock Financial Management, Inc., an affiliate of the Advisor and administrator of the Company.

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 (“BDC”) under the Investment Company Act of 1940, as amended (the “1940 Act”). In addition, for tax purposes we intend to continue to qualify as a regulated investment company (“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.”

The Company has elected to be treated as a RIC for U.S. federal income tax purposes. As a RIC, we will not be taxed on our income to the extent that we distribute such income each year and satisfy other applicable income tax requirements.

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. 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.

The Advisor

Our investment activities are managed by the Advisor. Our 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 $10.0 trillion of assets under management ("AUM") at December 31, 2021. 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 of the Company are currently James E. Keenan, Jason A. Mehring, R. Marshall Merriman Jr., Rajneesh Vig, Nik Singhal, and Philip M. Tseng. Howard M. Levkowitz resigned as a voting member during 2021.

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 $10.0 trillion of AUM at December 31, 2021. 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, 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, which we believe helped and continues to help to add value for stockholders.

Demonstrated ability to deploy capital consistent with our investment policies. Since our inception, we have invested in excess of $5.5 billion across 281 portfolio companies through December 31, 2021. We have a debt and income producing equity yield at fair value of approximately 8.7% at December 31, 2021. During 2021, we invested approximately $275.0 million of gross assets.

Proven transaction sourcing strategy. Since the inception of operations, we have sourced and reviewed more than 6,100 potential investments and have a proven process through which we have invested in excess of $5.5 billion through December 31, 2021. 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 of the Company are currently James E. Keenan, Jason A. Mehring, R. Marshall Merriman Jr., Rajneesh Vig, Nik Singhal and Philip M. 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 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 Tax 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 investment management agreement, we have agreed to pay the Advisor an annual base management fee (the "Management Fee") based on our total assets, as well as an incentive management fee (the "Incentive Fee") based on our performance. The investment 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.

The Company elected to be treated for U.S. federal income tax purposes as a RIC under the Code. As a RIC, the Company generally does not have to pay corporate-level federal income taxes on any net ordinary income or capital gain that we distribute to our stockholders as dividends if we meet certain source-of-income, distribution and asset diversification requirements. The Company has elected to be regulated as a BDC under the 1940 Act. As a BDC we are required to invest at least 70% of our total assets primarily in securities of private and certain public U.S. companies (other than investment companies and certain financial institutions), cash, cash equivalents, U.S. Government securities, and other high-quality debt investments that mature in one year or less and to comply with other regulatory requirements, including limitations on our use of debt. 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.

Investment Strategy

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.

Investment Portfolio

At December 31, 2021, our investment portfolio of $552.6 million (at fair value) consisted of 86 portfolio companies and was invested 98% in debt investments, primarily in senior secured debt. In aggregate, our investment portfolio was invested 93% in senior secured loans, 5% in unsecured or subordinated debt securities, 2% in equity investments and less than 1% in senior secured notes. Our average portfolio company investment at amortized cost was approximately $7.1 million. Our largest portfolio company investment at fair value was approximately $37.3 million and our five largest portfolio company investments by value comprised approximately 21% of our portfolio at December 31, 2021. For further details on portfolio mix by industry and type, refer to Note 5 of the consolidated financial statements.

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:

<u>Deal Sourcing</u>

As a leading middle-market corporate debt investment manager with approximately $20.3 billion in committed capital as of December 31, 2021 (approximately 4% 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 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 six voting members. In total, the Investment Committee consists of approximately 59 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.

<u>Due Diligence Process</u>

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., 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 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 original base case 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 materially below the Advisor's original base case expectations or risk factors have increased since the time of original investment or subsequent restructuring. No loss of investment return or principal (or invested capital) is expected.

Grade 3: Investments in portfolio companies whose performance is materially below the Advisor's original base case expectations or risk factors have increased materially since the time of original investment or subsequent restructuring. Some loss of investment return is expected, but no loss of principal (or invested capital) is expected.

Grade 4: Investments in portfolio companies whose performance is materially below the Advisor's original base case expectations or risk factors have increased substantially since the time of original investment or subsequent restructuring. Some loss of principal (or invested capital) is expected.

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 1.21 at December 31, 2021 and 1.90 at December 31, 2020. The following is a distribution of the investment ratings of our portfolio companies at December 31, 2021 and 2020:

	December 31, 2021	December 31, 2020
Grade 1	$ 474,466,652	$ 189,012,640
Grade 2	49,356,296	198,713,376
Grade 3	—	38,605,618
Grade 4	22,579,310	51,136,642
Not Rated(1)	6,161,736	1,557,200
Total investments	$ 552,563,994	$ 479,025,476

(1) Not Rated category at December 31, 2021 consists primarily of the Company's residual equity investments in Stitch Holdings, L.P. and AGY Equity, LLC. Not Rated category at December 31, 2020 consists primarily of the Company's residual equity investment in AGY Equity, LLC. For purposes of calculating our weighted average investment rating, the Not Rated category is excluded.

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 Investment Committee's approval, the quarterly internal investment ratings are presented to the Board of Directors for their review.

Regulation

We have filed an election to be regulated as 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 co-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 approved by "a majority of our outstanding voting securities", which is defined in the 1940 Act as the lesser of a majority of the outstanding voting securities or 67% or more of the securities voting if a quorum of a majority of the outstanding voting securities is present.

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 of 1933 (the "Securities Act"), or the Securities Exchange Act of 1934. We 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 investment company, invest more than 5% of the value of our total assets in the securities of one investment company or invest more than 10% of the value of our total assets in the securities of more than one investment company. With regard to that portion of our portfolio invested in securities issued by investment companies, it should be noted that such investments might indirectly subject our stockholders to additional expenses as they will indirectly be responsible for the costs and expenses of such companies. None of our investment policies are fundamental and any may be changed without stockholder approval.

Qualifying Assets

Under the 1940 Act, a BDC may not acquire any asset other than assets of the type listed in section 55(a) of the 1940 Act, which are referred to as qualifying assets, unless, at the time the acquisition is made, qualifying assets represent at least 70% of the Company's total assets. The principal categories of qualifying assets relevant to our proposed business are the following:

- Securities purchased in transactions not involving any public offering from the issuer of such securities, which issuer (subject to certain limited exceptions) is an eligible portfolio company, or from any person who is, or has been during the preceding 13 months, an affiliated person of an eligible portfolio company, or from any other person, subject to such rules as may be prescribed by the SEC. An eligible portfolio company is defined in the 1940 Act as any issuer which:
  - is organized under the laws of, and has its principal place of business in, the U.S.;
  - is not an investment company (other than a small business investment company wholly owned by the BDC) or a company that would be an investment company but for certain exclusions under the 1940 Act; and
  - satisfied either of the following:
    - has a market capitalization of less than $250.0 million or does not have any class of securities listed on a national securities exchange; or
    - is controlled by a BDC or a group of companies including a BDC, the BDC actually exercises a controlling influence over the management or policies of the eligible portfolio company, and, as a result thereof, the BDC has an affiliated person who is a director of the eligible portfolio company.
- Securities of any eligible portfolio company which we control.
- Securities purchased in a private transaction from a U.S. issuer that is not an investment company or from an affiliated person of the issuer, or in transactions incident thereto, if the issuer is in bankruptcy and subject to reorganization or if the issuer, immediately prior to the purchase of its securities was unable to meet its obligations as they came due without material assistance other than conventional lending or financing arrangements.
- Securities of an eligible portfolio company purchased from any person in a private transaction if there is no ready market for such securities and we already own 60% of the outstanding equity of the eligible portfolio company.
- Securities received in exchange for or distributed on or with respect to securities described above, or pursuant to the exercise of warrants or rights relating to such securities.
- Cash, cash equivalents, U.S. Government securities or high-quality debt securities maturing in one year or less from the time of investment.

Asset Coverage Requirement

Under Section 61(a) of the 1940 Act, prior to March 23, 2018, a BDC was generally not permitted to issue senior securities unless after giving effect thereto the BDC met a coverage ratio of total assets, less liabilities and indebtedness not represented by senior securities, to total senior securities, which includes all borrowings of the BDC, of at least 200%. On March 23, 2018, the Small Business Credit Availability Act ("SBCAA") was signed into law, which among other things, amended Section 61(a) of the 1940 Act to add a new Section 61(a)(2) that reduces the asset coverage requirement applicable to BDCs from 200% to 150% so long as the BDC meets certain disclosure requirements and obtains certain approvals. The reduced asset coverage requirement permits a BDC to have a ratio of total outstanding indebtedness to equity of 2:1 as compared to a maximum of 1:1 under the 200% asset coverage requirement.

In accordance with the 1940 Act, with certain limited exceptions, we were allowed to borrow amounts such that our asset coverage ratio, as defined in the 1940 Act, equaled at least 200% after such borrowing. Effective October 29, 2019, the Company's board of directors, including a “required majority” (as such term is defined in Section 57(o) of the 1940 Act) of our board of directors, approved the application of the modified asset coverage requirements set forth in Section 61(a)(2) of the 1940 Act, as amended by the SBCAA (the “Asset Coverage Ratio Election”), which would have resulted (had the Company not received earlier stockholder approval) in our asset coverage requirement applicable to senior securities being reduced from 200% to 150%, effective on October 29, 2020. 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%.

Managerial Assistance to Portfolio Companies

A BDC must have been organized and have its principal place of business in the U.S. and must be operated for the purpose of making investments in the types of securities described in “Qualifying assets” above. However, in order to count portfolio securities as qualifying assets for the purpose of the 70% test, the BDC must either control the issuer of the securities or must offer to make available to the issuer of the securities significant managerial assistance. Where the BDC purchases such securities in conjunction with one or more other persons acting together, the BDC will satisfy this test if one of the other persons in the group makes available such managerial assistance, although reliance on other investors may not be the sole method by which the BDC satisfies the requirement to make available managerial assistance. Making available managerial assistance means, among other things, any arrangement whereby the BDC, through its investment manager, directors, officers or employees, offers to provide, and, if accepted, does so provide, significant guidance and counsel concerning the management, operations or business objectives and policies of a portfolio company.

Taxation of the Company

We have elected to be taxed as a RIC under Subchapter M of the Code. To continue to qualify as a RIC, we must, among other things, (a) derive in each taxable year at least 90 percent of our gross income from dividends, interest (including tax-exempt interest), payments with respect to certain securities loans, gains from the sale or other disposition of stock, securities or foreign currencies, other income (including but not limited to gain from options, futures and forward contracts) derived with respect to our business of investing in stock, securities or currencies, or net income derived from an interest in a “qualified publicly traded partnership” (a “QPTP”); and (b) diversify our holdings so that, at the end of each quarter of each taxable year (i) at least 50 percent of the market value of our total assets is represented by cash and cash items, U.S. Government securities, the securities of other RICs and other securities, with other securities limited, in respect of any one issuer, to an amount not greater than five percent of the value of our total assets and not more than 10 percent of the outstanding voting securities of such issuer (subject to the exception described below), and (ii) not more than 25 percent of the market value of our total assets is invested in the securities (other than U.S. Government securities and the securities of other regulated investment companies) (A) of any issuer, (B) of any two or more issuers that we control and that are determined to be engaged in the same business or similar or related trades or businesses, or (C) of one or more QPTPs. The Code provides for certain exceptions to the foregoing diversification requirements. We may generate certain income that might not qualify as good income for purposes of the 90% annual gross income requirement described above. We monitor our transactions to endeavor to prevent our disqualification as a RIC.

If we fail to satisfy the 90% annual gross income requirement or the asset diversification requirements discussed above in any taxable year, we may be eligible for relief provisions if the failures are due to reasonable cause and not willful neglect and if a penalty tax is paid with respect to each failure to satisfy the applicable requirements. Additionally, relief is provided for certain de minimis failures of the asset diversification requirements where we correct the failure within a specified period. If the applicable relief provisions are not available or cannot be met, all of our income would be subject to corporate-level U.S. federal income tax as described below. We cannot provide assurance that we would qualify for any such relief should we fail the 90% annual gross income requirement or the asset diversification requirements discussed above.

As a RIC, in any taxable year with respect to which we timely distribute at least 90% of the sum of our (i) investment company taxable income (which includes, among other items, dividends, interest and the excess of any net short-term capital gain over net long-term capital loss and other taxable income (other than any net capital gain), reduced by deductible expenses) determined without regard to the deduction for dividends and distributions paid and (ii) net tax exempt interest income (which is the excess of our gross tax exempt interest income over certain disallowed deductions) (the “Annual Distribution Requirement”), we (but not our stockholders) generally will not be subject to U.S. federal income tax on investment company taxable income and net capital gain (generally, net long-term capital gain in excess of short-term capital loss) that we distribute to our stockholders. We intend to distribute annually all or substantially all of such income on a timely basis. To the extent that we retain our net capital gain for investment or any investment company taxable income, we will be subject to U.S. federal income tax at the regular corporate income tax rates. We may choose to retain our net capital gains for investment or any investment company taxable income, and pay the associated federal corporate income tax, including the federal excise tax described below.

Certain amounts not distributed during a calendar year are subject to a nondeductible four percent U.S. federal excise tax payable by us. To avoid this tax, we would need to distribute (or be deemed to have distributed) during each calendar year an amount equal to the sum of:

(1) at least 98 percent of our ordinary income (not taking into account any capital gains or losses) for the calendar year;

(2) at least 98.2 percent of the amount by which our capital gains exceed our capital losses (adjusted for certain ordinary losses) for a one-year period generally ending on October 31 of the calendar year (unless an election is made by us to use our taxable year); and

(3) certain undistributed amounts from previous years on which we paid no U.S. federal income tax.

While we intend to distribute any income and capital gains in the manner necessary to minimize imposition of the four percent federal excise tax, sufficient amounts of our taxable income and capital gains may not be distributed to avoid entirely the imposition of the tax. In that event, we will be liable for the tax only on the amount by which we do not meet the foregoing distribution requirement.

If, in any particular taxable year, we do not satisfy the Annual Distribution Requirement or otherwise were to fail to qualify as a RIC (for example, because we fail the 90% annual gross income requirement described above), and relief is not available as discussed above, all of our taxable income (including our net capital gains) will be subject to tax at regular corporate rates without any deduction for distributions to stockholders, and distributions generally will be taxable to the stockholders as ordinary dividends to the extent of our current and accumulated earnings and profits.

We may decide to be taxed as a regular corporation even if we would otherwise qualify as a RIC if we determine that treatment as a corporation for a particular year would be in our best interests.

As a RIC, we are permitted to carry forward a net capital loss to offset capital gain indefinitely. For net capital losses, the excess of our net short-term capital loss over our net long-term capital gain is treated as a short-term capital loss arising on the first day of our next taxable year and the excess of our net long-term capital loss over our net short-term capital gain is treated as a long-term capital loss arising on the first day of our next taxable year. If future capital gain is offset by carried forward capital losses, such future capital gain is not subject to fund-level U.S. federal income tax, regardless of whether they are distributed to stockholders. Accordingly, we do not expect to distribute any such offsetting capital gain. A RIC cannot carry back or carry forward any net operating losses.

Investment Structure

Once we determine that a prospective portfolio company is suitable for a direct investment, we work with the management of that company and its other capital providers, including senior and junior lenders, and equity holders, to structure an investment. We negotiate among these parties to agree on how our investment is expected to be structured relative to the other capital in the portfolio company's capital structure.

Leveraged Loans

We structure most of our new investments as secured leveraged loans. Leveraged loans are generally senior debt instruments that rank ahead of subordinated debt of the portfolio company. Leveraged loans generally have the benefit of security interests on the assets of the portfolio company, which may rank ahead of, or be junior to, other security interests.

High-Yield Securities

The Company's portfolio currently includes high-yield securities and the Company may invest in high-yield securities in the future. The Company does not anticipate high-yield securities to be a significant part of its investment strategy. High-yield securities have historically experienced greater default rates than has been the case for investment grade securities and are generally rated below investment grade by one or more nationally recognized statistical rating organizations or will be unrated but of comparable credit quality to obligations rated below investment grade, and have greater credit and liquidity risk than more highly rated obligations. High-yield securities are generally unsecured and may be subordinate to other obligations of the obligor and are often issued in connection with leveraged acquisitions or recapitalizations in which the issuers incur a substantially higher amount of indebtedness than the level at which they had previously operated. The Company's portfolio may also include mezzanine investments which are generally unsecured and rated below investment grade. Mezzanine investments of the type in which the Company invests in are primarily privately negotiated subordinated debt securities often issued in connection with leveraged transactions, such as management buyouts, acquisitions, re-financings, recapitalizations and later stage growth capital financings, and are generally accompanied by related equity participation features such as options, warrants, preferred and common stock. In some cases, our debt investments may provide for a portion of the interest payable to be paid in kind interest. To the extent interest is paid in kind, it will be payable through the increase of the principal amount of the obligation by the amount of interest due on the then-outstanding aggregate principal amount of such obligation.

Warrants, Options and Equity Investments

In some cases, we will also receive nominally priced warrants or options to buy a minority equity interest in the portfolio company in connection with a loan. As a result, if a portfolio company appreciates in value, we may achieve additional investment return from this equity interest. We may structure such warrants to include provisions protecting our rights as a minority-interest holder, as well as a "put," or right to sell such securities back to the issuer, upon the occurrence of specified events. In many cases, we may also seek to obtain registration rights in connection with these equity interests, which may include demand and "piggyback" registration rights. Additionally, our portfolio may consist of preferred and common equity investments, which are typically made in conjunction with loans to portfolio companies in some cases. We may also receive equity as part of a restructuring.

Distressed Debt

The Company's portfolio currently includes distressed debt investments and the Company is authorized to continue to invest in the securities and other obligations of distressed and bankrupt issuers, including debt obligations that are in covenant or payment default. As of December 31, 2021, two of the Company's debt investments and one preferred stock investment were on non-accrual status. The Company does not anticipate distressed debt to be a significant part of its investment strategy. Such investments generally trade significantly below par and are considered speculative. The repayment of defaulted obligations is subject to significant uncertainties. Defaulted obligations might be repaid only after lengthy workout or bankruptcy proceedings, during which the issuer might not make any interest or other payments. Typically such workout or bankruptcy proceedings result in only partial recovery of cash payments or an exchange of the defaulted obligation for other debt or equity securities of the issuer or its affiliates, which may in turn be illiquid or speculative.

Opportunistic Investments

Opportunistic investments may include, but are not limited to, investments in debt securities of all kinds and at all levels of the capital structure and may include equity securities of public companies that are thinly traded, emerging market debt, structured finance vehicles such as collateralized loan obligation, or CLO, funds and debt of middle-market companies located outside the U.S. We do not intend such investments to be our primary focus.

We tailor the terms of each investment to the facts and circumstances of the transaction and the prospective portfolio company, negotiating a structure that protects our rights and manages our risk while creating incentives for the portfolio company to achieve its business plan and improve its operating results. We seek to limit the downside potential of our investments by:

- requiring a total return on our investments (including both interest and potential equity appreciation) that we believe will compensate us appropriately for credit risk;
- negotiating covenants in connection with our investments that afford our portfolio companies as much flexibility in managing their businesses as possible, consistent with 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 rights to a seat on the board of directors under some circumstances; and
- selecting investments that we believe have a very low probability of loss.

We expect to hold most of our investments to maturity or repayment, but we may sell some of our investments earlier if a liquidity event occurs, such as a sale, recapitalization or worsening of the credit quality of the portfolio company.

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, 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.

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. 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.

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, a 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, the Advisor, amended and restated its previous investment management agreement to reduce the Management Fee and Incentive Fees as follows: (i) the 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) the Incentive Fee based on net investment income was reduced from 20% over a 7% hurdle to 17.5% over a 7% hurdle; and (iii) the Incentive Fee based on net capital gains was reduced from 20% to 17.5% (the "Current Management Agreement").

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 2, 2021.

Management Fee

Under the Current Management Agreement, the 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 Management Fee at an annual rate of 1.50% of total assets up to 200% of net asset value (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 Management Fee is calculated at 1.00% on assets that exceed 200% of net asset value of the Company. The Management Fee for any partial quarter is prorated.

For the years ended December 31, 2021, 2020 and 2019, the Company incurred $7,784,188, $10,799,832, and $12,425,101, respectively, in Management Fees under the Current Management Agreement.

Incentive Fees

(i) Quarterly Incentive Fee Based on Income

The Current Management Agreement provides that the 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 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 purposes of calculating the Incentive Fee, (i) “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); (ii) “net assets attributable to common stock” means total assets less indebtedness and preferred stock; and (iii) “Pre-Incentive Fee Net Investment Income” means net investment income (as determined in accordance with U.S. generally accepted accounting principles (“GAAP”)) accrued by the Company during the calendar quarter excluding any accruals for or payments in respect of the Incentive Fee.

For the years ended December 31, 2021, 2020, and 2019, the Company incurred $249,385, $6,304,333, and $8,751,521, respectively, in Incentive Fees based on income. For the year ended December 31, 2021, the Advisor waived Incentive Fees on income of $79,383, resulting in net Incentive Fees on income of $170,002. For the year ended December 31, 2020, the Advisor waived Incentive Fees on income of $6,304,333, resulting in no net Incentive Fees on income for the period. For the year ended December 31, 2019, the Advisor waived Incentive Fees on income of $6,901,924, resulting in net Incentive Fees on income of $1,849,597. As of December 31, 2021 and 2020, there was $170,002, and $1,849,597, respectively, of Incentive Fees payable based on income.

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 Advisor is 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 during the period, if any, exceeds (2) gross unrealized capital depreciation, if any, 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 Company is required under GAAP to accrue an Incentive Fee on capital gains on a hypothetical liquidation basis, based upon net realized capital gains and unrealized capital appreciation and depreciation on investments held at the end of each period. The accrued Incentive Fee on capital gains assumes all unrealized capital appreciation and depreciation is realized in order to reflect an Incentive Fee on capital gains (if any) that would be payable at each measurement date, even though unrealized capital appreciation is not permitted to be considered in determining the Incentive Fee on capital gains actually payable on an annual basis under the Current Management Agreement. If such amount is positive at the end of the period, an Incentive Fee on capital gains is accrued equal to 17.5% of such amount, for periods ended after May 2, 2020 (or 20%, for periods ended prior to May 2, 2020), less the amount of any Incentive Fees on capital gains already accrued in prior periods. If the resulting calculation amount is negative, the accrual for GAAP in a given period may result in the reduction or reversal of Incentive Fee expense on capital gains accrued in a prior period.

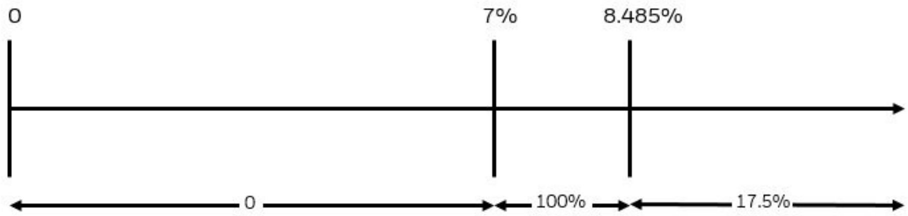
Incentive Fees on capital gains accrued on a liquidation basis (but not payable) under GAAP for the year ended December 31, 2021 was $1,544,569. For the years ended December 31, 2020 and 2019, no Incentive Fees on capital gains were accrued or payable. There can be no assurance that unrealized capital appreciation and depreciation will be realized in the future, or that any accrued capital gains Incentive Fee will become payable under the Current Management Agreement. Incentive Fee amounts on capital gains actually paid by the Company will specifically exclude consideration of unrealized capital appreciation, consistent with requirements under the Advisers Act and the Current Management Agreement.

For purposes of calculating the Incentive Fee based on capital gains, “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. 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 following is a graphical representation of the calculation of the portion of the Incentive Fee based on income under the Current Management Agreement (since May 2, 2020).

Annualized Quarterly Incentive Fee Based on Income

Pre-Incentive Fee Net Investment Income
(expressed as a percentage of the value of net assets)



Percentage of Pre-Incentive Fee Net Investment Income comprising Incentive Fee

Examples of Incentive Fees Calculation

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%

During four quarter period ending with most recently completed quarter:

- 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

During most recently completed quarter (Q4):

- Investment Income = 4.00%
- Pre-Incentive Fee Net Investment Income

  = (investment income – (management fee + other expenses)

  = (4.00% - (0.375% + 0.0625%))

  = 3.5625%

During four quarter period ending with most recently completed quarter:

- 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

During most recently completed quarter:

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 0.62% and the earlier deferred income based Incentive Fee of 0.60% are paid.

Example 2: 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

Payment of our expenses

All investment professionals and staff of the Advisor, when and to the extent engaged in providing investment advisory and management services, and the compensation and routine overhead expenses of such personnel allocable to such services (including health insurance, 401(k) plan benefits, payroll taxes and other compensation related matters), are provided and paid for by the Advisor. We bear all other costs and expenses of our operations and transactions, including those relating to:

- our organization;
- calculating our net asset value and net asset value per share (including the cost and expenses of any independent valuation firm);
- expenses, including travel expense, incurred by the Advisor or payable to third parties in performing due diligence on prospective portfolio companies, monitoring our investments and, if necessary, enforcing our rights;
- interest payable on debt, if any, incurred to finance our investments;
- the costs of all future offerings of common stock and other securities, if any;
- the base management fee and any incentive compensation;
- distributions on our shares;
- administration fees payable under our administration agreement;
- transfer agent and custody fees and expenses;
- the allocated costs incurred by our Administrator in providing managerial assistance to those portfolio companies that request it;
- amounts payable to third parties relating to, or associated with, evaluating, making and disposing of investments;
- brokerage fees and commissions;
- registration fees;
- listing fees;
- taxes;
- director fees and expenses;
- costs of preparing and filing reports or other documents with the SEC;
- the costs of any reports, proxy statements or other notices to our stockholders, including printing costs;
- costs of holding stockholder meetings;
- our fidelity bond;
- directors and officers/errors and omissions liability insurance, and any other insurance premiums;
- litigation, indemnification and other non-recurring or extraordinary expenses;
- direct costs and expenses of administration and operation, including audit and legal costs;
- dues, fees and charges of any trade association of which we are a member; and
- all other expenses reasonably incurred by us or the Administrator in connection with administering our business, such as the allocable portion of overhead under our administration agreement, including rent and other allocable portions of the cost of certain of our officers and their respective staffs.

From time to time, the Advisor may pay amounts owed by us to third party providers of goods or services. We will subsequently reimburse the Advisor for such amounts paid on our behalf.

Limitation of liability and 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 2, 2021, 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 the Administrator, which we refer to as the administration agreement, under which the Administrator provides certain administrative services to us. The Administrator provides services including, but not limited to, the arrangement for the services of, and the overseeing of, custodians, depositories, transfer agents, dividend disbursing agents, other stockholder servicing agents, accountants, attorneys, underwriters, brokers and dealers, corporate fiduciaries, insurers, banks, stockholders and such other persons in any such other capacity deemed to be necessary or desirable. The Administrator also makes reports to the board of its performance of obligations under the administration agreement and furnishes advice and recommendations with respect to such other aspects of our business and affairs that we determine to be desirable. The Administrator is responsible for our financial and other records that are required to be maintained and prepares all reports and other materials required by any agreement or to be filed with the Securities and Exchange Commission or any other regulatory authority, including reports on Forms 8-K, 10-Q, 10-K and periodic reports to stockholders, determining the amounts available for distribution as dividends and distributions to be paid by us to our stockholders, reviewing and implementing any share purchase programs authorized by the board, maintaining or overseeing the maintenance of our books and records as required under the 1940 Act, and maintaining (or overseeing maintenance by other persons) such other books and records required by law or for our proper operation. For providing these services, facilities and personnel, we reimburse the Administrator for expenses incurred by the Administrator in performing its obligations under the administration agreement, including our allocable portion of overhead under the administration agreement and the cost of certain of our officers and the Administrator's administrative staff and providing, at our request and on our behalf, significant managerial assistance to our portfolio companies to which we are required to provide such assistance. From time to time, the Administrator may pay amounts owed by us to third-party providers of goods or services. We subsequently reimburse the Administrator for such amounts paid on our behalf.

Portfolio Manager

James E. Keenan is the person primarily responsible for the day-to-day management of our portfolio.

Mr. Keenan is a Managing Director of the Advisor and is an employee of, and compensated by, the Advisor or an affiliate of the Advisor. Mr. Keenan receives no direct compensation from us.

The following table sets forth the dollar range of our common stock beneficially owned by the portfolio manager as of March 1, 2022.

Portfolio Manager	Aggregate Dollar Range of Common Stock Owned by Portfolio Manager(1)(2)
James E. Keenan	Over $1,000,000

(1) Dollar ranges are as follows: None; $1-$10,000; $10,001-$50,000; $50,001-$100,000; $100,001-$500,000; $500,001-$1,000,000; or over $1,000,000.
(2) The dollar range of equity securities beneficially owned is based on the closing price of $4.05 per share of our common stock on March 1, 2022 on The NASDAQ Global Select Market.

Such persons may not necessarily continue to hold such positions or be involved in the performance by the Advisor of its obligations to us during the entire term of the Management Agreement referred to below.

The Investment Committee's role is limited to providing oversight and guidance to compliment and supervise the Advisor's management of our investment portfolio.

Portfolio Management

Portfolio Manager Compensation Overview

The discussion below describes the portfolio managers compensation as of December 31, 2021.

BlackRock's financial arrangements with its portfolio managers, its competitive compensation and its career path emphasis at all levels reflect the value senior management places on key resources. Compensation may include a variety of components and may vary from year to year based on a number of factors. The principal components of compensation include a base salary, a performance-based discretionary bonus, participation in various benefits programs and one or more of the incentive compensation programs established by BlackRock.

Base compensation. Generally, portfolio managers receive base compensation based on their position with the firm.

Discretionary Incentive Compensation. Discretionary incentive compensation is a function of several components: the performance of BlackRock, the performance of the portfolio manager's group within BlackRock, the investment performance, including risk-adjusted returns, of the firm's AUM or supervision by that portfolio manager relative to predetermined benchmarks, and the individual's performance and contribution to the overall performance of these portfolios and BlackRock. In most cases, these benchmarks are the same as the benchmark or benchmarks against which the performance of the funds or other accounts managed by the portfolio managers are measured. Among other things, BlackRock's Chief Investment Officers make a subjective determination with respect to each portfolio manager's compensation based on the performance of the funds and other accounts managed by each portfolio manager relative to the various benchmarks. Performance of fixed income funds is measured on a pre-tax and/or after-tax basis over various time periods including 1-, 3- and 5- year periods, as applicable. The performance of Mr. Keenan is not measured against a specific benchmark.

Distribution of Discretionary Incentive Compensation. Discretionary incentive compensation is distributed to portfolio managers in a combination of cash and BlackRock, Inc. restricted stock units which vest ratably over a number of years. For some portfolio managers, discretionary incentive compensation is also distributed in deferred cash awards that notionally track the returns of select BlackRock investment products they manage and that vest ratably over a number of years. The BlackRock restricted stock units, upon vesting, will be settled in BlackRock common stock. Typically, the cash portion of the discretionary incentive compensation, when combined with base salary, represents the majority of total compensation for the portfolio managers. Paying a portion of discretionary incentive compensation in BlackRock stock puts compensation earned by a portfolio manager for a given year "at risk" based on BlackRock's ability to sustain and improve its performance over future periods. Providing a portion of discretionary incentive compensation in deferred cash awards that notionally track the BlackRock investment products they manage provides direct alignment with investment product results.

Long-Term Incentive Plan Awards — From time to time long-term incentive equity awards are granted to certain key employees to aid in retention, align their interests with long-term shareholder interests and motivate performance. Equity awards are generally granted in the form of BlackRock restricted stock units that, once vested, settle in BlackRock common stock.

Deferred Compensation Program — A portion of the compensation paid to eligible U.S.-based BlackRock employees may be voluntarily deferred at their election for defined periods of time into an account that tracks the performance of certain of the firm's investment products. Any portfolio manager who is either a managing director or director at BlackRock with compensation above a specified threshold is eligible to participate in the deferred compensation program.

Other Compensation Benefits. In addition to base compensation and discretionary incentive compensation, portfolio managers may be eligible to receive or participate in one or more of the following:

Incentive Savings Plans – BlackRock has created a variety of incentive savings plans in which BlackRock employees are eligible to participate, including a 401(k) plan, the BlackRock Retirement Savings Plan ("RSP"), and the BlackRock Employee Stock Purchase Plan ("ESPP"). The employer contribution components of the RSP include a company match equal to 50% of the first 8% of eligible pay contributed to the plan capped at $5,000 per year, and a company retirement contribution equal to 3-5% of eligible compensation up to the Internal Revenue Service ("IRS") limit. The RSP offers a range of investment options, including registered investment companies and collective investment funds managed by the firm. BlackRock contributions follow the investment direction set by participants for their own contributions or, absent participant investment direction, are invested into a target date fund that corresponds to, or is closest to, the year in which the participant attains age 65. The ESPP allows for investment in BlackRock common stock at a 5% discount on the fair market value of the stock on the purchase date. Annual participation in the ESPP is limited to the purchase of 1,000 shares of common stock or a dollar value of $25,000 based on its fair market value on the purchase date. All of the eligible portfolio managers are eligible to participate in these plans.

Potential Material Conflicts of Interest

BlackRock has built a professional working environment, firm-wide compliance culture and compliance procedures and systems designed to protect against potential incentives that may favor one account over another. BlackRock has adopted policies and procedures that address the allocation of investment opportunities, execution of portfolio transactions, personal trading by employees and other potential conflicts of interest that are designed to ensure that all client accounts are treated equitably over time. Nevertheless, BlackRock furnishes investment management and advisory services to numerous clients in addition to the Company, and BlackRock may, consistent with applicable law, make investment recommendations to other clients or accounts (including accounts which are hedge funds or have performance or higher fees paid to BlackRock, or in which portfolio managers have a personal interest in the receipt of such fees), which may be the same as or different from those made to the Company. In addition, BlackRock, its affiliates and significant shareholders and any officer, director, shareholder or employee may or may not have an interest in the securities whose purchase and sale BlackRock recommends to the Company. BlackRock, or any of its affiliates or significant shareholders, or any officer, director, shareholder, employee or any member of their families may take different actions than those recommended to the Company by BlackRock with respect to the same securities. Moreover, BlackRock may refrain from rendering any advice or services concerning securities of companies of which any of BlackRock's (or its affiliates' or significant shareholders') officers, directors or employees are directors or officers, or companies as to which BlackRock or any of its affiliates or significant shareholders or the officers, directors and employees of any of them has any substantial economic interest or possesses material non-public information. Certain portfolio managers also may manage accounts whose investment strategies may at times be opposed to the strategy utilized for the Company. It should also be noted that a portfolio manager may be managing hedge fund and/or long only accounts, or may be part of a team managing hedge fund and/or long only accounts, subject to incentive fees. Such portfolio managers may therefore be entitled to receive a portion of any incentive fees earned on such accounts. Currently, the Company's portfolio manager is not entitled to receive a portion of incentive fees of other accounts.

As a fiduciary, BlackRock owes a duty of loyalty to its clients and must treat each client fairly. When BlackRock purchases or sells securities for more than one account, the trades must be allocated in a manner consistent with its fiduciary duties. BlackRock attempts to allocate investments in a fair and equitable manner among client accounts, with no account receiving preferential treatment. To this end, BlackRock has adopted policies that are intended to ensure reasonable efficiency in client transactions and provide BlackRock with sufficient flexibility to allocate investments in a manner that is consistent with the particular investment discipline and client base, as appropriate.

Leverage

Debt is comprised of a senior secured revolving credit facility dated as of February 19, 2016 (as amended, amended and restated, supplemented or otherwise modified from time to time, including as amended and restated by the sixth amendment thereto, dated as of April 23, 2021, the "Credit Facility") and unsecured convertible senior notes due June 2022 issued by the Company (the "2022 Convertible Notes"). 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 SBCAA.

Senior Secured Revolving Credit Facility

On April 23, 2021, the Company amended its Credit Facility which, among other items, (i) extended the maturity date on loans made under the Credit Facility from June 5, 2023 to April 23, 2025, (ii) reduced the aggregate principal amount of the commitments under the Credit Facility from $300,000,000 to $265,000,000, (iii) reduced the amount by which the Company may seek an increase in the commitments under the Credit Facility (subject to satisfaction of certain conditions, including obtaining commitments) from $375,000,000 to $325,000,000, and (iv) revised to require a minimum shareholders' equity under the Credit Facility to the greater of (i) 33% of the total assets of the Company and its subsidiaries and (ii) $240,000,000 plus 25% of net proceeds from the sale of equity interests by the Company its subsidiaries. Additionally, the Sixth Amendment (i) eliminated the springing maturity date that would have occurred if the 2022 Convertible Notes were not refinanced by March 16, 2022 and (ii) removed certain restrictions on repurchase or prepayment of the 2022 Convertible Notes. For further details on the Company's Credit Facility including prior amendments, refer to the Company's Form 10-K as filed with the SEC on March 3, 2021.

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.

Dividend Reinvestment Plan

Unless the registered owner of your common shares elects to receive cash by contacting Computershare Inc. ("Computershare"), agent for stockholders in administering our amended and restated dividend reinvestment plan (the "Plan"), all distributions declared for you in common shares of our company will be automatically reinvested by the plan agent in additional common shares of our company. If the registered owner of your common shares elects not to participate in the Plan, you will receive all distributions in cash paid by check mailed directly to you (or, if the shares are held in street or other nominee name, then to such nominee) by Computershare, as dividend disbursing agent. You may elect not to participate in the Plan and to receive all distributions in cash by sending written instructions or by contacting Computershare, as dividend disbursing agent, at the address set forth below. Participation in the Plan is completely voluntary and may be terminated or resumed at any time without penalty by contacting the plan agent before the dividend record date; otherwise such termination or resumption will be effective with respect to any subsequently declared distribution. Some brokers may automatically elect to receive cash on your behalf and may re-invest that cash in additional common shares of our company for you. As this approach may cause you to incur brokerage charges or other transaction costs, we recommend that you consult with your broker or financial adviser. If you wish for all distributions declared on your common shares of our company to be automatically reinvested pursuant to the Plan, please contact your broker.

The plan agent will open an account for each common stockholder under the plan in the same name in which such common stockholder's common shares are registered. Whenever we declare a distribution payable in cash, non-participants in the Plan will receive cash and participants in the Plan will receive the number of common shares referred to below. The common shares will be paid to the plan agent for the participants' accounts through receipt of additional unissued but authorized common shares or treasury common shares from us, or through shares purchased on the open-market, as discussed below.

On March 6, 2018, the Board of Directors of the Company adopted amendments to 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.

The plan agent maintains all stockholders' accounts in the Plan and furnishes written confirmation of all transactions in the accounts, including information needed by stockholders for tax records. Common shares in the account of each plan participant will be held by the plan agent on behalf of the plan participant, and each stockholder proxy will include those shares purchased or received pursuant to the plan. The plan agent will forward all proxy solicitation materials to participants and vote proxies for shares held under the Plan in accordance with the instructions of the participants.

In the case of stockholders such as banks, brokers or nominees which hold shares for others who are the beneficial owners, the plan agent will administer the plan on the basis of the number of common shares certified from time to time by the record stockholder's name and held for the account of beneficial owners who participate in the Plan.

There will be no brokerage charges with respect to common shares issued directly by us. The automatic reinvestment of distributions will not relieve participants of any federal, state or local income tax that may be payable (or required to be withheld) on such distributions. Participants that request a sale of shares through the plan agent are subject to a $2.50 sales fee and a $0.15 per share sold brokerage commission.

We reserve the right to amend or terminate the plan. There is no direct service charge to participants in the plan; however, we reserve the right to amend the plan to include a service charge payable by the participants.

All correspondence concerning the plan should be directed to the plan agent at Computershare Inc., P.O. Box 505000, Louisville, KY, 40233-5000.

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

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

COVID-19, and concern about its spread has resulted in severe disruptions to global financial markets, restrictions on travel and gatherings of any measurable amount of people, including quarantines, expedited and enhanced health screenings, business and school closings, disruptions to employment and supply chains and reduced productivity, all of which have severely impacted business activity in virtually all economies, markets and sectors and negatively impacted the value of many financial and other assets. The current economic situation and the unprecedented measures taken by state, local and national governments around the world to combat the spread of COVID-19, as well as various social, political and psychological tensions in the U.S. and around the world, may continue to contribute to severe market disruptions and volatility and reduced economic activity, may have long-term negative effects on the U.S. and worldwide financial markets and economy and may cause further economic uncertainties in the U.S. and worldwide. It is difficult to predict how long the financial markets and economic activity will continue to be impacted by these events and the Company cannot predict the effects of these or similar events in the future on the U.S. economy and securities 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;
- potentially severe, sudden and unexpected declines in the value of our investments;
- 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 BDC.

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, 2021, 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. Additionally, the vaccine produced by Johnson & Johnson is currently authorized for emergency use, and the U.S. Food and Drug Administration has granted full approval to the vaccines produced by Pfizer-BioNTech and Moderna, which will now be marketed as Comirnaty and Spikevax, respectively. 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.

In response to the COVID-19 pandemic, the Advisor instituted a work from home policy, however certain employees are currently allowed to return to their offices in certain circumstances, subject to health and safety protocols. 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 3, 2022, 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 U.S. 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 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 U.S. 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 because, subject to some limited exceptions, as a BDC, we are generally not able to issue additional shares of 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 special meeting of stockholders held on May 3, 2021, 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 3, 2022. In addition, our ability to incur indebtedness (including by issuing preferred stock) is limited by applicable regulations such that our asset coverage ratio, as calculated in accordance with the 1940 Act, must equal at least 150% immediately after each time we incur indebtedness. 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 our current leverage. Any inability to raise capital could have a negative effect on our business, financial condition and results of operations.

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.

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 U.S. 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 U.S. 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.

In addition, the rules dealing with the U.S. federal income taxation are constantly under review by persons involved in the legislative process and by the IRS and the U.S. Treasury Department. The Tax Cuts and Jobs Act made substantial changes to the Code. Among those changes were a significant permanent reduction in the generally applicable corporate tax rate, changes in the taxation of individuals and other non-corporate taxpayers that generally but not universally reduce their taxes on a temporary basis subject to "sunset" provisions, the elimination or modification of various previously allowed deductions (including substantial limitations on the deductibility of interest and, in the case of individuals, the deduction for personal state and local taxes), certain additional limitations on the deduction of net operating losses, certain preferential rates of taxation on certain dividends and certain business income derived by non-corporate taxpayers in comparison to other ordinary income recognized by such taxpayers, and significant changes to the international tax rules. In addition, the Biden administration has indicated that it intends to modify key aspects of the Code, including by increasing corporate and individual tax rates. The effect of these and other changes is uncertain, both in terms of the direct effect on the taxation of an investment in the Company's shares and their indirect effect on the value of the Company's assets, the Company's shares or market conditions generally.

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 U.S. 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 localized wars, instability, new and ongoing pandemics (such as COVID-19), epidemics or outbreaks of infectious diseases in certain parts of the world, natural/environmental disasters, terrorist attacks in the U.S. and around the world, social and political discord, debt crises sovereign debt downgrades, increasingly strained relations between the U.S. and a number of foreign countries, new and continued political unrest in various countries, 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, government shutdowns, 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 U.S. and worldwide. In particular, the consequences of the conflict between Russia and Ukraine, including international sanctions, the potential impact on inflation and increased disruption to supply chains may impact our portfolio companies. Such consequences also may increase our funding cost or limit our access to the capital markets.

The current political climate has intensified concerns about a potential trade war between China and the U.S., as each country has 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.

Changes to U.S. 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 U.S. trade policies, treaties and tariffs. There remains uncertainty about the future relationship between the U.S. 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 U.S. 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.

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

On January 31, 2020, the United Kingdom officially withdrew from the EU, commonly referred to as "Brexit". Following a transition period, the United Kingdom and the EU signed a Trade and Cooperation Agreement ("UK/EU Trade Agreement"), which came into full force on May 1, 2021 and set out the foundation of the economic and legal framework for trade between the United Kingdom and the EU. As the UK/EU Trade Agreement is a new legal framework, the implementation of the UK/EU Trade Agreement may result in uncertainty in its application and periods of volatility in both the United Kingdom and wider European markets. The United Kingdom's exit from the EU is expected to result in additional trade costs and disruptions in this trading relationship. Furthermore, there is the possibility that either party may impose tariffs on trade in the future in the event that regulatory standards between the EU and the UK diverge. The terms of the future relationship may cause continued uncertainty in the global financial markets, and adversely affect our ability, and the ability of our portfolio companies, to execute our respective strategies and to receive attractive returns.

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.

The risk of interest rates is more pronounced in the current market environment with certain rates at historic lows and recent inflationary price movements.

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. Since December 31, 2021, all sterling, euro, Swiss franc and Japanese yen LIBOR settings and the 1-week and 2-month U.S. dollar LIBOR settings have ceased to be published or are no longer representative, and after June 30, 2023, the overnight, 1-month, 3-month, 6-month and 12-month U.S. dollar LIBOR settings will cease to be published or will no longer be representative. Various financial industry groups have begun planning for the transition away from LIBOR, but there are challenges to converting certain securities and transactions to a new reference rate (e.g., the Secured Overnight Financing Rate ("SOFR"), which is intended to replace the U.S. dollar LIBOR). Neither the effect of the LIBOR transition process nor its ultimate success can yet be known.

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 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.

The state of New York recently adopted legislation that would require LIBOR-based contracts that do not include a fallback to a rate other than LIBOR or an inter-bank quotation poll to use a SOFR-based rate plus a spread adjustment. Pending legislation in the U.S. Congress may also affect the transition of LIBOR-based instruments as well by permitting trustees and calculation agents to transition instruments with no LIBOR transition language to an alternative reference rate selected by such agents. The New York statute and the federal legislative proposal each includes safe harbors from liability, which may limit the recourse we may have if the alternative reference rate does not fully compensate us for the transition of an instrument from LIBOR. If enacted, the federal legislation may also preempt the New York statute, which may create uncertainty to the extent a party has sought to rely on the New York statute to select a replacement benchmark rate.

These developments could negatively affect financial markets in general and present heightened risks, including with respect to our investments. As a result of this uncertainty and developments relating to the transition process, we and our investments may be adversely affected.

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.

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.

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, 2021, 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, 2021.

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, 2021, 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 April 23, 2025, 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 $265.0 million senior secured credit facility with a group of lenders, under which we had $54.0 million of indebtedness outstanding at December 31, 2021. Undrawn amount under our Credit Facility was $211.0 million at December 31, 2021. The Credit Facility's commitment may increase in size, under certain circumstances, up to a total of $325.0 million. The Credit Facility has a stated maturity date of April 23, 2025. We maintain $143.8 million in aggregate principal amount outstanding on 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 Management Fee and Incentive Fees were reduced as follows: (i) Management Fee was reduced from 1.75% of total assets to 1.50% of total assets up to 200% of net asset value; 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, 2021, we had outstanding approximately $143.8 million of 2022 Convertible Notes, and $54.0 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, 2021, which represented borrowings equal to 34.6% of our total assets. On such date, we also had $572.0 million in total assets; an average cost of funds of 4.2% based on contractual terms at December 31, 2021; $197.8 million in principal amount of debt outstanding; and $349.7 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, 2021 to obtain an assumed return to us. From this amount, the interest expense calculated by multiplying the interest rate of 4.2% by the $197.8 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, 2021 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	-18.7%	-10.6%	-2.4%	5.8%	14.0%

(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.

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.

A substantial portion of our portfolio investments are recorded at fair value as determined using a consistently applied valuation process in accordance with our documented valuation policy that has been reviewed and approved by our board of directors, who also approve in good faith the valuation of such securities and, as a result, there may be uncertainty regarding the value of our portfolio investments.

The debt and equity investments that we make for which market quotations are not readily available will be valued at fair value as determined using a consistently applied valuation process in accordance with our documented valuation policy that has been reviewed and approved by our board of directors, who also approve in good faith the valuation of such securities. Due to the inherent uncertainty 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 the differences could be material. Our net asset value could be adversely affected if determinations regarding the fair value of these investments were materially higher than the values ultimately realized upon the disposal of such investments.

We are exposed to risks associated with changes in interest rates.

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 that 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. The risk of interest rates rising is more pronounced in the current market environment with certain rates at historic lows and recent inflationary price movements.

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:

- our common stock is exposed to incremental risk of loss and 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;
- 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;
- any convertible or exchangeable securities that we issue may have rights, preferences and privileges more favorable than those of our common stock; and
- 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.

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. 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.

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

Our 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 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 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., Rajneesh Vig, Nik Singhal and Philip M. 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 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.

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.

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.

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.

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.

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

- 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;
- they 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;
- they 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 the portfolio company and, in turn, on us;
- they 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;
- our executive officers, directors and the Advisor may, in the ordinary course of business, be named as defendants in litigation arising from our investments in the portfolio companies;
- changes in laws and regulations, as well as their interpretations, may adversely affect their respective businesses, financial structures or prospects; and
- they may have difficulty accessing the capital markets to meet future capital needs.

Little public information exists about private middle-market 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.

Lower Credit Quality Obligations. 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.

The secondary market for lower grade debt is unlikely to be as liquid as the secondary market for more highly rated debt, a factor which may have an adverse effect on our ability to dispose of a particular instrument. There are fewer dealers in the market for lower grade securities than investment grade obligations. The prices quoted by different dealers may vary significantly and the spread between the bid and asked price is generally larger than for higher quality instruments. Under adverse market or economic conditions, the secondary market for lower grade debt could contract further, independent of any specific adverse changes in the condition of a particular issuer, and these instruments may become highly illiquid. As a result, we could find it more difficult to sell these instruments or may be able to sell the securities only at prices lower than if such instruments were widely traded. Prices realized upon the sale of such lower rated or unrated securities, under these circumstances, may be less than the prices used in calculating our net asset value.

Since investors generally perceive that there are greater risks associated with lower grade debt of the type in which we may invest a portion of our assets, the yields and prices of such debt may tend to fluctuate more than those for higher rated instruments. In the lower quality segments of the fixed income markets, changes in perceptions of issuers' creditworthiness tend to occur more frequently and in a more pronounced manner than do changes in higher quality segments of the income securities market, resulting in greater yield and price volatility.

Distressed Debt Securities Risk. 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 a 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.

Payment-in-kind Interest Risk. Our loans may contain a payment-in-kind, or PIK, interest provision. PIK investments carry additional risk as holders of these types of securities receive no cash until the cash payment date unless a portion of such securities is sold. If the issuer defaults the Company may obtain no return on its investment. The PIK interest, computed at the contractual rate specified in each loan agreement, is added to the principal balance of the loan and recorded as interest income. To avoid the imposition of corporate-level tax on us, this non-cash source of income needs to be paid out to stockholders in cash distributions or, in the event that we determine to do so and in certain cases, in shares of our common stock, even though we have not yet collected and may never collect the cash relating to the PIK interest. As a result, we may have to distribute a taxable stock dividend to account for PIK interest even though we have not yet collected the cash.

*Preferred Stock Risk***.** To the extent we invest in preferred securities, we may incur particular risks, including:

Deferral. 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 although we have not yet received such income.

Subordination. 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.

Limited Voting Rights. 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 the arrearages have been paid, the preferred security holders no longer have voting rights.

Equity Security Risk. We may have exposure to equity securities. Although equity securities have historically generated higher average total returns than fixed-income securities over the long term, equity securities also have experienced significantly more volatility in those returns. The equity securities that we acquire may fail to appreciate and may decline in value or become worthless.

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.

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. In October 2020, the SEC adopted final rules on the use of derivatives and certain other transactions by registered investment companies and BDCs. The compliance date for these rules is August 19, 2022. 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.

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, investments for which there are no readily available market quotations, including securities that while listed on a private securities exchange have not actively traded, will be valued at fair value as determined using a consistently applied valuation process in accordance with our documented valuation policy that has been reviewed and approved by our board of directors, who also approve in good faith the valuation of such securities. In connection with that approval, the board of directors utilizes the services of an independent valuation firm, which prepares valuation reports on a quarterly basis for most 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. 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 approving 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 may pay a higher price than the value of our investments might warrant. Conversely, investors selling securities based on a net asset value that understates the value of our investments may receive a lower price for their securities than the value of our investments might warrant.

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.

A portfolio company's failure to satisfy financial or operating covenants imposed by us or other lenders could lead to defaults and, potentially, termination of its loans and foreclosure on its secured assets, which could trigger cross-defaults under other agreements and jeopardize our portfolio company's ability to meet its obligations under the debt securities that we hold. We may incur expenses to the extent necessary to seek recovery upon default or to negotiate new terms with a defaulting portfolio company. In addition, if one of our portfolio companies were to go bankrupt, even though we or one of our affiliates may have structured our interest in such portfolio company as senior debt, depending on the facts and circumstances, including the extent to which we actually provided managerial assistance to that portfolio company, a bankruptcy court might re-characterize our debt holding as equity and subordinate all or a portion of our claim to claims of other creditors.

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.

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.

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.

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 BDCs, 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 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 Internet software and services sector are subject to various risks, including intellectual property infringement issues and rapid technological changes, which may adversely affect our performance. Each industry contains certain industry related credit risks.

General risks of companies in the Internet software and services industry sector include intellectual property infringement liability issues, the inability to protect Internet software and other propriety technology, extensive competition and limited barriers to entry. Generally, the market for Internet software and services is categorized by rapid technological change, evolving industry standards, changes in customer requirements and frequent new product introduction and enhancements. If a portfolio company in the Internet software and services sector cannot develop new products and enhance its current products in response to technological changes and competing products, its business and operating results will be negatively affected. In addition, there has been a substantial amount of litigation in the Internet software and services relating to intellectual property rights. Regardless of whether claims that a company is infringing patents or other intellectual property have any merit, these claims are time-consuming and costly. Moreover, an Internet software and services company must monitor the unauthorized use of its intellectual property, which may be difficult and costly. A company's failure to protect its intellectual property could put it at a disadvantage to its competitors and harm its business, results of operations and financial condition. If an internet software and services company in which we invest is unable to navigate these risks, our performance may be adversely affected.

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.

We are subject to risks related to inflation.

Inflation risk is the risk that the value of assets or income from investments will be worth less in the future as inflation decreases the value of money. Recently, there have been market indicators of a rise in inflation. As inflation increases, the real value of our shares and distributions therefore may decline. In addition, during any periods of rising inflation, dividend rates of any debt securities issued by the Company would likely increase, which would tend to further reduce returns to shareholders. Inflation rates may change frequently and significantly as a result of various factors, including unexpected shifts in the domestic or global economy and changes in economic policies, and our investments may not keep pace with inflation, which may result in losses to our shareholders. This risk is greater for fixed-income instruments with longer maturities.

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, which could have a material adverse impact on our liquidity, financial condition and results of operations and may hinder the Adviser's ability to take advantage of attractive investment opportunities and to achieve our investment objective.

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.

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.

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.

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 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.

We may experience cyber-security incidents and are subject to cyber-security risks.

Our business operations rely upon secure information technology systems for data processing, storage and reporting. Despite careful security and controls design, implementation and updating, our information technology systems could become subject to cyber-attacks. Cyber-attacks include, but are not limited to, gaining unauthorized access to digital systems (e.g., through "hacking" or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cyber-attacks may also be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (i.e., efforts to make network services unavailable to intended users). Network, system, application and data breaches could result in operational disruptions or information misappropriation, which could have a material adverse effect on our business, results of operations and financial condition

Cyber-security failures or breaches by the Advisor, any sub-adviser(s) and other service providers (including, but not limited to, accountants, custodians, transfer agents and administrators), and the issuers of securities in which we invest, have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, interference with our ability to calculate our net asset value, impediments to trading, the inability of our stockholders to transact business, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs. In addition, substantial costs may be incurred in order to prevent any cyber incidents in the future. While we have established a business continuity plan in the event of, and risk management systems to prevent, such cyberattacks, there are inherent limitations in such plans and systems including the possibility that certain risks have not been identified. Furthermore, we cannot control the cyber security plans and systems put in place by our service providers and issuers in which we invest. We and our stockholders could be negatively impacted as a result.

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 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 BDCs, may trade at a market discount from net asset value. This characteristic of closed-end investment companies and BDCs 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 special meeting of stockholders held on May 3, 2021, 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.

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 special meeting of stockholders held on May 3, 2021, 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 3, 2022.

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.

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.

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 "Code and the Treasury regulations and a revenue procedure issued by the Internal Revenue Service, a 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 before June 30, 2022) 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 net asset value per share, our net asset value 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.

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

For a discussion of the Company’s legal proceedings, see Note 9, *Commitments and contingencies*, in the notes to the consolidated financial statements contained in Part II, Item 8.

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 began trading on June 27, 2007 and is currently traded on The NASDAQ Global Select Market under the symbol "BKCC." The following table lists the high and low closing sale price for our common stock, the closing sale price as a percentage of net asset value, or NAV, and quarterly distributions per share in each fiscal quarter for the years ended December 31, 2021 and December 31, 2020. On December 31, 2021, the reported closing price of our common stock was $4.00 per share.

		Stock Price				
	NAV(1)	High(2)	Low(2)	Premium/(Discount) of High Sales Price to NAV(3)	Premium/(Discount) of Low Sales Price to NAV(3)	Declared Distributions
Fiscal Year ended December 31, 2021						
First Quarter	$ 4.35	$ 3.68	$ 2.65	(15)%	(39)%	$ 0.10
Second Quarter	$ 4.68	$ 4.43	$ 3.48	(5)%	(26)%	$ 0.10
Third Quarter	$ 4.74	$ 4.24	$ 3.81	(11)%	(20)%	$ 0.10
Fourth Quarter	$ 4.73	$ 4.35	$ 3.80	(8)%	(20)%	$ 0.10
Fiscal 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 period.
(2) The High/Low Stock Price is calculated as of the closing price on a given day in the applicable quarter.
(3) Calculated as the respective High/Low Stock Price minus the quarter end NAV, divided by the quarter end NAV.

Holders

At March 1, 2022 there were approximately 200 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 at all or distributions at a particular level. The following table lists the quarterly distributions per share from our common stock since December 2019:

Distribution Amount Per Share Outstanding	Record Date	Payment Date
$ 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
$ 0.10	June 16, 2021	July 7, 2021
$ 0.10	September 15, 2021	October 6, 2021
$ 0.10	December 16, 2021	January 6, 2022
$ 0.10	March 17, 2022	April 7, 2022

Tax characteristics of all distributions are reported to stockholders on Form 1099-DIV or Form 1042-S 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. 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 (not taking into account any capital gains or losses) for the calendar year;
- 98.2% of the amount by which our capital gains exceed our capital losses (adjusted for certain ordinary losses) for the one-year period generally ending on October 31 of the calendar year; and
- certain undistributed amounts from previous years on which we paid no U.S. federal income tax.

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, 2021, 2020 and 2019.

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 January 6, 2022, the Company noted that $0.08 was from net investment income and $0.02 was a return of capital. For Consolidated Statements of Changes in Net Assets, sources of distribution to stockholders are 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 7 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 NAV 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. GAAP 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.

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, 2021:

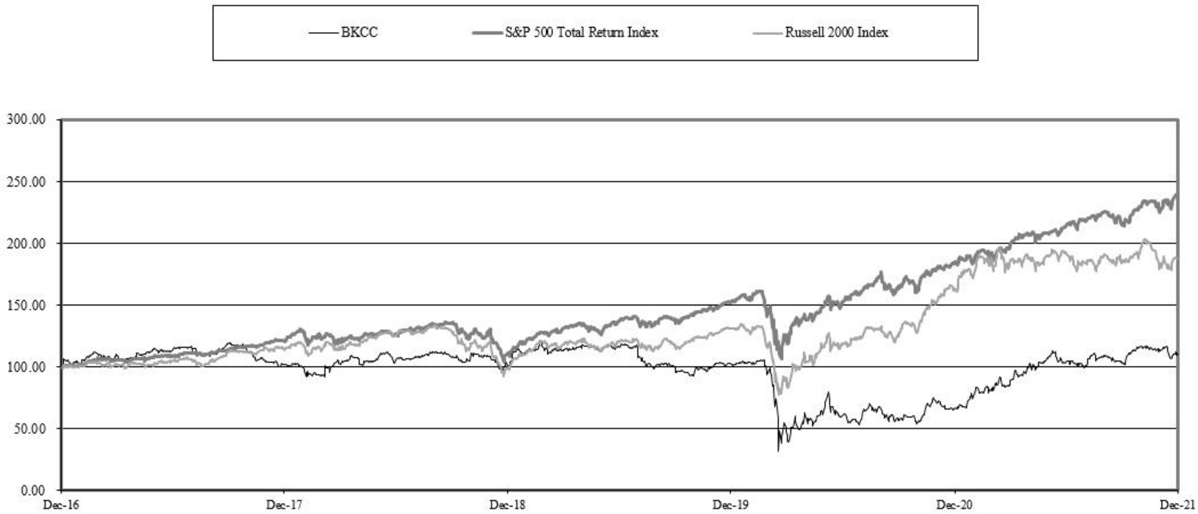
Period	Average Price Paid per Share(1)	Total Number of Shares Purchased	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs(2)
January 2021	$ —	—	—	7,500,000
February 2021	—	—	—	7,500,000
March 2021	3.40	256,062	256,062	7,243,938
April 2021	3.65	58,743	58,743	7,185,195
May 2021	3.92	15,916	15,916	7,169,279
June 2021	3.94	6,285	6,285	7,162,994
July 2021	3.93	20,419	20,419	7,142,575
August 2021	4.10	50,791	50,791	7,091,784
September 2021	3.94	61,829	61,829	7,029,955
October 2021	3.87	26,527	26,527	7,003,428
November 2021	4.30	25,458	25,458	7,974,542 (3)
December 2021	4.09	67,648	67,648	7,906,894
	$ 3.72	589,678	589,678	

(1) The average price paid per share includes $0.03 of commission fees paid per share.
(2) See Note 7 to the consolidated financial statements for further detail.
(3) 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. On November 2, 2021, the Company's Repurchase Plan expired with 7,003,428 shares remaining unpurchased and no longer authorized for purchase. On November 2, 2021, the Company's Board of Directors adopted a new repurchase plan and authorized the Company to purchase up to a total of 8,000,000 shares, effective until the earlier of November 2, 2022 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.

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, 2016 through December 31, 2021. The graph assumes that, on December 31, 2016, 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 is intended to assist you in understanding the costs and expenses that an investor in a potential offering of our common stock would bear directly or indirectly. The following table and example should not be considered a representation of our future expenses. Actual expenses may be greater or less than shown. The following table and example represent our best estimate of the fees and expenses that we expect to incur during the next twelve months.

Stockholder Transaction Expenses			
Sales Load (as a percentage of offering price)	—	%	(1)
Offering Expenses (as a percentage of offering price)	—	%	(2)
Dividend Reinvestment Plan Fees	—	%	(3)
Total Stockholder Transaction Expenses (as a percentage of offering price)	—	%	
Annual Expenses (as a Percentage of Net Assets Attributable to Common Stock)(4)			
Management Fees	2.32	%	(5)
Incentive Fees	0.54	%	(6)
Interest Payments on Borrowed Funds	3.47	%	(7)
Other Expenses	1.56	%	(8)
Total Annual Expenses	7.89	%	(9)

(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 estimated 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) The “net assets attributable to common stock” used to calculate the percentages in this table is our average net assets of $335.0 million for the twelve month period ended December 31, 2021.

(5) Management Fees used for the purpose of this table actual amounts for the year ended December 31, 2021. 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 1.00% 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 Management Fee, please see Note 3 to the consolidated financial statements.

(6) Incentive Fees used for the purpose of this table equal the Company’s actual amounts for the year ended December 31, 2021, including i) the Company’s Incentive Fees based on income, gross of waiver; and ii) Incentive Fees based on capital gains, which were accrued in accordance with GAAP for the year ended December 31, 2021, even though such amount would not be payable under the Current Management Agreement. 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 Incentive Fee based on net capital gains was reduced from 20% to 17.5%. 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. 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 September 30, 2021. For more detailed information about the Incentive Fees, please see Note 3 to the consolidated financial statements. For purposes of this table, we have assumed that these fees will be payable (in the case of the incentive fees based on capital gains) and that they will remain constant, although they are based on our performance and will not be paid unless we achieve certain goals. 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.

(7) “Interest Payments on Borrowed Funds” is based upon actual amounts incurred for the year ended December 31, 2021 and represents interest and other debt expenses incurred on our Credit Facility and 2022 Notes. As of December 31, 2021, the amounts outstanding under our Credit Facility and 2022 Notes were $54.0 million and $143.8 million (at par), respectively. For more detailed information about debt, please see Note 4 to the consolidated financial statements.

(8) “Other Expenses” includes but not limited to our overhead expenses, including expenses of the Advisor reimbursable under the Company's Current 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, 2021, which the Company believes to be a reasonable estimate of the current fiscal year expenses.

(9) “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 4.62% 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 7.35% of net assets attributable to common shares as set forth in the table above (other than Incentive Fees based on income and capital gains), and (3) a 5% annual return:

	1 Year	3 Years	5 Years	10 Years
Total Expenses Incurred*	$ 116	$ 250	$ 377	$ 670
Total Expenses Incurred**	$ 124	$ 271	$ 409	$ 717

* 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).

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%. There is no incentive compensation either on income or on capital gains under our investment management agreement assuming a 5% annual return and therefore it is not included in the example. If we achieve sufficient returns on our investments, including through the realization of capital gains, to trigger an incentive compensation of a material amount, our distributions to our common stockholders and our expenses would likely be higher. In addition, the example assumes reinvestment of all dividends and distributions at net asset value.

Item 6. Reserved

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 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 identified elsewhere in the reports BlackRock Capital Investment Corporation has filed with the Securities and Exchange Commission (the "SEC") 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, 2021, approximately 11.7% 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 Management Fee and, depending on our operating results, Incentive Fees, interest and credit facility fees, expenses reimbursable under the Current Management Agreement, professional fees, administration fees and the allocable portion of overhead under the administration agreement. The 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 and estimates

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 in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, as well as the reported amounts of revenues and expenses during the reporting periods presented. Although management believes these estimates and assumptions to be reasonable, actual results could differ from those estimates and such differences could be material.

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 2 to the consolidated financial statements).

Financial and operating highlights

At December 31, 2021:
Investment portfolio, at fair value: $552.6 million
Net assets: $349.7 million
Indebtedness, excluding deferred issuance costs: $197.3 million
Net asset value per share: $4.73

Portfolio Activity for the Year Ended December 31, 2021:
Cost of investments during period, including PIK: $275.0 million
Sales, repayments and other exits during period: $250.6 million
Number of portfolio companies at end of period: 86

Operating Results for the Year Ended December 31, 2021:
Net investment income per share: $0.27
Distributions declared per share: $0.40
Basic earnings (loss) per share: $0.90
Net investment income: $19.9 million
Net realized and unrealized gain/(loss): $46.6 million
Net increase (decrease) in net assets from operations: $66.5 million
Net investment income per share, as adjusted[1]: $0.29
Basic earnings (loss) per share, as adjusted[1]: $0.92
Net investment income, as adjusted[1]: $21.4 million
Net increase (decrease) in net assets from operations, as adjusted[1]: $68.0 million

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As Adjusted[1]: The Company reports its financial results in accordance with GAAP; however, management believes evaluating the Company's ongoing operating results may be enhanced if investors have additional non-GAAP financial measures. See "Supplemental Non-GAAP information" for further information on non-GAAP financial measures and for as adjusted items, which are adjusted to remove the accrued hypothetical liquidation basis incentive fee expense based on capital gains that was recorded, as required by GAAP, and to include only the incremental incentive fee 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. Adjusted amounts reflect the fact that no Incentive Fee on capital gains was realized and payable to the Advisor during the year ended December 31, 2021. Amounts reflected the Company's ongoing operating results and reflect the Company's financial performance over time.

Portfolio and investment activity

We invested approximately $275.0 million during the year ended December 31, 2021. The new investments consisted of senior secured loans secured by first lien ($224.8 million, or 81.7%) or second lien ($47.8 million, or 17.4%), and equity securities ($2.4 million, or 0.9%). Additionally, we received proceeds from sales, repayments and other exits of approximately $250.6 million during the year ended December 31, 2021.

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, 2021, our portfolio of $552.6 million (at fair value) consisted of 86 portfolio companies and was invested approximately 93% in senior secured loans, 5% in unsecured or subordinated debt securities, 2% in equity investments and less than 1% in senior secured notes. Our average investment by portfolio company at amortized cost was approximately $7.1 million at December 31, 2021. Our largest portfolio company investment at fair value was approximately $37.3 million and our five largest portfolio company investments by value comprised approximately 21% of our portfolio at December 31, 2021. 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 was approximately $11.0 million at December 31, 2020. Our largest portfolio company investment at fair 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.

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 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 or may continue to result 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 U.S. (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, 2021, our top three industry concentrations at fair value consisted of Diversified Financial Services (13.6%), Internet Software & Services (11.2%) and Road & Rail (10.5%). 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%) (see Note 5 to the consolidated financial statements).

The weighted average yields at fair market value and cost as of December 31, 2021 and December 31, 2020 were as follows:

	December 31, 2021		December 31, 2020	
	Fair Value	Cost	Fair Value	Cost
Weighted Average Yield(1)				
Total portfolio	8.5%	7.6%	8.7%	7.4%
Senior secured loans	9.0%	9.0%	9.5%	9.5%
Other debt securities(2)	1.9%	1.1%	7.3%	5.3%
Debt and income producing equity securities	8.7%	8.4%	8.9%	8.5%

(1) Computed as (a) the annual stated interest rate or yield earned plus the net annual amortization of original issue discount, divided by (b) the amortized cost or at fair value of each category, as applicable. The calculation excludes exit fees that are receivable upon repayment of certain loan investments.

(2) The decrease from December 31, 2020 to December 31, 2021 is primarily attributable to a majority of the securities in this category being on non-accrual, after the intended exit in First Boston Construction Holdings, LLC during 2021.

For the years ended December 31, 2021 and 2020, the total return based on net asset value was 23.57% and (20.61)%, respectively, and the total return based on market price was 64.33% and (35.70)%, 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 original base case 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 materially below the Advisor’s original base case expectations or risk factors have increased since the time of original investment or subsequent restructuring. No loss of investment return or principal (or invested capital) is expected.

Grade 3: Investments in portfolio companies whose performance is materially below the Advisor’s original base case expectations or risk factors have increased materially since the time of original investment or subsequent restructuring. Some loss of investment return is expected, but no loss of principal (or invested capital) is expected.

Grade 4: Investments in portfolio companies whose performance is materially below the Advisor’s original base case expectations or risk factors have increased substantially since the time of original investment or subsequent restructuring. Some loss of principal (or invested capital) is expected.

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 weighted average investment rating was 1.21 at December 31, 2021 and 1.90 at December 31, 2020. The following is a distribution of the investment ratings of our portfolio companies at December 31, 2021 and 2020:

	December 31, 2021	December 31, 2020
Grade 1	$ 474,466,652	$ 189,012,640
Grade 2	49,356,296	198,713,376
Grade 3	—	38,605,618
Grade 4	22,579,310	51,136,642
Not Rated(1)	6,161,736	1,557,200
Total investments	$ 552,563,994	$ 479,025,476

(1) Not Rated category at December 31, 2021 consists primarily of the Company's residual equity investments in Stitch Holdings, L.P. and AGY Equity, LLC. Not Rated category at December 31, 2020 consists primarily of the Company's residual equity investment in AGY Equity, LLC. For purposes of calculating our weighted average investment rating, the Not Rated category is excluded.

Results of operations

Results comparisons are for the years ended December 31, 2021, 2020 and 2019.

Investment income

	Year Ended December 31, 2021	Year Ended December 31, 2020	Year Ended December 31, 2019
Investment income(1)			
Interest and fees on senior secured loans	$ 43,782,088	$ 40,269,786	$ 40,757,083
Interest and fees on other debt securities	722,862	18,628,369	21,455,510
Interest earned on short-term investments, cash equivalents	5,732	26,846	113,615
Dividends and fees on equity securities	1,734,338	8,190,499	15,792,313
Total investment income	$ 46,245,020	$ 67,115,500	$ 78,118,521

(1) 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.

Total investment income for the year ended December 31, 2021 decreased $20.9 million, or 31.1%, as compared to the year ended December 31, 2020. The primary reasons for the decrease year over year is a $13.1 million decrease in investment income due to our unsecured debt investment in Gordon Brothers Finance Company ("GBFC") going on non-accrual status during the second half of 2020, and a decrease in dividend income year over year. The decrease in dividend income is comprised of i) a $4.2 million decrease from BCIC Senior Loan Partners, LLC ("Senior Loan Partners"), primarily due to the disposal of underlying portfolio company investments in Senior Loan Partners during late 2020 and throughout 2021 (see Note 5 to the consolidated financial statements); and ii) a $2.3 million decrease associated with GBFC preferred stock going on non-accrual status during the second half of 2020. Excluding fee income and other income, total investment income decreased by approximately 31.6%, primarily attributable to a 22.9% decrease in the average investment portfolio for the year ended December 31, 2021, at amortized cost, as compared to the year ended December 31, 2020. The decrease in portfolio size is primarily due to desirable exits during 2020 and 2021, primarily in junior capital exposure as discussed above and other non-core assets.

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 Senior Loan Partners year over year, and our preferred stock investment in GBFC going on non-accrual status during the second half of 2020. The decrease in portfolio size is primarily due to net exits during 2020.

Expenses

	Year Ended		
	December 31, 2021	December 31, 2020	December 31, 2019
Operating expenses			
Interest and other debt expenses	$ 11,620,899	$ 15,584,214	$ 15,558,648
Management fees	7,784,188	10,799,832	12,425,101
Incentive fees on income	249,385	6,304,333	8,751,521
Incentive fees on capital gains	1,544,569	—	—
Administrative expenses	1,354,283	1,457,979	1,403,419
Professional fees	1,100,008	1,964,252	2,093,064
Insurance expense	809,356	650,432	446,233
Director fees	622,500	652,250	729,750
Investment advisor expenses	350,000	350,000	350,000
Other operating expenses	1,011,273	1,433,054	1,354,699
Total expenses, before incentive fee waiver	26,446,461	39,196,346	43,112,435
Incentive fee waiver	(79,383)	(6,304,333)	(6,901,924)
Total expenses, net of incentive fee waiver	$ 26,367,078	$ 32,892,013	$ 36,210,511

Total expenses, net of incentive fee waiver, decreased $6.5 million, or 19.8%, for the year ended December 31, 2021 from the comparable period in 2020, primarily due to decreases in interest and other debt expenses and management fees, which were partially offset by an increase in accrued incentive fees on capital gains in 2021 as required by GAAP. Total expenses, net of incentive fee waiver, decreased $3.3 million, or 9.2%, for the year ended December 31, 2020 from the comparable period in 2019, primarily due to a decrease in net incentive fees on income and a decrease in management fees.

Interest and other debt expenses decreased approximately $4.0 million, or 25.4%, for the year ended December 31, 2021 from the comparable period in 2020, primarily due to a significant decrease in the average debt outstanding year over year, and a lower rate environment (see Note 4 to the consolidated financial statements).

Management fees decreased approximately $3.0 million, or 27.9%, for the year ended December 31, 2021 from the comparable period in 2020 due to a decrease in the total assets on which management fees are calculated (in arrears), and a decrease in the management fee rate effective May 2, 2020 (see Note 3 to the consolidated financial statements). The decrease in average quarterly total assets was primarily due to the desired reduction in junior capital exposure and non-core assets during 2020 and 2021. Management fees decreased approximately $1.6 million, or 13.1%, for the year ended December 31, 2020 from the comparable period in 2019 due to a decline in the total assets on which management fees are calculated (in arrears), and a decrease in the 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.

For the years ended December 31, 2021, 2020 and 2019, the Advisor waived incentive fees on income of $0.1 million, $6.3 million and $6.9 million, respectively, resulting in net incentive fees of $0.2 million, zero and $1.8 million, respectively.

The Company is required under GAAP to accrue a hypothetical liquidation basis incentive fee on capital gains, based upon net realized capital gains and unrealized capital appreciation and depreciation on investments held at the end of each period (see Note 3 to the consolidated financial statements). The accrued incentive fee on capital gains was approximately $1.5 million at December 31, 2021. However, no incentive fee on capital gains was realized and payable to the Advisor during the year ended December 31, 2021.

Net investment income

Net investment income was $19.9 million, $34.2 million and $41.9 million for the years ended December 31, 2021, 2020 and 2019, respectively. For the year ended December 31, 2021, net investment income decreased approximately $14.4 million, or 41.9%, compared to 2020, due to a decrease in total investment income of $20.9 million, partially offset by a decrease in total expenses of $6.5 million. 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.

Net realized gain or loss

Net realized gain (loss) on investments was $(19.1) million, $(116.0) million and $(24.9) million for the years ended December 31, 2021, 2020 and 2019, respectively. Net realized gain (loss) of $(19.1) million for the year ended December 31, 2021 was primarily due to a $(22.0) million realized loss on the exit of our Senior Loan Partners investment, an $(18.5) million realized loss on the restructure of Advanced Lighting Technologies, LLC, and exits of our investments in Red Apple Stores Inc., First Boston Construction Holdings, LLC, and Advantage Insurance Inc.; partially offset by a realized gain of $22.0 million on the sale of SVP – Singer Holdings, LP. Substantially all of the net realized losses were reflected in unrealized depreciation in prior periods. 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 loss of $(59.2) million, the sale of our equity investment in U.S. Well Services, Inc., resulting in a realized loss of $(43.8) million, and sale of our debt investment in Sur La Table, Inc., which resulted in a realized 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 change in unrealized appreciation or depreciation

For the years ended December 31, 2021, 2020 and 2019, the change in net unrealized appreciation or depreciation on investments and foreign currency translation was a decrease in net unrealized depreciation of $65.7 million and an increase in net unrealized depreciation of $(22.1) million, and $(23.9) million, respectively. The decrease in net unrealized depreciation for the year ended December 31, 2021 was primarily due to i) the reversal of previously recognized depreciation of $25.8 million, related to the exit of our investment in Senior Loan Partners; ii) the reversal of previously recognized depreciation of $24.3 million, including foreign currency translation, related to the exits of our investments in Red Apple Stores Inc., SVP – Singer Holdings, LP, First Boston Construction Holdings, LLC, and Advantage Insurance Inc., and the restructure of Advanced Lighting Technologies, LLC; iii) decrease in valuation depreciation of $4.2 million in our investment in St. George Warehousing & Trucking Co. of California, Inc., as well as an overall increase in valuation across our portfolio. 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 GBFC and Senior Loan Partners, 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) a $(35.0) million increase in valuation depreciation in our investments in AGY Holding Corp. and U.S. Well Services Inc., ii) a $(4.2) million increase in valuation depreciation in our equity investments in Senior Loan Partners and First Boston Construction Holdings, LLC, partially offset by iii) a $19.2 million reversal of previously recognized net unrealized depreciation upon restructuring of our debt investment in Westmoreland Resource Partners, LP, and the exit of our second lien debt and equity investments in Vertellus.

Net increase or decrease in net assets resulting from operations

The net increase or (decrease) in net assets resulting from operations was $66.5 million, $(103.9) million and $(6.9) million for the years ended December 31, 2021, 2020 and 2019, respectively. As compared to the year ended December 31, 2020, the increase in 2021 is primarily due to an increase in net realized and unrealized gain (loss) of $184.7 million, partially offset by a decrease in net investment income of $14.4 million. As compared to the year ended December 31, 2019, the decrease in 2020 is primarily due to an increase in net realized and unrealized gain (loss) of $(89.3) million, and a decrease in net investment income of $(7.7) 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. 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. 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 September 30, 2021.

We record our liability for Incentive Fee based on capital gains by performing a hypothetical liquidation basis calculation at the end of each reporting period, as required by GAAP, which assumes that all unrealized capital appreciation and depreciation is realized as of the reporting date. It should be noted that Incentive Fees based on capital gains (if any) are not due and payable until the end of the annual measurement period, or every June 30. The incremental Incentive Fee disclosed for a given period is 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. There can be no assurance that unrealized capital appreciation and depreciation will be realized in the future, or that any accrued capital gains Incentive Fee will become payable. Incentive

Fee amounts on capital gains actually paid by the Company will specifically exclude consideration of unrealized capital appreciation, consistent with requirements under the Advisers Act and the Current Management Agreement. See Note 3 to the consolidated financial statements for a more detailed description of the Company's Incentive Fee.

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

	Year Ended		
	December 31, 2021	December 31, 2020	December 31, 2019
GAAP Basis:			
Net Investment Income	$ 19,877,942	$ 34,223,487	$ 41,908,010
Net Investment Income per share	0.27	0.49	0.61
Addback: GAAP incentive fee based on capital gains	1,544,569	—	—
Addback: GAAP incentive fee based on Income net of incentive fee waiver	170,002	—	1,849,597
Pre-Incentive Fee[1]:			
Net Investment Income	$ 21,592,513	$ 34,223,487	$ 43,757,607
Net Investment Income per share	0.29	0.49	0.64
Less: Incremental incentive fee based on Income net of incentive fee waiver	(170,002)	—	(1,849,597)
As Adjusted[2]:			
Net Investment Income	$ 21,422,511	$ 34,223,487	$ 41,908,010
Net Investment Income per share	0.29	0.49	0.61

Pre-Incentive Fee[1]: Amounts are adjusted to remove all incentive fees. Such fees have been accrued but are not due and payable at the reporting date.

As Adjusted[2]: Amounts are adjusted to remove the GAAP accrual for incentive fee based on capital gains, and to include only the incremental incentive fee based on income. Adjusted amounts reflect the fact that no Incentive Fee on capital gains was realized and payable to the Advisor during the years ended December 31, 2021, 2020 and 2019, respectively. Under the Current Management Agreement, incentive fee based on income is calculated for each calendar quarter and may be paid on a quarterly basis if certain thresholds are met. Amounts reflected 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, 2021, 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 in operating activities for the year ended December 31, 2021 was $(0.6) million. Our primary use of cash from operating activities during the year primarily consisted of $(21.6) million in net purchases of investments, excluding PIK capitalization.

Net cash used by financing activities for the year ended December 31, 2021 was $(10.0) million. Our uses of cash consisted of cash distributions paid of $(22.3) million, purchases of treasury stock of $(2.2) million, and payment of debt issuance costs of approximately $(0.8) million. Our source of cash from financing activities consisted of $15.2 million in net debt borrowings under the Credit Facility.

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 proceeds from net 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.

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, 2021 and 2020. 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, 2021 and 2020, we were obligated to existing portfolio companies for unfunded commitments of $49.4 million across 35 portfolio companies and $24.3 million across 14 portfolio companies, respectively.

As of December 31, 2021, we have analyzed cash and cash equivalents and availability under our Credit Facility and believe that there is sufficient liquidity to meet all of our obligations, fund unfunded commitments should the need arise, and deploy new capital into new and existing portfolio companies.

Contractual obligations

A summary of our significant contractual payment obligations for the repayment of outstanding borrowings at December 31, 2021 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)	$ 54.0	$ —	$ —	$ 54.0	$ —
2022 Convertible Notes	143.8	143.8	—	—	—
Interest and Debt Related Payables	0.6	0.6	—	—	—

(1) At December 31, 2021, $211.0 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 2019:

Distribution Amount Per Share Outstanding	Record Date	Payment Date
$ 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
$ 0.10	June 16, 2021	July 7, 2021
$ 0.10	September 15, 2021	October 6, 2021
$ 0.10	December 16, 2021	January 6, 2022
$ 0.10	March 17, 2022	April 7, 2022

Tax characteristics of all distributions are reported to stockholders on Form 1099-DIV or Form 1042-S 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. 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 (not taking into account any capital gains or losses) for the calendar year;
- 98.2% of the amount by which our capital gains exceed our capital losses (adjusted for certain ordinary losses) for the one-year period generally ending on October 31 of the calendar year; and
- certain undistributed amounts from previous years on which we paid no U.S. federal income tax.

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, 2021, 2020 and 2019.

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 January 6, 2022, the Company estimates that approximately $0.08 was from net investment income and approximately $0.02 was a return of capital. For Consolidated Statements of Changes in Net Assets, sources of distribution to stockholders are 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 7 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 NAV 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. GAAP 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.

Recent developments

On March 1, 2022, the Company's Board of Directors declared a distribution of $0.10 per share, payable on April 7, 2022 to stockholders of record at the close of business on March 17, 2022.

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 Disclosures About Market Risk

We are subject to financial market risks, including changes in interest rates. At December 31, 2021, 99% 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, 93% 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 a reference rate floor of 0.00%, 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, 2021, 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	$ 14.7	$ 0.20
Up 300 basis points	$ 10.1	$ 0.14
Up 200 basis points	$ 5.5	$ 0.07
Up 100 basis points	$ 1.0	$ 0.01
Down 100 basis points	$ (0.0)	$ (0.00)

(1) Excludes the impact of incentive 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, 2021, 2020 and 2019, we did not engage in any interest rate hedging activity.

Item 8. Consolidated Financial Statements and Supplementary Data

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

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Blackrock Capital Investment Corporation

Opinion on the Financial Statements

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, 2021 and 2020, the related consolidated statements of operations, changes in net assets, and cash flows for each of the three years in the period then ended, the consolidated financial highlights (in Note 10) for each of the five years in the period then ended, and the related consolidated notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, 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.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements 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 financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, 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 financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our procedures included confirmation of investments owned as of December 31, 2021 and 2020, 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 an account or disclosure that is material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matter 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.

Investment Valuation — Level 3 Investments — Refer to Note 2 to the financial statements

Critical Audit Matter Description

The Company held investments classified as Level 3 investments under accounting principles generally accepted in the United States of America. These investments included bank debt, other corporate debt, and equity, which are valued based on quotations or other affirmative pricing from independent third-party sources, or priced directly by BlackRock Capital Investment Advisors, LLC (the "Advisor"), each of which was determined using quotes and other observable market data to the extent such data are available, but which also required the use of one or more unobservable inputs significant to the valuation taken as a whole. Fair valuations of investments in each asset class are determined using one or more methodologies including market quotations, the market approach, income approach, or, in the case of recent investments, the cost approach, as appropriate. The fair value of the Company's Level 3 investments was $525,028,730 as of December 31, 2021.

We identified the valuation of Level 3 investments as a critical audit matter because of the judgments necessary for management to select valuation methodologies and to select significant unobservable inputs to estimate the fair value. This required a high degree of audit judgement and increased effort, including the need to involve our fair value specialists who possess significant quantitative and modeling expertise, to audit and evaluate the appropriateness of these models and unobservable inputs.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the valuation methodologies and unobservable inputs used by management to estimate the fair value of Level 3 investments included the following, among others:

- We evaluated the appropriateness of the selected valuation methodologies used for Level 3 investments and tested the related significant unobservable inputs by comparing these inputs to external sources. We evaluated the reasonableness of any significant changes in valuation methodologies or significant unobservable inputs for those investments from the prior year-end, including the considerations of the impact of COVID-19. For selected investments, we used the assistance of our fair value specialists.
- For selected investments, with the assistance of our fair value specialists, we developed an independent estimate of the fair value and compared our estimate to management's estimate.
- We evaluated management's ability to reasonably estimate fair value by comparing management's historical estimates to subsequent transactions, taking into account changes in market- or investment- specific conditions, where applicable.

/s/ Deloitte & Touche LLP
Los Angeles, California
March 2, 2022

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

BlackRock Capital Investment Corporation

Consolidated Statements of Assets and Liabilities

	December 31, 2021	December 31, 2020
Assets		
Investments at fair value:		
Non-controlled, non-affiliated investments (cost of $520,501,274 and $369,079,320)	$ 526,504,945	$ 354,957,936
Non-controlled, affiliated investments (cost of $5,027,616 and $20,927,907)	4,131,978	13,099,313
Controlled investments (cost of $89,097,765 and $216,768,227)	21,927,071	110,968,227
Total investments at fair value (cost of $614,626,655 and $606,775,454)	552,563,994	479,025,476
Cash and cash equivalents	12,750,121	23,332,831
Interest, dividends and fees receivable	3,671,722	2,138,304
Deferred debt issuance costs	1,511,418	1,374,115
Receivable for investments sold	690,550	5,439,507
Prepaid expenses and other assets	788,469	409,357
Total assets	$ 571,976,274	$ 511,719,590
Liabilities		
Debt (net of deferred issuance costs of $425,272 and $1,360,356)	$ 196,875,330	$ 179,798,037
Payable for investments purchased	11,679,798	9,193,917
Distributions payable	7,392,972	—
Management fees payable	2,122,519	2,313,447
Income incentive fees payable (see Note 3)	170,002	1,849,597
Accrued capital gains incentive fees (see Note 3)	1,544,569	—
Interest and debt related payables	601,379	502,682
Accrued administrative expenses	384,225	389,064
Accrued expenses and other liabilities	1,553,507	2,662,569
Total liabilities	222,324,301	196,709,313
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 84,478,251 issued and 73,876,987 and 74,466,665 outstanding	84,478	84,478
Paid-in capital in excess of par	852,360,178	858,079,713
Distributable earnings (losses)	(434,303,297)	(476,857,055)
Treasury stock at cost, 10,601,264 and 10,011,586 shares held	(68,489,386)	(66,296,859)
Total net assets	349,651,973	315,010,277
Total liabilities and net assets	$ 571,976,274	$ 511,719,590
Net assets per share	$ 4.73	$ 4.23

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

BlackRock Capital Investment Corporation

Consolidated Statements of Operations

	Year Ended December 31, 2021	Year Ended December 31, 2020	Year Ended December 31, 2019
Investment income			
Interest income (excluding PIK):			
Non-controlled, non-affiliated investments	$ 40,366,030	$ 31,426,192	$ 29,292,857
Non-controlled, affiliated investments	11,867	474,862	3,493,487
Controlled investments	718,571	19,794,470	22,832,830
PIK interest income:			
Non-controlled, non-affiliated investments	2,092,736	5,026,084	2,085,016
Non-controlled, affiliated investments	481,800	461,367	245,197
Controlled investments	—	1,053,664	2,776,671
Dividend income (excluding PIK):			
Non-controlled, affiliated investments	71,500	—	—
Controlled investments	1,647,661	8,190,499	15,562,959
PIK dividend income:			
Non-controlled, non-affiliated investments	15,177	—	—
Non-controlled, affiliated investments	—	—	220,480
Other income:			
Non-controlled, non-affiliated investments	839,678	620,705	1,474,484
Non-controlled, affiliated investments	—	(3,055)	3,055
Controlled investments	—	70,712	131,485
Total investment income	46,245,020	67,115,500	78,118,521
Operating expenses			
Interest and other debt expenses	11,620,899	15,584,214	15,558,648
Management fees	7,784,188	10,799,832	12,425,101
Incentive fees on income	249,385	6,304,333	8,751,521
Incentive fees on capital gains(1)	1,544,569	—	—
Administrative expenses	1,354,283	1,457,979	1,403,419
Professional fees	1,100,008	1,964,252	2,093,064
Insurance expense	809,356	650,432	446,233
Director fees	622,500	652,250	729,750
Investment advisor expenses	350,000	350,000	350,000
Other operating expenses	1,011,273	1,433,054	1,354,699
Total expenses, before incentive fee waiver	26,446,461	39,196,346	43,112,435
Incentive fee waiver (see Note 3)	(79,383)	(6,304,333)	(6,901,924)
Total expenses, net of incentive fee waiver	26,367,078	32,892,013	36,210,511
Net investment income(1)	19,877,942	34,223,487	41,908,010
Realized and unrealized gain (loss) on investments and foreign currency			
Net realized gain (loss):			
Non-controlled, non-affiliated investments	21,408,577	(12,941,524)	(23,660,181)
Non-controlled, affiliated investments	(7,989,591)	(43,851,965)	(1,225,060)
Controlled investments	(32,496,018)	(59,194,744)	—
Net realized gain (loss)	(19,077,032)	(115,988,233)	(24,885,241)
Net change in unrealized appreciation (depreciation):			
Non-controlled, non-affiliated investments	20,125,055	(2,123,600)	21,084,787
Non-controlled, affiliated investments	6,932,957	35,523,356	(24,529,889)
Controlled investments	38,914,666	(55,623,040)	(20,798,389)
Foreign currency translation	(285,360)	135,427	333,982
Net change in unrealized appreciation (depreciation)	65,687,318	(22,087,857)	(23,909,509)
Net realized and unrealized gain (loss)	46,610,286	(138,076,090)	(48,794,750)
Net increase (decrease) in net assets resulting from operations	$ 66,488,228	$ (103,852,603)	$ (6,886,740)
Net investment income per share—basic(1)	$ 0.27	$ 0.49	$ 0.61
Earnings (loss) per share—basic(1)	$ 0.90	$ (1.49)	$ (0.10)
Weighted average shares outstanding—basic	74,153,145	69,801,849	68,836,590
Net investment income per share—diluted(1)	$ 0.27	$ 0.49	$ 0.59
Earnings (loss) per share—diluted(1)	$ 0.83	$ (1.49)	$ (0.10)
Weighted average shares outstanding—diluted (see Note 8)	91,146,882	86,795,585	85,830,326

(1) Net investment income and per share amounts displayed above are net of the accrual for incentive fees on capital gains which is reflected on a hypothetical liquidation basis in accordance with GAAP for the year ended December 31, 2021 (see Note 3).

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

BlackRock Capital Investment Corporation

Consolidated Statements of Changes in Net Assets

	Common Stock					
	Shares Outstanding	**Par Amount, Shares Issued**	**Paid in Capital in Excess of Par**	**Distributable earnings (loss)**	**Treasury Stock at Cost**	**Total Net Assets**
Balance at December 31, 2018	68,921,798	$ 77,861	$ 853,248,794	$ (304,106,473)	$ (62,200,028)	$ 487,020,154
Repurchase of common stock	(85,543)	—	—	—	(469,227)	(469,227)
Net investment income	—	—	—	41,908,010	—	41,908,010
Net realized and unrealized gain	—	—	—	(48,794,750)	—	(48,794,750)
Distributions to common stockholders, excluding tax return of capital(1)	—	—	—	(43,472,714)	—	(43,472,714)
Tax return of capital	—	—	(582,492)	—	—	(582,492)
Tax reclassification of stockholders' equity in accordance with generally accepted accounting principles	—	—	(3,425,904)	3,425,904	—	—
Balance at December 31, 2019	68,836,255	$ 77,861	$ 849,240,398	$ (351,040,023)	$ (62,669,255)	$ 435,608,981
Issuance of common stock - stock distribution and reinvestment	6,616,964	6,617	17,480,411	—	—	17,487,028
Repurchase of common stock	(986,554)	—	—	—	(3,627,604)	(3,627,604)
Net investment income	—	—	—	34,223,487	—	34,223,487
Net realized and unrealized gain	—	—	—	(138,076,090)	—	(138,076,090)
Distributions to common stockholders, excluding tax return of capital(1)	—	—	—	(21,964,429)	—	(21,964,429)
Tax return of capital	—	—	(8,641,096)	—	—	(8,641,096)
Balance at December 31, 2020	74,466,665	$ 84,478	$ 858,079,713	$ (476,857,055)	$ (66,296,859)	$ 315,010,277
Repurchase of common stock	(589,678)	—	—	—	(2,192,527)	(2,192,527)
Net investment income	—	—	—	19,877,942	—	19,877,942
Net realized and unrealized gain	—	—	—	46,610,286	—	46,610,286
Distributions to common stockholders, excluding tax return of capital(1)	—	—	—	(22,084,873)	—	(22,084,873)
Tax return of capital	—	—	(7,569,132)	—	—	(7,569,132)
Tax reclassification of stockholders' equity in accordance with generally accepted accounting principles	—	—	1,849,597	(1,849,597)	—	—
Balance at December 31, 2021	73,876,987	$ 84,478	$ 852,360,178	$ (434,303,297)	$ (68,489,386)	$ 349,651,973

(1) Distributions for annual periods are determined in accordance with federal income tax regulations and there may be differences between book and tax amounts (see Note 2).

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, 2021	December 31, 2020	December 31, 2019
Operating activities			
Net increase (decrease) in net assets resulting from operations	$ 66,488,228	$ (103,852,603)	$ (6,886,740)
Adjustments to reconcile net increase (decrease) in net assets resulting from operations to net cash provided by (used in) operating activities:			
Net realized (gain) loss	19,077,032	115,988,233	24,885,241
Change in unrealized (appreciation) depreciation of investments	(65,972,678)	22,223,284	24,243,491
Change in unrealized (appreciation) depreciation on foreign currency translation	285,360	(135,427)	(333,982)
Interest and dividend income paid in kind	(2,589,713)	(6,541,115)	(5,327,364)
Net amortization of investment discounts and premiums	(2,487,926)	(1,300,764)	(915,007)
Amortization of deferred debt issuance costs	1,565,241	1,977,676	1,597,772
Amortization of original issue discount on debt	942,208	890,695	842,006
Changes in assets and liabilities:			
Purchase of investments	(272,247,211)	(137,077,906)	(298,009,813)
Proceeds from disposition of investments	250,607,406	277,596,336	176,721,560
Decrease (increase) in interest, dividends and fees receivable	(1,744,206)	3,650,987	(1,751,909)
Decrease (increase) in receivable for investments sold	4,748,957	(3,568,072)	188,305
Decrease (increase) in prepaid expenses and other assets	(379,112)	(877,792)	93,516
Increase (decrease) in payable for investments purchased	2,485,881	1,881,417	6,323,040
Increase (decrease) in interest and debt related payables	98,697	(254,790)	34,630
Increase (decrease) in management fees payable	(190,928)	(937,746)	(243,326)
Increase (decrease) in income incentive fees payable	(1,679,595)	—	1,849,597
Increase (decrease) in accrued capital gains incentive fees	1,544,569	—	—
Increase (decrease) in accrued administrative expenses	(4,839)	16,657	(4,099)
Increase (decrease) in accrued expenses and other liabilities	(1,109,062)	958,059	(85,792)
Net cash provided by (used in) operating activities	(561,691)	170,637,129	(76,778,874)
Financing activities			
Draws on credit facility	137,000,000	135,800,000	268,000,000
Repayments of credit facility draws	(121,800,000)	(271,400,000)	(142,600,000)
Payments of debt issuance costs	(767,459)	—	—
Distributions paid to common stockholders	(22,261,033)	(22,755,572)	(46,970,341)
Repurchase of common shares	(2,192,527)	(3,627,604)	(469,227)
Net cash provided by (used in) financing activities	(10,021,019)	(161,983,176)	77,960,432
Net increase (decrease) in cash and cash equivalents	(10,582,710)	8,653,953	1,181,558
Cash and cash equivalents at beginning of period	23,332,831	14,678,878	13,497,320
Cash and cash equivalents at end of period	$ 12,750,121	$ 23,332,831	$ 14,678,878
Supplemental cash flow information			
Interest payments	$ 8,014,632	$ 12,322,040	$ 11,874,760
Tax payments	$ 100,050	$ 108,050	$ 80,841
Share issuance — stock distribution and reinvestment	$ —	$ 17,487,028	$ —

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

BlackRock Capital Investment Corporation

Consolidated Schedules of Investments
December 31, 2021

Issuer(O/Q)	Instrument	Ref(E)	Floor	Spread	Total Coupon	Maturity	Principal	Cost(A)	Fair Value(B)	Notes
Debt Investments										
Aerospace & Defense										
Unanet, Inc.	First Lien Term Loan	LIBOR(M)	—	6.25%	6.38%	5/31/2024	$ 6,632,653	$ 6,597,643	$ 6,632,653	
Unanet, Inc.	First Lien Delayed Draw Term Loan	LIBOR(M)	—	6.25%	6.38%	5/31/2024	$ 1,709,184	1,704,021	1,709,184	
Unanet, Inc.	First Lien Revolver	LIBOR(M)	—	6.25%	6.38%	5/31/2024	$ 816,327	812,047	816,327	
								9,113,711	9,158,164	
Automobiles										
ALCV Purchaser, Inc. (AutoLenders)	First Lien Term Loan	LIBOR(M)	1.00%	6.75%	7.75%	2/25/2026	$ 2,801,159	2,763,855	2,863,064	
ALCV Purchaser, Inc. (AutoLenders)	First Lien Revolver	LIBOR(M)	1.00%	6.75%	7.75%	2/25/2026	$ —	(3,003)	—	N/S
								2,760,852	2,863,064	
Building Products										
Porcelain Acquisition Corporation (Paramount)	First Lien Term Loan	LIBOR(Q)	1.00%	6.00%	7.00%	4/30/2027	$ 2,196,481	2,155,551	2,200,874	
Porcelain Acquisition Corporation (Paramount)	First Lien Delayed Draw Term Loan	LIBOR(Q)	1.00%	6.00%	7.00%	4/30/2027	$ —	(16,832)	1,892	N/S
								2,138,719	2,202,766	
Capital Markets										
Pico Quantitative Trading, LLC	First Lien Term Loan (1.0% Exit Fee)	LIBOR(S)	1.50%	7.25%	8.75%	2/7/2025	$ 500,000	485,090	505,000	
Pico Quantitative Trading, LLC	First Lien Incremental Term Loan	LIBOR(M)	1.50%	7.25%	8.75%	2/7/2025	$ 560,228	532,261	571,993	
								1,017,351	1,076,993	
Commercial Services & Supplies										
Kellermeyer Bergensons Services, LLC	First Lien Term Loan	LIBOR(S)	1.00%	5.75%	6.75%	11/7/2026	$ 1,601,307	1,590,431	1,585,294	
Kellermeyer Bergensons Services, LLC	First Lien Delayed Draw Term Loan A	LIBOR(S)	1.00%	5.75%	6.75%	11/7/2026	$ 352,288	349,723	348,765	
Kellermeyer Bergensons Services, LLC	First Lien Delayed Draw Term Loan B	LIBOR(S)	1.00%	5.75%	6.75%	11/7/2026	$ 319,881	318,126	315,002	S
Thermostat Purchaser III, Inc. (Reedy Industries)	Second Lien Term Loan	LIBOR(M)	0.75%	7.25%	8.00%	8/31/2029	$ 2,615,252	2,577,525	2,596,945	
Thermostat Purchaser III, Inc. (Reedy Industries)	Second Lien Delayed Draw Term Loan	LIBOR(M)	0.75%	7.25%	8.00%	8/31/2029	$ —	(3,216)	(3,133)	N/S
								4,832,589	4,842,873	
Construction & Engineering										
Homerenew Buyer, Inc. (Project Dream)	First Lien Term Loan	LIBOR(Q)	1.00%	6.50%	7.50%	8/10/2027	$ 3,189,333	3,110,747	3,106,411	
Homerenew Buyer, Inc. (Project Dream)	First Lien Delayed Draw Term Loan	LIBOR(Q)	1.00%	6.50%	7.50%	8/10/2027	$ —	(23,480)	(50,695)	N/S
Homerenew Buyer, Inc. (Project Dream)	First Lien Revolver	LIBOR(Q)	1.00%	6.50%	7.50%	11/23/2027	$ —	(20,526)	(21,726)	N/S
PHRG Intermediate, LLC (Power Home)	First Lien Term Loan	LIBOR(Q)	0.75%	6.00%	6.75%	12/16/2026	$ 2,500,000	2,437,500	2,462,500	
Sunland Asphalt & Construction, LLC	First Lien Term Loan	LIBOR(Q)	1.00%	6.00%	7.00%	1/13/2026	$ 2,500,081	2,458,489	2,492,581	
Sunland Asphalt & Construction, LLC	First Lien Delayed Draw Term Loan	LIBOR(Q)	1.00%	6.00%	7.00%	1/13/2026	$ 840,652	826,136	836,567	
								8,788,866	8,825,638	
Consumer Finance										
Barri Financial Group, LLC	First Lien Term Loan	LIBOR(M)	1.00%	7.75%	8.75%	6/30/2026	$ 12,356,957	12,098,329	12,480,527	
Containers & Packaging										
BW Holding, Inc. (Brook & Whittle)	Second Lien Term Loan	LIBOR(Q)	0.75%	7.50%	8.25%	12/14/2029	$ 2,229,219	2,179,061	2,179,061	
BW Holding, Inc. (Brook & Whittle)	Second Lien Delayed Draw Term Loan	LIBOR(Q)	0.75%	7.50%	8.25%	12/14/2029	$ —	(8,708)	(8,708)	N/S
PVHC Holding Corp.	First Lien Term Loan	LIBOR(Q)	1.00%	4.75%	5.75%	8/2/2024	$ 10,284,525	8,924,440	9,256,073	
								11,094,793	11,426,426	
Distributors										
Colony Display LLC	First Lien Term Loan	LIBOR(Q)	1.00%	6.50%	7.50%	6/30/2026	$ 2,370,595	2,327,386	2,294,736	
Colony Display LLC	First Lien Delayed Draw Term Loan	LIBOR(Q)	1.00%	6.50%	7.50%	6/30/2026	$ —	1,182	(38,120)	N/S
								2,328,568	2,256,616	
Diversified Consumer Services										
Razor Group GmbH (Germany)	First Lien Delayed Draw Term Loan	LIBOR(M)	1.00%	9.00%	10.00%	9/30/2025	$ 11,763,158	11,862,855	11,735,918	H/J/S
Razor Group GmbH (Germany)	First Lien Sr Secured Convertible Term Loan	Fixed	—	3.50% Cash + 3.50% PIK	7.00%	10/2/2023	$ 1,582,052	1,582,052	2,433,196	D/H/J
SellerX Germany GmbH & Co. Kg (Germany)	First Lien Term Loan	LIBOR(Q)	1.00%	8.00%	9.00%	11/23/2025	$ 5,537,893	5,484,992	5,511,312	H/J
SellerX Germany GmbH & Co. Kg (Germany)	First Lien Delayed Draw Term Loan	LIBOR(Q)	1.00%	8.00%	9.00%	11/23/2025	$ —	(45,728)	(46,342)	H/J/N/S
Thras.io, LLC	First Lien Term Loan	LIBOR(Q)	1.00%	7.00%	8.00%	12/18/2026	$ 7,376,378	7,261,963	7,302,615	P
Thras.io, LLC	First Lien Delayed Draw Term Loan	LIBOR(Q)	1.00%	7.00%	8.00%	12/18/2026	$ 3,091,832	3,012,793	3,033,624	P/S
Whele LLC (Perch)	First Lien Incremental Term Loan	LIBOR(M)	1.00%	7.50%	8.50%	10/15/2025	$ 6,842,404	6,895,074	6,862,932	
								36,054,001	36,833,255	

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

Consolidated Schedules of Investments—(Continued)
December 31, 2021

Issuer(O/Q)	Instrument	Ref(E)	Floor	Spread	Total Coupon	Maturity	Principal	Cost(A)	Fair Value(B)	Notes
Debt Investments (continued)										
Diversified Financial Services										
2-10 Holdco, Inc.	First Lien Term Loan	LIBOR(Q)	0.75%	6.00%	6.75%	3/26/2026	$ 6,605,469	$ 6,493,415	$ 6,569,138	
2-10 Holdco, Inc.	First Lien Revolver	LIBOR(Q)	0.75%	6.00%	6.75%	3/26/2026	$ —	(4,073)	(1,322)	N/S
Callodine Commercial Finance, LLC	First Lien Term Loan	LIBOR(Q)	1.00%	9.00%	10.00%	11/3/2025	$ 25,000,000	25,000,000	25,175,000	
Callodine Commercial Finance, LLC	Delayed Draw Term Loan	LIBOR(Q)	1.00%	9.00%	10.00%	11/3/2025	$ —	—	56,452	S
Callodine Commercial Finance, LLC	Subordinated Debt	LIBOR(Q)	0.25%	8.50%	8.75%	10/8/2026	$ 5,000,000	5,000,000	5,000,000	T
Gordon Brothers Finance Company	Unsecured Debt	LIBOR(M)	1.00%	11.00%	14.00%	10/31/2021	$ 41,861,533	41,861,533	21,927,071	G/R/U
Oasis Financial, LLC	Second Lien Term Loan	LIBOR(M)	1.00%	8.50%	9.50%	7/5/2026	$ 5,000,000	4,914,140	4,935,000	
Worldremit Group Limited (United Kingdom)	First Lien Term Loan (3.0% Exit Fee)	LIBOR(Q)	1.00%	9.25%	10.25%	2/11/2025	$ 11,300,000	11,111,243	11,028,800	H/J
								94,376,258	74,690,139	
Diversified Telecommunication Services										
MetroNet Systems Holdings, LLC	Second Lien Term Loan	LIBOR(M)	0.75%	7.00%	7.75%	6/2/2029	$ 1,414,105	1,394,246	1,413,680	
MetroNet Systems Holdings, LLC	Second Lien Delayed Draw Term Loan	LIBOR(M)	0.75%	7.00%	7.75%	6/2/2029	$ 2,911,392	2,856,898	2,910,518	
								4,251,144	4,324,198	
Electrical Equipment										
Advanced Lighting Technologies, Inc.	Second Lien Sr Secured Notes	LIBOR(Q)	2.00%	16.00% PIK + 6.00% Cash	26.00%	3/16/2027	$ 1,976,481	935,927	652,239	D/I/R/U
Health Care Equipment & Supplies										
Zest Acquisition Corp.	Second Lien Term Loan	LIBOR(M)	1.00%	7.00%	8.00%	3/14/2026	$ 15,000,000	14,913,632	14,925,000	
Health Care Providers & Services										
INH Buyer, Inc. (IMS Health)	First Lien Term Loan	LIBOR(S)	1.00%	6.00%	7.00%	6/28/2028	$ 2,693,250	2,642,028	2,531,655	
Outcomes Group Holdings, Inc.	Second Lien Term Loan	LIBOR(S)	—	7.50%	7.85%	10/26/2026	$ 5,769,231	5,760,375	5,769,231	
Team Services Group, LLC	Second Lien Term Loan	LIBOR(S)	1.00%	9.00%	10.00%	11/13/2028	$ 6,554,543	6,376,646	6,521,770	
Tempus, LLC (Epic Staffing)	First Lien Term Loan	LIBOR(Q)	1.00%	6.00%	7.00%	2/5/2027	$ 4,050,005	3,977,128	4,090,505	
Tempus, LLC (Epic Staffing)	First Lien Delayed Draw Term Loan	LIBOR(Q)	1.00%	6.00%	7.00%	2/5/2027	$ 1,528,379	1,495,592	1,569,223	S
								20,251,769	20,482,384	
Health Care Technology										
Appriss Health, LLC (PatientPing)	First Lien Term Loan	LIBOR(Q)	1.00%	7.25%	8.25%	5/6/2027	$ 2,875,899	2,826,567	2,824,133	
Appriss Health, LLC (PatientPing)	First Lien Revolver	LIBOR(Q)	1.00%	7.25%	8.25%	5/6/2027	$ —	(3,422)	(3,451)	N/S
CareATC, Inc.	First Lien Term Loan	LIBOR(Q)	1.00%	7.25%	8.25%	3/14/2024	$ 8,070,508	7,963,784	8,151,213	
CareATC, Inc.	First Lien Revolver	LIBOR(Q)	1.00%	7.25%	8.25%	3/14/2024	$ —	(3,141)	—	N/S
ESO Solutions, Inc.	First Lien Term Loan	LIBOR(S)	1.00%	7.00%	8.00%	5/3/2027	$ 6,794,312	6,666,863	6,794,312	
ESO Solutions, Inc.	First Lien Revolver	LIBOR(S)	1.00%	7.00%	8.00%	5/3/2027	$ —	(10,980)	—	N/S
Gainwell Acquisition Corp.	Second Lien Term Loan	LIBOR(Q)	1.00%	8.00%	9.00%	10/2/2028	$ 2,016,737	2,007,083	2,055,055	
Sandata Technologies, LLC	First Lien Term Loan	LIBOR(Q)	—	6.00%	6.25%	7/23/2024	$ 4,500,000	4,462,694	4,545,000	
Sandata Technologies, LLC	First Lien Revolver	LIBOR(Q)	—	6.00%	6.25%	7/23/2024	$ —	(3,964)	—	N/S
								23,905,484	24,366,262	
Insurance										
AmeriLife Holdings, LLC	Second Lien Term Loan	LIBOR(S)	1.00%	8.50%	9.50%	3/18/2028	$ 9,035,066	8,886,830	9,035,066	
IT Parent, LLC (Insurance Technologies)	First Lien Term Loan	LIBOR(Q)	1.00%	6.25%	7.25%	10/1/2026	$ 1,953,382	1,921,257	1,918,221	
IT Parent, LLC (Insurance Technologies)	First Lien Revolver	LIBOR(Q)	1.00%	6.25%	7.25%	10/1/2026	$ 66,667	62,659	62,167	S
								10,870,746	11,015,454	
Internet & Catalog Retail										
Syndigo, LLC	Second Lien Term Loan	LIBOR(S)	0.75%	8.00%	8.75%	12/14/2028	$ 4,673,472	4,609,839	4,661,788	
Internet Software & Services										
Astra Acquisition Corp.	Second Lien Term Loan	LIBOR(M)	0.75%	8.88%	9.63%	10/25/2029	$ 7,166,565	7,023,233	7,041,150	P
FinancialForce.com, Inc.	First Lien Delayed Draw Term Loan (3.0% Exit Fee)	LIBOR(M)	2.75%	6.75%	9.50%	2/1/2024	$ 15,000,000	14,872,703	15,135,000	
Magenta Buyer, LLC (McAfee)	Second Lien Term Loan	LIBOR(Q)	0.75%	8.25%	9.00%	7/27/2029	$ 7,000,000	6,902,759	6,936,580	P
MetricStream, Inc.	First Lien Term Loan	LIBOR(Q)	1.00%	8.00%	9.00%	9/28/2024	$ 11,002,285	10,842,185	10,683,219	
MetricStream, Inc.	First Lien Incremental Term Loan (3.25% Exit Fee)	LIBOR(Q)	1.00%	8.00%	9.00%	9/28/2024	$ 1,466,971	1,437,645	1,437,632	
Persado, Inc.	First Lien Delayed Draw Term Loan (4.25% Exit Fee)	LIBOR(M)	1.80%	7.00%	8.80%	2/1/2025	$ 1,562,500	1,552,233	1,546,875	
Pluralsight, Inc.	First Lien Term Loan	LIBOR(S)	1.00%	8.00%	9.00%	4/6/2027	$ 12,069,635	11,847,614	12,045,495	

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

Consolidated Schedules of Investments—(Continued)
December 31, 2021

Issuer(O/Q)	Instrument	Ref(E)	Floor	Spread	Total Coupon	Maturity	Principal	Cost(A)	Fair Value(B)	Notes
Debt Investments (continued)										
Pluralsight, Inc.	First Lien Revolver	LIBOR(S)	1.00%	8.00%	9.00%	4/6/2027	$ —	$ (16,344)	$ (1,861)	N/S
Quartz Holding Company (Quick Base)	Second Lien Term Loan	LIBOR(M)	—	8.00%	8.10%	4/2/2027	$ 5,512,958	5,433,497	5,512,958	
Suited Connector, LLC	First Lien Term Loan	LIBOR(Q)	1.00%	6.00%	7.00%	12/1/2027	$ 1,431,818	1,403,426	1,403,182	
Suited Connector, LLC	First Lien Delayed Draw Term Loan	LIBOR(Q)	1.00%	6.00%	7.00%	12/1/2027	$ —	(3,312)	(6,818)	N/S
Suited Connector, LLC	First Lien Revolver	LIBOR(Q)	1.00%	6.00%	7.00%	12/1/2027	$ 68,182	63,693	63,636	S
								61,359,332	61,797,048	
IT Services										
Ensono, Inc.	Second Lien Term Loan B	LIBOR(S)	—	8.00%	8.35%	5/28/2029	$ 5,000,000	4,952,045	5,100,000	
Idera, Inc.	Second Lien Term Loan	LIBOR(S)	0.75%	6.75%	7.50%	2/4/2029	$ 2,867,296	2,846,956	2,867,296	
Puppet, Inc.	First Lien Term Loan (3.0% Exit Fee)	LIBOR(Q)	1.00%	8.50%	9.50%	6/19/2023	$ 1,000,000	985,601	983,000	
								8,784,602	8,950,296	
Machinery										
Sonny's Enterprises, LLC	First Lien Term Loan	LIBOR(M)	1.00%	6.75%	7.75%	8/5/2026	$ 1,444,796	1,418,822	1,473,692	
Sonny's Enterprises, LLC	First Lien Delayed Draw Term Loan	LIBOR(M)	1.00%	6.75%	7.75%	8/5/2026	$ 3,894,753	3,827,544	3,972,649	
								5,246,366	5,446,341	
Media										
MBS Opco, LLC	First Lien Term Loan	LIBOR(Q)	1.00%	9.00%	10.00%	12/29/2022	$ 14,400,000	14,400,000	14,400,000	
NEP II, Inc.	Second Lien Term Loan	LIBOR(M)	—	7.00%	7.10%	10/19/2026	$ 3,131,760	2,880,854	3,060,513	P
								17,280,854	17,460,513	
Metals & Mining										
Kemmerer Operations, LLC (WMLP)	First Lien Term Loan	Fixed	—	15.00% PIK	15.00%	6/21/2023	$ 3,091,618	3,091,619	3,091,618	D/F
Kemmerer Operations, LLC (WMLP)	First Lien Delayed Draw Term Loan	Fixed	—	15.00% PIK	15.00%	6/21/2023	$ 42,550	42,550	42,550	D/F/S
								3,134,169	3,134,168	
Professional Services										
Dude Solutions Holdings, Inc.	First Lien Term Loan	LIBOR(Q)	1.00%	6.25%	7.25%	6/13/2025	$ 9,251,731	9,123,045	9,270,234	
Dude Solutions Holdings, Inc.	First Lien Revolver	LIBOR(Q)	1.00%	6.25%	7.25%	6/13/2025	$ —	(15,988)	—	N/S
GI Consilio Parent, LLC	Second Lien Term Loan	LIBOR(M)	0.50%	7.50%	8.00%	5/14/2029	$ 5,000,000	4,953,068	5,050,000	
JobandTalent USA, Inc. (United Kingdom)	First Lien Term Loan	LIBOR(M)	1.00%	8.75%	9.75%	2/17/2025	$ 9,892,491	9,718,436	9,991,416	H/J
JobandTalent USA, Inc. (United Kingdom)	First Lien Delayed Draw Term Loan	LIBOR(M)	1.00%	8.75%	9.75%	2/17/2025	$ 5,300,000	5,209,445	5,353,000	H/J
RigUp, Inc.	First Lien Delayed Draw Term Loan (3.5% Exit Fee)	LIBOR(M)	1.50%	7.00%	8.50%	3/1/2024	$ 500,000	494,061	499,500	
TLE Holdings, LLC	First Lien Term Loan	LIBOR(S)	1.00%	5.50%	6.50%	6/28/2024	$ 3,860,372	3,483,842	3,532,240	
TLE Holdings, LLC	First Lien Delayed Draw Term Loan	LIBOR(S)	1.00%	5.50%	6.50%	6/28/2024	$ 988,027	891,658	904,045	
VT TopCo, Inc. (Veritext)	Second Lien Term Loan	LIBOR(M)	0.75%	6.75%	7.50%	8/17/2026	$ 1,064,655	1,057,877	1,064,655	
								34,915,444	35,665,090	
Real Estate Management & Development										
Greystone Affordable Housing Initiatives, LLC	First Lien Delayed Draw Term Loan	LIBOR(S)	1.25%	6.00%	7.25%	3/2/2026	$ 1,866,667	1,866,667	1,866,667	J
Road & Rail										
Keep Truckin, Inc.	First Lien Term Loan	LIBOR(S)	1.00%	7.25%	8.25%	4/8/2025	$ 13,000,000	12,830,353	13,000,000	
St. George Warehousing & Trucking Co. of California, Inc.	First Lien Last Out Term Loan	LIBOR(Q)	1.00%	8.98%	9.98%	4/28/2023	$ 37,544,921	37,544,921	37,263,334	
St. George Warehousing & Trucking Co. of California, Inc.	First Lien Last Out Delayed Draw Term Loan	LIBOR(Q)	1.00%	8.98%	9.98%	4/28/2023	$ 7,696,249	7,696,249	7,638,527	
								58,071,523	57,901,861	
Software										
Aerospike, Inc.	First Lien Term Loan	LIBOR(M)	1.00%	7.50%	8.50%	12/29/2025	$ 2,416,867	2,392,765	2,392,698	
Aras Corporation	First Lien Term Loan	LIBOR(Q)	1.00%	3.25% Cash + 3.75% PIK	8.00%	4/13/2027	$ 3,876,087	3,804,903	3,829,574	D
Aras Corporation	First Lien Delayed Draw Term Loan	LIBOR(Q)	1.00%	3.25% Cash + 3.75% PIK	8.00%	4/13/2027	$ 409,525	406,401	404,611	D
Aras Corporation	First Lien Revolver	LIBOR(Q)	1.00%	6.50%	7.50%	4/13/2027	$ —	(5,415)	(3,686)	N/S
Backoffice Associates Holdings, LLC (Syniti)	First Lien Term Loan	LIBOR(S)	1.00%	7.75%	8.75%	4/30/2026	$ 5,038,407	4,903,903	5,083,752	
Backoffice Associates Holdings, LLC (Syniti)	First Lien Revolver	PRIME	—	6.75%	10.00%	4/30/2026	$ 164,264	147,108	164,264	S
Bluefin Holding, LLC (BlackMountain)	Second Lien Term Loan	LIBOR(Q)	—	7.75%	7.93%	9/6/2027	$ 4,809,535	4,753,821	4,809,535	
CyberGrants Holdings, LLC	First Lien Term Loan	LIBOR(Q)	0.75%	6.50%	7.25%	9/8/2027	$ 2,833,333	2,792,694	2,809,817	
CyberGrants Holdings, LLC	First Lien Delayed Draw Term Loan	LIBOR(Q)	0.75%	6.50%	7.25%	9/8/2027	$ —	(1,866)	(2,306)	N/S
CyberGrants Holdings, LLC	First Lien Revolver	LIBOR(Q)	0.75%	6.50%	7.25%	9/8/2027	$ —	(3,950)	(2,306)	N/S
Integrate.com, Inc. (Infinity Data, Inc.)	First Lien Term Loan	LIBOR(Q)	1.00%	6.00%	7.00%	12/17/2027	$ 1,506,667	1,476,673	1,476,533	
Integrate.com, Inc. (Infinity Data, Inc.)	First Lien Delayed Draw Term Loan	LIBOR(Q)	1.00%	6.00%	7.00%	12/17/2027	$ —	(2,630)	(5,333)	N/S

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

Issuer(O/Q)	Instrument	Ref(E)	Floor	Spread	Total Coupon	Maturity	Principal	Cost(A)	Fair Value(B)	Notes
Debt Investments (continued)										
Integrate.com, Inc. (Infinity Data, Inc.)	First Lien Revolver	LIBOR(Q)	1.00%	6.00%	7.00%	12/17/2027	$ —	$ (2,648)	$ (2,667)	N/S
Oversight Systems, Inc.	First Lien Term Loan	LIBOR(M)	1.00%	7.00%	8.00%	9/24/2026	$ 1,558,944	1,529,069	1,515,449	
Rhode Holdings, Inc. (Kaseya)	First Lien Term Loan	LIBOR(Q)	1.00%	5.50% Cash + 1.00% PIK	7.50%	5/2/2025	$ 5,447,060	5,385,185	5,474,295	D
Rhode Holdings, Inc. (Kaseya)	First Lien Delayed Draw Term Loan	LIBOR(Q)	1.00%	5.50% Cash + 1.00% PIK	7.50%	5/2/2025	$ 892,155	880,561	898,138	D/S
Rhode Holdings, Inc. (Kaseya)	First Lien Revolver	LIBOR(Q)	1.00%	6.50%	7.50%	5/2/2025	$ —	(3,898)	—	N/S
SEP Raptor Acquisition, Inc. (Loopio) (Canada)	First Lien Term Loan	LIBOR(Q)	1.00%	7.00%	8.00%	3/31/2027	$ 3,686,254	3,618,969	3,700,999	H/J
SEP Raptor Acquisition, Inc. (Loopio) (Canada)	First Lien Revolver	LIBOR(Q)	1.00%	7.00%	8.00%	3/31/2027	$ —	(7,173)	—	H/J/N/S
SEP Vulcan Acquisition, Inc. (Tasktop) (Canada)	First Lien Term Loan	LIBOR(Q)	1.00%	7.00%	8.00%	3/16/2027	$ 3,016,305	2,961,731	3,046,468	H/J
SEP Vulcan Acquisition, Inc. (Tasktop) (Canada)	First Lien Revolver	LIBOR(Q)	1.00%	7.00%	8.00%	3/16/2027	$ —	(7,489)	—	H/J/N/S
Superman Holdings, LLC (Foundation Software)	First Lien Term Loan	LIBOR(Q)	1.00%	6.50%	7.50%	8/31/2027	$ 4,663,724	4,569,238	4,682,378	
Superman Holdings, LLC (Foundation Software)	First Lien Revolver	LIBOR(Q)	1.00%	6.50%	7.50%	8/31/2026	$ —	(6,420)	—	N/S
Syntellis Performance Solutions, Inc. (Axiom Software)	First Lien Term Loan	LIBOR(Q)	1.00%	7.00%	8.00%	8/2/2027	$ 847,510	826,019	864,460	
Zilliant Incorporated	First Lien Term Loan	LIBOR(Q)	0.75%	6.50% PIK	7.25%	12/21/2027	$ 1,481,481	1,452,019	1,451,852	D
Zilliant Incorporated	First Lien Delayed Draw Term Loan	LIBOR(Q)	0.75%	6.50% PIK	7.25%	12/21/2027	$ —	(3,666)	(7,407)	D/N/S
Zilliant Incorporated	First Lien Revolver	LIBOR(Q)	0.75%	6.00%	6.75%	12/21/2027	$ —	(2,948)	(2,963)	N/S
								41,852,956	42,578,155	
Specialty Retail										
Calceus Acquisition, Inc. (Cole Haan)	First Lien Term Loan B	LIBOR(Q)	—	5.50%	5.68%	2/12/2025	$ 171,349	164,623	160,782	P
Calceus Acquisition, Inc. (Cole Haan)	First Lien Sr Secured Notes	Fixed	—	9.75%	9.75%	2/19/2025	$ 1,000,000	978,419	989,561	S
Hanna Andersson, LLC	First Lien Term Loan	LIBOR(M)	1.00%	6.25%	7.25%	7/2/2026	$ 7,332,377	7,195,048	7,303,048	
								8,338,090	8,453,391	
Technology Hardware, Storage & Peripherals										
SumUp Holdings Luxembourg S.A.R.L. (United Kingdom)	First Lien Delayed Draw Term Loan	LIBOR(Q)	1.00%	7.00%	8.00%	2/17/2026	$ 5,403,099	5,296,171	5,186,242	H/J/S
Textiles, Apparel & Luxury Goods										
James Perse Enterprises, Inc.	First Lien Term Loan	LIBOR(S)	1.00%	6.25%	7.25%	9/8/2027	$ 6,666,667	6,571,045	6,671,333	
James Perse Enterprises, Inc.	First Lien Revolver	LIBOR(S)	1.00%	6.25%	7.25%	9/8/2027	$ —	651	—	S
WH Buyer, LLC (Anne Klein)	First Lien FILO Term Loan	LIBOR(Q)	1.00%	7.38%	8.38%	12/31/2025	$ 16,426,962	16,314,152	16,591,232	
								22,885,848	23,262,565	
Tobacco Related										
Juul Labs, Inc.	First Lien Term Loan	LIBOR(Q)	1.50%	7.00%	8.50%	8/2/2023	$ 13,051,497	12,994,616	12,999,291	
Trading Companies & Distributors										
Blackbird Purchaser, Inc. (Ohio Transmission Corp.)	Second Lien Term Loan	LIBOR(Q)	0.75%	7.50%	8.25%	4/8/2027	$ 3,539,347	3,469,160	3,468,560	
Blackbird Purchaser, Inc. (Ohio Transmission Corp.)	Second Lien Delayed Draw Term Loan	LIBOR(Q)	0.75%	7.50%	8.25%	4/8/2027	$ —	(11,585)	(23,596)	N/S
								3,457,575	3,444,964	
Wireless Telecommunication Services										
OpenMarket, Inc. (Infobip) (United Kingdom)	First Lien Term Loan	LIBOR(Q)	0.75%	6.25%	7.00%	9/17/2026	$ 4,987,500	4,868,610	4,844,359	H/J
Total Debt Investments - 154.5% of Net Assets								554,695,401	540,074,737	

Issuer(O/Q)	Instrument	Total Coupon	Expiration	Shares	Cost(A)	Fair Value(B)	Notes
Equity Securities							
Capital Markets							
Marsico Holdings, LLC	Limited Partnership/Limited Liability Company Interests			91,445	$ 1,848,077	$ —	C/I
Pico Quantitative Trading Holdings, LLC	Warrants to Purchase Membership Units		2/7/2030	162	14,804	58,357	C/I
					1,862,881	58,357	
Chemicals							
AGY Equity, LLC	Class A Preferred Stock			4,195,600	1,139,597	251,736	C/F/I
AGY Equity, LLC	Class B Preferred Stock			2,936,920	—	—	C/F/I
AGY Equity, LLC	Class C Common Stock			2,307,580	—	—	C/F/I
					1,139,597	251,736	
Diversified Consumer Services							
Razor Group GmbH (Germany)	Warrants to Purchase Preferred Series A1 Shares		4/28/2028	182	—	1,693,796	C/H/I/J
SellerX Germany GmbH & Co. Kg (Germany)	Warrants to Purchase Preferred Series B Shares		11/23/2028	48	—	126,699	C/H/I/J
					—	1,820,495	
Diversified Financial Services							
Gordon Brothers Finance Company	Common Stock			10,612	10,611,548	—	C/G
Gordon Brothers Finance Company	Preferred Stock	13.50%		34,285	36,624,684	—	C/G/R
Worldremit Group Limited (United Kingdom)	Warrants to Purchase Series D Stock		2/11/2031	7,662	—	188,409	C/H/I/J
Worldremit Group Limited (United Kingdom)	Warrants to Purchase Series E Stock		8/27/2031	508	—	5,446	C/H/I/J
					47,236,232	193,855	
Household Durables							
Stitch Holdings, L.P.	Limited Partnership/Limited Liability Company Interests			5,910	5,909,910	5,910,000	C/I
Internet Software & Services							
FinancialForce.com, Inc.	Warrants to Purchase Series C Preferred Stock		1/30/2029	450,000	100,544	260,550	C/I
Media							
MBS Parent, LLC	Limited Partnership/Limited Liability Company Interests			546	500,000	819,502	C/M
Metals & Mining							
Kemmerer Holdings, LLC (WMLP)	Limited Partnership/Limited Liability Company Interests			8	753,850	746,074	C/F/K
Oil, Gas & Consumable Fuels							
ETX Energy Management Company, LLC	Limited Partnership/Limited Liability Company Interests			53,815	—	—	C
ETX Energy, LLC	Limited Partnership/Limited Liability Company Interests			51,119	—	—	C/L
					—	—	
Trading Companies & Distributors							
Blackbird Holdco, Inc. (Ohio Transmission Corp.)	Preferred Stock	12.50% PIK		2,478	2,428,240	2,428,688	D/I
Total Equity Securities - 3.6% of Net Assets					59,931,254	12,489,257	
Total Investments - 158.1% of Net Assets					$ 614,626,655	$ 552,563,994	
Cash and Cash Equivalents - 3.6% of Net Assets						$ 12,750,121	
Total Cash and Investments - 161.7% of Net Assets						$ 565,314,115	

Notes to Consolidated Schedules of Investments:

(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, 2021.
(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 is recorded on an effective yield basis.
(E) Approximately 98.9% 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, 92.5% of the fair value of such senior secured loans have floors of 0.25% 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, 2021 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.

BlackRock Capital Investment Corporation

Consolidated Schedules of Investments—(Continued)

December 31, 2021

(I) 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 that are exempt from registration under 144A may be resold in transactions, normally to qualified institutional buyers. In aggregate, these securities represent 3.3% of the Company's net assets at December 31, 2021. The acquisition dates for restricted securities of unaffiliated issuers were as follows as of December 31, 2021:

Investment	Initial Acquisition Date
Marsico Holdings, LLC, Limited Partnership/Limited Liability Company Interests	11/28/2007
FinancialForce.com, Warrants to Purchase Series C Preferred Stock	1/30/2019
Pico Quantitative Trading Holdings, LLC, Warrants to Purchase Membership Units	2/7/2020
Worldremit Group Limited (United Kingdom), Warrants to Purchase Series D Stock	2/11/2021
Advanced Lighting Technologies, LLC, Senior Secured Notes	3/16/2021
Razor Group GmbH (Germany), Warrants to Purchase Preferred Series A1 Shares	4/28/2021
Stitch Holdings, L.P., Limited Partnership Interests	7/30/2021
Worldremit Group Limited (United Kingdom), Warrants to Purchase Series E Stock	8/27/2021
SellerX Germany GmbH & Co. Kg (Germany), Warrants to Purchase Preferred Series B Shares	11/23/2021
Blackbird Holdco, Inc. (Ohio Transmission Corp.), Preferred Stock	12/14/2021

(J) 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, 2021, approximately 11.7% of the total assets of the Company were not qualifying assets under Section 55(a) of the 1940 Act.

(K) 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.

(L) 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 non-controlled, non-affiliated investments.

(M) 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.

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

(O) Unless otherwise indicated, all investments are considered Level 3 in accordance with ASC Topic 820 (see Note 2).

(P) Investments are considered other than Level 3 in accordance with ASC Topic 820 (see Note 2).

(Q) As of December 31, 2021, the Company generally uses Global Industry Classification Standard ("GICS") codes to identify the industry groupings. This information is unaudited.

(R) The investment is on non-accrual status as of December 31, 2021 and therefore non-income producing. At December 31, 2021, the aggregate fair value and amortized cost of the Company's debt and preferred stock investments on non-accrual status represents 4.2% and 13.4%, respectively.

(S) Position or associated portfolio company thereof has an unfunded commitment as of December 31, 2021 (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.

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

(U) Total coupon includes default interest.

LIBOR resets monthly (M), quarterly (Q), semiannually (S), or annually (A).

BlackRock Capital Investment Corporation

Consolidated Schedules of Investments—(Continued)
December 31, 2021

Non-Controlled Affiliate Security(1)	Dividends or interest(2)	Fair Value at December 31, 2020	Net realized gain (loss)	Net increase or decrease in unrealized appreciation or depreciation	Acquisitions(3)	Dispositions(4)	Fair Value at December 31, 2021
Advanced Lighting Technologies, LLC.:							
Senior Secured Note, Second Lien	$ —	$ —	$ (1,999,678)	$ 2,181,306	$ —	$ (181,628)	$ — †
Senior Secured Loan, First Lien	13,185	3,223,664	(3,017,339)	1,774,757	—	(1,981,082)	— †
Limited Liability Co. Interest	—	—	—	—	—	—	— †
Warrants	—	—	—	—	—	—	— †
Advantage Insurance Inc.:							
Preferred Stock	—	5,720,010	(2,972,574)	2,972,574	—	(5,720,010)	— †
Preferred Stock Series B	71,500	—	—	—	3,575,000	(3,575,000)	— †
AGY Equity, LLC:							
Class A Preferred Stock	—	1,557,200	—	(1,305,464)	—	—	251,736
Class B Preferred Stock	—	—	—	—	—	—	—
Class C Common Stock	—	—	—	—	—	—	—
Kemmerer Operations, LLC (WMLP):							
Delayed Draw Term Loan, First Lien	51,627	284,343	—	214,865	51,818	(508,476)	42,550
Senior Secured Loan, First Lien	428,855	2,314,096	—	348,845	428,677	—	3,091,618
Kemmerer Holdings, LLC (WMLP):							
Limited Liability Co. Interest	—	—	—	746,074	—	—	746,074
Totals	$ 565,167	$ 13,099,313	$ (7,989,591)	$ 6,932,957	$ 4,055,495	$ (11,966,196)	$ 4,131,978

(1) The issuers of the securities listed on this schedule are considered non-controlled, affiliated investments under the Investment Company Act of 1940 due to the ownership by the Company of 5% to 25% of the issuers' voting securities.

(2) Also includes fee income as applicable.

(3) Acquisitions include new purchases, PIK income and amortization of original issue and market discounts, and the movement of an existing portfolio company into this category from a different category.

(4) Dispositions include decreases in the cost basis of investments, net of realized gain or loss, 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, 2021.

The aggregate fair value of non-controlled, affiliated investments at December 31, 2021 represents 1.2% of the Company's net assets.

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

Controlled Affiliate Security(1)	Dividends or interest(2)	Fair Value at December 31, 2020	Net realized gain (loss)	Net increase or decrease in unrealized appreciation or depreciation(5)	Acquisitions(3)	Dispositions(4)	Fair Value at December 31, 2021
BCIC Senior Loan Partners, LLC:							
Limited Liability Co. Interest	$ 1,647,661	$ 36,150,259	$ (21,980,389)	$ 25,758,053	$ —	$ (39,927,923)	$ — †
First Boston Construction Holdings, LLC:							
Subordinated Debt	163,125	32,625,000	—	—	—	(32,625,000)	— †
Limited Liability Co. Interest	—	4,557,035	(2,290,144)	3,599,215	—	(5,866,106)	— †
Gordon Brothers Finance Company:							
Unsecured Debt	—	22,850,000	—	504,323	—	(1,427,252)	21,927,071
Preferred Stock	—	—	—	—	—	—	—
Common Stock	—	—	—	—	—	—	—
Red Apple Stores Inc.:							
Senior Secured Loan, Second Lien	555,446	14,785,933	(1,474,033)	2,016,263	—	(15,328,163)	— †
Preferred Stock	—	—	—	—	—	—	— †
Common Stock	—	—	(6,751,452)	6,751,452	—	—	— †
Totals	$ 2,366,232	$ 110,968,227	$ (32,496,018)	$ 38,629,306	$ —	$ (95,174,444)	$ 21,927,071

(1) The issuers of securities listed on this schedule are considered controlled affiliates under the Investment Company Act of 1940 due to the ownership by the Company of more than 25% of the issuers' voting securities.

(2) Also includes fee income as applicable.

(3) Acquisitions 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.

(4) Dispositions include decreases in the cost basis of investments, net of realized gain or loss, 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.

(5) 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, 2021, the net change in unrealized appreciation (depreciation) and foreign currency translation associated with the Red Apple Stores Inc.'s common stock was $285,360 and $(285,360), respectively.

† Investment no longer held as of December 31, 2021.

The aggregate fair value of controlled investments at December 31, 2021 represents 6.3% 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, 2020

Issuer(Q/S)	Instrument	Ref(E)	Floor	Spread	Total Coupon	Maturity	Principal	Cost(A)	Fair Value(B)	Notes
Debt Investments										
Aerospace & Defense										
Unanet, Inc.	First Lien Term Loan	LIBOR(M)	—	6.25%	6.44%	5/31/2024	$ 6,632,653	$ 6,584,223	$ 6,526,531	
Unanet, Inc.	Sr Secured Revolver	LIBOR(M)	—	6.25%	6.44%	5/31/2024	$ 816,327	810,431	803,265	
Unanet, Inc.	First Lien Delayed Draw Term Loan	LIBOR(M)	—	6.25%	6.44%	5/31/2024	$ 1,709,183	1,697,471	1,668,367	U
								9,092,125	8,998,163	
Airlines										
One Sky Flight, LLC	First Lien Term Loan	LIBOR(S)	1.00%	7.50%	8.50%	12/27/2024	$ 7,125,000	6,974,333	7,196,250	
Capital Markets										
Pico Quantitative Trading, LLC	First Lien Term Loan (1.0% Exit Fee)	LIBOR(Q)	1.50%	7.25%	8.75%	2/7/2025	$ 500,000	481,114	495,500	
Commercial Services & Supplies										
Kellermeyer Bergensons Services, LLC	First Lien Term Loan	LIBOR(Q)	1.00%	6.50%	7.50%	11/7/2026	$ 1,617,647	1,604,958	1,633,824	
Kellermeyer Bergensons Services, LLC	First Lien Delayed Draw Term Loan A	LIBOR(Q)	1.00%	6.50%	7.50%	11/7/2026	$ 355,882	352,753	359,441	
Kellermeyer Bergensons Services, LLC	First Lien Delayed Draw Term Loan B	LIBOR(Q)	1.00%	6.50%	7.50%	11/7/2026	$ 92,778	92,620	97,676	U
								2,050,331	2,090,941	
Consumer Finance										
Barri Financial Group, LLC	First Lien Term Loan	LIBOR(Q)	1.00%	7.75%	8.75%	10/23/2024	$ 7,740,371	7,585,234	7,817,774	
Open Lending, LLC	First Lien Term Loan	LIBOR(M)	1.00%	6.50%	7.50%	3/11/2027	$ 490,625	474,859	488,172	
								8,060,093	8,305,946	
Containers & Packaging										
Paragon Films, Inc.	Second Lien Term Loan	LIBOR(Q)	1.00%	8.50%	9.50%	3/29/2026	$ 21,000,000	20,667,384	20,580,000	
Diversified Consumer Services										
Thras.io, LLC	First Lien Term Loan	LIBOR(Q)	1.00%	7.00%	8.00%	12/18/2026	$ 4,708,253	4,590,547	4,590,547	
Thras.io, LLC	First Lien Delayed Draw Term Loan	LIBOR(Q)	1.00%	7.00%	8.00%	12/18/2026	—	(77,687)	(77,687)	O/U
								4,512,860	4,512,860	
Diversified Financial Services										
Aretec Group, Inc. (Cetera)	Second Lien Term Loan	LIBOR(M)	—	8.25%	8.40%	10/1/2026	$ 3,563,440	3,525,253	3,313,999	
Callodine Commercial Finance, LLC	First Lien Term Loan	LIBOR(Q)	1.00%	9.00%	10.00%	11/3/2025	$ 25,000,000	25,000,000	25,000,000	U
Callodine Commercial Finance, LLC	Subordinated Debt	LIBOR(Q)	—	8.50%	8.75%	11/30/2024	$ 5,000,000	5,000,000	5,000,000	V
Gordon Brothers Finance Company	Unsecured Debt	LIBOR(M)	1.00%	11.00%	12.00%	10/31/2021	$ 43,288,785	43,288,785	22,850,000	G/T
								76,814,038	56,163,999	
Electrical Equipment										
Advanced Lighting Technologies LLC	Second Lien Sr Secured Notes	LIBOR(Q)	1.00%	17.00% PIK	18.00%	10/4/2023	$ 9,762,878	2,181,306	—	D/F/J/T
Advanced Lighting Technologies LLC	First Lien Term Loan	LIBOR(Q)	1.00%	7.50%	8.50%	10/4/2022	$ 5,036,975	4,998,421	3,223,664	F
								7,179,727	3,223,664	
Energy Equipment & Services										
Sphera Solutions, Inc. (Diamondback)	First Lien FILO Term Loan B	LIBOR(Q)	1.00%	9.98%	10.98%	6/14/2023	$ 13,546,524	13,379,697	13,370,419	
Health Care Equipment & Supplies										
PharmaLogic Holdings Corp.	Second Lien Term Loan	LIBOR(M)	—	8.00%	8.15%	12/11/2023	$ 8,786,087	8,740,207	8,522,504	
PharmaLogic Holdings Corp.	Second Lien Term Loan	LIBOR(M)	—	8.00%	8.15%	12/11/2023	$ 3,323,478	3,309,838	3,223,774	H/K
PharmaLogic Holdings Corp.	Second Lien Delayed Draw Term Loan	LIBOR(M)	—	8.00%	8.15%	12/11/2023	$ 2,690,435	2,681,775	2,609,722	
Zest Acquisition Corp.	Second Lien Term Loan	LIBOR(M)	1.00%	7.50%	8.50%	3/14/2026	$ 15,000,000	14,895,219	13,650,000	
								29,627,039	28,006,000	
Health Care Providers & Services										
Midwest Physician Administrative Services, LLC	Second Lien Term Loan	LIBOR(M)	0.75%	7.00%	7.75%	8/15/2025	$ 10,000,000	9,947,414	9,725,000	R
Outcomes Group Holdings, Inc.	Second Lien Term Loan	LIBOR(Q)	—	7.50%	7.75%	10/26/2026	$ 11,538,462	11,515,750	11,538,462	
Team Services Group, LLC	Second Lien Term Loan	LIBOR(Q)	1.00%	9.00%	10.00%	11/13/2028	$ 5,788,615	5,601,268	5,730,729	
								27,064,432	26,994,191	

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

Issuer(Q/S)	Instrument	Ref(E)	Floor	Spread	Total Coupon	Maturity	Principal	Cost(A)	Fair Value(B)	Notes
Debt Investments (continued)										
Health Care Technology										
CareATC, Inc.	First Lien Term Loan	LIBOR(Q)	1.00%	7.25%	8.25%	3/14/2024	$ 4,733,036	$ 4,669,959	$ 4,780,367	
CareATC, Inc.	Sr Secured Revolver	LIBOR(Q)	1.00%	7.25%	8.25%	3/14/2024	$ —	(4,515)	—	O/U
Sandata Technologies, LLC	First Lien Term Loan	LIBOR(Q)	—	6.00%	6.31%	7/23/2024	$ 4,500,000	4,449,231	4,383,000	
Sandata Technologies, LLC	Sr Secured Revolver	LIBOR(Q)	—	6.00%	6.31%	7/23/2024	$ —	(5,506)	(13,000)	O/U
								9,109,169	9,150,367	
Insurance										
AmeriLife Holdings, LLC	Second Lien Term Loan	LIBOR(Q)	1.00%	8.50%	9.50%	3/18/2028	$ 6,697,322	6,572,096	6,657,138	
AmeriLife Holdings, LLC	Second Lien Incremental Term Loan	LIBOR(Q)	1.00%	8.50%	9.50%	3/18/2028	$ 2,337,744	2,297,151	2,323,718	
IT Parent, LLC (Insurance Technologies)	First Lien Term Loan	LIBOR(Q)	1.00%	6.25%	7.25%	10/1/2026	$ 1,750,000	1,716,183	1,741,250	
IT Parent, LLC (Insurance Technologies)	Sr Secured Revolver	LIBOR(Q)	1.00%	6.25%	7.25%	10/1/2026	$ 200,000	195,206	198,750	U
								10,780,636	10,920,856	
Internet & Catalog Retail										
Live Auctioneers, LLC	First Lien Last Out B-2 Term Loan	LIBOR(Q)	1.00%	6.76%	7.76%	5/21/2025	$ 7,693,552	7,572,688	7,555,068	
Live Auctioneers, LLC	First Lien Term Loan	LIBOR(Q)	1.00%	6.76%	7.76%	5/21/2025	$ 3,005,110	2,945,191	2,951,018	
Syndigo, LLC	Second Lien Term Loan	LIBOR(Q)	0.75%	8.00%	8.75%	12/14/2028	$ 4,673,472	4,603,370	4,603,370	
								15,121,249	15,109,456	
Internet Software & Services										
FinancialForce.com, Inc.	First Lien Delayed Draw Term Loan (3.0% Exit Fee)	LIBOR(M)	2.75%	6.75%	9.50%	2/1/2024	$ 10,000,000	9,868,861	10,120,000	
MetricStream, Inc.	First Lien Term Loan	LIBOR(Q)	1.00%	8.00%	9.00%	9/28/2024	$ 9,535,314	9,356,259	9,344,608	
Persado, Inc.	First Lien Delayed Draw Term Loan (4.25% Exit Fee)	LIBOR(M)	1.80%	7.00%	8.80%	2/1/2025	$ 1,562,500	1,549,386	1,546,875	
Quartz Holding Company (Quick Base)	Second Lien Term Loan	LIBOR(M)	—	8.00%	8.15%	4/2/2027	$ 5,512,958	5,421,288	5,444,046	
								26,195,794	26,455,529	
IT Services										
Puppet, Inc.	First Lien Term Loan (3.0% Exit Fee)	LIBOR(Q)	1.00%	8.50%	9.50%	6/19/2023	$ 1,000,000	976,937	982,000	
Machinery										
Sonny's Enterprises, LLC	First Lien Term Loan	LIBOR(M)	1.00%	7.00%	8.00%	8/5/2026	$ 1,459,390	1,430,241	1,430,202	
Sonny's Enterprises, LLC	First Lien Delayed Draw Term Loan	LIBOR(M)	1.00%	7.00%	8.00%	8/5/2026	$ —	(70,750)	(70,885)	O/U
								1,359,491	1,359,317	
Media										
MBS Opco, LLC	First Lien Term Loan	LIBOR(Q)	1.00%	9.00%	10.00%	12/29/2022	$ 14,550,000	14,550,000	14,222,625	
NEP II, Inc.	Second Lien Term Loan	LIBOR(M)	—	7.00%	7.15%	10/19/2026	$ 6,631,760	6,324,455	5,623,733	R
								20,874,455	19,846,358	
Metals & Mining										
Kemmerer Operations, LLC (WMLP)	First Lien Term Loan	Fixed	—	15.00% PIK	15.00%	6/21/2023	$ 2,662,942	2,662,942	2,314,096	D/F
Kemmerer Operations, LLC (WMLP)	First Lien Delayed Draw Term Loan	Fixed	—	15.00% PIK	15.00%	6/21/2023	$ 499,207	499,207	284,343	D/F/U
								3,162,149	2,598,439	
Multiline Retail										
Red Apple Stores Inc.	Second Lien Term Loan	Fixed	—	10.00%	10.00%	8/1/2024	$ 16,802,196	16,802,197	14,785,933	G/H/K
Personal Products										
Paula's Choice Holdings, Inc.	First Lien Term Loan	LIBOR(M)	1.00%	6.25%	7.25%	11/17/2025	$ 7,750,000	7,537,774	7,556,250	
Professional Services										
Dude Solutions Holdings, Inc.	First Lien Term Loan	LIBOR(Q)	1.00%	7.50%	8.50%	6/13/2025	$ 9,321,820	9,158,283	9,508,256	
Dude Solutions Holdings, Inc.	Sr Secured Revolver	LIBOR(Q)	1.00%	7.50%	8.50%	6/13/2025	$ —	(20,601)	—	O/U
RigUp, Inc.	First Lien Delayed Draw Term Loan (3.5% Exit Fee)	LIBOR(M)	1.50%	7.00%	8.50%	3/1/2024	$ 333,333	325,097	324,333	U
								9,462,779	9,832,589	
Road & Rail										
GlobalTranz Enterprises LLC	Second Lien Term Loan	LIBOR(M)	—	8.25%	8.40%	5/15/2027	$ 10,808,429	10,627,175	9,262,824	
St. George Warehousing & Trucking Co. of California, Inc.	First Lien Term Loan	LIBOR(Q)	1.00%	9.25% PIK + 1.00% Cash	11.25%	4/28/2023	$ 35,796,853	35,796,853	32,038,183	D
St. George Warehousing & Trucking Co. of California, Inc.	First Lien Delayed Draw Term Loan	LIBOR(Q)	1.00%	9.25% PIK + 1.00% Cash	11.25%	4/28/2023	$ 7,337,916	7,337,916	6,567,435	D
								53,761,944	47,868,442	

Issuer(Q/S)	Instrument	Ref(E)	Floor	Spread	Total Coupon	Maturity	Principal	Cost(A)	Fair Value(B)	Notes
Debt Investments (continued)										
Software										
Bluefin Holding, LLC (BlackMountain)	Second Lien Term Loan	LIBOR(M)	—	7.75%	7.90%	9/6/2027	$ 4,809,535	$ 4,745,288	$ 4,857,631	
Rhode Holdings, Inc. (Kaseya)	First Lien Term Loan	LIBOR(Q)	1.00%	4.00% Cash + 3.00% PIK	8.09%	5/2/2025	$ 4,106,632	4,045,856	4,135,378	D
Rhode Holdings, Inc. (Kaseya)	First Lien Incremental Term Loan	LIBOR(Q)	1.00%	4.00% Cash + 3.00% PIK	8.00%	5/2/2025	$ 96,058	94,164	96,730	D
Rhode Holdings, Inc. (Kaseya)	First Lien Delayed Draw Term Loan	LIBOR(Q)	1.00%	4.00% Cash + 3.00% PIK	8.00%	5/2/2025	$ 482,361	479,191	485,737	D
Rhode Holdings, Inc. (Kaseya)	First Lien Incremental Delayed Draw Term Loan	LIBOR(Q)	1.00%	4.00% Cash + 3.00% PIK	8.00%	5/2/2025	$ —	(2,133)	1,223	D/O/U
Rhode Holdings, Inc. (Kaseya)	Sr Secured Revolver	LIBOR(Q)	1.00%	6.50%	7.50%	5/2/2025	$ 164,770	159,711	164,770	U
Superman Holdings, LLC (Foundation Software)	First Lien Term Loan	PRIME	—	7.00%	10.25%	8/31/2027	$ 2,313,532	2,258,098	2,322,786	
Superman Holdings, LLC (Foundation Software)	Sr Secured Revolver	PRIME	—	7.00%	10.25%	8/31/2026	$ —	(7,780)	—	O/U
Syntellis Performance Solutions, Inc. (Axiom Software)	First Lien Term Loan	LIBOR(Q)	1.00%	8.00%	9.00%	8/2/2027	$ 856,092	831,337	860,372	
WinShuttle, LLC	First Lien FILO Term Loan	LIBOR(M)	1.00%	8.42%	9.42%	8/9/2024	$ 7,655,992	7,496,633	7,770,832	
								20,100,365	20,695,459	
Specialty Retail										
Calceus Acquisition, Inc. (Cole Haan)	First Lien Term Loan B	LIBOR(Q)	—	5.50%	5.73%	2/12/2025	$ 234,650	222,915	222,918	
Calceus Acquisition, Inc. (Cole Haan)	First Lien Sr Secured Notes	Fixed	—	9.75%	9.75%	2/19/2025	$ 1,000,000	972,795	1,098,500	
								1,195,710	1,321,418	
Textile, Apparel & Luxury Goods										
WH Buyer, LLC (Anne Klein)	First Lien FILO Term Loan	LIBOR(Q)	1.50%	7.76%	9.26%	7/16/2025	$ 15,273,116	15,146,958	15,181,476	
WH Buyer, LLC (Anne Klein)	First Lien Incremental FILO Term Loan	LIBOR(Q)	1.50%	7.76%	9.26%	7/16/2025	$ 1,153,846	1,143,530	1,146,922	
								16,290,488	16,328,398	
Thrifts & Mortgage Finance										
First Boston Construction Holdings, LLC	Subordinated Debt	Fixed	—	12.00%	12.00%	2/23/2023	$ 32,625,000	32,625,000	32,625,000	D/G/K
Tobacco Related										
Juul Labs, Inc.	First Lien Term Loan	LIBOR(Q)	1.50%	8.00%	9.50%	8/2/2023	$ 13,226,497	13,134,287	13,200,044	
Total Debt Investments - 136.7% of Net Assets								464,393,597	430,573,788	

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

Issuer(Q/S)	Instrument	Expiration	Shares	Cost(A)	Fair Value(B)	Notes
Equity Securities						
Capital Markets						
Marsico Holdings, LLC	Limited Partnership/Limited Liability Company Interests		91,445	$ 1,848,077	$ —	C/J
Pico Quantitative Trading, LLC	Warrants to Purchase Membership Units (144A)	2/7/2030	162	14,804	16,046	C/J
				1,862,881	16,046	
Chemicals						
AGY Equity, LLC	Class A Preferred Stock		4,195,600	1,139,597	1,557,200	C/F/J
AGY Equity, LLC	Class B Preferred Stock		2,936,920	—	—	C/F/J
AGY Equity, LLC	Class C Common Stock		2,307,580	—	—	C/F/J
				1,139,597	1,557,200	
Diversified Financial Services						
BCIC Senior Loan Partners, LLC	Limited Partnership/Limited Liability Company Interests		61,908,311	61,908,311	36,150,259	G/J/K/P/R/U
Gordon Brothers Finance Company	Common Stock		10,612	10,611,548	—	C/G
Gordon Brothers Finance Company	Preferred Stock		34,285	36,624,684	—	C/G/T
				109,144,543	36,150,259	
Electrical Equipment						
Advanced Lighting Technologies LLC	Equity Warrants/Options	10/4/2027	2,360	—	—	C/F/J
Advanced Lighting Technologies LLC	Limited Partnership/Limited Liability Company Interests		149,717	—	—	C/F
				—	—	
Health Care Equipment & Supplies						
Facet Investment, Inc.	Equity Warrants/Options	1/18/2021	1,978	250,000	—	C
Household Durables						
SVP - Singer Holdings, LP	Limited Partnership/Limited Liability Company Interests		1,416,279	5,030,156	—	C/J
Insurance						
Advantage Insurance Inc.	Preferred Stock		572,001	8,692,584	5,720,010	C/D/F/J/T
Internet Software & Services						
FinancialForce.com, Inc.	Warrants to Purchase Series C Preferred Stock	1/30/2029	62,840	100,544	137,714	C/J
Media						
MBS Parent, LLC	Limited Partnership/Limited Liability Company Interests		546	500,000	313,424	C/N
Metals & Mining						
Kemmerer Operations, LLC (WMLP)	Limited Partnership/Limited Liability Company Interests		8	753,850	—	C/F/L
Multiline Retail						
Red Apple Stores Inc.	Common Stock		8,756,859	6,751,452	—	C/G/H/I/K
Red Apple Stores Inc.	Preferred Stock		6,806,383	—	—	C/G/H/K
				6,751,452	—	
Oil, Gas & Consumable Fuels						
ETX Energy Management Company, LLC	Limited Partnership/Limited Liability Company Interests		53,815	—	—	C
ETX Energy, LLC	Limited Partnership/Limited Liability Company Interests		51,119	—	—	C/M
				—	—	
Thrifts & Mortgage Finance						
First Boston Construction Holdings, LLC	Limited Partnership/Limited Liability Company Interests		8,156,250	8,156,250	4,557,035	C/G/K
Total Equity Securities - 15.4% of Net Assets				142,381,857	48,451,688	
Total Investments - 152.1% of Net Assets				$ 606,775,454	$ 479,025,476	
Cash and Cash Equivalents - 7.4% of Net Assets					$ 23,332,831	
Total Cash and Investments - 159.5% of Net Assets					$ 502,358,307	

Notes to Consolidated Schedules of Investments:

(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 to Purchase Series C Preferred Stock	1/30/2019
Pico Quantitative Trading, LLC, Warrants to Purchase Membership Units	2/7/2020

(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 further information on BCIC Senior Loan Partners, LLC. For summarized financial information as of December 31, 2020, refer to the Company's Form 10-K as filed with the Securities and Exchange Commission on March 3, 2021.

(Q) Unless otherwise indicated, all investments are considered Level 3 in accordance with ASC Topic 820 (see Note 2).

(R) Investments are considered other than Level 3 in accordance with ASC Topic 820 (see Note 2).

(S) As of December 31, 2020, the Company generally uses Global Industry Classification Standard ("GICS") codes to identify the industry groupings. This information is unaudited.

(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 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.

LIBOR resets monthly (M), quarterly (Q), semiannually (S), or annually (A).

Non-Controlled Affiliate Security(1)	**Dividends or interest(2)**	**Fair Value at December 31, 2019**	**Net realized gain (loss)**	**Net increase or decrease in unrealized appreciation or depreciation**	**Acquisitions(3)**	**Dispositions(4)**	**Fair Value at December 31, 2020**
Advanced Lighting Technologies, LLC.:							
Senior Secured Note, Second Lien	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Senior Secured Loan, First Lien	473,544	4,885,476	—	(1,628,467)	18,717	(52,062)	3,223,664
Limited Liability Co. Interest	—	—	—	—	—	—	—
Warrants	—	—	—	—	—	—	—
Advantage Insurance Inc.:							
Preferred Stock	—	5,752,610	(77,952)	195,352	—	(150,000)	5,720,010
AGY Equity, LLC:							
Class A Preferred Stock	—	—	—	417,602	1,139,598	—	1,557,200
Class B Preferred Stock	—	—	—	—	—	—	—
Class C Common Stock	—	—	—	—	—	—	—
Kemmerer Operations, LLC (WMLP):							
Delayed Draw Term Loan, First Lien	89,317	576,294	—	(214,865)	92,405	(169,491)	284,343
Senior Secured Loan, First Lien	370,313	2,292,783	—	(348,845)	370,158	—	2,314,096
Limited Liability Co. Interest	—	508,730	—	(508,730)	—	—	—
U.S. Well Services, Inc.:							
Common Stock, Class A	—	8,457,631	(43,774,013)	37,611,309	—	(2,294,927)	— †
Totals	$ 933,174	$ 22,473,524	$ (43,851,965)	$ 35,523,356	$ 1,620,878	$ (2,666,480)	$ 13,099,313

(1) The issuers of the securities listed on this schedule are considered non-controlled, affiliated investments under the Investment Company Act of 1940 due to the ownership by the Company of 5% to 25% of the issuers' voting securities.

(2) Also includes fee income as applicable.

(3) Acquisitions 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.

(4) Dispositions include decreases in the cost basis of investments, net of realized gain or loss, 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.

BlackRock Capital Investment Corporation

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

Controlled Affiliate Security(1)	Dividends or interest(2)	Fair Value at December 31, 2019	Net realized gain (loss)	Net increase or decrease in unrealized appreciation or depreciation(5)	Acquisitions(3)	Dispositions(4)	Fair Value at December 31, 2020	
AGY Holding Corp.:								
Senior Secured Note, Second Lien	$ —	$ 9,186,817	$ (24,503,088)	$ 15,316,271	$ —	$ —	$ —	†
Senior Secured Loan, First Lien	765,271	25,509,040	(24,116,266)	—	773,773	(2,166,547)	—	†
Senior Secured Loan, First Lien	106,269	—	288,157	—	2,639,252	(2,927,409)	—	†
Delayed Draw Term Loan, First Lien	192,019	—	189,577	—	4,792,093	(4,981,670)	—	†
KAGY Holding Company, Inc. (AGY Holding Corp.):								
Preferred Stock	—	—	(11,053,124)	11,053,124	—	—	—	†
Common Stock	—	—	—	—	—	—	—	†
BCIC Senior Loan Partners, LLC:								
Limited Liability Co. Interest	5,850,565	88,272,340	—	(17,697,061)	143,053	(34,568,073)	36,150,259	
First Boston Construction Holdings, LLC:								
Subordinated Debt	4,297,856	40,237,500	—	—	—	(7,612,500)	32,625,000	
Limited Liability Co. Interest	—	5,999,814	—	460,346	—	(1,903,125)	4,557,035	
Gordon Brothers Finance Company:								
Unsecured Debt	13,104,111	118,168,342	—	(20,438,785)	31,925,097	(106,804,654)	22,850,000	
Subordinated Debt	111,639	—	—	—	5,000,000	(5,000,000)	—	††
Preferred Stock	2,339,934	34,284,760	—	(36,624,694)	2,339,934	—	—	
Common Stock	—	10,611,550	—	(10,611,550)	—	—	—	
Red Apple Stores Inc.:								
Senior Secured Loan, Second Lien	2,341,681	17,979,000	—	3,054,736	—	(6,247,803)	14,785,933	
Preferred Stock	—	—	—	—	—	—	—	
Common Stock	—	—	—	—	—	—	—	
Totals	$ 29,109,345	$ 350,249,163	$ (59,194,744)	$ (55,487,613)	$ 47,613,202	$ (172,211,781)	$ 110,968,227	

(1) The issuers of the securities listed on this schedule are considered controlled affiliates under the Investment Company Act of 1940 due to the ownership by the Company of more than 25% of the issuers' voting securities.

(2) Also includes fee income as applicable.

(3) Acquisitions 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.

(4) Dispositions include decreases in the cost basis of investments, net of realized gain or loss, 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.

(5) 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.

BlackRock Capital Investment Corporation

Notes to 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. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements are prepared in accordance with United States (“U.S.”) generally accepted accounting principles (“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 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.

Use of Estimates

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, as well the reported amounts of revenues and expenses during the reporting periods presented. Although management believes these estimates and assumptions to be reasonable, actual results could differ from those estimates and such differences could be material.

Investment Valuation

Investments are recorded at fair value in accordance with GAAP, based upon the principles and methods of valuation set forth in policies adopted by the Company’s Board of Directors. 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. For positions acquired during the current quarter, the Advisor generally believes that cost will approximate fair value. As such, an independent valuation, in certain cases, will not be obtained until the quarter-end after the quarter the investment is acquired in.

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. 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.

At December 31, 2021, the Company's investments were categorized as follows:

Level	Basis for Determining Fair Value	Bank Debt(1)	Other Corporate Debt(2)	Equity Securities	Total
1	Quoted prices in active markets for identical assets	$ —	$ —	$ —	$ —
2	Other direct and indirect observable market inputs(3)	27,535,264	—	—	27,535,264
3	Valuation sources that employ significant unobservable inputs	483,970,602	28,568,871	12,489,257	525,028,730
Total		$ 511,505,866	$ 28,568,871	$ 12,489,257	$ 552,563,994

(1) Includes senior secured loans.
(2) Includes senior secured notes, unsecured debt and subordinated debt.
(3) For example, quoted prices in inactive markets or quotes for comparable investments.

Unobservable inputs used in the fair value measurement of Level 3 investments as of December 31, 2021 included the following:

Asset Type	Fair Value	Valuation Technique	Unobservable Input	Weighted Average Range(1) (Concluded Value)(2)
Bank Debt	$ 428,335,957	Income approach	Discount rate	9.0% - 9.6% (9.3%)
	50,067,281	Market quotations	Indicative quotes	1 (1)
	3,134,168	Market comparable companies	EBITDA multiples	1.0x - 1.2x (1.1x)
	2,433,196	Option Pricing Model	Revenue multiple	4.5x - 5.0x (4.8x)
			Implied volatility	60.0% - 70.0% (65.0%)
			Term	2.8 years - 3.8 years (3.3 years)
Other Corporate Debt	27,916,632	Income approach	Discount rate	11.3% - 12.9% (12.1%)
	652,239	Market comparable companies	Revenue multiples	0.2x - 0.2x (0.2x)
Equity	2,333,257	Option Pricing Model	EBITDA/Revenue multiples	4.7x - 5.2x (4.9x)
			Implied volatility	57.3% - 67.0% (62.1%)
			Term	2.6 years - 3.6 years (3.1 years)
	7,475,576	Market comparable companies	EBITDA multiples	5.2x - 5.6x (5.4x)
	2,428,688	Market quotations	Indicative bid/ask quotes	1 (1)
	251,736	Market comparable companies	Revenue multiples	0.6x - 0.8x (0.7x)
	$ 525,028,730			

(1) Representing the weighted average of each significant unobservable input range at the investment level by fair value.
(2) Representing the weighted average of each significant unobservable input for concluded value at the investment level by fair value.

Certain fair value measurements may employ more than one valuation technique, with each valuation technique receiving a relative weight between 0% and 100%. Generally, a change in an unobservable input may result in a change to the value of an investment as follows:

Input	Impact to Value if Input Increases	Impact to Value if Input Decreases
Discount rate	Decrease	Increase
Revenue multiples	Increase	Decrease
EBITDA multiples	Increase	Decrease
Book value multiples	Increase	Decrease
Implied volatility	Increase	Decrease
Term	Increase	Decrease
Yield	Increase	Decrease

Changes in investments categorized as Level 3 during the year ended December 31, 2021 were as follows:

	Bank Debt	Other Corporate Debt	Equity Securities	Total
Beginning balance	$ 353,651,555	$ 61,573,500	$ 12,301,429	$ 427,526,484
Net realized and unrealized gains (losses)	11,220,420	287,700	30,508,601	42,016,721
Acquisitions[(1)]	251,587,012	941,551	11,913,150	264,441,713
Dispositions	(127,752,607)	(34,233,880)	(42,233,923)	(204,220,410)
Transfers into Level 3	—	—	—	—
Transfers out of Level 3[(2)]	(4,735,778)	—	—	(4,735,778)
Ending balance	$ 483,970,602	$ 28,568,871	$ 12,489,257	$ 525,028,730
Net change in unrealized appreciation/depreciation during the period on investments still held at period end (included in net realized and unrealized gains/losses, above)	$ 10,376,600	$ 106,071	$ 2,126,724	$ 12,609,395

(1) Includes payments received in kind and accretion of original issue and market discounts, and cost basis impact of non-cash restructures.
(2) Comprised of three investments that were transferred from Level 3 to Level 2 due to increased observable market activity.

At December 31, 2020, the Company's investments were categorized as follows:

Level	Basis for Determining Fair Value	Bank Debt[(1)]	Other Corporate Debt[(2)]	Equity Securities	Total
1	Quoted prices in active markets for identical assets	$ —	$ —	$ —	$ —
2	Other direct and indirect observable market inputs[(3)]	15,348,733	—	—	15,348,733
3	Valuation sources that employ significant unobservable inputs	353,651,555	61,573,500	12,301,429	427,526,484
		$ 369,000,288	$ 61,573,500	$ 12,301,429	$ 442,875,217
NA	Investment measured at net asset value[(4)]	—	—	36,150,259	36,150,259
Total		$ 369,000,288	$ 61,573,500	$ 48,451,688	$ 479,025,476

(1) Includes senior secured loans.
(2) Includes senior secured notes, unsecured debt and subordinated debt.
(3) For example, quoted prices in inactive markets or quotes for comparable investments.
(4) 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, and Note 5 of the Company's prior year Annual Report on Form 10-K for the year ended December 31, 2020, which was filed with the SEC on March 3, 2021.

Unobservable inputs used in the fair value measurement of Level 3 investments as of December 31, 2020 included the following:

Asset Type	Fair Value	Valuation Technique	Unobservable Input	Weighted Average Range(1) (Concluded Value)(2)
Bank Debt	$ 299,811,858	Income approach	Discount rate	9.9% - 10.8% (10.4%)
	33,231,661	Market quotations	Indicative quotes	1 (1)
	3,223,664	Market comparable companies	Revenue multiples	0.3x - 0.3x (0.3x)
	2,598,439	Market comparable companies	EBITDA multiples	1.8x - 2.8x (2.3x)
	14,785,933	Market comparable companies	Expected transaction proceeds	1.0x (1.0x)
Other Corporate Debt	28,948,500	Income approach	Discount rate	11.3% - 12.9% (12.1%)
	32,625,000	Market comparable companies	Book value multiples	0.9x - 1.0x (1.0x)
Equity	153,760	Option Pricing Model	EBITDA/Revenue multiples	3.9x - 4.4x (4.2x)
			Implied volatility	51.0% - 60.0% (55.5%)
			Term	1.6 years - 2.5 years (2.1 years)
	1,557,200	Market comparable companies	Revenue multiples	0.6x - 0.8x (0.7x)
	313,424	Market comparable companies	EBITDA multiples	5.8x - 6.3x (6.0x)
	10,277,045	Market comparable companies	Book value multiples	0.8x - 1.0x (1.0x)
	$ 427,526,484			

(1) Representing the weighted average of each significant unobservable input range at the investment level by fair value; reclassified to conform to the current period presentation.
(2) Representing the weighted average of each significant unobservable input for concluded value at the investment level by fair value.

Changes in investments categorized as Level 3 during the year ended December 31, 2020 were as follows:

	Bank Debt	Other Corporate Debt	Equity Securities	Total
Beginning balance	$ 390,746,388	$ 176,713,298	$ 57,825,747	$ 625,285,433
Net realized and unrealized gains (losses)	(38,136,092)	(29,499,896)	(46,965,528)	(114,601,516)
Acquisitions(1)	102,280,199	38,883,487	3,494,335	144,658,021
Dispositions	(104,742,977)	(124,523,389)	(2,053,125)	(231,319,491)
Transfers into Level 3(2)	3,504,037	—	—	3,504,037
Transfers out of Level 3	—	—	—	—
Ending balance	$ 353,651,555	$ 61,573,500	$ 12,301,429	$ 427,526,484
Net change in unrealized appreciation/depreciation during the period on investments still held at period end (included in net realized and unrealized gains/losses, above)	$ (1,936,446)	$ (20,313,078)	$ (46,887,577)	$ (69,137,101)

(1) Includes payments received in kind and accretion of original issue and market discounts.
(2) Comprised of one investment that was transferred out of Level 2 into Level 3 due to decreased observable market activity.

Investment Transactions

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.

Cash and Cash Equivalents

Cash consists of amounts held in accounts with the custodian bank. 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. Cash equivalents are classified as Level 1 in the GAAP valuation hierarchy.

Restricted Investments

The Company may invest without limitation in instruments that are subject to legal or contractual restrictions on resale. These instruments generally may be resold to institutional investors in transactions exempt from registration or to the public if the securities are registered. Disposal of these investments may involve time-consuming negotiations and additional expense, and prompt sale at an acceptable price may be difficult. See footnotes to the Consolidated Schedule of Investments. Restricted investments, including any restricted investments in affiliates, are valued in accordance with the investment valuation policies discussed above.

Foreign Currency Investments

The Company may invest in instruments traded in foreign countries and denominated in foreign currencies. Foreign currency amounts are translated into U.S. 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.

Derivatives

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, 2021 and 2020.

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, 2021 and 2020 represents 0.7% and less than 0.1% 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, 2021 and 2020 reflect the volume of derivative activity throughout the periods presented.

Debt Issuance Costs

Certain costs incurred in connection with the issuance and/or extension of debt of the Company and its subsidiaries were capitalized and are being amortized on a straight-line basis over the estimated life of the respective instruments. The impact of utilizing the straight-line amortization method versus the effective-interest method is not material to the operations of the Company.

Revenue Recognition

Interest and dividend income, including income paid in kind, is recorded on an accrual basis, when such amounts are considered collectible. Origination, structuring, closing, commitment and other upfront fees, including original issue discounts, earned with respect to capital commitments are generally amortized or accreted into interest income over the life of the respective debt investment, as are end-of-term or exit fees receivable upon repayment of a debt investment. Other fees, including certain amendment fees, prepayment fees and commitment fees on broken deals, are recognized as earned.

Certain debt investments are purchased at a discount to par as a result of the underlying credit risks and financial results of the issuer, as well as general market factors that influence the financial markets as a whole. Discounts on the acquisition of corporate bonds are generally amortized using the effective-interest or constant-yield method assuming there are no questions as to collectability. When principal payments on a loan are received in an amount in excess of the loan's amortized cost, the excess principal payments are recorded as interest income.

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.

Income Taxes

The Company intends to comply with the applicable provisions of the Internal Revenue Code of 1986, as amended, pertaining to regulated investment companies and to make distributions of taxable income sufficient to relieve it from substantially all federal income taxes. Accordingly, no provision for income taxes is required in the consolidated financial statements. In accordance with ASC Topic 740 - *Income Taxes* ("ASC 740-10"), the Company recognizes in its consolidated financial statements the effect of a tax position when it is determined that such position is more likely than not, based on the technical merits, to be sustained upon examination. 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 tax returns of the Company remain open for examination by tax authorities for a period of three years from the date they are filed. No such examinations are currently pending.

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.

GAAP requires that certain components of net assets be adjusted to reflect permanent differences between financial and tax reporting. These reclassifications have no effect on net assets or net asset values per share. As of December 31, 2021 and December 31, 2020, the following permanent difference attributable to non-deductible expenses was reclassified to the following accounts:

	December 31, 2021	December 31, 2020
Paid-in capital	$ 1,849,597	$ —
Accumulated earnings (losses)	(1,849,597)	—

The tax character of distributions paid was as follows:

	December 31, 2021	December 31, 2020
Ordinary income	$ 22,084,873	$ 21,964,429
Tax return of capital	7,569,132	8,641,096
	$ 29,654,005	$ 30,605,525

As of December 31, 2021 and December 31, 2020, the tax components of accumulated net earnings (losses) were as follows:

	December 31, 2021	December 31, 2020
Non-expiring capital loss carryforwards(1)	$ (402,453,454)	$ (372,373,557)
Net unrealized gains (losses) (2)	(31,849,843)	(104,483,498)
Total accumulated earnings (losses)	$ (434,303,297)	$ (476,857,055)

(1) Amount available to offset future realized capital gains.
(2) The difference between book-basis and tax-basis net unrealized gains (losses) was attributable primarily to the timing and recognition of partnership income, non-deductible expenses, the accrual of income on securities in default and investments in wholly owned subsidiaries.

At December 31, 2021 and December 31, 2020, gross unrealized appreciation and depreciation based on cost of investments for U.S. federal income tax purposes were as follows:

	December 31, 2021	December 31, 2020
Tax basis of investments	$ 573,715,741	$ 579,287,363
Gross unrealized appreciation	9,337,793	52,886,528
Gross unrealized depreciation	(30,489,540)	(153,148,415)
Net unrealized depreciation	$ (21,151,747)	$ (100,261,887)

During the fiscal year ended December 31, 2021, the following information is provided with respect to the ordinary income distributions paid by the Company.

Interest Dividends(1)	$ 14,691,901
Interest Related Dividends for Non-U.S. Residents(2)	$ 14,573,289

(1) The Company hereby designates the above amount maximum amounts allowable as interest income eligible to be treated as a Section 163(j) interest dividend.
(2) Represents the maximum amount allowable as interest-related dividends eligible for exemption from US withholding tax for nonresident aliens and foreign corporations.

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 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 became effective on January 1, 2021, but voluntary compliance was permitted in advance of the effective date. The Company 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.

In March 2020 and January 2021, FASB issued ASU No. 2020-04 and ASU No. 2021-01, respectively, “Reference Rate Reform (Topic 848),” which provides optional expedients and exceptions for applying GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The amendments apply only to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform.

ASU 2020-04 is effective and can be adopted by all entities through December 31, 2022. The expedients and exceptions provided by the amendments do not apply to contract modifications and hedging relationships entered into or evaluated after December 31, 2022, except for hedging transactions as of December 31, 2022, that an entity has elected certain optional expedients for and that are retained through the end of the hedging relationship. The Company is currently evaluating the impact of adopting ASU 2020-04 on its consolidated financial statements.

In August 2020, the FASB issued ASU No. 2020-06, "Debt-Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging-Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity," which simplifies the accounting for convertible instruments by removing the separation models for (1) convertible debt with a cash conversion feature and (2) convertible instruments with a beneficial conversion feature. As a result, after adoption, a convertible debt instrument will be accounted for as a single liability measured at its amortized cost. Additionally, ASU 2020-06 requires the application of the if-converted method to calculate the impact of convertible instruments on diluted earnings per share. ASU 2020-06 is effective for fiscal years beginning after December 15, 2021, with early adoption permitted for fiscal years beginning after December 15, 2020, and can be adopted on either a fully retrospective or modified retrospective basis. The Company is currently evaluating the impact of the adoption of ASU 2020-06 on its consolidated financial statements.

3. Management Fees, Incentive Fees and Other Expenses

Investment Management Agreement

At the annual meeting of the Company's stockholders, held on May 1, 2020, the Company's stockholders approved, among other matters, a 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, the Advisor, amended and restated its previous investment management agreement to reduce the base management fee ("Management Fee") and incentive management fees ("Incentive Fees") as follows: (i) the 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) the Incentive Fee based on net investment income was reduced from 20% over a 7% hurdle to 17.5% over a 7% hurdle; and (iii) the Incentive Fee based on net capital gains was reduced from 20% to 17.5% (the "Current Management Agreement").

The investment 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 2, 2021.

Management Fee

Under the Current Management Agreement, the 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 Management Fee at an annual rate of 1.50% of total assets up to 200% of net asset value (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 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 Management Fee was calculated at an annual rate of 1.75% of total assets (excluding cash and cash equivalents). The Management Fee for any partial quarter is prorated.

For the years ended December 31, 2021, 2020 and 2019 the Company incurred $7,784,188, $10,799,832, and $12,425,101, respectively, in Management Fees under the Current Management Agreement.

Incentive Fees

(i) Quarterly Incentive Fee Based on Income

The Current Management Agreement provides that the 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 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 purposes of calculating the Incentive Fee, (i) “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); (ii) “net assets attributable to common stock” means total assets less indebtedness and preferred stock; and (iii) “Pre-Incentive Fee Net Investment Income” means net investment income (as determined in accordance with U.S. GAAP) accrued by the Company during the calendar quarter excluding any accruals for or payments in respect of the Incentive Fee.

For the years ended December 31, 2021, 2020 and 2019, the Company incurred $249,385, $6,304,333, and $8,751,521, respectively, in Incentive Fees on income. For the year ended December 31, 2021, the Advisor waived Incentive Fees on income of $79,383, resulting in net Incentive Fees on income of $170,002. For the year ended December 31, 2020, the Advisor waived Incentive Fees on income of $6,304,333, resulting in no net Incentive Fees on income for the period. For the year ended December 31, 2019, the Advisor waived Incentive Fees on income of $6,901,924, resulting in net Incentive Fees on income of $1,849,597. As of December 31, 2021 and 2020, there was $170,002 and $1,849,597, respectively, of Incentive Fees payable based on income.

(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 Advisor is 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 during the period, if any, exceeds (2) gross unrealized capital depreciation, if any, 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 Company is required under GAAP to accrue an Incentive Fee on capital gains on a hypothetical liquidation basis, based upon net realized capital gains and unrealized capital appreciation and depreciation on investments held at the end of each period. The accrued Incentive Fee on capital gains assumes all unrealized capital appreciation and depreciation is realized in order to reflect an Incentive Fee on capital gains (if any) that would be payable at each measurement date, even though unrealized capital appreciation is not permitted to be considered in determining the Incentive Fee on capital gains actually payable on an annual basis under the Current Management Agreement. If such amount is positive at the end of the period, an Incentive Fee on capital gains is accrued equal to 17.5% of such amount, for periods ended after May 2, 2020 (or 20%, for periods ended prior to May 2, 2020), less the amount of any Incentive Fees on capital gains already accrued in prior periods. If the resulting calculation amount is negative, the accrual for GAAP in a given period may result in the reduction or reversal of Incentive Fee expense on capital gains accrued in a prior period.

Incentive Fees on capital gains accrued on a liquidation basis (but not payable) under GAAP for the year ended December 31, 2021 was $1,544,569. For the years ended December 31, 2020 and 2019, no Incentive Fees on capital gains were accrued or payable. There can be no assurance that unrealized capital appreciation and depreciation will be realized in the future, or that any accrued capital gains Incentive Fee will become payable under the Current Management Agreement. Incentive Fee amounts on capital gains actually paid by the Company will specifically exclude consideration of unrealized capital appreciation, consistent with requirements under the Advisers Act and the Current Management Agreement.

For purposes of calculating the Incentive Fee based on capital gains, "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. 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.

Other Expenses

The Company bears all expenses incurred in connection with its business, including fees and expenses outside of contracted services, such as custodian, administrative, legal, audit and tax preparation fees, costs of valuing investments, insurance costs, brokers' and finders' fees relating to investments, and any other transaction costs associated with the purchase and sale of investments.

4. Debt

Debt is comprised of a senior secured revolving credit facility dated as of February 19, 2016 (as amended, amended and restated, supplemented or otherwise modified from time to time, including as amended and restated by the sixth amendment thereto, dated as of April 23, 2021, the "Credit Facility") and unsecured convertible senior notes due June 2022 issued by the Company (the "2022 Convertible Notes"). 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, 2021 and 2020, the Company's asset coverage was 276% and 271%, respectively.

Total debt outstanding and available at December 31, 2021 was as follows:

	Maturity	Rate	Carrying Value (1)	Available	Total Capacity
Credit Facility	2025	L+2.00% (2)	$ 54,000,000	$ 211,000,000 (3)	$ 265,000,000 (4)
2022 Convertible Notes (1)	2022	5.00%	142,875,330	—	142,875,330
Debt, net of unamortized issuance costs			$ 196,875,330	$ 211,000,000	$ 407,875,330

(1) The carrying value of 2022 Convertible notes was comprised of the following:

	December 31, 2021
Principal amount of debt	$ 143,750,000
Original issue discount, net of accretion	(449,398)
Unamortized issuance costs	(425,272)
Carrying value	$ 142,875,330

(2) The applicable margin for LIBOR-based borrowings could be either 2.00% or 2.25% depending on a ratio of the borrowing base to certain indebtedness. If the Company elects to borrow based on the alternate base rate, the applicable margin could be either 1.00% or 1.25% depending on a ratio of the borrowing base to certain indebtedness.

(3) Subject to borrowing base and leverage restrictions.

(4) Provides for a feature that allows the Company, under certain circumstances, to increase the size of the Credit Facility up to $325 million effective April 23, 2021.

Total debt outstanding and available at December 31, 2020 was as follows:

	Maturity	Rate	Carrying Value (1)	Available	Total Capacity
Credit Facility	2023	L+2.00% (2)	$ 38,800,000	$ 261,200,000 (3)	$ 300,000,000 (4)
2022 Convertible Notes (1)	2022	5.00%	140,998,037	—	140,998,037
Debt, net of unamortized issuance costs			$ 179,798,037	$ 261,200,000	$ 440,998,037

(1) The carrying value of 2022 Convertible notes was comprised of the following:

	December 31, 2020
Principal amount of debt	$ 143,750,000
Original issue discount, net of accretion	(1,391,607)
Unamortized issuance costs	(1,360,356)
Carrying value	$ 140,998,037

(2) As of December 31, 2020, the applicable margin for LIBOR-based borrowings was either 2.00% or 2.25% depending on a ratio of the borrowing base to certain indebtedness. If the Company elects to borrow based on the alternate base rate, the applicable margin could be either 1.00% or 1.25% depending on a ratio of the borrowing base to certain indebtedness.

(3) Subject to borrowing base and leverage restrictions.

(4) As of December 31, 2020, provided for a feature that allowed the Company, under certain circumstances, to increase the size of the Credit Facility up to $375 million.

The Company's weighted average outstanding debt balance during the years ended December 31, 2021, 2020 and 2019 were $181,797,885, $310,955,762, and $249,099,570, respectively. The maximum amounts borrowed during the years ended December 31, 2021, 2020 and 2019 were $219,078,123, $356,304,028, and $313,569,694, respectively.

The weighted average annual interest cost, including the amortization of debt issuance cost, for the years ended December 31, 2021, 2020 and 2019 was 5.82%, 4.80% and 5.80%, respectively, exclusive of commitment fees. 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).

Total expenses related to debt for the years ended December 31, 2021, 2020 and 2019 included the following:

	Year Ended		
	December 31, 2021	December 31, 2020	December 31, 2019
Stated interest expense	$ 8,081,899	$ 12,067,151	$ 12,018,112
Amortization of original issue discount	942,208	890,695	842,006
Amortization of deferred debt issuance costs	1,565,241	1,977,676	1,597,772
Total interest expense	10,589,348	14,935,522	14,457,890
Commitment and credit facility fees	1,031,551	648,692	1,100,758
Total	$ 11,620,899	$ 15,584,214	$ 15,558,648

Outstanding debt is carried at amortized cost in the Consolidated Statements of Assets and Liabilities. 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 is 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, 2021 and 2020 were as follows:

	December 31, 2021		December 31, 2020	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Credit Facility	$ 54,000,000	$ 51,300,000	$ 38,800,000	$ 35,696,000
2022 Convertible Notes	142,875,330	145,726,563	140,998,037	143,210,938
Total	$ 196,875,330	$ 197,026,563	$ 179,798,037	$ 178,906,938

At December 31, 2021, the Company was in compliance with all covenants required under the Credit Facility and 2022 Convertible Notes.

Senior Secured Revolving Credit Facility

On April 23, 2021, the Company amended its Credit Facility which, among other items, (i) extended the maturity date on loans made under the Credit Facility from June 5, 2023 to April 23, 2025, (ii) reduced the aggregate principal amount of the commitments under the Credit Facility from $300,000,000 to $265,000,000, (iii) reduced the amount by which the Company may seek an increase in the commitments under the Credit Facility (subject to satisfaction of certain conditions, including obtaining commitments) from $375,000,000 to $325,000,000, and (iv) revised to require a minimum shareholders' equity under the Credit Facility to the greater of (i) 33% of the total assets of the Company and its subsidiaries and (ii) $240,000,000 plus 25% of net proceeds from the sale of equity interests by the Company its subsidiaries. Additionally, the Sixth Amendment (i) eliminated the springing maturity date that would have occurred if the 2022 Convertible Notes were not refinanced by March 16, 2022 and (ii) removed certain restrictions on repurchase or prepayment of the 2022 Convertible Notes. For further details on the Company's Credit Facility including prior amendments, refer to the Company's Form 10-K as filed with the SEC on March 3, 2021.

Under the Credit Facility, the Company is required to comply with various customary affirmative and restrictive covenants, including reporting requirements and financial covenants, including, without limitation, covenants related to: (a) limitations on the incurrence of additional indebtedness and liens, (b) limitations on certain investments and fundamental changes, (c) limitations on distributions and certain other restricted payments, (d) certain restrictions on subsidiaries, (e) maintaining a certain minimum shareholders' equity, (f) maintaining an asset coverage ratio of not less than 1.5:1.0, (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 Credit Facility and other loan 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 wholly owned domestic subsidiaries, subject to certain customary exceptions.

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 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.

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.

5. Investments

Purchases of investments, including PIK, for the years ended December 31, 2021, 2020 and 2019 totaled $275,047,711, $143,538,052 and $303,464,758, respectively. Proceeds from sales, repayments and other exits of investments for the years ended December 31, 2021, 2020 and 2019 totaled $250,607,406, $277,596,336 and $176,721,560, respectively.

At December 31, 2021, investments consisted of the following:

	Cost	Fair Value
Senior secured notes	$ 1,914,346	$ 1,641,800
Unsecured debt	41,861,533	21,927,071
Subordinated debt	5,000,000	5,000,000
Senior secured loans:		
First lien	405,193,486	409,626,942
Second/other priority lien	100,726,036	101,878,924
Total senior secured loans	505,919,522	511,505,866
Preferred stock	40,192,521	2,680,424
Common stock	10,611,548	—
Limited partnership/limited liability company interests	9,011,837	7,475,576
Equity warrants/options	115,348	2,333,257
Total investments	$ 614,626,655	$ 552,563,994

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

Industry Composition

As of December 31, 2021, 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, 2021 and December 31, 2020 by GICS.

Industry(1)	December 31, 2021	December 31, 2020
Diversified Financial Services	13.6%	19.3%
Internet Software & Services	11.2	5.6
Road & Rail	10.5	10.0
Software	7.7	4.3
Diversified Consumer Services	7.0	0.9
Professional Services	6.5	2.1
Health Care Technology	4.4	1.9
Textiles, Apparel & Luxury Goods	4.2	3.4
Health Care Providers & Services	3.7	5.6
Media	3.3	4.2
Health Care Equipment & Supplies	2.7	5.8
Tobacco Related	2.4	2.8
Consumer Finance	2.3	1.7
Containers & Packaging	2.1	4.3
Insurance	2.0	3.5
Aerospace & Defense	1.7	1.9
IT Services	1.6	0.2
Construction & Engineering	1.6	—
Specialty Retail	1.5	0.3
Household Durables	1.1	—
Trading Companies & Distributors	1.1	—
Machinery	1.0	0.3
Technology Hardware, Storage & Peripherals	0.9	—
Wireless Telecommunication Services	0.9	—
Commercial Services & Supplies	0.8	0.3
Internet & Catalog Retail	0.8	3.2
Diversified Telecommunication Services	0.8	—
Metals & Mining	0.7	0.5
Automobiles	0.5	—
Distributors	0.4	—
Building Products	0.4	—
Real Estate Management & Development	0.3	—
Capital Markets	0.2	0.1
Electrical Equipment	0.1	0.7
Chemicals	—	0.3
Thrifts & Mortgage Finance	—	7.8
Multiline Retail	—	3.1
Energy Equipment & Services	—	2.8
Personal Products	—	1.6
Airlines	—	1.5
Oil, Gas & Consumable Fuels	—	—
Totals	100.0%	100.0%

(1) Unaudited.

The geographic composition of the portfolio at fair value at December 31, 2021 was U.S. 88.3%, United Kingdom 6.6%, Germany 3.9%, and Canada 1.2% and at December 31, 2020 was U.S. 96.2%, and Canada 3.8%. 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. 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 previously made 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. On December 14, 2021, following the sale of its remaining portfolio company investments, Senior Loan Partners' board of directors, in accordance with the LLC agreement, elected to liquidate and dissolve the joint venture.

As of December 31, 2021, Senior Loan Partners no longer holds any portfolio company investments. During the year, Senior Loan Partners returned $46.2 million of capital pro-rata to its members, of which $39.2 million was to the Company. As of December 31, 2021, Senior Loan Partners' balance sheet consisted primarily of cash and final liabilities, with no members' capital. Once all outstanding liabilities were settled, Senior Loan Partners' made its final distribution to members, of which the Company received approximately $0.7 million subsequent to December 31, 2021. Such amount was included as a Receivable for investments sold on the Company's Consolidated Statements of Assets and Liabilities as of December 31, 2021.

For the years ended December 31, 2021 and 2020, the Company's share of net investment income from Senior Loan Partners was $1.6 million and $5.9 million, respectively, which is included in dividend income from controlled investments on the Company's Consolidated Statements of Operations.

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

6. Other Related Party Transactions

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, 2021, 2020 and 2019 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 and their affiliates for such purposes during the years ended December 31, 2021, 2020 and 2019 were $402,317, $361,740 and $183,037, 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, 2021, 2020 and 2019 the Company incurred $1,354,283, $1,457,979 and $1,403,419, respectively, for such administrative services expenses.

Advisor Stock Transactions

At December 31, 2021 and 2020, BCIA did not own any shares of the Company. At December 31, 2021 and 2020, other entities affiliated with the Administrator and Advisor beneficially owned less than 1% of the Company's total shares of common stock outstanding.

7. Stockholders' Equity and Distributions

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 (the "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.

For the years ended December 31, 2021 and 2020, declared distributions to common stockholders were as follows:

For the quarter ended	Amount Per Share	Distribution in Cash	Distribution in newly issued common shares	Total Declared Distribution	Reinvested distributions paid during quarter (1) (2)
March 31, 2021	$ 0.10	$ 7,441,594	$ —	$ 7,441,594	$ —
June 30, 2021	0.10	7,413,594	—	7,413,594	541,771
September 30, 2021	0.10	7,405,845	—	7,405,845	593,078
December 31, 2021	0.10	7,392,972	—	7,392,972	628,043
Total	$ 0.40	$ 29,654,005	$ —	$ 29,654,005	$ 1,762,892

For the quarter ended	Amount Per Share	Distribution in Cash	Distribution in newly issued common shares	Total Declared Distribution	Reinvested distributions paid during quarter (1)
March 31, 2020	$ 0.14	$ 9,543,152	$ —	$ 9,543,152	$ 719,692 (2)
June 30, 2020	0.10	1,363,314	5,450,680 (3)	6,813,994	638,560 (4)
September 30, 2020	0.10	1,403,889	5,613,339 (5)	7,017,228	— (3)(5)
December 31, 2020	0.10	1,446,700	5,784,451 (6)	7,231,151	— (6)
Total	$ 0.44	$ 13,757,055	$ 16,848,470	$ 30,605,525	$ 1,358,252

(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.
(2) Distributions reinvested through purchase of shares in the open market.
(3) Declared distribution in newly issued common shares includes $858,364 of distribution reinvested through 100% stock election for the dividend paid on 7/7/2020.
(4) Distributions reinvested through issuance of new shares.
(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.

On March 6, 2018, the Board of Directors of the Company adopted amendments to 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.

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, in accordance with the guidelines specified in Rule 10b-18 and Rule 10b5-1 of the Securities Exchange Act of 1934 (the "Company Repurchase Plan"). On November 2, 2021, the Company's Repurchase Plan expired with 7,003,428 shares remaining unpurchased and no longer authorized for purchase. On November 2, 2021, the Company's Board of Directors adopted a new repurchase plan and authorized the Company to purchase up to a total of 8,000,000 shares, effective until the earlier of November 2, 2022 or such time that all of the authorized shares have been repurchased. As of December 31, 2021, 7,906,894 shares remained available for repurchase.

The following table summarizes the total shares repurchased and amounts paid by the Company under the Company Repurchase Plan, including broker fees, for the year ended December 31, 2021:

	Shares Repurchased	Price Per Share	Total Cost
Company Repurchase Plan	589,678	$ 3.72	$ 2,192,527

The following table summarizes the total shares repurchased and amounts paid by the Company under the Company Repurchase Plan, including broker fees, for the year ended December 31, 2020:

	Shares Repurchased	Price Per Share	Total Cost
Company Repurchase Plan	986,554	$ 3.68	$ 3,627,604

Since inception of the original repurchase plan through December 31, 2021, the Company has purchased 10,601,264 shares of its common stock on the open market for $68,489,386, including brokerage commissions through the repurchase plan. The Company currently holds the shares it repurchased in treasury.

8. 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, 2021, 2020 and 2019.

	Year Ended		
	December 31, 2021	December 31, 2020	December 31, 2019
Earnings (Loss) per share – basic:			
Net increase (decrease) in net assets resulting from operations	$ 66,488,228	$ (103,852,603)	$ (6,886,740)
Weighted average shares outstanding – basic	74,153,145	69,801,849	68,836,590
Earnings (Loss) per share – basic	$ 0.90	$ (1.49)	$ (0.10)
Earnings (Loss) per share – diluted:			
Net increase (decrease) in net assets resulting from operations, before adjustments	$ 66,488,228	$ (103,852,603)	$ (6,886,740)
Adjustments for interest on unsecured convertible senior notes(1)	9,064,793	—	—
Net increase (decrease) in net assets resulting from operations, as adjusted	$ 75,553,021	$ (103,852,603)	$ (6,886,740)
Weighted average shares outstanding – diluted(1)	91,146,882	69,801,849	68,836,590
Earnings (Loss) per share – diluted	$ 0.83	$ (1.49)	$ (0.10)

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

9. 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, 2021 and December 31, 2020. 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, 2021 and December 31, 2020, the Company had unfunded commitments of $49.4 million across 35 portfolio companies and $24.3 million across 14 portfolio companies, respectively. The aggregate fair value of unfunded commitments at December 31, 2021 and December 31, 2020 was $49.1 million and $22.2 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'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. 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 financial highlights for a common share outstanding for each of the five years in the period ended December 31, 2021.

	Year Ended December 31,				
	2021	2020	2019	2018	2017
Per Share Data:					
Net asset value, beginning of period	$ 4.23	$ 6.33	$ 7.07	$ 7.83	$ 8.21
Investment Operations:					
Net investment income, before incentive fees	0.29	0.49	0.64	0.66	0.75
Incentive fees	(0.02)	—	(0.03)	—	—
Net investment income(1)	0.27	0.49	0.61	0.66	0.75
Net realized and unrealized gain (loss)	0.63	(1.98)	(0.71)	(0.79)	(0.44)
Realized losses on extinguishment of debt	—	—	—	—	0.02
Total from investment operations	0.90	(1.49)	(0.10)	(0.13)	0.29
Issuance/reinvestment of stock at prices (below) net asset value	—	(0.20)	—	—	(0.01)
Repurchase of common stock	—	0.03	—	0.09	—
Issuance convertible debt	—	—	—	—	0.06
Distributions to stockholders, excluding tax return of capital(2)	(0.30)	(0.32)	(0.63)	(0.70)	(0.72)
Tax return of capital	(0.10)	(0.12)	(0.01)	(0.02)	—
Total distributions	(0.40)	(0.44)	(0.64)	(0.72)	(0.72)
Net asset value, end of period	$ 4.73	$ 4.23	$ 6.33	$ 7.07	$ 7.83
Market price at end of period	$ 4.00	$ 2.69	$ 4.97	$ 5.29	$ 6.23
Total return based on market price(3)	64.33%	(35.70)%	5.32%	(4.44)%	(0.61)%
Total return based on net asset value(4)	23.57%	(20.61)%	0.36%	1.61%	5.89%
Shares outstanding at end of period	73,876,987	74,466,665	68,836,255	68,921,798	72,946,910
Ratios to average net assets:					
Operating expenses, before incentive fees(5)	3.89%	4.84%	4.00%	3.90%	4.04%
Interest and other debt related expenses	3.47%	4.35%	3.31%	2.80%	3.06%
Total expenses, before incentive fees	7.36%	9.19%	7.31%	6.70%	7.10%
Incentive fees(1)	0.51%	—	0.39%	—	—
Total expenses, after incentive fees(5)	7.87%	9.19%	7.70%	6.70%	7.10%
Net investment income	5.93%	9.56%	8.91%	8.72%	9.27%
Net assets at end of period	$ 349,651,973	$ 315,010,277	$ 435,608,981	$ 487,020,154	$ 571,099,932
Portfolio turnover rate	49%	21%	25%	40%	28%
Weighted average interest rate on debt(6)	5.82%	4.80%	5.80%	5.79%	5.67%
Weighted average debt outstanding	$ 181,797,885	$ 310,955,762	$ 249,099,570	$ 241,446,017	$ 297,575,896
Weighted average shares outstanding	74,153,145	69,801,849	68,836,590	71,373,570	72,983,354
Weighted average debt per share(7)	$ 2.45	$ 4.45	$ 3.62	$ 3.38	$ 4.08

(1) For the year ended December 31, 2021, net investment income per share amount displayed above is net of a hypothetical liquidation basis GAAP accrual for incentive fees of $0.02 per share, or 0.46% of average net assets, and is also net of incentive fees based on income (net of waiver). For the year ended December 31, 2019, net investment income per share amount displayed above is net of incentive fees based on income (net of waiver) of $0.03 per share.

(2) Distributions for annual periods are determined in accordance with federal income tax regulations and there may be differences between book and tax amounts (see Note 2).

(3) Total return based on market value is calculated by determining the percentage change in market value per share during the period and assuming that the dividend distributions are reinvested in accordance with the Company’s dividend reinvestment plan.

(4) Total return based on net asset value is calculated by determining the percentage change in net asset value per share during the period and assuming that the dividend distributions are reinvested in accordance with the Company’s dividend reinvestment plan.

(5) Ratio including incentive fee based on income waived for each of the five years in the period ended December 31, 2021 (see Note 3 for more detail). Excluding incentive fee waiver, the ratio of operating expenses after incentive fees to average net assets would be 4.42%, 6.60%, 5.86%, 5.46% and 5.39% for the years ended December 31, 2021, 2020, 2019, 2018, and 2017 respectively. The ratio of total expenses after incentive fees to average net assets would be 7.89%, 10.95%, 9.17%, 8.26% and 8.45% for the same respective periods.

(6) Weighted average interest rate on debt includes contractual interest, amortization of original issue discount and amortization of debt issuance costs (see Note 4).

(7) Weighted average debt per share is calculated as weighted average debt outstanding divided by the weighted average shares outstanding during the applicable period.

11. Senior Securities

Information about our senior securities is shown in the following table as of end of the last ten fiscal years and the period ended December 31, 2021. 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 Year 2021	$ 54,000	$ 2,758	$ —	N/A
Fiscal Year 2020	$ 38,800	$ 2,706	$ —	N/A
Fiscal Year 2019	$ 174,400	$ 2,352	$ —	N/A
Fiscal Year 2018	$ 49,000	$ 3,542	$ —	N/A
Fiscal Year 2017	$ 16,000	$ 3,655	$ —	N/A
Fiscal Year 2016	$ 190,000	$ 2,754	$ —	N/A
Fiscal Year 2015	$ 60,000	$ 3,023	$ —	N/A
Fiscal Year 2014	$ 144,000	$ 2,713	$ —	N/A
Fiscal Year 2013	$ 179,000	$ 2,460	$ —	N/A
Fiscal Year 2012	$ 171,850	$ 2,952	$ —	N/A
Convertible Notes Due 2022(1)				
Fiscal Year 2021	$ 143,750	$ 2,758	$ —	N/A
Fiscal Year 2020	$ 143,750	$ 2,706	$ —	N/A
Fiscal Year 2019	$ 143,750	$ 2,352	$ —	N/A
Fiscal Year 2018	$ 143,750	$ 3,542	$ —	N/A
Fiscal Year 2017	$ 143,750	$ 3,665	$ —	N/A
Convertible Notes Due 2018(2)				
Fiscal Year 2021	N/A	N/A	$ —	N/A
Fiscal Year 2020	N/A	N/A	$ —	N/A
Fiscal Year 2019	N/A	N/A	$ —	N/A
Fiscal Year 2018	N/A	N/A	$ —	N/A
Fiscal Year 2017	$ 55,041	$ 3,665	$ —	N/A
Fiscal Year 2016	$ 115,000	$ 2,754	$ —	N/A
Fiscal Year 2015	$ 115,000	$ 3,023	$ —	N/A
Fiscal Year 2014	$ 115,000	$ 2,713	$ —	N/A
Fiscal Year 2013	$ 115,000	$ 2,460	$ —	N/A
Senior Secured Notes(3)				
Fiscal Year 2021	N/A	N/A	$ —	N/A
Fiscal Year 2020	N/A	N/A	$ —	N/A
Fiscal Year 2019	N/A	N/A	$ —	N/A
Fiscal Year 2018	N/A	N/A	$ —	N/A
Fiscal Year 2017	N/A	N/A	$ —	N/A
Fiscal Year 2016	$ 17,000	$ 2,754	$ —	N/A
Fiscal Year 2015	$ 175,000	$ 3,023	$ —	N/A
Fiscal Year 2014	$ 175,000	$ 2,713	$ —	N/A
Fiscal Year 2013	$ 175,000	$ 2,460	$ —	N/A
Fiscal Year 2012	$ 175,000	$ 2,952	$ —	N/A
Term Loan(4)				
Fiscal Year 2021	N/A	N/A	$ —	N/A
Fiscal Year 2020	N/A	N/A	$ —	N/A
Fiscal Year 2019	N/A	N/A	$ —	N/A
Fiscal Year 2018	N/A	N/A	$ —	N/A
Fiscal Year 2017	N/A	N/A	$ —	N/A
Fiscal Year 2016	$ 15,000	$ 2,754	$ —	N/A
Fiscal Year 2015	$ 15,000	$ 3,023	$ —	N/A
Fiscal Year 2014	$ 15,000	$ 2,713	$ —	N/A
Fiscal Year 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 4 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 $158.0 million in aggregate principal amount of five-year, senior secured notes with a fixed interest rate of 6.50% and a maturity date of January 18, 2016, and $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 June 7, 2013, the Company entered into a Senior Secured Term Loan Credit Agreement (as amended, amended and restated, supplemented or otherwise modified from time to time, the "Term Loan") which had an original principal amount of $10.0 million and an initial interest rate applicable to borrowings of generally LIBOR plus an applicable margin of 3.75%. Under its most recent amendment, the Term Loan had a principal amount of $15.0 million and a stated maturity date of March 27, 2019. The interest rate applicable to borrowings thereunder was 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.

12. Subsequent events

On March 1, 2022, the Company's Board of Directors declared a distribution of $0.10 per share, payable on April 7, 2022 to stockholders of record at the close of business on March 17, 2022.

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.

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, 2021, 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, 2021.

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) ***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.

Item 9B. Other Information

None.

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 2022 Annual Stockholders Meeting to be filed with the Securities and Exchange Commission within 120 days after December 31, 2021 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 2022 Annual Stockholders Meeting to be filed with the Securities and Exchange Commission within 120 days after December 31, 2021 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 2022 Annual Stockholders Meeting to be filed with the Securities and Exchange Commission within 120 days after December 31, 2021 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 2022 Annual Stockholders Meeting to be filed with the Securities and Exchange Commission within 120 days after December 31, 2021 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 2022 Annual Stockholders Meeting to be filed with the Securities and Exchange Commission within 120 days after December 31, 2021 and is incorporated herein by reference.

PART IV

Item 15. Exhibits and Consolidated Financial Statement Schedules

a. *Documents Filed as Part of this Report*

The following reports and consolidated financial statements are set forth in Item 8:

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b. *Exhibits*

The following exhibits are filed as part of this report or hereby incorporated by reference to exhibits previously filed with the SEC:

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 (9)
4.1	Description of Capital Stock (10)
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 (11)
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 (6)
10.7	Sixth Amendment, dated as of April 23, 2021, by and among BlackRock Capital Investment Corporation, the subsidiary guarantors party thereto, the lender party thereto and Citibank, N.A., as administrative agent (8)
10.8	Indenture dated as of June 13, 2017 between the Registrant as Issuer and Wilmington Trust, National Association as Trustee (7)
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 (7)
10.10	Form of Global Note 5.00% Convertible Senior Note due 2022 (included as part of exhibit 10.9) (7)
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)

Number	Description
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 and the Advisor
14.2*	Code of Ethics and Business Conduct of the Registrant
14.3*	Code of Ethics for Chief Executive and Senior Financial Officers
21.1*	Subsidiaries of the Registrant
23.1*	Consent of Independent Registered Public Accounting Firm
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 8-K dated as of June 29, 2016.
(7) Previously filed with the Registrant's Form 8-K dated as of June 13, 2017.
(8) Previously filed with the Registrant's Form 8-K dated as of April 29, 2021.
(9) Previously filed with the Registrant's Form 8-K dated as of April 30, 2018.
(10) Previously filed with the Registrant's Form 10-Q for the period ended March 31, 2020.
(11) Previously filed with the Registrant's Form 10-K for the year ended December 31, 2020.

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 2, 2022

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 2, 2022
/s/ NIK SINGHAL **Nik Singhal**	President	March 2, 2022
/s/ ABBY MILLER **Abby Miller**	Chief Financial Officer and Treasurer (principal financial and accounting officer)	March 2, 2022
/s/ JOHN R. BARON **John R. Baron**	Director	March 2, 2022
/s/ JERROLD B. HARRIS **Jerrold B. Harris**	Director	March 2, 2022
/s/ WILLIAM E. MAYER **William E. Mayer**	Director	March 2, 2022
/s/ MERIDEE A. MOORE **Meridee A. Moore**	Director	March 2, 2022
/s/ MAUREEN K. USIFER **Maureen K. Usifer**	Director	March 2, 2022

BlackRock.

Code of Ethics for Fund Access Persons

Effective Date: April 1, 2021

Applies to the following types of Funds registered under the 1940 Act:

☒ Open-End Mutual Funds (excluding money-market funds)

☒ Money Market Funds

☒ ETFs

☒ Closed-End Funds

☒ Other (Business Development Companies)

Objective and Scope

The purpose of this Code of Ethics (the "Code") is to prevent Access Persons (as defined below) of BlackRock open- and closed-end funds and exchange traded funds, BlackRock Capital Investment Corporation, BlackRock TCP Capital Corp., and BlackRock Direct Lending Corp. (each a "Fund" and collectively, the "Funds") from engaging in any act, practice or course of business prohibited by paragraph (b) of Rule 17j-1 (the "Rule") under the Investment Company Act of 1940, as amended (the "1940 Act"). This Code is required by paragraph (c) of the Rule. A copy of the Rule is attached to this Code as Appendix A.

Executive Summary

Access Persons (as defined below) of the Funds, in conducting their personal securities transactions, owe a fiduciary duty to the Funds. The fundamental standard to be followed in personal securities transactions is that Access Persons may not take inappropriate advantage of their positions. All personal securities transactions by Access Persons must be conducted in such a manner as to avoid any actual or potential conflict of interest between the Access Person's interest and the interests of the Funds, or any abuse of an Access Person's position of trust and responsibility.

Policy / Document Requirements and Statements

1. Introduction

Potential conflicts arising from personal investment activities could include buying or selling securities based on knowledge of a Fund's trading position or plans (sometimes referred to as front-running), and acceptance of personal favors that could influence trading judgments on behalf of the Fund. While this Code is designed to address identified conflicts and potential conflicts, it cannot possibly be written broadly enough to cover all potential situations and, in this regard, Access Persons are expected to adhere not only to the letter, but also the spirit, of the policies contained herein.

2. Confidential Information

In order to understand how this Code applies to particular persons and transactions, familiarity with the key terms and concepts used in this Code is necessary. Those key terms and concepts are:

2.1. "Access Person" with respect to a Fund means any Advisory Person of the Fund, BlackRock or a Subadviser. Those persons who may be considered Access Persons of the Funds include those listed on attached Appendix B to this Code and will be updated from time to time.

2.2. "Advisory Person" means: (a) any director or advisory board[1] member, officer, general partner or employee of a Fund, BlackRock or a Subadviser or of any company in a control relationship to the Fund, BlackRock or a Subadviser, who, in connection with his or her regular functions or duties, makes, participates in, or obtains information regarding the purchase or sale of a Covered Security by the Fund, or whose functions relate to the making of any recommendations with respect to such purchases or sales; and (b) any natural person in a control relationship to the Fund, BlackRock or a Subadviser who obtains information concerning recommendations made to the Fund with regard to the purchase or sale of Covered Securities by the Fund.

2.3. "Automatic Investment Plan" means a program in which regular periodic purchases (or withdrawals) are made automatically in (or from) investment accounts in accordance with a predetermined schedule and allocation. An Automatic Investment Plan includes a dividend reinvestment plan.

2.4. "Beneficial ownership" has the meaning set forth in Rule 16a-1(a)(2) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), a copy of which is included as Appendix C. The determination of direct or indirect beneficial ownership shall apply to all securities which an Access Person has or acquires.

2.5. "BRIL" means BlackRock Investments, LLC, each open-end Fund's principal underwriter and the principal underwriter of certain closed-end Funds.

2.6. "BlackRock" means persons controlling, controlled by or under common control with BlackRock, Inc. that act as investment adviser and subadviser to the Funds.

2.7. "Board" means, collectively, the boards of directors or trustees of the Funds.

2.8. "PTP" means the Personal Trading Policy adopted by BlackRock and BRIL and approved by the Board.

2.9. "control" has the meaning set forth in Section 2(a)(9) of the 1940 Act.

2.10. "Covered Security" has the meaning set forth in Section 2(a)(36) of the 1940 Act, except that it shall not include: direct obligations of the U.S. Government; bankers' acceptances, bank certificates of deposit, commercial paper, and high-quality short-term debt instruments, including repurchase agreements; and shares issued by registered open-end investment companies. A high-quality short-term debt instrument is one with a maturity at issuance of less than 366 days and that is rated in one of the two highest rating categories by a nationally recognized statistical rating organization.

2.11. "Independent Director" means a director or trustee of a Fund who is not an "interested person" of the Fund within the meaning of Section 2(a)(19) of the 1940 Act. All provisions of this Code applicable to Independent Directors will also be applicable to advisory board members.

1. As defined in Section 2(a)(1) of the 1940 Act.

2.12. "Investment Personnel" of a Fund, BlackRock or a Subadviser means: (a) any employee of the Fund, BlackRock, or a Subadviser (or of any company in a control relationship to the Fund, BlackRock, or a Subadviser) who, in connection with his or her regular functions or duties, makes or participates in making recommendations regarding the purchase or sale of securities by the Fund and (b) any natural person who controls the Fund, BlackRock, or a Subadviser and who obtains information concerning recommendations made to the Fund regarding the purchase or sale of securities by the Fund.

2.13. "IPO" means an offering of securities registered under the Securities Act of 1933 (the "1933 Act") the issuer of which, immediately before the registration, was not subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act.

2.14. "Limited Offering" means an offering exempt from registration under the 1933 Act pursuant to Section 4(a)(2) or 4(a)(5) or Rule 504, 505, or 506 under the 1933 Act.

2.15. "Purchase or sale of a Covered Security" includes, among other things, the writing of an option to purchase or sell a Covered Security.

2.16. "Subadviser" means any investment adviser to a Fund that does not control, is not controlled by, and is not under common control with, BlackRock and to whom BlackRock delegates certain investment management responsibilities.

3. Restrictions Applicable to Directors, Officers and Employees of BlackRock and BRIL

3.1. All Access Persons of BlackRock's investment advisory companies and BRIL shall be subject to the restrictions, limitations and reporting responsibilities set forth in the PTP, as if fully set forth herein.

3.2. Persons subject to this Section 3 shall not be subject to the restrictions, limitations and reporting responsibilities set forth in Sections 4 and 5 below. In particular, an Access Person of BlackRock's investment advisory companies need not make a separate report under this Code to the extent the information would duplicate information required to be recorded under Rule 204-2(a)(13) under the Investment Advisers Act of 1940, as amended.

3.3. Any Access Person of a Subadviser shall not be subject to this Code, so long as such Access Person is subject to a code of ethics duly adopted by the Subadviser relating to personal securities transactions by such Access Person, provided that such code of ethics complies with the requirements of the Rule and has been approved by the Board.

4. Pre-Approval of Investments in Initial Public Offerings or Limited Offerings

With respect to purchases of securities (including, but not limited to, any Covered Security) issued in an IPO or a Limited Offering, all Access Persons of BlackRock's investment advisory companies are subject to the restrictions, limitations, and reporting responsibilities set forth in the PTP and in addition, with respect to Limited Offerings, the Global Employee Private Investment Policy.

No Investment Personnel shall purchase any security (including, but not limited to, any Covered Security) issued in an IPO or a Limited Offering unless permitted by Legal & Compliance in advance. The Chief Compliance Officer ("CCO") of the Funds shall maintain a written record of any decisions to permit these transactions, along with the reasons supporting the decision.

5. Reporting

5.1. Initial Holdings Reports

No later than ten days after a person becomes an Access Person, he or she must report to Legal & Compliance the following information (which information must be current as of a date no more than 45 days prior to the date the person becomes an Access Person):

a. the title, number of shares and principal amount of each Covered Security in which the Access Person had any direct or indirect beneficial ownership when the person became an Access Person;

b. the name of any broker, dealer or bank with whom the Access Person maintained an account in which any securities were held for the direct or indirect benefit of the Access Person as of the date the person became an Access Person; and

c. the date that the report is submitted by the Access Person.

5.2. Quarterly Reporting

5.2.1 Every Access Person shall either report to Legal & Compliance the information described in paragraphs 5.2.2 and 5.2.3 below with respect to transactions in any Covered Security in which the Access Person has, or by reason of the transaction acquires, any direct or indirect beneficial ownership or, in the alternative, make the representation in Section 5.2.4 below.

5.2.2 Every report shall be made not later than 30 days after the end of the calendar quarter in which the transaction to which the report relates was effected and shall contain the following information:

a. the date of the transaction, the title, the interest rate and maturity date (if applicable), the number of units, and the principal amount of each Covered Security involved;

b. the nature of the transaction (i.e., purchase, sale or any other type of acquisition or disposition);

c. the price at which the transaction was effected;

d. the name of the broker, dealer, or bank with or through whom the transaction was effected;

e. the date that the report is submitted by the Access Person; and

f. a description of any factors potentially relevant to an analysis of whether the Access Person may have a conflict of interest with respect to the transaction, including the existence of any substantial economic relationship between the transaction and securities held or to be acquired by a Fund.

5.2.3 Upon establishing any account in which any securities are held for the direct or indirect benefit of the Access Person, an Access Person shall provide a report to Legal & Compliance containing the following information:

a. the name of the broker, dealer or bank with whom the Access Person established the account;

b. the date the account was established; and

c. the date that the report is submitted by the Access Person.

5.2.4 If no transactions were conducted by an Access Person during a calendar quarter that are subject to the reporting requirements described above, such Access Person shall, not later than 30 days after the end of that calendar quarter, provide a written representation to that effect to the Funds.

5.3. Annual Reporting

5.3.1 Every Access Person shall report to each Fund the information described in Section 5.3.2 below with respect to transactions in any Covered Security in which the Access Person has, or by reason of the transaction acquires, any direct or indirect beneficial ownership in the security.

5.3.2 Annually, an Access Person shall provide a report to each Fund containing the following information (which information must be current as of a date no more than 45 days before the report is submitted):

a. the title, number of shares and principal amount of each Covered Security in which the Access Person had any direct or indirect beneficial ownership;

b. the name of any broker, dealer or bank with whom the Access Person maintains an account in which any securities are held for the direct or indirect benefit of the Access Person; and

c. the date that the report is submitted by the Access Person.

5.4. Exceptions to Reporting Requirements

5.4.1 An Access Person is not required to make a report otherwise required under Sections 5.1, 5.2 and 5.3 above with respect to any transaction effected for any account over which the Access Person does not have any direct or indirect influence or control; provided, however, that if the Access Person is relying upon the provisions of this Section 5.4.1 to avoid making such a report, the Access Person shall, not later than 30 days after the end of each calendar quarter, identify any such account in writing and certify in writing that he or she had no direct or indirect influence over any such account.

5.4.2 An Access Person is not required to make a report otherwise required under Section 5.2 above with respect to transactions effected pursuant to an Automatic Investment Plan.

5.4.3 An Independent Director of a Fund (which for purposes of this Section shall include an advisory board member) who would be required to make a report pursuant to Sections 5.1, 5.2 and 5.3 above, solely by reason of being a board member of the Fund, is not required to make an initial holdings report under Section 5.1 above and an annual report under Section 5.3 above, and is only required to make a quarterly report under Section 5.2 above, with respect to a transaction in a Covered Security, if the Independent Director knew or, in the ordinary course of fulfilling the Independent Director’s official duties as a board member of the Fund, should have known that: (a) the Fund has engaged in a transaction in the same security within the last 15 days of such Independent Director’s transaction in such Covered Security or is engaging or going to engage in a transaction in the same security within the next 15 days of such Independent Director’s transaction in such Covered Security; or (b) the Fund or BlackRock has within the last 15 days of such Independent Director’s transaction in such Covered Security considered a transaction in the same security or is considering a transaction in the same security or within the next 15 days of such Independent Director’s transaction in such Covered Security is going to consider a transaction in the same security.

5.5. Annual Certification

5.5.1 All Access Persons are required to certify that they have read and understand this Code and recognize that they are subject to the provisions hereof and will comply with the policy and procedures stated herein. Further, all Access Persons are required to certify annually that they have complied with the requirements of this Code and that they have reported all personal securities transactions required to be disclosed or reported pursuant to the requirements of such policies. A copy of the certification form to be used in complying with this Section 5.5.1 is attached to this Code as Appendix D.

5.5.2 Each Fund, BlackRock and BRIL shall prepare an annual report to the Board to be presented to the Board each year and which shall:

a. summarize existing procedures concerning personal investing, including preclearance policies and the monitoring of personal investment activity after preclearance has been granted, and any material changes in the procedures during the past year;

b. describe any issues arising under this Code or procedures since the last report to the Board including, but not limited to, information about any material violations of this Code or procedures and the sanctions imposed during the past year;

c. identify any recommended changes in existing restrictions or procedures based upon experience under this Code, evolving industry practice or developments in applicable laws and regulations;

d. contain such other information, observations and recommendations as deemed relevant by such Fund,

BlackRock or BRIL; and

e. certify that such Fund, BlackRock and BRIL have adopted this Code with procedures reasonably necessary to prevent Access Persons from violating the provisions of Rule 17j-1(b) or this Code.

5.6. Notification of Reporting Obligation and Review of Reports

Each Access Person shall receive a copy of this Code and be notified of his or her reporting obligations. All reports shall be promptly submitted upon completion to the Funds' CCO who shall review such reports.

5.7. Miscellaneous

Any report under this Code may contain a statement that the report shall not be construed as an admission by the person making the report that the person has any direct or indirect beneficial ownership in the securities to which the report relates.

6. Recordkeeping Requirements

Each Fund shall maintain, at its principal place of business, records in the manner and to the extent set out below, which records shall be available for examination by representatives of the Securities and Exchange Commission (the "SEC").

6.1. As long as this Code is in effect, a copy of it (and any version thereof that was in effect within the past five years) shall be preserved in an easily accessible place.

6.2. The following records must be maintained in an easily accessible place for five years after the end of the fiscal year in which the event took place:

a. a record of any violation of this Code, and of any action taken as a result of the violation;

b. a record of all persons, currently or within the past five years, who are or were required to make reports under Section 5, or who are or were responsible for reviewing these reports; and

c. a record of any decision, and the reasons supporting the decision, to approve the acquisition by Investment Personnel of securities under Section 4.

6.3. The following records must be maintained for five years after the end of the fiscal year in which the event took place, the first two years in an easily accessible place:

a. a copy of each report made by an Access Person pursuant to this Code, including any information required by Section 5.4.1 in lieu of such reports; and

b. a copy of each annual report submitted by each Fund, BlackRock and BRIL to the Board.

7. Confidentiality

No Access Person shall reveal to any other person (except in the normal course of his or her duties on behalf of a Fund) any information regarding securities transactions by a Fund or consideration by a Fund or BlackRock of any such securities transaction.

All information obtained from any Access Person hereunder shall be kept in strict confidence, except that reports of securities transactions hereunder will be made available to the SEC or any other regulatory or self-regulatory organization to the extent required by law or regulation.

8. Sanctions

Upon discovering a violation of this Code, Legal & Compliance reviews the violation and imposes appropriate sanctions. In addition, the Board may impose any sanctions it deems appropriate, including a letter of censure, the suspension or termination of any officer or employee of a Fund, or the recommendation to the employer of the violator of the suspension or termination of the employment of the violator.

i. DEFINITIONS

For purposes of this section:

1. Access Person means:

A. Any Advisory Person of a Fund or of a Fund's investment adviser. If an investment adviser's primary business is advising Funds or other advisory clients, all of the investment adviser's directors, officers, and general partners are presumed to be Access Persons of any Fund advised by the investment adviser. All of a Fund's directors, officers, and general partners are presumed to be Access Persons of the Fund.

1) If an investment adviser is primarily engaged in a business or businesses other than advising Funds or other advisory clients, the term Access Person means any director, officer, general partner or Advisory Person of the investment adviser who, with respect to any Fund, makes any recommendation, participates in the determination of which recommendation will be made, or whose principal function or duties relate to the determination of which recommendation will be made, or who, in connection with his or her duties, obtains any information concerning recommendations on Covered Securities being made by the investment adviser to any Fund.

2) An investment adviser is "primarily engaged in a business or businesses other than advising Funds or other advisory clients" if, for each of its most recent three fiscal years or for the period of time since its organization, whichever is less, the investment adviser derived, on an unconsolidated basis, more than 50 percent of its total sales and revenues and more than 50 percent of its income (or loss), before income taxes and extraordinary items, from the other business or businesses.

B. Any director, officer or general partner of a principal underwriter who, in the ordinary course of business, makes, participates in or obtains information regarding, the purchase or sale of Covered Securities by the Fund for which the principal underwriter acts, or whose functions or duties in the ordinary course of business relate to the making of any recommendation to the Fund regarding the purchase or sale of Covered Securities.

2. Advisory Person of a Fund or of a Fund's investment adviser means:

A. Any director, officer, general partner or employee of the Fund or investment adviser (or of any company in a control relationship to the Fund or investment adviser) who, in connection with his or her regular functions or duties, makes, participates in, or obtains information regarding, the purchase or sale of Covered Securities by a Fund, or whose functions relate to the making of any recommendations with respect to such purchases or sales; and

B. Any natural person in a control relationship to the Fund or investment adviser who obtains information concerning recommendations made to the Fund with regard to the purchase or sale of Covered Securities by the Fund.

3. Control has the same meaning as in section 2(a)(9) of the Act.

4. Covered Security means a security as defined in section 2(a)(36) of the Act, except that it does not include:

A. Direct obligations of the Government of the United States;

B. Bankers' acceptances, bank certificates of deposit, commercial paper and high quality short-term debt instruments, including repurchase agreements; and

C. Shares issued by open-end Funds.

5. Fund means an investment company registered under the Investment Company Act.

6. An Initial Public Offering means an offering of securities registered under the Securities Act of 1933, the issuer of which, immediately before the registration, was not subject to the reporting requirements of sections 13 or 15(d) of the Securities Exchange Act of 1934.

7. Investment Personnel of a Fund or of a Fund's investment adviser means:

A. Any employee of the Fund or investment adviser (or of any company in a control relationship to the Fund or investment adviser) who, in connection with his or her regular functions or duties, makes or participates in making recommendations regarding the purchase or sale of securities by the Fund.

B. Any natural person who controls the Fund or investment adviser and who obtains information concerning recommendations made to the Fund regarding the purchase or sale of securities by the Fund.

8. A Limited Offering means an offering that is exempt from registration under the Securities Act of 1933 pursuant to section 4(2) or section 4(6) or pursuant to rule 504, rule 505, or rule 506 under the Securities Act of 1933.

9. Purchase or sale of a Covered Security includes, among other things, the writing of an option to purchase or sell a Covered Security.

10. Security Held or to be Acquired by a Fund means:

A. Any Covered Security which, within the most recent 15 days:

1) Is or has been held by the Fund; or

2) Is being or has been considered by the Fund or its investment adviser for purchase by the Fund; and

B. Any option to purchase or sell, and any security convertible into or exchangeable for, a Covered Security described in paragraph (1)(10)(A) of this section.

11. Automatic Investment Plan means a program in which regular periodic purchases (or withdrawals) are made automatically in (or from) investment accounts in accordance with a predetermined schedule and allocation. An Automatic Investment Plan includes a dividend reinvestment plan.

ii. UNLAWFUL ACTIONS

It is unlawful for any affiliated person of or principal underwriter for a Fund, or any affiliated person of an investment adviser of or principal underwriter for a Fund, in connection with the purchase or sale, directly or indirectly, by the person of a Security Held or to be Acquired by the Fund:

1. To employ any device, scheme or artifice to defraud the Fund;

2. To make any untrue statement of a material fact to the Fund or omit to state a material fact necessary in order to make the statements made to the Fund, in light of the circumstances under which they are made, not misleading;

3. To engage in any act, practice or course of business that operates or would operate as a fraud or deceit on the Fund; or

4. To engage in any manipulative practice with respect to the Fund.

iii. CODE OF ETHICS

1. Adoption and Approval of Code of Ethics.

A. Every Fund (other than a money market fund or a Fund that does not invest in Covered Securities) and each investment adviser of and principal underwriter for the Fund, must adopt a written code of ethics containing provisions reasonably necessary to prevent its Access Persons from engaging in any conduct prohibited by paragraph (II) of this section.

B. The board of directors of a Fund, including a majority of directors who are not interested persons, must approve the code of ethics of the Fund, the code of ethics of each investment adviser and principal underwriter of the Fund, and any material changes to these codes. The board must base its approval of a code and any material changes to the code on a determination that the code contains provisions reasonably necessary to prevent Access Persons from engaging in any conduct prohibited by paragraph (II) of this section. Before approving a code of a Fund, investment adviser or principal underwriter or any amendment to the code, the board of directors must receive a certification from the Fund, investment adviser or principal underwriter that it has adopted procedures reasonably necessary to prevent Access Persons from violating the Funds, investment adviser's, or principal underwriter's code of ethics. The Fund's board must approve the code of an investment adviser or principal underwriter before initially retaining the services of the investment adviser or principal underwriter. The Fund's board must approve a material change to a code no later than six months after adoption of the material change.

C. If a Fund is a unit investment trust, the Fund's principal underwriter or depositor must approve the Fund's code of ethics, as required by paragraph (III)(1)(B) of this section. If the Fund has more than one principal underwriter or depositor, the principal underwriters and depositors may designate, in writing, which principal underwriter or depositor must conduct the approval required by paragraph (III)(1)(B) of this section, if they obtain written consent from the designated principal underwriter or depositor.

2. Administration of Code of Ethics.

A. The Fund, investment adviser and principal underwriter must use reasonable diligence and institute procedures reasonably necessary to prevent violations of its code of ethics.

B. No less frequently than annually, every Fund (other than a unit investment trust) and its investment advisers and principal underwriters must furnish to the Fund's board of directors, and the board of directors must consider, a written report that:

1) Describes any issues arising under the code of ethics or procedures since the last report to the board of directors, including, but not limited to, information about material violations of the code or procedures and sanctions imposed in response to the material violations; and

2) Certifies that the Fund, investment adviser or principal underwriter, as applicable, has adopted procedures reasonably necessary to prevent Access Persons from violating the code.

3. **Exception for Principal Underwriters.** The requirements of paragraphs (III)(1) and (III)(2) of this section do not apply to any principal underwriter unless:

A. The principal underwriter is an affiliated person of the Fund or of the Fund's investment adviser; or

B. An officer, director or general partner of the principal underwriter serves as an officer, director or general partner of the Fund or of the Fund's investment adviser.

iv. REPORTING REQUIREMENTS OF ACCESS PERSONS

1. Reports Required.

Unless excepted by paragraph (IV)(2) of this section, every Access Person of a Fund (other than a money market fund or a Fund that does not invest in Covered Securities) and every Access Person of an investment adviser of or principal underwriter for the Fund, must report to that Fund, investment adviser or principal underwriter:

A. Initial Holdings Reports. No later than 10 days after the person becomes an Access Person (which information must be current as of a date no more than 45 days prior to the date the person becomes an Access Person):

1) The title, number of shares and principal amount of each Covered Security in which the Access Person had any direct or indirect beneficial ownership when the person became an Access Person;

2) The name of any broker, dealer or bank with whom the Access Person maintained an account in which any securities were held for the direct or indirect benefit of the Access Person as of the date the person became an Access Person; and

3) The date that the report is submitted by the Access Person.

B. **Quarterly Transaction Reports.**

No later than 30 days after the end of a calendar quarter, the following information:

1) With respect to any transaction during the quarter in a Covered Security in which the Access Person had any direct or indirect beneficial ownership:

1) The date of the transaction, the title, the interest rate and maturity date (if applicable), the number of shares and the principal amount of each Covered Security involved;

2) The nature of the transaction (i.e., purchase, sale or any other type of acquisition or disposition);

3) The price of the Covered Security at which the transaction was effected;

4) The name of the broker, dealer or bank with or through which the transaction was effected; and

5) The date that the report is submitted by the Access Person.

2) With respect to any account established by the Access Person in which any securities were held during the quarter for the direct or indirect benefit of the Access Person:

1) The name of the broker, dealer or bank with whom the Access Person established the account;

2) The date the account was established; and

3) The date that the report is submitted by the Access Person.

C. Annual Holdings Reports.

Annually, the following information (which information must be current as of a date no more than 45 days before the report is submitted):

1) The title, number of shares and principal amount of each Covered Security in which the Access Person had any direct or indirect beneficial ownership;

2) The name of any broker, dealer or bank with whom the Access Person maintains an account in which any securities are held for the direct or indirect benefit of the Access Person; and

3) The date that the report is submitted by the Access Person.

2. Exceptions from Reporting Requirements.

A. A. A person need not make a report under paragraph (IV)(1) of this section with respect to transactions effected for, and Covered Securities held in, any account over which the person has no direct or indirect influence or control.

B. B. A director of a Fund who is not an "interested person" of the Fund within the meaning of section 2(a)(19) of the Act, and who would be required to make a report solely by reason of being a Fund director, need not make:

1) An initial holdings report under paragraph (IV)(1)(A) of this section and an annual holdings report under paragraph (IV)(1)(C) of this section; and

2) A quarterly transaction report under paragraph (IV)(1)(B) of this section, unless the director knew or, in the ordinary course of fulfilling his or her official duties as a Fund director, should have known that during the 15-day period immediately before or after the director's transaction in a Covered Security, the Fund purchased or sold the Covered Security, or the Fund or its investment adviser considered purchasing or selling the Covered Security.

C. An Access Person to a Fund's principal underwriter need not make a report to the principal underwriter under paragraph (IV)(1) of this section if:

1) The principal underwriter is not an affiliated person of the Fund (unless the Fund is a unit investment trust) or any investment adviser of the Fund; and

2) The principal underwriter has no officer, director or general partner who serves as an officer, director or general partner of the Fund or of any investment adviser of the Fund.

D. An Access Person to an investment adviser need not make a separate report to the investment adviser under paragraph (IV)(1) of this section to the extent the information in the report would duplicate information required to be recorded under § 275.204-2(a)(13) of this chapter.

E. An Access Person need not make a quarterly transaction report under paragraph (IV)(1)(B) of this section if the report would duplicate information contained in broker trade confirmations or account statements received by the Fund, investment adviser or principal underwriter with respect to the Access Person in the time period required by paragraph (IV)(1)(B), if all of the information required by that paragraph is contained in the broker trade confirmations or account statements, or in the records of the Fund, investment adviser or principal underwriter.

F. An Access Person need not make a quarterly transaction report under paragraph (IV)(1)(B) of this section with respect to transactions effected pursuant to an Automatic Investment Plan.

3. Review of Reports.

Each Fund, investment adviser and principal underwriter to which reports are required to be made by paragraph (IV)(1) of this section must institute procedures by which appropriate management or compliance personnel review these reports.

4. Notification of Reporting Obligation.

Each Fund, investment adviser and principal underwriter to which reports are required to be made by paragraph (IV)(1) of this section must identify all Access Persons who are required to make these reports and must inform those Access Persons of their reporting obligation.

5. Beneficial Ownership.

For purposes of this section, beneficial ownership is interpreted in the same manner as it would be under Rule 16a- 1(a)(2) of this chapter in determining whether a person is the beneficial owner of a security for purposes of section 16 of the Securities Exchange Act of 1934 and the rules and regulations thereunder. Any report required by paragraph (IV) of this section may contain a statement that the report will not be construed as an admission that the person making the report has any direct or indirect beneficial ownership in the Covered Security to which the report relates.

v. PRE-APPROVAL OF INVESTMENTS IN IPOS AND LIMITED OFFERINGS

Investment Personnel of a Fund or its investment adviser must obtain approval from the Fund or the Fund's investment adviser before directly or indirectly acquiring beneficial ownership in any securities in an Initial Public Offering or in a Limited Offering.

vi. RECORDKEEPING REQUIREMENTS

1. Each Fund, investment adviser and principal underwriter that is required to adopt a code of ethics or to which reports are required to be made by Access Persons must, at its principal place of business, maintain records in the manner and to the extent set out in this paragraph (VI), and must make these records available to the Commission or any representative of the Commission at any time and from time to time for reasonable periodic, special or other examination:

A. A copy of each code of ethics for the organization that is in effect, or at any time within the past five years was in effect, must be maintained in an easily accessible place;

B. A record of any violation of the code of ethics, and of any action taken as a result of the violation, must be maintained in an easily accessible place for at least five years after the end of the fiscal year in which the violation occurs;

C. A copy of each report made by an Access Person as required by this section, including any information provided in lieu of the reports under paragraph (IV)(2)(E) of this section, must be maintained for at least five years after the end of the fiscal year in which the report is made or the information is provided, the first two years in an easily accessible place;

D. A record of all persons, currently or within the past five years, who are or were required to make reports under paragraph (IV) of this section, or who are or were responsible for reviewing these reports, must be maintained in an easily accessible place; and

E. A copy of each report required by paragraph (III)(2)(B) of this section must be maintained for at least five years after the end of the fiscal year in which it is made, the first two years in an easily accessible place.

2. A Fund or investment adviser must maintain a record of any decision, and the reasons supporting the decision, to approve the acquisition by investment personnel of securities under paragraph (V), for at least five years after the end of the fiscal year in which the approval is granted.

The following are "Access Persons" for purposes of the foregoing Code of Ethics:

- Each Director/Trustee of the Funds
- Any advisory board member of the Funds
- Each Officer of the Funds
- The Portfolio Managers of the Funds
- All employees of BlackRock, Inc. and its subsidiaries

Other than for purposes of determining whether a person is a beneficial owner of more than ten percent of any class of equity securities registered under Section 12 of the Act, the term beneficial owner shall mean any person who, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares a direct or indirect pecuniary interest in the equity securities, subject to the following:

1. The term pecuniary interest in any class of equity securities shall mean the opportunity, directly or indirectly, to profit or share in any profit derived from a transaction in the subject securities.

2. The term indirect pecuniary interest in any class of equity securities shall include, but not be limited to:

A. Securities held by members of a person's immediate family sharing the same household; provided, however, that the presumption of such beneficial ownership may be rebutted; see also Rule 16a-1(a)(4);

B. A general partner's proportionate interest in the portfolio securities held by a general or limited partnership. The general partner's proportionate interest, as evidenced by the partnership agreement in effect at the time of the transaction and the partnership's most recent financial statements, shall be the greater of:

1) The general partner's share of the partnership's profits, including profits attributed to any limited partnership interests held by the general partner and any other interests in profits that arise from the purchase and sale of the partnership's portfolio securities; or

2) The general partner's share of the partnership capital account, including the share attributable to any limited partnership interest held by the general partner.

C. A performance-related fee, other than an asset-based fee, received by any broker, dealer, bank, insurance company, investment company, investment adviser, investment manager, trustee or person or entity performing a similar function; provided, however, that no pecuniary interest shall be present where:

1) The performance-related fee, regardless of when payable, is calculated based upon net capital gains and/or net capital appreciation generated from the portfolio or from the fiduciary's overall performance over a period of one year or more; and

2) Equity securities of the issuer do not account for more than ten percent of the market value of the portfolio. A right to a nonperformance-related fee alone shall not represent a pecuniary interest in the securities;

D. A person's right to dividends that are separated or separable from the underlying securities. Otherwise, a right to dividends alone shall not represent a pecuniary interest in the securities;

E. A person's interest in securities held by a trust, as specified in Rule 16a-8(b); and

F. A person's right to acquire equity securities through the exercise or conversion of any derivative security, whether or not presently exercisable.

3. A shareholder shall not be deemed to have a pecuniary interest in the portfolio securities held by a corporation or similar entity in which the person owns securities if the shareholder is not a controlling shareholder of the entity and does not have or share investment control over the entity's portfolio.

Code of Ethics for the Funds

This is to certify that I have read and understand the Code of Ethics of the Funds and that I recognize that I am subject to the provisions thereof and will comply with the policy and procedures stated therein.

This is to further certify that I have complied with the requirements of such Code of Ethics and that I have reported all personal securities transactions and accounts required to be disclosed or reported pursuant to the requirements of such Code of Ethics.

Please sign your name here:	
Please print your name here:	
Please date here:	

Please sign two copies of this Certification Form, return one copy to Mr. Charles Park, c/o BlackRock, 40 East 52nd Street, New York, NY 10022, and retain the other copy, together with a copy of the Code of Ethics, for your records.

BlackRock.

Code of Business Conduct and Ethics

Effective Date: April 30, 2020

1. Introduction

This global Code of Business Conduct and Ethics ("Code") governs the general commitment by BlackRock, Inc. and its subsidiaries (collectively, "BlackRock") to conduct its business activities in the highest ethical and professional manner and to put client interests first. BlackRock's reputation for integrity is one of its most important assets and is instrumental to its business success. While this Code covers a wide range of business activities, practices, and procedures, it does not cover every issue that may arise in the course of BlackRock's many business activities. Rather, it sets out basic principles designed to guide BlackRock's employees and directors. Consultants and contingent, contract, or temporary workers are expected to comply with the principles of this Code and policies applicable to their location, function, and status.

Every BlackRock employee and director — whatever his or her position — is responsible for upholding high ethical and professional standards and must seek to avoid even the appearance of improper behavior. Any violation of this Code may result in disciplinary action to the extent permitted by applicable law. Any employee who becomes aware of an actual or potential violation of this Code or other BlackRock policy is required to follow the reporting process described in the Global Policy for Reporting Illegal or Unethical Conduct and in Section 10 below.

2. Compliance with Laws and Regulations

BlackRock's global business activities are subject to extensive governmental regulation and oversight and it is critical that BlackRock and its employees comply with applicable laws, rules, and regulations, including those relating to insider trading. Employees are expected to refer to the guidance contained in the Compliance Manual and the various policies and procedures contained in the Policy Library in compliance with these laws and regulations and to seek advice from supervisors and Legal & Compliance ("L&C") as necessary.

3. Conflicts of Interest

Conflicts of interest may arise when a person's private interest interferes, or appears to interfere, with the interests of BlackRock, or where the interests of an employee or the firm are inconsistent with those of a client or potential client, resulting in the risk of damage to the interests of BlackRock or one or more of its clients. A conflict may arise, for example, if an employee takes an action or has an interest that could appear to make it difficult for the employee to conduct the employee's responsibilities to BlackRock and/or the client objectively and effectively, or if such employee or any person associated with the employee, including but not limited to members of the employee's family or household, receives an improper personal benefit, such as money or a loan, as a result of the individual's position at BlackRock. BlackRock has adopted policies, procedures, and controls designed to manage conflicts of interest, including the Global Conflicts of Interest Policy and the Global Outside Activity Policy. Employees are required to comply with these and other compliance related policies, procedures, and controls and to help mitigate potential conflicts of interest by adhering to the following standard of conduct:

- Act solely in the best interests of clients;

- Uphold BlackRock's high ethical and professional standards;
- Identify, report, and manage actual, apparent, or potential conflicts of interest; and
- Make full and fair disclosure of any conflicts of interests, as may be required.

Conflicts of interest may not always be clear-cut and it is not possible to describe every situation in which a conflict of interest may arise – any question with respect to whether a conflict of interest exists, together with any actual or potential conflict of interest, should be directed to managers and L&C.

4. Insider Trading and Personal Trading

Employees and directors who have access to confidential information about BlackRock, its clients, or issuers in which it invests client assets, are prohibited from using or sharing that information for security trading purposes or for any other purpose except in the proper conduct of our business. All non-public information about BlackRock or any of our clients or issuers should be considered "confidential information." Use of material, non-public information in connection with any investment decision or recommendation or to "tip" others who might make an investment decision on the basis of this information is unethical and illegal and could result in civil and/or criminal penalties. Under the Global Personal Trading Policy, BlackRock employees are required to pre-clear all transactions in securities (except for certain exempt securities). Please consult the Global Insider Trading Policy for additional information.

5. Gifts and Entertainment

Employees must act in the best interests of our clients and consider the reputation of BlackRock when receiving or providing any gift or entertainment. Employees are prohibited from offering, promising, giving or receiving, or authorizing others to offer, promise, give or receive anything of value, either directly or indirectly, to any party in order to improperly obtain or retain business, or to otherwise gain an improper business advantage.

In addition, strict laws (including criminal laws) govern the provision of gifts and entertainment, including meals, transportation, and lodging, to public officials. Employees are prohibited from providing gifts or anything of value to public officials or their employees or family members in connection with BlackRock's business for the purpose of obtaining or retaining business or a business advantage. Please consult the Global Gifts and Entertainment Policy for additional information. Regional specific regulatory restrictions also apply.

6. Political Contributions

Employees are required to pre-clear political contributions in accordance with the U.S. Political Contributions Policy - Global.

7. Corporate Opportunities

Employees and directors:

- are prohibited from taking personal opportunities for themselves that are discovered through the use of corporate property, information, or position without the consent of L&C;
- are prohibited from using corporate property, information, or position for improper personal gain;
- may not compete with BlackRock either directly or indirectly; and
- owe a duty to BlackRock to advance its legitimate interests when the opportunity to do so arises.

8. Competition and Fair Dealing

BlackRock seeks to outperform its competition fairly and honestly by seeking competitive advantage through superior performance; BlackRock does not engage in illegal or unethical business practices. BlackRock and its employees and directors should endeavor to respect the rights of, and deal fairly with, BlackRock's clients, vendors, and competitors. Specifically, the following conduct is prohibited:

- misappropriating proprietary information;
- possessing trade secret information obtained without the owner's consent;
- inducing disclosure of proprietary information or trade secret information by past or present employees of other companies; and
- taking unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other intentional unfair-dealing practice.

9. Confidentiality

BlackRock's employees and directors have an obligation of confidentiality to BlackRock and its clients. Confidential information includes non-public information that might be of use to competitors or that might harm BlackRock or its clients, if disclosed, and non-public information that clients and other parties have entrusted to BlackRock. The obligation to preserve confidential information continues even after employment ends. This obligation does not limit employees from reporting possible violations of law or regulation to a regulator or from making disclosures under whistleblower provisions, as discussed in greater detail in the Global Policy for Reporting Illegal or Unethical Conduct and relevant confidentiality policies and agreements.

10. Reporting Any Illegal or Unethical Behavior

Every employee is required to report any illegal or unethical conduct about which they become aware, including those concerning accounting or auditing matters. Employees may report concerns to L&C by contacting a Managing Director in L&C directly or by contacting the Business Integrity Hotline, contact details for which are available via the intranet homepage.

BlackRock will not retaliate or discriminate against any employee because of a good faith report. Employees have the right to report directly to a regulator and may do so anonymously; employees may provide protected disclosures under whistleblower laws and cooperate voluntarily with regulators, in each case without fear of retaliation by BlackRock. Please consult the Global Policy for Reporting Illegal or Unethical Conduct and local compliance manuals for additional detail.

11. Protection and Proper Use of BlackRock Assets

Employees and directors should make every effort to protect BlackRock's assets and use them efficiently. This obligation extends to BlackRock's proprietary information, including intellectual property such as trade secrets, patents, trademarks, and copyrights, as well as business, marketing and service plans, engineering and manufacturing ideas, systems, software programs, designs, databases, records, salary information, and any unpublished financial data and reports. Unauthorized use or distribution of proprietary information constitutes a violation of BlackRock policy and could result in civil and/or criminal penalties. Employees should refer to the Intellectual Property Policy and the Corporate Information Security and Acceptable Use of Technology Policy for additional information on the obligation to protect BlackRock's property.

12. Bribery and Corruption

BlackRock employees and directors are prohibited from making payments or offering or giving anything of value, directly or indirectly, to public officials of any country, or to persons in the private sector, if the intent is to influence such persons to perform (or reward them for performing) a relevant function or activity improperly or to obtain or retain business or an advantage in the course of business conduct.

Employees should refer to the Global Anti-Bribery and Corruption Policy for additional information.

13. Equal Employment Opportunity and Harassment

The diversity of BlackRock's employees is a tremendous asset. BlackRock is firmly committed to providing equal opportunity in all aspects of employment and will not tolerate any illegal discrimination or harassment of any kind. In particular, it is BlackRock's policy to afford equal opportunity to all qualified applicants and existing employees without regard to race, religion, color, national origin, sex (including pregnancy and gender identity/expression), sexual orientation, age, ancestry, physical or mental disability, marital status, political affiliation, citizenship status, genetic information, employment status, or protected veteran status or any other basis that would be in violation of any applicable ordinance or law. In addition, BlackRock will not tolerate harassment, bias, or other inappropriate conduct on the basis of any of the above protected categories. BlackRock's Equal Employment Opportunity Policy and other employment policies are available in the Policy Library.

14. Recordkeeping

BlackRock requires honest and accurate recording and reporting of information in order to conduct its business and to make responsible business decisions. BlackRock, as a financial services provider and a public company, is subject to extensive regulations regarding maintenance and retention of books and records. BlackRock's books, records, accounts, and financial statements must be maintained in reasonable detail, must appropriately reflect BlackRock's transactions, and must conform both to applicable legal requirements and to BlackRock's system of internal controls. Please consult the Global Records Management Policy and other record retention policies, available in the Policy Library, for additional information.

15. Waivers of the Code

Any waiver of this Code for an executive officer or director must be made only by BlackRock's Board of Directors or a Board committee and must be promptly disclosed as required by law or stock exchange regulation.

BlackRock.

Code of Ethics for Chief Executive and Senior Financial Officers
Effective Date: December 1, 2020
Applies to the following types of Funds registered under the 1940 Act: ☒ Open-End Mutual Funds (including money market funds) ☐Money Market Funds Only ☒ ETFs ☒ Closed-End Funds ☒ Other (Business Development Companies)

1. Introduction

The BlackRock Funds, iShares Funds and the Business Development Companies (each, a "Fund")[1] are committed to conducting business in accordance with applicable laws, rules and regulations ("applicable law") and the highest standards of business ethics, and to full and accurate disclosure -- financial and otherwise -- in compliance with applicable law. This Code of Ethics (the "Code"), applicable to the Fund's Chief Executive Officer, President, Chief Financial Officer and Treasurer (or persons performing similar functions) (together, "Senior Officers"), sets forth policies to guide you in the performance of your duties and is for the purpose of promoting:

a. honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

b. full, fair, accurate, timely and understandable disclosure in reports and documents that the Fund files with, or submits to, the Securities and Exchange Commission (the "SEC") and in other public communications made by the Fund;

c. compliance with applicable law;

d. the prompt internal reporting of violations of this Code to an appropriate person or persons identified in this Code; and

e. accountability for adherence to this Code.

Each Senior Officer must comply with applicable law. Each Senior Officer also has a responsibility to conduct himself or herself in an honest and ethical manner. Each Senior Officer has leadership responsibilities that include creating a culture of high ethical standards and a commitment to compliance, maintaining a work environment that encourages the internal reporting of compliance concerns and promptly addressing compliance concerns.

1. This Code of Ethics for Chief Executive and Senior Financial Officers has been adopted by the Board of Directors/Trustees for each Fund. Solely for the sake of clarity and simplicity, this Code of Ethics has been drafted as if there is a single Fund and a single Board of Directors/Trustees. The terms "Directors/Trustees" and "Independent Directors/Trustees" mean the Directors/Trustees and the Independent Directors/Trustees of each Fund, respectively, unless the context otherwise requires. The Directors/Trustees and the Independent Directors/Trustees of each Fund, however, shall act separately and in the best interests of its respective Fund.

This Code recognizes that the Senior Officers are subject to certain conflicts of interest inherent in the operation of investment companies, because the Senior Officers currently or may in the future serve as officers or employees of the Fund's investment advisor (the "Advisor") and/or affiliates of the Fund's investment advisor (collectively, "BlackRock") and as officers or directors/trustees of other registered investment companies and unregistered investment funds advised by BlackRock. This Code also recognizes that certain laws and regulations applicable to, and certain policies and procedures adopted by, the Fund or BlackRock govern the Senior Officers' conduct in connection with many of the conflict of interest situations that arise in connection with the operations of the Fund, including:

a. the Investment Company Act of 1940, as amended, and the rules and regulations promulgated thereunder by the SEC (the "1940 Act");
b. the Investment Advisers Act of 1940, as amended, and the rules and regulations promulgated thereunder by the SEC (the "Advisers Act");
c. the Code of Ethics adopted by the Fund pursuant to Rule 17j-1(c) under the 1940 Act (the "Fund's 1940 Act Code of Ethics");
d. one or more codes of ethics adopted by BlackRock that have been reviewed and approved by the Independent Directors/Trustees ("BlackRock's 1940 Act Code of Ethics" and, together with the Fund's 1940 Act Code of Ethics, the "1940 Act Codes of Ethics");
e. the policies and procedures adopted by the Fund to address conflict of interest situations, such as procedures under Rule 10f-3, Rule 12b-1(h), Rule 17e-1 and Rule 17a-7 under the 1940 Act (collectively, the "Fund Policies"); and
f. BlackRock's general policies and procedures to address, among other things, conflict of interest situations and related matters (collectively, the "BlackRock Policies").

The provisions of the 1940 Act, the Advisers Act, the 1940 Act Codes of Ethics, the Fund Policies and the BlackRock Policies are referred to herein collectively as the "Additional Conflict Rules."

This Code is different from, and is intended to supplement, the Additional Conflict Rules. Accordingly, a violation of the Additional Conflict Rules by a Senior Officer is hereby deemed not to be a violation of this Code, unless and until the Independent Directors/Trustees shall determine that any such violation of the Additional Conflict Rules is also a violation of this Code.

2. Senior Officers Should Act Honestly and Candidly

Each Senior Officer has a responsibility to the Fund to act with integrity. Integrity requires, among other things, being honest and candid. Deceit and subordination of principle are inconsistent with integrity. Each Senior Officer must:

a. engage in and promote honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
b. act responsibly in producing and produce, full, fair, accurate, timely, and understandable disclosure in reports and documents that the Fund files with, or submits to, the SEC and in other public communications made by the Fund;
c. act with integrity, including being honest and candid while still maintaining the confidentiality of information where required by applicable law or the Additional Conflict Rules;
d. comply with the applicable law that governs the conduct of the Fund's operations and report any suspected violations thereof in accordance with the section below entitled "Compliance With Code of Ethics";
e. adhere to a high standard of business ethics; and
f. promptly report suspected violations of this Code, including violations of applicable law, to BlackRock's General Counsel (the "General Counsel").

Each Senior Officer must act with integrity, including being honest and candid while still maintaining the confidentiality of information where required by applicable law or BlackRock's policies, and place the interests of the Fund before the Senior Officer's own personal interests.

3. Conflicts of Interest

A conflict of interest for the purpose of this Code occurs when a Senior Officer's private interests interfere in any way, or even appear to interfere, with the interests of the Fund.

Senior Officers are expected to use objective and unbiased standards when making decisions that affect the Fund, keeping in mind that Senior Officers are subject to certain inherent conflicts of interest because Senior Officers of the Fund also are or may be officers or employees of BlackRock and other funds advised or serviced by BlackRock (as a result of which it is incumbent upon each Senior Officer to be familiar with and to seek to comply with the Additional Conflict Rules).

Each Senior Officer is required to conduct the business of the Fund in an honest and ethical manner, including the ethical handling of actual or apparent conflicts of interest between personal and business relationships. When making any investment, accepting any position or benefits, participating in any transaction or business arrangement or otherwise acting in a manner that creates or appears to create a conflict of interest with respect to the Fund where a Senior Officer is receiving a personal benefit, he or she should act in accordance with the letter and spirit of this Code.

If a Senior Officer is in doubt as to the application or interpretation of this Code to himself or herself as a Senior Officer of the Fund, he or she should make full disclosure of all relevant facts and circumstances to the General Counsel and obtain the prior approval of the General Counsel prior to taking action.

Some conflict of interest situations that should always be approved by the Global Conflicts of Interest Director, if material, include the following:

a. the receipt of any entertainment or non-nominal gift by the Senior Officer, or a member of his or her family, from any company with which the Fund has current or prospective business dealings (other than BlackRock), unless such entertainment or gift is business related, reasonable in cost, appropriate as to time and place, and not so frequent as to raise any question of impropriety;
b. any ownership interest in, or any consulting or employment relationship with, any of the Fund's service providers, other than BlackRock; or
c. a direct or indirect financial interest in commissions, transaction charges or spreads paid by the Fund for effecting portfolio transactions or for selling or redeeming shares other than the Senior Officer's compensation or equity ownership through his or her employment by BlackRock.

4. Disclosures

It is the policy of the Fund to make full, fair, accurate, timely and understandable disclosure in compliance with all applicable laws in all reports and documents that the Fund files with, or submits to, the SEC and in all other public communications made by the Fund. Each Senior Officer is required to promote compliance with this policy and to abide by the Fund's standards, policies and procedures designed to promote compliance with this policy.

Each Senior Officer must:

a. familiarize himself or herself with the disclosure requirements applicable to the Fund as well as the business and financial operations of the Fund;
b. not knowingly misrepresent, or cause others to misrepresent, facts about the Fund to others, including to other officers and employees of the Fund, the Directors/Trustees, the Fund's independent auditors, the Fund's counsel, counsel to the Independent Directors/Trustees, governmental regulators or self-regulatory organizations;
c. to the extent appropriate with his or her area of expertise, consult with other officers and employees of the Fund and its advisers with the goal of promoting full, fair, accurate, timely and understandable disclosure in the reports and

documents the Fund files with, or submits to, the SEC and in public communications made by the Fund; and

d. use reasonable efforts to promote compliance with the standards and restrictions imposed by applicable law.

5. Compliance with Code of Ethics

If a Senior Officer knows of or suspects a violation of this Code or applicable law, policies or procedures applicable to the Fund, he or she must report that information on a timely basis to the General Counsel or report it anonymously by following the "whistleblower" policies adopted by the Fund from time to time. *No one will be subject to retaliation because of a good faith report of a suspected violation.*

The Fund will follow these procedures in investigating and enforcing this Code, and in reporting on this Code:

a. except as otherwise provided in this Code, the General Counsel is responsible for applying this Code to specific situations in which questions are presented to the General Counsel, and has the authority to interpret this Code in any particular situation. The General Counsel shall take all action he or she considers appropriate to investigate any actual or potential violations reported under this Code;
b. the General Counsel is authorized to consult, as appropriate, with the Chairman of the Board of Directors/Trustees for each Fund ("Chairman of the Board") and with counsel to the Fund, BlackRock or the Independent Directors/Trustees, and is encouraged to do so;
c. violations and potential violations will be reported to the Independent Directors/Trustees after such investigation; and
d. if the Independent Directors/Trustees agree with the General Counsel's determination that a violation has occurred or determine that a violation has occurred, all appropriate disciplinary or preventive action will be taken, and appropriate disciplinary or preventive action may include a letter of censure, suspension, dismissal or, in the event of criminal or other serious violations of applicable law, notification to the SEC or other appropriate law enforcement authorities.

Senior Officers must make this Code (and any "whistleblower" policies that the Fund may adopt from time to time) known to persons who might know of potential conflicts of interest.

6. Accountability and Certification

Each Senior Officer must:

a. upon receipt of this Code, sign and submit to the Fund Chief Compliance Officer ("CCO") an acknowledgement stating that he or she has received, read and understands this Code and recognizes that he or she is subject to the provisions thereof and will comply with the policy and procedures stated therein on the certification attached hereto as Appendix I.
b. annually thereafter affirm to the CCO that he or she has complied with the requirements of this Code and reported any violations of this Code on the certification attached hereto as Appendix I.

7. Waivers of Code of Ethics

The General Counsel is authorized to consult, as appropriate, with the Chairman of the Board and with counsel to the Fund, BlackRock or the Independent Directors/Trustees, and is encouraged to do so.

The Independent Directors/Trustees are responsible for granting waivers of this Code, as appropriate. Any changes to, or waivers of, this Code will, to the extent required, be disclosed on Form N-CSR as provided by SEC rules.

8. Recordkeeping

The Fund will maintain and preserve for a period of not less than six years from the date an action is taken, the first two years in an easily accessible place, a copy of the information or materials supplied to the Independent Directors/Trustees:

a. that provided the basis for any amendment to, or waiver of, this Code; and
b. relating to any violation of this Code and sanctions imposed for such violation, together with a written record of any determination made or action taken by the Independent Directors/Trustees.

9. Confidentiality

All reports and records prepared or maintained pursuant to this Code shall be considered confidential and shall be maintained and protected accordingly. Except as otherwise required by applicable law or this Code, such matters shall not be disclosed to anyone other than the Independent Directors/Trustees and their counsel, the Fund and its counsel, BlackRock and its counsel and any other advisors, consultants or counsel retained by the Directors/Trustees, the Independent Directors/Trustees or any committee of the Directors/Trustees.

10. Amendments

This Code may not be amended except in written form, which is specifically approved by a majority vote of the Directors/Trustees, including a majority of the Independent Directors/Trustees.

11. No Rights Created

This Code is a statement of certain fundamental principles, policies and procedures that govern each of the Senior Officers in the conduct of the Fund's business. It is not intended to and does not create any rights in any employee, investor, supplier, competitor, shareholder or any other person or entity.

APPENDIX I

CERTIFICATION FORM

This is to certify that I have read and understand the Code of Ethics for Chief Executive and Senior Financial Officers of the Funds for which I serve as a Senior Officer and that I recognize that I am subject to the provisions thereof and will comply with the policy and procedures stated therein.

This is to further certify that I have complied with the requirements of such Code of Ethics and reported any violation of this code.

Please sign your name here:	
Please print your name here:	
Please date here:	

Please sign two copies of this Certification Form, return one copy to Charles Park at **GroupOfficeofRegisteredFunds@blackrock.com** and retain the other copy, together with a copy of the Code of Ethics, for your records.

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, 2021 included in the Consolidated Financial Statements portion of BlackRock Capital Investment Corporation’s Form 10-K for the year ended December 31, 2021.

EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statement on Form N-2 of our report dated March 2, 2022, relating to the consolidated financial statements of Blackrock Capital Investment Corp. and subsidiaries appearing in the Annual Report on Form 10-K of BlackRock Capital Investment Corp. for the year ended December 31, 2021.

/s/ Deloitte & Touche LLP
Los Angeles, California
March 2, 2022

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, 2021 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 2, 2022

By: /s/ James E. Keenan
James E. Keenan
Interim Chief Executive Officer

EXHIBIT 31.2

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, 2021 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 2, 2022

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, 2021 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 2, 2022

/s/ Abby Miller

Name:	Abby Miller
Title:	Chief Financial Officer and Treasurer
Date:	March 2, 2022