

PROSPECTUS SUPPLEMENT  
(To Prospectus dated October 19, 2021)

## PHENIXFIN CORPORATION

\$50,000,000

### 5.25% Notes due 2028

We are offering \$50 million in aggregate principal amount of 5.25% notes due 2028 (the “Notes”). The Notes will mature on November 1, 2028. We will pay interest on the Notes on February 1, May 1, August 1 and November 1 of each year, beginning on February 1, 2022. We may redeem the Notes in whole or in part at any time or from time to time on or after November 1, 2023, at the redemption price as set forth under “Description of the Notes — Optional Redemption” in this prospectus supplement. Holders of the Notes will not have the option to have the Notes repaid prior to November 1, 2028. The Notes will be issued in minimum denominations of \$25 and integral multiples of \$25 in excess thereof.

The Notes will be our direct unsecured obligations and rank equal in right of payment with all outstanding and future unsecured, unsubordinated indebtedness issued by us (including our 6.125% notes due 2023 (the “2023 Notes”). Because the Notes will not be secured by any of our assets, they will be effectively subordinated to any future secured indebtedness of PhenixFIN Corporation (or any indebtedness that is initially unsecured as to which we subsequently grant a security interest) to the extent of the value of the assets securing such indebtedness. The Notes will be structurally subordinated to all existing and future indebtedness and other obligations of any of our subsidiaries, since the Notes will be obligations exclusively of PhenixFIN Corporation and not of any of our subsidiaries. The Notes will be senior in right of payment to any future outstanding series of our preferred stock. None of our subsidiaries is a guarantor of the Notes and the Notes will not be required to be guaranteed by any subsidiary we may acquire or create in the future.

We intend to list the Notes on the Nasdaq Global Market (“Nasdaq”) under the trading symbol “PFXNZ”. The Notes are expected to trade “flat,” which means that purchasers will not pay, and sellers will not receive, any accrued and unpaid interest on the Notes that is not reflected in the trading price. Currently, there is no public market for the Notes.

**Investing in the Notes involves a high degree of risk, including the risk of leverage. Before buying any Notes, you should read the material risks described in the “Supplementary Risk Factors” section beginning on page S-10 of this prospectus supplement and in the “Risk Factors” section beginning on page 10 of the accompanying prospectus.**

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

This prospectus supplement, the accompanying prospectus, any free writing prospectus, and the documents incorporated by reference in this prospectus supplement and the accompanying prospectus contain important information you should know before investing in the Notes, including information about risks. Please read these documents before you invest and retain them for future reference. Additional information about us, including our annual, quarterly and current reports, has been filed with the Securities and Exchange Commission (the “SEC”) and can be accessed free of charge at its website at [www.sec.gov](http://www.sec.gov). This information is also available free of charge by calling us collect at (703) 287-5893 or on the Investor Relations section of our corporate website located at [www.phenixfc.com](http://www.phenixfc.com), which, except for the documents incorporated by reference into this prospectus supplement and the accompanying prospectus, is not part of this prospectus supplement nor the accompanying prospectus. You may also call us collect at this number to request other information or to make an investor inquiry. See “Where You Can Find More Information” on page S-35 of this prospectus supplement.

The SEC has not approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Note	Total <sup>(1)</sup>
Public offering price	\$ 25.00	\$ 50,000,000
Sales load (underwriting discounts and commissions)	\$ 0.75	\$ 1,500,000
Proceeds, before expenses, to us <sup>(2)</sup>	\$ 24.25	\$ 48,500,000

(1) We have granted the underwriters a 30-day option to purchase up to an additional \$7.50 million aggregate principal amount of the Notes, solely to cover overallotments, if any, within 30 days from the date of this prospectus supplement. If the underwriters exercise this option in full, the total public offering price will be \$57.5 million, the total underwriting discount (sales load and commissions) paid by us will be \$1.725 million, and total proceeds, before expenses, to us will be \$55.775 million.

(2) Total expenses of the offering payable by us, excluding underwriting discounts and commissions, are estimated to be \$0.45 million. See “Underwriting” on page S-27 of this prospectus supplement.

Delivery of the Notes in book-entry form only through The Depository Trust Company (“DTC”) will be made on or about November 15, 2021.

#### Joint Book-Running Managers

**Oppenheimer & Co.**

**B. Riley Securities**

**BTIG**

**Janney Montgomery Scott**

**Ladenburg Thalmann**

The date of this prospectus supplement is November 9, 2021

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## ABOUT THIS PROSPECTUS SUPPLEMENT

This prospectus supplement, the accompanying prospectus, any free writing prospectus and the documents incorporated by reference in this prospectus supplement and the accompanying prospectus set forth the information that you should know before investing in the Notes. You should read these documents, which contain important information, before deciding whether to invest in the Notes.

This prospectus supplement, which describes the specific terms of this offering, also adds to and updates information contained in the accompanying prospectus. The accompanying prospectus gives more general information, some of which may not apply to this offering. If the description of this offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information contained in this prospectus supplement. However, if any statement in one of these documents is inconsistent with a statement in another document having a later date, the statement in the document having the later date modifies or supersedes the earlier statement.

**You should rely only on the information contained in this prospectus supplement, the accompanying prospectus, any free writing prospectus and the documents incorporated by reference in this prospectus supplement and accompanying prospectus in making an investment decision. Neither we nor the underwriters have authorized any other person to provide you with different or inconsistent information. If anyone provides you with different or inconsistent information, you should not rely on it. The information appearing in this prospectus supplement, the accompanying prospectus, any free writing prospectus and the documents incorporated by reference in this prospectus supplement and the accompanying prospectus is accurate only as of the respective dates of such information regardless of the time of delivery or any sale of the Notes. Our business, financial condition, results of operations and prospects may have changed since those dates.**

**We are not, and the underwriters are not, making an offer to sell the Notes in any jurisdiction where such an offer or sale is not permitted.**

## PROSPECTUS SUPPLEMENT SUMMARY

*The following summary highlights some of the information contained elsewhere in or incorporated by reference into this prospectus supplement and the accompanying prospectus. It is not complete and may not contain all the information that you may want to consider. You should review the more detailed information contained elsewhere in this prospectus supplement, the accompanying prospectus, any free writing prospectus and the documents incorporated by reference into this prospectus supplement and the accompanying prospectus prior to making an investment in the Notes, and especially the information set forth under the heading “Supplementary Risk Factors” in this prospectus supplement, under the heading “Risk Factors” in the accompanying prospectus and under similar headings in any document incorporated by reference into this prospectus supplement or the accompanying prospectus.*

*Except where the context suggests otherwise, “Company,” “PhenixFIN,” “PFX,” “we,” “us” or “our” refer to PhenixFIN Corporation.*

### **Organization**

We are an internally-managed non-diversified closed-end management investment company incorporated in Delaware that has elected to be regulated as a business development company (“BDC”) under the Investment Company Act of 1940, as amended (the “1940 Act”). We completed our initial public offering (“IPO”) and commenced operations on January 20, 2011. The Company has elected, and intends to qualify annually, to be treated for U.S. federal income tax purposes as a regulated investment company (“RIC”) under Subchapter M of the Internal Revenue Code of 1986, as amended (the “Code”).

On November 18, 2020, our board of directors (the “Board”) approved the adoption of an internalized management structure, effective January 1, 2021, and we have been internally managed since January 1, 2021. Until close of business on December 31, 2020, we were externally managed and advised by MCC Advisors LLC pursuant to an investment management agreement.

We are internally managed by our executive officers and management team under the supervision of our Board and do not depend on an external investment adviser. Because we are internally managed, we do not pay any external investment advisory fees, but instead directly incur the operating costs associated with employing investment, financial and operations professionals. We believe that our internally managed structure provides us with a beneficial operating expense structure when compared to other publicly traded and privately held investment firms that are externally managed, and our internally managed structure allows us the opportunity to leverage our non-interest operating expenses as we grow our investment portfolio.

Shares of our common stock and the 2023 Notes are traded on Nasdaq under the trading symbols “PFX” and “PFXNL,” respectively.

### **Investment Objectives and Strategy**

The Company’s investment objective is to generate current income and capital appreciation. The management team seeks to achieve this objective primarily through making loans, private equity or other investments in privately-held companies. The Company may also make debt, equity or other investments in publicly-traded companies. (These investments may also include investments in other BDCs, closed-end funds or REITs.) We may also pursue other strategic opportunities and invest in other assets or operate other businesses to achieve our investment objective.

Our portfolio generally consists of senior secured first lien term loans, senior secured second lien term loans, senior secured bonds, unsecured debt, and preferred and common equity/equity equivalents. Occasionally, we will receive warrants or other equity participation features which we believe will have the potential to increase total investment returns. Our loan and other debt investments are primarily rated below investment grade or are unrated.

As of June 30, 2021, our portfolio had an aggregate fair value of approximately \$181.6 million and consisted of 43 portfolio companies that were diversified across 15 different industries. The largest industries in our portfolio, based on fair value as of June 30, 2021, were (1) Construction and Building, (2) Business Services and (3) Banking, Finance, Insurance and Real Estate, which represented 20.7%, 17.5%, and 11.7%, respectively, as a percentage of our portfolio at fair value. For the quarter ended June 30, 2021, investment income totaled \$8.7 million, of which

\$8.6 million was attributable to portfolio interest and dividend income and \$0.1 million was attributable to fee income. As of June 30, 2021, ten portfolio company investments in our portfolio with a fair value of \$13.6 million were on non-accrual status.

We expect that our investment portfolio will continue to primarily include the following categories of investments:

- *First Lien Secured Term Loans:* We seek to invest a portion of our assets in first lien secured term loans. Using its assets as collateral, the borrower typically uses first lien secured term loans to cover a substantial portion of the funding needs of the business. These debt securities usually take the form of first priority liens on all, or substantially all, of the assets of the business. Approximately 49.71% of the Company's total investment portfolio at fair value was invested in first lien debt as of June 30, 2021.
- *Second Lien Secured Debt Securities:* We seek to invest a portion of our assets in second lien secured debt securities, which may also be referred to as subordinated loans, subordinated notes and mezzanine loans. These second lien secured debt securities rank junior to the borrower's first lien secured debt securities and may be secured by second priority liens on all or a portion of the assets of the business. Additionally, we may receive other yield enhancements in addition to or in lieu of success fees, such as warrants to buy common and preferred stock or limited liability interests, in connection with these second lien secured debt securities. Approximately 1.37% of the Company's total investment portfolio at fair value was invested in second lien debt as of June 30, 2021.
- *First Lien Secured Notes.* We seek to invest a portion of our assets in first lien secured notes, which are typically structures as senior secured loans in which we obtain security interests in the assets of these portfolio companies that serve as collateral in support of the repayment of such loans. This collateral generally takes the form of priority liens on the assets of a portfolio company. These loans typically have interest-only payments (often representing a combination of cash pay and payment-in-kind, or ("PIK") interest), with amortization of principal due at maturity. PIK interest represents contractually deferred interest added to the loan balance that is generally due at the end of the loan term and recorded as interest income on an accrual basis to the extent such amounts are expected to be collected. Approximately 2.05% of the Company's total investment portfolio at fair value was invested in senior secured notes as of June 30, 2021.
- *Unsecured Debt:* We generally structure these investments as unsecured, subordinated loans that provide for relatively high, fixed interest rates that provide us with significant current interest income. These loans typically have interest-only payments (often representing a combination of cash pay and payment-in-kind, or PIK interest), with amortization of principal due at maturity. Subordinated notes generally allow the borrower to make a large lump sum payment of principal at the end of the loan term, and there is a risk of loss if the borrower is unable to pay the lump sum or refinance the amount owed at maturity. Subordinated notes are generally more volatile than secured loans and may involve a greater risk of loss of principal. Subordinated notes often include a PIK feature, which effectively operates as negative amortization of loan principal. Approximately 1.16% of the Company's total investment portfolio at fair value was invested in unsecured debt as of June 30, 2021.
- *Preferred and Common Equity/Equivalents:* We seek to invest a portion of our assets in equity securities, which consist of preferred and common equity, limited liability company interests, warrants or options to acquire such securities. Additionally, we may receive equity investments derived from restructurings on some of our existing debt investments. Approximately 45.71% of the Company's total investment portfolio at fair value was invested in equity or warrants as of June 30, 2021.

We may invest in "unitranche" debt instruments that combine both senior and subordinated debt into one debt instrument. Unitranche debt instruments typically pay a higher rate of interest than traditional senior debt instruments, but may also pose greater risk associated with a lesser amount of asset coverage.

We may invest in, or obtain exposure to, obligations that may be "covenant-lite," which means such obligations lack certain financial maintenance covenants. While these loans may still contain other collateral protections, a covenant-lite loan may carry more risk than a covenant-heavy loan made by the same borrower, as it does not require the borrower to provide affirmation that certain specific financial tests have been satisfied on a routine basis as is

required under a covenant-heavy loan agreement. Should a loan we hold begin to deteriorate in quality, our ability to negotiate with the borrower may be delayed under a covenant-lite loan compared to a loan with full maintenance covenants. This may in turn delay our ability to seek to recover its investment.

The Company or its affiliate also engages in asset-based lending pursuant to which it enters into secured loans and secured financing structures with borrowers engaged in the gemstone or other industries.

Under the 1940 Act, we 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” and generally include each of the investment types listed above, unless, at the time the acquisition is made, qualifying assets (other than certain assets related to our operations) represent at least 70.0% of our total assets. See “— Regulation — Qualifying Assets” in our most recently filed Annual Report on Form 10-K for a discussion of the types of qualifying assets in which we are permitted to invest pursuant to Section 55(a) of the 1940 Act.

Because a significant amount of loans in our portfolio consist of term debt in private companies that typically cannot or will not expend the resources to have their debt securities rated by a credit rating agency, we expect that most, if not all, of the debt securities we acquire will be unrated. Investors should assume that these loans would be rated below what is considered “investment grade” quality. Investments rated below investment grade are often referred to as high yield securities or junk bonds and may be considered higher risk as compared to investment grade debt instruments.

## **Recent Developments**

### ***Investment Portfolio***

Subsequent to the three months ended June 30, 2021 through November 5, 2021, we invested \$63.9 million in 15 new or existing portfolio companies and received \$82.7 million in repayment or sales proceeds.

On November 3, 2021, the Company’s investments in JFL-NGS Partners, LLC and JFL-WCS Partners, LLC, were exchanged for cash proceeds of \$24,892,158 and an equity position of approximately \$10 million in the combined entity JFL-NGS-WCS Partners, LLC.

### ***Share Repurchases***

Subsequent to the three months ended June 30, 2021 through November 5, 2021, the Company repurchased 141,700 shares of common stock at an average price of \$41.63 per share under its share repurchase program.

### ***Preliminary Estimates of Certain Financial Information***

As of the date of this prospectus supplement, the Company preliminarily estimates that its net asset value per share as of September 30, 2021 was between \$56.85 and \$57.20 per share. Also as of the date of this prospectus supplement, the Company preliminarily estimates that its net investment income for the quarter ended September 30, 2021 was between \$0.25 and \$0.45 per share.

The preliminary financial estimates provided herein have been prepared by, and are the responsibility of, the Company’s management. Neither Ernst & Young LLP, the Company’s independent registered public accounting firm, nor any other independent accountants, have audited, reviewed, compiled, or performed any procedures with respect to the accompanying preliminary financial data.

These preliminary estimates are subject to the completion of the Company’s financial closing procedures and are not a comprehensive statement of our financial position or results as of September 30, 2021, our fiscal year end. Final results may differ materially from these preliminary estimates as a result of the completion of the Company’s financial closing procedures (including completion of its valuation processes), final adjustments, audit procedures conducted by the Company’s independent registered public accounting firm, and other developments which may arise between now and the time that the Company’s financial results are finalized. While we believe that these preliminary estimates are based on reasonable assumptions, our actual results may vary, and such variations may be material. You should therefore not place undue reliance on these preliminary estimates because they may prove to be materially inaccurate. For a further discussion of the risks related to preliminary estimated results, see “*Risk Factors — Risks Related to the Offering — There are material limitations with making available preliminary estimates of our financial results as of and for the quarter and year ended September 30, 2021 prior to the completion of our and our auditor’s financial review procedures for such period*” included in this prospectus supplement.

## THE OFFERING

*This prospectus supplement sets forth certain terms of the Notes that we are offering pursuant to this prospectus supplement and supplements the accompanying prospectus. This section outlines the specific legal and financial terms of the Notes. You should read this section together with the section titled “Description of the Notes” and the more general description of our debt securities in the accompanying prospectus under the heading “Description of Our Securities — Debt Securities” before investing in the Notes.*

Issuer	PhenixFIN Corporation
Title of the securities	5.25% Notes due 2028
Initial aggregate principal amount being offered	\$50 million
Overallotment option	The underwriters may also purchase from us up to an additional \$7.5 million aggregate principal amount of Notes to cover overallotments, if any, within 30 days of the date of this prospectus supplement.
Principal payable at maturity	100% of the aggregate principal amount. The outstanding principal amount of the Notes will be payable on the stated maturity date at the office of the trustee, paying agent and security registrar for the Notes or at such other office as we may designate.
Type of Note	Fixed rate note
Listing	We intend to list the Notes on Nasdaq within 30 days of the original issue date under the trading symbol “PFXNZ”.
Interest rate	5.25% per year
Day count basis	360-day year of twelve 30-day months
Original issue date	November 15, 2021
Stated maturity date	November 1, 2028
Date interest starts accruing	November 15, 2021
Interest payment dates	Each February 1, May 1, August 1 and November 1 commencing February 1, 2022. If an interest payment date falls on a non-business day, the applicable interest payment will be made on the next business day and no additional interest will accrue as a result of such delayed payment.
Interest periods	The initial interest period will be the period from and including November 15, 2021, to, but excluding, the initial interest payment date, and the subsequent interest periods will be the periods from and including an interest payment date to, but excluding, the next interest payment date or the stated maturity date, as the case may be.
Regular record dates for interest	January 15, April 15, July 15 and October 15
Specified currency	U.S. Dollars
Place of payment	Boston, Massachusetts and/or such other place(s) that may be specified in the indenture or a notice to holders.

Ranking of Notes	<p>The Notes will be our direct unsecured obligations and will rank:</p> <ul style="list-style-type: none"><li>• <i>pari passu</i> with our existing and future unsecured, unsubordinated indebtedness, including the 2023 Notes;</li><li>• senior to any series of preferred stock that we may issue in the future;</li><li>• senior to any of our future indebtedness that expressly provides it is subordinated to the Notes;</li><li>• effectively subordinated to any future secured indebtedness of PhenixFIN Corporation (including indebtedness that is initially unsecured to which we subsequently grant security), to the extent of the value of the assets securing such indebtedness; and</li><li>• structurally subordinated to all existing and future indebtedness and other obligations of any of our subsidiaries.</li></ul>
Denominations	<p>We will issue the Notes in denominations of \$25 and integral multiples of \$25 in excess thereof.</p>
Business day	<p>Each Monday, Tuesday, Wednesday, Thursday and Friday that is not a day on which banking institutions in New York City or the place of payment are authorized or required by law or executive order to close.</p>
Optional redemption	<p>The Notes may be redeemed in whole or in part at any time or from time to time at our option on or after November 1, 2023 upon not less than 30 days nor more than 60 days written notice by mail prior to the date fixed for redemption thereof, at a redemption price of 100% of the outstanding principal amount of the Notes to be redeemed plus accrued and unpaid interest payments otherwise payable for the then-current quarterly interest period accrued to, but not including, the date fixed for redemption.</p> <p>You may be prevented from exchanging or transferring the Notes when they are subject to redemption. In case any Notes are held in certificated form and are to be redeemed in part only, the redemption notice will provide that, upon surrender of such Note, you will receive, without a charge, a new Note or Notes of authorized denominations representing the principal amount of your remaining unredeemed Notes. Any exercise of our option to redeem the Notes will be done in compliance with the indenture and the 1940 Act, to the extent applicable.</p> <p>If we redeem only some of the Notes, the trustee or, with respect to global securities, DTC, will determine the method for selection of the particular Notes to be redeemed, in accordance with the indenture and the 1940 Act, to the extent applicable, and in accordance with the rules of any national securities exchange or quotation system on which the Notes are listed. Unless we default in payment of the redemption price, on and after the date of redemption, interest will cease to accrue on the Notes called for redemption.</p>
Sinking fund	<p>The Notes will not be subject to any sinking fund.</p>
Repayment at option of Holders	<p>Holder will not have the option to have the Notes repaid prior to the stated maturity date.</p>



Defeasance and covenant defeasance	<p>The Notes are subject to defeasance by us. “Defeasance” means that, by depositing with a trustee an amount of cash and/or government securities sufficient to pay all principal and interest, if any, on the Notes when due and satisfying any additional conditions required under the indenture relating to the Notes, we will be deemed to have been discharged from our obligations under the Notes. See “<i>Description of the Notes — Defeasance</i>” in this prospectus supplement.</p> <p>The Notes are subject to covenant defeasance by us. In the event of a “covenant defeasance,” upon depositing such funds and satisfying conditions similar to those for defeasance we would be released from certain covenants under the indenture relating to the Notes. The consequences to the holders of the Notes would be that, while they would no longer benefit from certain covenants under the indenture, and while the Notes could not be accelerated for any reason, the holders of the Notes nonetheless could look to PhenixFIN Corporation for repayment of the Notes if there were a shortfall in the funds deposited with the trustee or the trustee is prevented from making a payment. See “<i>Description of the Notes — Defeasance</i>” in this prospectus supplement.</p>
Form of Notes	<p>The Notes will be represented by global securities that will be deposited and registered in the name of DTC or its nominee. Except in limited circumstances, you will not receive certificates for the Notes. Beneficial interests in the Notes will be represented through book-entry accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants in DTC. Investors may elect to hold interests in the Notes through either DTC, if they are a participant, or indirectly through organizations which are participants in DTC.</p>
Trustee, Paying Agent and Security Registrar	<p>U.S. Bank National Association is the trustee, security registrar and paying agent.</p>
Other covenants	<p>In addition to standard covenants relating to payment of principal and interest, maintaining an office where payments may be made or the Notes may be surrendered for payment and related matters, the following covenants shall apply to the Notes:</p> <ul style="list-style-type: none"><li>• We agree that for the period of time during which the Notes are outstanding, we will not incur additional indebtedness, including through the issuance of additional debt securities, or issue preferred stock unless our asset coverage, as defined in the 1940 Act, equals at least 200%, whether or not we continue to be subject to the 1940 Act, after giving effect to such borrowings and/or issuances.</li></ul>

- We agree that for the period of time during which the Notes are outstanding, we will not declare any dividend (except a dividend payable in our stock), or declare any other distribution, upon a class of our capital stock, or purchase any such capital stock, unless, in every such case, at the time of the declaration of any such dividend or distribution, or at the time of any such purchase, we have an asset coverage, as defined in the 1940 Act, of at least 200%, whether or not we continue to be subject to the 1940 Act and after deducting the amount of such dividend, distribution or purchase price, as the case may be, and except that we will be permitted to declare dividends or distributions on our capital stock to the extent necessary to maintain our status as a RIC under Subchapter M of the Code.
- If, at any time, we are not subject to the reporting requirements of Sections 13 or 15(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), to file any periodic reports with the SEC, we agree to furnish to holders of the Notes and the trustee, for the period of time during which the Notes are outstanding, our audited annual consolidated financial statements, within 90 days of our fiscal year end, and unaudited interim consolidated financial statements, within 45 days of our fiscal quarter end (other than our fourth fiscal quarter). All such financial statements will be prepared, in all material respects, in accordance with applicable Generally Accepted Accounting Principles in the United States of America (“GAAP”).

Events of default

The term “Event of Default” in respect of the Notes means any of the following:

- We do not pay the principal of any Note on its due date;
- We do not pay interest on any Note when due and payable, and such default is not cured within 30 days of its due date;
- We remain in breach of any other covenant in respect of the Notes for 60 days after we receive a written notice of default stating we are in breach (the notice must be sent by either the trustee or holders of at least 25% of the principal amount of the outstanding Notes);
- We file for bankruptcy or certain other events of bankruptcy, insolvency or reorganization occur and, in the case of certain orders or decrees entered against us under any bankruptcy law, such order or decree remains undischarged or unstayed for a period of 90 days; or
- On the last business day of each of twenty-four consecutive calendar months, the Notes have an asset coverage, as defined in the 1940 Act, of less than 100%.

Use of Proceeds	<p>We estimate that the net proceeds we receive from the sale of the \$50 million aggregate principal amount of Notes in this offering will be approximately \$48.05 million (or approximately \$55.325 million if the underwriters fully exercise their overallotment option) after deducting the underwriting discounts and commissions of approximately \$1.5 million (or approximately \$1.725 million if the underwriters fully exercise their overallotment option) payable by us and estimated offering expenses of approximately \$0.45 million payable by us.</p> <p>We intend to use the net proceeds from this offering to redeem a portion of the outstanding principal amount of our 2023 Notes. As of November 5, 2021, we had \$77.8 million in aggregate principal amount of 2023 Notes outstanding. See “<i>Use of Proceeds</i>” on page S-15 of this prospectus supplement.</p>
Global Clearance and Settlement Procedures	<p>Interests in the Notes will trade in DTC’s Same Day Funds Settlement System, and any permitted secondary market trading activity in such Notes will, therefore, be required by DTC to be settled in immediately available funds. None of the issuer, the Trustee or the paying agent will have any responsibility for the performance by DTC or its participants or indirect participants of their respective obligations under the rules and procedures governing their operations.</p>
Governing Law	<p>The Notes and the indenture will be governed by and construed in accordance with the laws of the State of New York.</p>
Risk Factors	<p>See “<i>Supplementary Risk Factors</i>” on page S-10 of this prospectus supplement, “<i>Risk Factors</i>” beginning on page 10 of the accompanying prospectus and the disclosure under similar headings in documents incorporated by reference into this prospectus supplement for a discussion of risks you should carefully consider before deciding to invest in the Notes.</p>

## SUPPLEMENTARY RISK FACTORS

*Investing in the Notes involves a number of significant risks. You should carefully consider the risks described below and all other information contained in this prospectus supplement, the accompanying prospectus, any free writing prospectus and the documents incorporated by reference in this prospectus supplement and the accompanying prospectus before making a decision to purchase the Notes. The risks and uncertainties described below are not the only ones facing us. Additional risks and uncertainties not presently known to us, or not presently deemed material by us, may also impair our operations and performance.*

*If any of the following risks actually occur, our business, financial condition or results of operations could be materially adversely affected. If that happens, our net asset value and the trading price of our securities could decline and you may lose all or part of your investment.*

### **Risks Related to the Offering**

***The Notes will be unsecured and therefore will be effectively subordinated to any secured indebtedness we may incur in the future and will rank pari passu with, or equal to, all outstanding and future unsecured indebtedness, including the 2023 Notes, issued by and us and our general liabilities (total liabilities, less debt).***

The Notes will not be secured by any of our assets or any of the assets of our subsidiaries. As a result, the Notes are effectively subordinated to any secured indebtedness we may incur in the future (or any indebtedness that is initially unsecured to which we subsequently grant security) to the extent of the value of the assets securing such indebtedness. In any liquidation, dissolution, bankruptcy or other similar proceeding, the holders of any of our existing or future secured indebtedness and the secured indebtedness of our subsidiaries may assert rights against the assets pledged to secure that indebtedness in order to receive full payment of their indebtedness before the assets may be used to pay other creditors, including the holders of the Notes. In addition, the Notes will rank pari passu with, or equal to, all outstanding and future unsecured indebtedness issued by us, including the 2023 Notes, and our general liabilities (total liabilities, less debt).

***The Notes will be structurally subordinated to the indebtedness and other liabilities of our subsidiaries.***

The Notes are obligations exclusively of PhenixFIN Corporation and not of any of our subsidiaries. None of our subsidiaries will be a guarantor of the Notes and the Notes are not required to be guaranteed by any subsidiaries we may acquire or create in the future. Except to the extent we are a creditor with recognized claims against our subsidiaries, all claims of creditors of our subsidiaries will have priority over our equity interests in such subsidiaries (and therefore the claims of our creditors, including holders of the Notes) with respect to the assets of such subsidiaries. Even if we are recognized as a creditor of one or more of our subsidiaries, our claims would still be effectively subordinated to any security interests in the assets of any such subsidiary and to any indebtedness or other liabilities of any such subsidiary senior to our claims. Consequently, the Notes will be structurally subordinated to all indebtedness and other liabilities of any of our subsidiaries and any subsidiaries that we may in the future acquire or establish. Our subsidiaries may incur substantial indebtedness in the future, all of which would be structurally senior to the Notes.

***The indenture under which the Notes will be issued will contain limited protection for holders of the Notes.***

The indenture under which the Notes will be issued offers limited protection to holders of the Notes. The terms of the indenture and the Notes do not restrict our or any of our subsidiaries' ability to engage in, or otherwise be a party to, a variety of corporate transactions, circumstances or events that could have an adverse impact on your investment in the Notes. In particular, the terms of the indenture and the Notes will not place any restrictions on our or our subsidiaries' ability to:

- issue securities or otherwise incur additional indebtedness or other obligations, including (1) any indebtedness or other obligations that would be equal in right of payment to the Notes, (2) any indebtedness or other obligations that would be secured and therefore rank effectively senior in right of payment to the Notes to the extent of the values of the assets securing such debt, (3) indebtedness of ours that is guaranteed by one or more of our subsidiaries and which therefore is structurally senior to the Notes and (4) securities, indebtedness or obligations issued or incurred by our subsidiaries that would be senior to our equity interests in our subsidiaries and therefore rank structurally senior to the Notes with respect to the assets of our subsidiaries, in each case other than an incurrence of indebtedness or other obligation

(including any issuance of preferred stock) that would cause our asset coverage, as defined in the 1940 Act to fall below 200%, whether or not we continue to be subject to the 1940 Act, after giving effect to such borrowings and/or issuances;

- pay dividends on, or purchase or redeem or make any payments in respect of, capital stock or other securities ranking junior in right of payment to the Notes, in each case other than dividends, purchases, redemptions or payments that would cause our asset coverage to fall below 200%, whether or not we continue to be subject to the 1940 Act, after deducting the amount of such dividend, distribution or purchase price, as the case may be; provided, however, that we will be permitted to declare dividends or distributions on our capital stock to the extent necessary to maintain our status as a RIC under Subchapter M of the Code;
- sell assets (other than certain limited restrictions on our ability to consolidate, merge or sell all or substantially all of our assets);
- enter into transactions with affiliates;
- create liens (including liens on the shares of our subsidiaries) or enter into sale and leaseback transactions;
- make investments; or
- create restrictions on the payment of dividends or other amounts to us from our subsidiaries.

In addition, the indenture and the Notes will not require us to make an offer to purchase the Notes in connection with a change of control or any other event.

Furthermore, the terms of the indenture and the Notes do not protect holders of the Notes in the event that we experience changes (including significant adverse changes) in our financial condition, results of operations or credit ratings, if any, as they do not require that we or our subsidiaries adhere to any financial tests or ratios or specified levels of net worth, revenues, income, cash flow, or liquidity.

Our ability to recapitalize, incur additional debt (including additional debt that matures prior to the maturity of the Notes) and take a number of other actions that are not limited by the terms of the Notes may have important consequences for you as a holder of the Notes, including making it more difficult for us to satisfy our obligations with respect to the Notes or negatively affecting the trading value of the Notes.

Other debt we issue or incur in the future could contain more protections for its holders than the indenture and the Notes, including additional covenants and events of default. The issuance or incurrence of any such debt with incremental protections could affect the market for, trading levels, and prices of the Notes.

***There is no existing trading market for the Notes and, even if Nasdaq approves the listing of the Notes, an active trading market for the Notes may not develop, which could limit your ability to sell the Notes and/or the market price of the Notes.***

The Notes will be a new issue of debt securities for which there is no trading market. We intend to list the Notes on Nasdaq within 30 days of the original issue date under the symbol "PFXNZ". However, there is no assurance that the Notes will be approved for listing on Nasdaq. Moreover, even if the listing of the Notes is approved, we cannot provide any assurances that an active trading market will develop or be maintained for the Notes or that you will be able to sell your Notes. If the Notes are traded after their initial issuance, they may trade at a discount from their initial offering price depending on prevailing interest rates, the market for similar securities, our credit ratings, if any, general economic conditions, our financial condition, performance and prospects and other factors. The underwriters have advised us that they intend to make a market in the Notes, but they are not obligated to do so. The underwriters may discontinue any market-making in the Notes at any time at their sole discretion.

Accordingly, we cannot assure you that the Notes will be approved for listing on Nasdaq, that a liquid trading market will develop or be maintained for the Notes, that you will be able to sell your Notes at a particular time or that the price you receive when you sell will be favorable. To the extent an active trading market does not develop, the liquidity and trading price for the Notes may be harmed. Accordingly, you may be required to bear the financial risk of an investment in the Notes for an indefinite period of time.

***If we default on our obligations to pay our other indebtedness, we may not be able to make payments on the Notes.***

Any default under the agreements governing our indebtedness that is not waived by the required lenders or holders, and the remedies sought by the holders of such indebtedness could make us unable to pay principal, premium, if any, and interest on the Notes and substantially decrease the market value of the Notes. If we are unable to generate sufficient cash flow and are otherwise unable to obtain funds necessary to meet required payments of principal, premium, if any, and interest on our indebtedness, or if we otherwise fail to comply with the various covenants, including financial and operating covenants, in the instruments governing our indebtedness, we could be in default under the terms of the agreements governing such indebtedness. In the event of such default, the holders of such indebtedness could elect to declare all the funds borrowed thereunder to be due and payable, together with accrued and unpaid interest, the lenders under any future credit facility or other financing arrangement could elect to terminate their commitments, cease making further loans and institute foreclosure proceedings against our assets, and we could be forced into bankruptcy or liquidation. If our operating performance declines, we may in the future need to refinance or restructure our debt, including the Notes, sell assets, reduce or delay capital investments, seek to raise additional capital or seek to obtain waivers from the required lenders to avoid being in default. If we are unable to implement one or more of these alternatives, we may not be able to meet our payment obligations under the Notes or our other debt. If we breach our covenants under our debt and seek a waiver, we may not be able to obtain a waiver from the required lenders or holders. If this occurs, we would be in default under the relevant governing instruments, the lenders or holders could exercise their rights as described above, and we could be forced into bankruptcy or liquidation. If we are unable to repay debt, lenders having secured obligations could proceed against the collateral securing the debt. Because any future credit facilities will likely have, customary cross-default provisions, if the indebtedness under the Notes or any future credit facility is accelerated, we may be unable to repay or finance the amounts due.

***We may choose to redeem the Notes when prevailing interest rates are relatively low.***

On or after November 1, 2023, we may choose to redeem the Notes from time to time, especially if prevailing interest rates are lower than the rate borne by the Notes. If prevailing rates are lower at the time of redemption, and we redeem the Notes, you likely would not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as the interest rate on the Notes being redeemed. Our redemption right also may adversely impact your ability to sell the Notes as the optional redemption date or period approaches.

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

Any credit rating is an assessment by rating agencies of our ability to pay our debts when due. Consequently, real or anticipated changes in any credit ratings will generally affect the market value of the Notes. These credit ratings may not reflect the potential impact of risks relating to the structure or marketing of the Notes. Credit ratings are not a recommendation to buy, sell or hold any security, and may be revised or withdrawn at any time by the issuing organization in its sole discretion. Neither we nor any underwriter undertakes any obligation to obtain or maintain any credit ratings or to advise holders of Notes of any changes in any credit ratings. There can be no assurance that any credit ratings will remain for any given period of time or that such credit ratings will not be lowered or withdrawn entirely by the rating agencies if in their judgment future circumstances relating to the basis of the credit ratings, such as adverse changes in our Company, so warrant. The conditions of the financial markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future, which could have an adverse effect on the market prices of the Notes.

***There are material limitations with making available preliminary estimates of our financial results as of and for the quarter and year ended September 30, 2021 prior to the completion of our and our auditor's financial review procedures for such period.***

The preliminary financial estimates contained in “Prospectus Supplement Summary — Recent Developments” are not a comprehensive statement of our financial position and results as of and for the quarter and year ended September 30, 2021 and have not been audited, reviewed, compiled, examined or subject to any procedures by our independent registered public accounting firm or any other independent accountants. Our consolidated financial statements for the year ended September 30, 2021 will not be available until after this offering is completed and, consequently, will not be available to you prior to making an investment decision. Our actual financial position and results as of and for the year ended September 30, 2021 could differ materially from the preliminary financial estimates we have provided as

a result of the completion of our financial closing procedures (including completion of our valuation processes) and related internal control over financial reporting, final adjustments, audit procedures conducted by our independent registered public accounting firm, execution of our disclosure controls and procedures and other developments which may arise between now and the time that our financial position and results as of and for the year ended September 30, 2021 are finalized. The preliminary financial data included herein has been prepared by, and is the responsibility of, management. Our independent registered public accounting firm has not audited, reviewed, compiled, examined or performed any procedures with respect to such preliminary estimates, and, accordingly, does not express an opinion or any other form of assurance with respect thereto.

***An increase in market interest rates could result in a decrease in the market value of the Notes.***

The condition of the financial markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future, which could have an adverse effect on the market prices of the Notes. In general, as market interest rates rise, debt securities bearing interest at fixed rates of interest decline in value. Consequently, if you purchase the Notes and market interest rates increase, the market value of the Notes may decline. We cannot predict the future level of market interest rates.

**Risks Related to our Business**

***Asset-based lending may expose us to increased risks.***

We, or our affiliates, may engage in asset-based lending involving gemstones or other assets. Borrowers in these industries may lack the operating history, cash flows or balance sheet necessary to qualify for other financing options thereby presenting additional credit risk for us that could have an adverse effect on our business, financial condition and results of operations.

We may also be impacted by volatility in gemstone prices or the prices of other assets associated with asset-based lending activities. Among the factors that can impact the price of gemstones are supply and demand of gemstones; political, economic, and global financial events; movement of the U.S. dollar versus other currencies; and the activity of large speculators. These industries also present an increased risk of loss as a result of potential fraud associated with the genuineness, valuation or other aspects underlying the collateral. A significant decline in market prices of gemstones or other assets associated with asset-based lending activities could result in losses (*i.e.*, a lower balance of asset-based loans outstanding).

## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

All statements contained in or incorporated by reference into this prospectus supplement or the accompanying prospectus, other than historical facts, may constitute “forward-looking statements.” These statements may relate to, among other things, future events or our future operating results, our business prospects and the prospects of our portfolio companies, actual and potential conflicts of interest, the use of borrowed money to finance our investments, the adequacy of our financing sources and working capital, and our ability to co-invest, among other factors. In some cases, you can identify forward-looking statements by terminology such as “estimate,” “may,” “might,” “believe,” “will,” “provided,” “anticipate,” “future,” “could,” “growth,” “plan,” “project,” “intend,” “expect,” “should,” “would,” “if,” “seek,” “possible,” “potential,” “likely” or the negative or other variations of such terms or comparable terminology. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. Such factors include:

- changes in the economy and the capital markets;
- risks associated with negotiation and consummation of pending and future transactions;
- the loss of one or more of our executive officers, in particular David Lorber or Ellida McMillan;
- changes in our investment objectives and strategy;
- availability, terms (including the possibility of interest rate volatility) and deployment of capital;
- changes in our industry, interest rates, exchange rates, regulation or the general economy;
- our future operating results;
- our contractual arrangements and relationships with third parties;
- our business prospects and the prospects of our portfolio companies;
- the degree and nature of our competition;
- changes in governmental regulations, tax rates and similar matters;
- our ability to exit investments in a timely manner;
- our ability to maintain our qualification as a RIC and as a BDC;
- the impact of COVID-19 generally and on the economy, the capital markets and our portfolio companies, including the measures taken by governmental authorities to address it;
- use of the proceeds of this offering;
- our ability to sell Notes in this offering in the amounts and on the terms contemplated, or at all; and
- those factors described in the “*Supplementary Risk Factors*” section of this prospectus supplement, in the “*Risk Factors*” section of the accompanying prospectus and in similar sections in the documents incorporated by reference into this prospectus supplement and the accompanying prospectus.

We caution readers not to place undue reliance on any such forward-looking statements, which speak only as of the date made. Actual results could differ materially from those anticipated in our forward-looking statements and future results could differ materially from historical performance. We have based forward-looking statements on information available to us on the date of this prospectus supplement. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, after the date of this prospectus supplement or the accompanying prospectus, except as otherwise required by applicable law. While we believe such information forms, or will form, a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information.



## USE OF PROCEEDS

We estimate that the net proceeds from the sale of \$50 million aggregate principal amount of the Notes in this offering will be approximately \$48.05 million (or approximately \$55.325 million if the underwriters fully exercise their overallotment option) after deducting the underwriting discounts and commissions of \$1.5 million (or \$1.725 million if the underwriters fully exercise their overallotment option) payable by us and estimated offering expenses of approximately \$0.45 million payable by us.

We intend to use the net proceeds from this offering to redeem a portion of the outstanding principal amount of our 2023 Notes. As of November 5, 2021, we had \$77.8 million in aggregate principal amount of 2023 Notes outstanding. This prospectus supplement is not a notice of redemption with respect to our 2023 Notes or an offer to purchase any of our 2023 Notes.

Pending such uses, we will invest a portion of the net proceeds of this offering in short-term investments, such as cash and cash equivalents, which we expect will earn yields substantially lower than the interest income that we anticipate receiving in respect of investments in accordance with our investment objectives.

**CAPITALIZATION**

The following table sets forth our capitalization as of June 30, 2021:

- on an actual basis; and
- on an as-adjusted basis to give effect to the sale of \$50 million aggregate principal amount of the Notes and the application of the estimated net proceeds of the offering, after deducting underwriters' discounts and commissions and estimated offering expenses of approximately \$1.5 million and \$0.45 million, respectively, payable by us (and assuming the underwriters' overallotment option is not exercised). See "Use of Proceeds" on page S-15 of this prospectus supplement.

	<b>AS OF JUNE 30, 2021</b>	
	<b>ACTUAL</b>	<b>AS ADJUSTED<sup>(1)</sup></b>
	<b>(Unaudited)</b>	
	<b>(Dollars in thousands)</b>	
<b>Cash and Cash Equivalents</b>	\$ 52,865	\$ 52,865
<b>Other Assets</b>	\$ 183,085	\$ 183,085
<b>Total Assets</b>	\$ 235,950	\$ 235,950
<b>Borrowings</b>		
2023 Notes	\$ 77,847	\$ 29,797
The Notes	\$ —	\$ 48,050
<b>Total borrowings</b>	\$ 77,847	\$ 77,847
<b>Other Liabilities</b>	\$ 1,424	\$ 1,722
<b>Total Liabilities</b>	\$ 79,271	\$ 79,569
<b>Net Assets Applicable to Common Stockholders</b>		
Common stock, \$.001 par value per share, 5,000,000 shares authorized, actual and as adjusted; 2,723,709 shares issued and 2,678,921 outstanding, actual and as adjusted <sup>(2)</sup>	\$ 3	\$ 3
Capital in excess of par value	\$ 670,122	\$ 670,122
Total distributable earnings/(loss)	\$ (513,446)	\$ (513,744)
Total Net Assets Available to Common Stockholders	<b>\$ 156,679</b>	<b>\$ 156,381</b>
Total Capitalization	<b>\$ 234,526</b>	<b>\$ 234,228</b>

- (1) Assumes a total of \$1.5 million of aggregate underwriting discounts and commissions and \$0.45 million of estimated offering costs payable by us in connection with this offering will be capitalized and amortized over the life of the Notes.
- (2) As of June 30, 2021, we had 5,000,000 shares of our common stock authorized, 44,788 of which were held by us or for our account and 2,678,921 of which were outstanding exclusive of amounts held by us or for our account.

## DESCRIPTION OF THE NOTES

The Notes will be issued under a base indenture dated as of February 7, 2012 and a fourth supplemental indenture thereto to be dated as of November 15, 2021, between us and U.S. Bank National Association, as trustee. We refer to the indenture and the fourth supplemental indenture collectively as the “indenture” and to U.S. Bank National Association as the “trustee.” The Notes are governed by the indenture, as required by federal law for all bonds and notes of companies that are publicly offered. An indenture is a contract between us and the financial institution acting as trustee on your behalf, and is subject to and governed by the Trust Indenture Act of 1939, as amended. The trustee has two main roles. First, the trustee can enforce your rights against us if we default. There are some limitations on the extent to which the trustee acts on your behalf, described under “— *Events of Default — Remedies if an Event of Default Occurs*” below. Second, the trustee performs certain administrative duties for us with respect to the Notes.

This section includes a summary description of the material terms of the Notes and the indenture. Because this section is a summary, however, it does not describe every aspect of the Notes and the indenture. We urge you to read the indenture because it, and not this description, defines your rights as a holder of the Notes. The base indenture has been incorporated by reference into the registration statement of which this prospectus supplement is a part and the fourth supplemental indenture will be attached as an exhibit to a Current Report on Form 8-K, which will be incorporated by reference into this prospectus supplement, in each case, as filed or as will be filed with the SEC. See “*Where You Can Find More Information*” in this prospectus supplement for information on how to obtain a copy of the indenture.

### General

The Notes will mature on November 1, 2028. The principal payable at maturity will be 100% of the aggregate principal amount. The interest rate of the Notes is 5.25% per year and will be paid every February 1, May 1, August 1 and November 1, commencing February 1, 2022, and the regular record dates for interest payments will be every January 15, April 15, July 15 and October 15, commencing January 15, 2022. If an interest payment date falls on a non-business day, the applicable interest payment will be made on the next business day and no additional interest will accrue as a result of such delayed payment. The initial interest period will be the period from and including November 15, 2021, to, but excluding, the initial interest payment date, and the subsequent interest periods will be the periods from and including an interest payment date to, but excluding, the next interest payment date or the stated maturity date, as the case may be.

We will issue the Notes in denominations of \$25 and integral multiples of \$25 in excess thereof. The Notes will not be subject to any sinking fund and holders of the Notes will not have the option to have the Notes repaid prior to the stated maturity date.

The indenture does not limit the amount of debt (including secured debt) that may be issued by us or our subsidiaries under the indenture or otherwise, but does contain a covenant regarding our asset coverage that would have to be satisfied at the time of our incurrence of additional indebtedness. See “— *Covenants*” and “— *Events of Default*” below. The indenture does not contain any financial covenants and, other than as described under “— *Covenants*” below, does not restrict us from paying dividends or issuing or repurchasing our other securities. Other than restrictions described under “— *Merger, Consolidation or Sale of Assets*” below, the indenture does not contain any covenants or other provisions designed to afford holders of the Notes protection in the event of a highly leveraged transaction involving us or if our credit rating declines as the result of a takeover, recapitalization, highly leveraged transaction or similar restructuring involving us that could adversely affect your investment in the Notes.

We may, without the consent of the holders of the Notes, issue additional notes under the indenture with the same terms (except for the issue date, public offering price, and if applicable, the initial interest payment date) and with the same CUSIP numbers as the Notes offered hereby in an unlimited aggregate principal amount; provided that such additional notes must be treated as part of the same issue as the Notes offered hereby for federal income tax purposes.

## **Covenants**

In addition to standard covenants relating to payment of principal and interest, maintaining an office where payments may be made or securities can be surrendered for payment and related matters, the following covenants will apply to the Notes:

- We agree that for the period of time during which the Notes are outstanding, we will not incur additional indebtedness, including through the issuance of additional debt securities, or issue preferred stock unless our asset coverage, as defined in the 1940 Act, equals at least 200%, whether or not we continue to be subject to the 1940 Act, after giving effect to such borrowings and/or issuances.
- We agree that for the period of time during which the Notes are outstanding, we will not declare any dividend (except a dividend payable in our stock), or declare any other distribution, upon a class of our capital stock, or purchase any such capital stock, unless, in every such case, at the time of the declaration of any such dividend or distribution, or at the time of any such purchase, we have an asset coverage, as defined in the 1940 Act, of at least 200%, whether or not we continue to be subject to the 1940 Act and after deducting the amount of such dividend, distribution or purchase price, as the case may be, and except that we will be permitted to declare dividends or distributions on our capital stock to the extent necessary to maintain our status as a RIC under Subchapter M of the Code.
- If, at any time, we are not subject to the reporting requirements of Sections 13 or 15(d) of the Exchange Act to file any periodic reports with the SEC, we agree to furnish to holders of the Notes and the trustee, for the period of time during which the Notes are outstanding, our audited annual consolidated financial statements, within 90 days of our fiscal year end, and unaudited interim consolidated financial statements, within 45 days of our fiscal quarter end (other than our fourth fiscal quarter). All such financial statements will be prepared, in all material respects, in accordance with applicable GAAP.

## **Optional Redemption**

The Notes may be redeemed in whole or in part at any time or from time to time at our option on or after November 1, 2023, upon not less than 30 days nor more than 60 days written notice by mail prior to the date fixed for redemption thereof, at a redemption price of 100% of the outstanding principal amount of the Notes to be redeemed plus accrued and unpaid interest payments otherwise payable thereon for the then-current quarterly interest period accrued to, but excluding, the date fixed for redemption.

You may be prevented from exchanging or transferring the Notes when they are subject to redemption. In case any Notes are held in certificated form and are to be redeemed in part only, the redemption notice will provide that, upon surrender of such Note, you will receive, without a charge, a new Note or Notes of authorized denominations representing the principal amount of your remaining unredeemed Notes. Any exercise of our option to redeem the Notes will be done in compliance with the indenture and the 1940 Act, to the extent applicable.

If we redeem only some of the Notes, the trustee or, with respect to global securities, DTC, will determine the method for selection of the particular Notes to be redeemed, in accordance with the indenture and the 1940 Act, to the extent applicable, and in accordance with the rules of any national securities exchange or quotation system on which the Notes are listed. Unless we default in payment of the redemption price, on and after the date of redemption, interest will cease to accrue on the Notes called for redemption.

## **Global Securities**

Each Note will be issued in book-entry form and represented by a global security that we deposit with and register in the name of DTC or its nominee. A global security may not be transferred to or registered in the name of anyone other than the depositary or its nominee, unless special termination situations arise. As a result of these arrangements, the depositary, or its nominee, will be the sole registered owner and holder of all the Notes represented by a global security, and investors will be permitted to own only beneficial interests in a global security. For more information about these arrangements, see “— *Book-Entry Procedures*” below.

### **Conversion and Exchange**

The Notes are not convertible into or exchangeable for other securities.

### **Payment and Paying Agents**

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

### **Payments on Global Securities**

We will make payments on the Notes so long as they are represented by a global security in accordance with the applicable policies of the depository as in effect from time to time. Under those policies, we will make payments directly to the depository, or its nominee, and not to any indirect holders who own beneficial interests in the global security. An indirect holder's right to those payments will be governed by the rules and practices of the depository and its participants, as described under "*— Book-Entry Procedures*" below.

### **Payment When Offices Are Closed**

If any payment is due on the Notes on a day that is not a business day, we will make the payment on the next day that is a business day. Payments made on the next business day in this situation will be treated under the indenture as if they were made on the original due date. Such payment will not result in a default under the Notes or the indenture, and no interest will accrue on the payment amount from the original due date to the next day that is a business day.

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

### **Events of Default**

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

The term "Event of Default" in respect of the Notes means any of the following:

- We do not pay the principal of any Note on its due date;
- We do not pay interest on any Note when due and payable, and such default is not cured within 30 days of its due date;
- We remain in breach of any other covenant in respect of the Notes for 60 days after we receive a written notice of default stating we are in breach (the notice must be sent by either the trustee or holders of at least 25% of the principal amount of the outstanding Notes);
- We file for bankruptcy or certain other events of bankruptcy, insolvency or reorganization occur and, in the case of certain orders or decrees entered against us under any bankruptcy law, such order or decree remains undischarged or unstayed for a period of 90 days; or
- On the last business day of each of twenty-four consecutive calendar months, the Notes have an asset coverage (as such term is defined in the 1940 Act) of less than 100%.

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

*Remedies if an Event of Default Occurs*

If an Event of Default has occurred and has not been cured, the trustee or the holders of at least 25% in principal amount of the Notes may declare the entire principal amount of all the Notes to be due and immediately payable. This is called a declaration of acceleration of maturity. In certain circumstances, a declaration of acceleration of maturity may be canceled by the holders of a majority in principal amount of the Notes.

The trustee is not required to take any action under the indenture at the request of any holders unless the holders offer the trustee protection reasonably satisfactory to it from expenses and liability (called an “indemnity”). If reasonable indemnity is provided, the holders of a majority in principal amount of the Notes may direct the time, method and place of conducting any lawsuit or other formal legal action seeking any remedy available to the trustee. The trustee may refuse to follow those directions in certain circumstances. No delay or omission in exercising any right or remedy will be treated as a waiver of that right, remedy or Event of Default.

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

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

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

Holders of a majority in principal amount of the Notes may waive any past defaults other than a default:

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

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

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

**Merger, Consolidation or Sale of Assets**

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

- Where we merge out of existence or sell our assets, the resulting entity must agree to be legally responsible for our obligations under the Notes.
- The merger or sale of assets must not cause a default on the debt securities and we must not already be in default (unless the merger or sale would cure the default). For purposes of this no-default test, a default would include an Event of Default that has occurred and has not been cured, as described under “Events of

*Default*” above. A default for this purpose would also include any event that would be an Event of Default if the requirements for giving us notice of default or our default having to exist for a specified period of time were disregarded.

- We must deliver certain certificates and documents to the trustee.

An assumption by any person of obligations under the Notes and the indenture might be deemed for federal income tax purposes to be an exchange of the Notes for new Notes by the holders thereof, resulting in recognition of gain or loss for such purposes and possibly other adverse tax consequences to the holders. Holders should consult their own tax advisors regarding the tax consequences of such an assumption.

### **Modification or Waiver**

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

#### *Changes Requiring Your Approval*

First, there are changes that we cannot make to the Notes without specific approval from each affected holder. The following is a list of those types of changes:

- change the stated maturity of the principal or interest on the Notes;
- reduce any amounts due on the Notes;
- reduce the amount of principal payable upon acceleration of the maturity of a Note following a default;
- change the place or currency of payment on the Notes;
- impair your right to sue for payment;
- adversely affect any rights to convert or exchange any Note in accordance with its terms;
- reduce the percentage of holders of Notes whose consent is needed to modify or amend the indenture;
- reduce the percentage of holders of Notes whose consent is needed to waive compliance with certain provisions of the indenture or to waive certain defaults; and
- modify any other material aspect of the provisions of the indenture dealing with supplemental indentures, modification and waiver of past defaults, changes to the quorum or voting requirements or the waiver of certain covenants.

#### *Changes Not Requiring Approval*

The second type of change does not require any vote by the holders of the Notes. This type is limited to clarifications and certain other changes that would not adversely affect holders of the Notes in any material respect.

#### *Changes Requiring Majority Approval*

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

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

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The holders of a majority in principal amount of a series of debt securities issued under the indenture may waive our compliance with some of our covenants applicable to that series. However, we cannot obtain a waiver of a payment default or of any of the matters covered by the bullet points included above under “— *Changes Requiring Your Approval.*”

### *Further Details Concerning Voting*

When taking a vote, we will use the principal amount that would be due and payable on the voting date if the maturity of the Notes were accelerated to that date because of a default, to decide how much principal to attribute to the Notes.

The Notes will not be considered outstanding, and therefore not eligible to vote, if we have deposited or set aside in trust money for their payment or redemption or if we or any affiliate of ours own any Notes. The Notes will also not be eligible to vote if they have been fully defeased as described later under “— *Defeasance — Full Defeasance*” below.

We will generally be entitled to set any day as a record date for the purpose of determining the holders of the Notes that are entitled to vote or take other action under the indenture. However, the record date may not be earlier than 30 days before the date of the first solicitation of holders to vote on or take such action and not later than the date such solicitation is completed. If we set a record date for a vote or other action to be taken by holders of the Notes, that vote or action may be taken only by persons who are holders of the Notes on the record date and must be taken within eleven months following the record date.

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

### **Satisfaction and Discharge**

The indenture will be discharged and will cease to be of further effect with respect to the Notes when:

1. Either
  - a. all the Notes that have been authenticated have been delivered to the trustee for cancellation; or
  - b. all the Notes that have not been delivered to the trustee for cancellation:
    - i. have become due and payable, or
    - ii. will become due and payable at their stated maturity within one year, or
    - iii. are to be called for redemption within one year,

and we, in the case of the first, second and third sub-bullets above, have irrevocably deposited or caused to be deposited with the trustee as trust funds in trust solely for the benefit of the holders of the Notes, in amounts as will be sufficient, to pay and discharge the entire indebtedness (including all principal and interest) on such Notes not previously delivered to the trustee for cancellation (in the case of Notes that have become due and payable on or prior to the date of such deposit) or to the stated maturity or redemption date, as the case may be;

2. we have irrevocably paid or caused to be irrevocably paid all other sums payable by us under the indenture with respect to the Notes; and
3. we have delivered to the trustee an officers’ certificate and legal opinion, each stating that all conditions precedent provided for in the indenture relating to the satisfaction and discharge of the indenture and the Notes have been complied with.



## **Defeasance**

The following provisions will be applicable to the Notes.

### *Covenant Defeasance*

Under applicable law, we can make the deposit described below and be released from some of the restrictive covenants in the indenture under which the Notes were issued. This is called “covenant defeasance.” In that event, you would lose the protection of those restrictive covenants but would gain the protection of having money and government securities set aside in trust to repay your Notes. In order to achieve covenant defeasance, the following conditions must be satisfied:

- Since the Notes are denominated in U.S. dollars, we must deposit in trust for the benefit of all holders of the Notes a combination of cash and U.S. government or U.S. government agency notes or bonds that will generate enough cash to make interest, principal and any other payments on the Notes on their due dates.
- We must deliver to the trustee a legal opinion of our counsel confirming that, under current U.S. federal income tax law, we may make the above deposit without causing you to be taxed on the Notes any differently than if we did not make the deposit and just repaid the Notes ourselves at maturity.
- Defeasance must not result in a breach or violation of, or result in a default under, the indenture or any of our other material agreements or instruments.
- No default or Event of Default with respect to the Notes shall have occurred and be continuing and no defaults or events of default related to bankruptcy, insolvency or reorganization shall occur during the next 90 days.
- We must deliver to the trustee a legal opinion of our counsel stating that the above deposit does not require registration by us under the 1940 Act and a legal opinion and officers’ certificate stating that all conditions precedent to covenant defeasance have been complied with.

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

### *Full Defeasance*

The Notes are subject to full defeasance. Full defeasance means that we can legally release ourselves from all payment and other obligations on the Notes, subject to the satisfaction of certain conditions, including, but not limited to that (a) we have received from, or there has been published by, the Internal Revenue Service (the “IRS”) a ruling, or (b) there is a change in U.S. federal income tax law, in either case to the effect that the holders of the Notes and any coupons appertaining thereto will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such defeasance had not occurred (called “full defeasance”), and that we put in place the following other arrangements for you to be repaid:

- Since the Notes are denominated in U.S. dollars, we must deposit in trust for the benefit of all holders of the Notes a combination of money and U.S. government or U.S. government agency notes or bonds that will generate enough cash to make interest, principal and any other payments on the Notes on their various due dates.
- We must deliver to the trustee a legal opinion confirming that there has been a change in current U.S. federal tax law or an Internal Revenue Service (“IRS”) ruling that allows us to make the above deposit without causing you to be taxed on the Notes any differently than if we did not make the deposit.
- We must deliver to the trustee a legal opinion of our counsel stating that the above deposit does not require registration by us under the 1940 Act and a legal opinion and officers’ certificate stating that all conditions precedent to covenant defeasance have been complied with.

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- Defeasance must not result in a breach or violation of, or constitute a default under, the indenture or any of our other material agreements or instruments.
- No default or Event of Default with respect to the Notes shall have occurred and be continuing and no defaults or events of default related to bankruptcy, insolvency or reorganization shall occur during the next 90 days.

If we ever did accomplish full defeasance, as described above, you would have to rely solely on the trust deposit for repayment of the Notes. You could not look to us for repayment in the unlikely event of any shortfall. Conversely, the trust deposit would most likely be protected from claims of our lenders and other creditors if we ever became bankrupt or insolvent.

### **Resignation of Trustee**

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

### **Governing Law**

The indenture and the Notes will be governed by and construed in accordance with the laws of the State of New York.

### **Indenture Provisions — Ranking**

The Notes will be designated as Designated Senior Securities and, therefore, Designated Senior Indebtedness under the indenture. Designated Senior Indebtedness is defined in the indenture as the principal of and unpaid interest on:

- our indebtedness (including indebtedness of others guaranteed by us) whenever created, incurred, assumed or guaranteed, for money borrowed, that we have designated as “Designated Senior Indebtedness” for purposes of the indenture and in accordance with the terms of the indenture (including any indenture securities designated as Designated Senior Indebtedness), and
- renewals, extensions, modifications and refinancings of any of this indebtedness.

As unsecured obligations of the Company designated as Designated Senior Indebtedness under the indenture, the Notes will rank:

- *pari passu* with our existing and future unsecured, unsubordinated indebtedness, including without limitation, the 2023 Notes;
- senior to any series of preferred stock that we may issue in the future;
- senior to any of our future indebtedness that expressly provides it is subordinated to the Notes;
- effectively subordinated to any future secured indebtedness of PhenixFIN Corporation (including indebtedness that is initially unsecured to which we subsequently grant security), to the extent of the value of the assets securing such indebtedness; and
- structurally subordinated to all existing and future indebtedness and other obligations of any of our subsidiaries and any other future subsidiaries of PhenixFIN Corporation.

### **The Trustee under the Indenture**

U.S. Bank National Association serves as the trustee, paying agent and security registrar under the indenture.

## **Book-Entry Procedures**

The Notes will be represented by global securities that will be deposited and registered in the name of DTC or its nominee. This means that, except in limited circumstances, you will not receive certificates for the Notes. Beneficial interests in the Notes will be represented through book-entry accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants in DTC. Investors may elect to hold interests in the Notes through either DTC, if they are a participant, or indirectly through organizations that are participants in DTC.

The Notes will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered certificate will be issued for each issuance of the Notes, in the aggregate principal amount thereof, and will be deposited with DTC. Interests in the Notes will trade in DTC's Same Day Funds Settlement System, and any permitted secondary market trading activity in such Notes will, therefore, be required by DTC to be settled in immediately available funds. None of PhenixFIN Corporation, the trustee or the paying agent will have any responsibility for the performance by DTC or its participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC").

DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's Ratings Services' rating of AA+. The DTC Rules applicable to its participants are on file with the SEC. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

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

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

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

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

Redemption proceeds, distributions, and interest payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from us or the trustee on the payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the trustee, or us, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of us or the trustee, but disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

**UNDERWRITING**

Oppenheimer & Co. Inc. is acting as representative of the underwriters named below. Subject to the terms and conditions set forth in an underwriting agreement among us and the underwriters, we have agreed to sell to the underwriters, and each of the underwriters has agreed, severally and not jointly, to purchase from us, the principal amount of Notes set forth opposite its name below.

<b>Underwriter</b>	<b>Principal Amount Underwriter of Notes</b>
Oppenheimer & Co. Inc.	\$ 18,500,000
B. Riley Securities, Inc.	12,500,000
BTIG, LLC	8,000,000
Janney Montgomery Scott LLC	5,500,000
Ladenburg Thalmann & Co. Inc.	5,500,000
Total	<u>\$ 50,000,000</u>

Subject to the terms and conditions set forth in the underwriting agreement, the underwriters have agreed, severally and not jointly, to purchase all of the Notes sold under the underwriting agreement if any of the Notes are purchased. If an underwriter defaults, the underwriting agreement provides that the purchase commitments of the non-defaulting underwriters may be increased or the underwriting agreement may be terminated.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make in respect of those liabilities.

The underwriting agreement provides that the obligations of the underwriters to purchase the Notes are subject to approval of legal matters by counsel to the underwriters and certain other conditions, including the receipt by the underwriters of officers' certificates and legal opinions. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part. Investors must pay for the Notes purchased in this offering on or about November 15, 2021.

**Commissions and Discounts**

An underwriting discount of 3.00% per Note will be paid by us. This underwriting discount will also apply to any Notes purchased pursuant to the overallocation option. The underwriters have advised us that they propose initially to offer the Notes to the public at the public offering price on the cover of this prospectus supplement and to certain other Financial Industry Regulatory Authority, Inc. ("FINRA") members at that price less a concession not in excess of \$0.50 per Note. The underwriters may allow, and the dealers may reallocate, a discount not in excess of \$0.25 per Note.

The following table shows the total underwriting discounts and commissions that we are to pay to the underwriters in connection with this offering. The information assumes either no exercise or full exercise by the underwriters of their overallocation option.

	<b>Per Note</b>	<b>Without Option</b>	<b>With Option</b>
Public offering price	\$ 25.00	\$ 50,000,000	\$ 57,500,000
Underwriting discounts and commissions	\$ 0.75	\$ 1,500,000	\$ 1,725,000
Proceeds, before expenses	\$ 24.25	\$ 48,500,000	\$ 55,775,000

The expenses of the offering, not including the underwriting discounts and commissions, are estimated at \$450,000 and are payable by us. We will pay the fees and expenses of counsel for the underwriters, in an amount not to exceed \$125,000, in connection with the offer and sale of the Notes and filings required to be made with FINRA.

### **Overallotment Option**

We have granted an option to the underwriters to purchase up to an additional \$7.5 million aggregate principal amount of the Notes offered hereby at the public offering price, less the underwriting discounts and commissions, within 30 days from the date of this prospectus supplement solely to cover any overallotments. If the underwriters exercise this option, each will be obligated, subject to conditions contained in the underwriting agreement, to purchase a number of additional Notes proportionate to that underwriter's initial principal amount reflected in the table above.

### **No Sales of Similar Securities**

We have agreed not to directly or indirectly offer, sell, short sell or otherwise dispose of, or enter into any agreement to offer, sell, short sell or otherwise dispose of, any debt securities issued or guaranteed by us or other securities convertible into or exchangeable or exercisable for debt securities issued or guaranteed by us or derivative of debt securities issued or guaranteed by us for a period of 45 days after the date of this prospectus supplement without first obtaining the written consent of Oppenheimer & Co. Inc. This consent may be given at any time without public notice.

### **Listing**

The Notes are a new issue of securities with no established trading market. We intend to list the Notes on Nasdaq and will use our reasonable best efforts to maintain such listing. We expect trading in the Notes on Nasdaq to begin within 30 days after the original issue date under the trading symbol "PFXNZ". Currently there is no public market for the Notes.

We have been advised by certain of the underwriters that they presently intend to make a market in the Notes after completion of the offering as permitted by applicable laws and regulations. The underwriters are not obligated, however, to make a market in the Notes and any such market-making may be discontinued at any time in the sole discretion of the underwriters without any notice. Accordingly, no assurance can be given as to the liquidity of, or development of a public trading market for, the Notes. If an active public trading market for the Notes does not develop, the market price and liquidity of the Notes may be adversely affected.

### **Price Stabilization, Short Positions**

In connection with the offering, the underwriters may purchase and sell Notes in the open market. These transactions may include overallotment, covering transactions and stabilizing transactions. Overallotment involves sales of securities in excess of the aggregate principal amount of securities to be purchased by the underwriters in the offering, which creates a short position for the underwriters. Covering transactions involve purchases of the securities in the open market after the distribution has been completed in order to cover short positions. Stabilizing transactions consist of certain bids or purchases of securities made for the purpose of preventing or retarding a decline in the market price of the securities while the offering is in progress.

The underwriters also may impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representative has repurchased Notes sold by or for the account of such underwriter in stabilizing or short covering transactions.

Any of these activities may cause the price of the Notes to be higher than the price that otherwise would exist in the open market in the absence of such transactions. These transactions may be effected in the over-the-counter market or otherwise and, if commenced, may be discontinued at any time without any notice relating thereto.

### **Other Relationships**

Certain of the underwriters and their affiliates have provided in the past and may provide from time to time in the future in the ordinary course of their business certain commercial banking, financial advisory, investment banking and other services to us, our portfolio companies or our affiliates for which they have received or will be entitled to receive separate fees. In particular, the underwriters or their affiliates may execute transactions with us or on behalf of us, with any of our portfolio companies or with our affiliates. In addition, the underwriters or their affiliates may act as arrangers, underwriters or placement agents for companies whose securities are sold to or whose loans are syndicated to us, our portfolio companies or our affiliates.

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The underwriters or their affiliates may also trade in our securities, securities of our portfolio companies or other financial instruments related thereto for their own accounts or for the account of others and may extend loans or financing directly or through derivative transactions to us, any of our portfolio companies or our affiliates.

After the date of this prospectus supplement, the underwriters and their affiliates may from time to time obtain information regarding specific portfolio companies or us that may not be available to the general public. Any such information is obtained by the underwriters and their affiliates in the ordinary course of its business and not in connection with the offering of the Notes. In addition, after the offering period for the sale of the Notes, the underwriters or their affiliates may develop analyses or opinions related to us or our portfolio companies and buy or sell interests in one or more of our portfolio companies on behalf of their proprietary or client accounts and may engage in competitive activities. There is no obligation on behalf of these parties to disclose their respective analyses, opinions or purchase and sale activities regarding any portfolio company or regarding us to our noteholders or any other persons.

In the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. The underwriters and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Oppenheimer & Co. Inc. is acting as plan administrator for the Company's \$15 million Board-approved share repurchase program and receives customary fees in connection with such services.

The principal business addresses of the underwriters are: Oppenheimer & Co. Inc., 85 Broad Street, 23<sup>rd</sup> Floor, New York, New York 10004; B. Riley Securities, Inc., 299 Park Avenue, 21<sup>st</sup> Floor, New York, New York 10171; BTIG, LLC, 600 Montgomery Street, 6<sup>th</sup> Floor, San Francisco, California 94111; Janney Montgomery Scott LLC, 1717 Arch Street, Philadelphia, Pennsylvania 19103; and Ladenburg Thalmann & Co. Inc., 640 5<sup>th</sup> Avenue, 4<sup>th</sup> Floor, New York, New York 10019.

### **Alternative Settlement Cycle**

It is expected that delivery of the Notes will be made against payment therefor on or about November 15, 2021, which is the third business day following the date hereof (such settlement cycle being referred to as "T+3"). Under Rule 15c6-1 under the Exchange Act, trades in the secondary market generally are required to settle in two business days unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes on any date prior to the second business day before delivery thereof will be required, by virtue of the fact that the Notes initially will settle in T+3, to specify an alternative settlement cycle at the time of any such trade to prevent failed settlement. Purchasers of the Notes who wish to trade the Notes prior to their date of delivery hereunder should consult their own advisors.

### **Other Jurisdictions**

Other than in the United States, no action has been taken by us or the underwriters that would permit a public offering of the Notes offered by this prospectus supplement in any jurisdiction where action for that purpose is required. The Notes offered by this prospectus supplement may not be offered or sold, directly or indirectly, nor may this prospectus supplement or any other offering material or advertisements in connection with the offer and sale of any such Notes be distributed or published in any jurisdiction, except under circumstances that will result in compliance with the applicable rules and regulations of that jurisdiction. Persons into whose possession this prospectus supplement comes are advised to inform themselves about and to observe any restriction relating to the offering and the distribution of this prospectus supplement. This prospectus supplement and the accompanying prospectus do not constitute an offer to sell or a solicitation of an offer to buy the Notes offered by this prospectus supplement and the accompanying prospectus in any jurisdiction in which such an offer or a solicitation is unlawful.

## CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES

The following discussion summarizes certain material U.S. federal income tax consequences of acquiring, owning and disposing of the Notes. The discussion is based upon the Code; current, temporary and proposed U.S. Treasury Regulations issued thereunder (the “Treasury Regulations”); the legislative history of the Code; Internal Revenue Service (“IRS”) rulings, pronouncements, interpretations and practices; and judicial decisions now in effect, all of which are subject to change at any time. Any such change may be applied retroactively in a manner that could adversely affect a holder of the Notes. This discussion is limited to persons purchasing the Notes for cash at original issue and at the offering price on the cover page of this prospectus supplement. Furthermore, this discussion assumes that each holder holds the Notes as “capital assets” within the meaning of Section 1221 of the Code (generally, property held for investment). It does not reflect every possible tax outcome or consequence that could result from acquiring, owning or disposing of the Notes. For example, special rules not discussed here may apply to you if you are:

- a broker-dealer, dealer or trader in securities or currencies;
- a controlled foreign corporation;
- a passive foreign investment company;
- an S corporation;
- a bank, thrift or other financial institution;
- a regulated investment company, a real estate investment trust or other financial conduit entity (or shareholder of such entity);
- an accrual method taxpayer subject to special tax accounting rules as a result of its use of financial statements;
- an insurance company;
- a tax-exempt organization, retirement plan, individual retirement account or tax deferred account;
- subject to the alternative minimum tax provisions of the Code;
- holding the Notes as part of a hedge, straddle, conversion, integrated or other risk reduction or constructive sale transaction;
- or hold the Notes through, a partnership or other pass-through entity;
- a “United States person” (within the meaning of the Code) whose “functional currency” is not the U.S. dollar; or
- a U.S. expatriate or former long-term resident.

In addition, this discussion does not reflect state, local or non-U.S. tax consequences that may apply to you based on your particular circumstances and residence. This discussion also does not address any U.S. federal tax consequences, such as the estate tax or gift tax, other than U.S. federal income tax consequences. You should consult your own tax advisors to determine the tax consequences particular to your situation, including any applicable state, local or foreign income and other tax consequences, which may result from your acquisition, ownership or disposition of the Notes.

As used herein, “U.S. holder” means a beneficial owner of the Notes that is, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust that (1) is subject to the primary supervision of a U.S. court and the control of one or more “United States persons” (within the meaning of the Code) that have the authority to control all substantial decisions of the trust, or (2) has a valid election in effect under applicable Treasury Regulations to be treated as a United States person.



If any entity treated as a partnership for U.S. federal income tax purposes holds the Notes, the tax treatment of an owner of such entity generally will depend upon the status of the owner and the activities of the entity. If you are an owner of an entity treated as a partnership for U.S. federal income tax purposes, you should consult your tax advisor regarding the tax consequences of the entity's purchase, ownership and disposition of the Notes. This discussion does not address the special treatment under U.S. federal income tax law that could result if we invested in tax-exempt securities or certain other investment assets. For purposes of this discussion, "non-U.S. holder" means a beneficial owner of the Notes that is neither a U.S. holder nor an entity treated as a partnership for U.S. federal income tax purposes.

Prospective holders considering purchasing the Notes should consult their own tax advisors concerning the application of the U.S. federal tax laws to their individual circumstances, as well as any consequences to such holders relating to purchasing, owning and disposing of the Notes under the laws of any other taxing jurisdiction.

## **U.S. Holders**

If you are not a U.S. holder, this section does not apply to you.

*Interest.* The following discussion assumes that the Notes will be issued with no original issue discount or a *de minimis* amount of original issue discount for U.S. federal income tax purposes. A U.S. holder generally will be required to recognize and include in gross income any stated interest as ordinary income at the time it is paid or accrued on the Notes in accordance with such U.S. holder's method of accounting for U.S. federal income tax purposes.

*Sale or other taxable disposition of the Notes.* A U.S. holder will recognize gain or loss on the sale, exchange, redemption, retirement or other taxable disposition of a Note equal to the difference between the sum of the cash and the fair market value of any property received in exchange therefor (less a portion allocable to any accrued and unpaid stated interest, which generally will be taxable as ordinary income if not previously included in such U.S. holder's income) and the U.S. holder's adjusted tax basis in the Note. A U.S. holder's adjusted tax basis in a Note generally will be the U.S. holder's cost therefor. This gain or loss generally will be long-term capital gain or loss if the U.S. holder has held the Notes for more than one year at the time of such disposition. Long-term capital gains recognized by non-corporate U.S. holders are subject to reduced tax rates. The deductibility of capital losses may be subject to limitations.

*Additional tax on net investment income.* An additional surtax at a rate of 3.8% is imposed on the amount of "net investment income," in the case of an individual, or undistributed "net investment income," in the case of an estate or trust (other than a charitable trust), which exceeds certain threshold amounts. "Net investment income" as defined for this purpose generally includes interest payments and gain recognized from the sale or other taxable disposition of the Notes. U.S. holders should consult their own tax advisors regarding the effect, if any, of this surtax on their ownership and disposition of the Notes.

*Information reporting and backup withholding.* A U.S. holder may be subject to information reporting and backup withholding when such U.S. holder receives interest or principal payments on the Notes or proceeds upon the sale or other disposition of the Notes (including a redemption or retirement of the Notes). Certain U.S. holders (including, among others, corporations and certain tax-exempt organizations) generally are not subject to information reporting or backup withholding. A U.S. holder will be subject to backup withholding if such holder is not otherwise exempt and any of the following is true:

- such U.S. holder fails to furnish its taxpayer identification number, or "TIN," which, for an individual is ordinarily his or her social security number;
- the IRS notifies the payor that such U.S. holder furnished an incorrect TIN;
- such U.S. holder is notified by the IRS of a failure to properly report payments of interest or dividends; or
- such U.S. holder fails to certify, under penalties of perjury, that such holder has furnished a correct TIN and that the IRS has not notified such U.S. holder that it is subject to backup withholding.

A U.S. holder should consult its tax advisor regarding its qualification for an exemption from backup withholding and the procedures for obtaining such an exemption, if applicable. Backup withholding is not an additional tax. Any

amounts withheld under the backup withholding rules from a payment to a U.S. holder generally will be allowed as a credit against the U.S. holder's U.S. federal income tax liability or may be refunded, provided the required information is furnished in a timely manner to the IRS.

### **Non-U.S. Holders**

If you are not a non-U.S. holder, this section does not apply to you.

*Interest.* Subject to the discussion below concerning FATCA, interest paid to a non-U.S. holder on its Notes that is not effectively connected with such non-U.S. holder's conduct of a United States trade or business will not be subject to U.S. federal income or withholding tax, provided that:

- such holder does not directly or indirectly, actually or constructively, own 10% or more of the total combined voting power of all classes of our voting stock;
- such holder is not a controlled foreign corporation that is related to us through actual or constructive stock ownership;
- such holder is not a bank that received such Note on an extension of credit made pursuant to a loan agreement entered into in the ordinary course of its trade or business; and
- either (1) the non-U.S. holder certifies in a statement provided to us or the paying agent generally on IRS Form W-8BEN or IRS Form W-8BEN-E, under penalties of perjury, that it is not a "United States person" (within the meaning of the Code) and provides its name and address, (2) a securities clearing organization, bank or other financial institution that holds customers' securities in the ordinary course of its trade or business and holds the Note on behalf of the non-U.S. holder certifies to us or the paying agent under penalties of perjury that it, or the financial institution between it and the non-U.S. holder, has received from the non-U.S. holder a statement generally on IRS Form W-8BEN or IRS Form W-8BEN-E, under penalties of perjury, that such holder is not a United States person and provides us or the paying agent with a copy of such statement or (3) the non-U.S. holder holds its Note directly through a "qualified intermediary" and certain conditions are satisfied.

A non-U.S. holder generally will also be exempt from withholding tax on interest if such amount is effectively connected with such non-U.S. holder's conduct of a United States trade or business and the non-U.S. holder provides us with appropriate certification (as discussed below under the caption "*— United States trade or business*").

Subject to the discussion below under "*— United States trade or business*," if a non-U.S. holder does not satisfy the requirements above, interest paid to such non-U.S. holder generally will be subject to a 30% U.S. federal withholding tax. Such rate may be reduced or eliminated under a tax treaty between the United States and the non-U.S. holder's country of residence. To claim a reduction or exemption under a tax treaty, a non-U.S. holder must generally complete an IRS Form W-8BEN or an IRS Form W-8BEN-E (or applicable successor form) and claim the reduction or exemption on the form.

*Sale or other taxable disposition of the Notes.* Subject to the discussion below concerning FATCA, a non-U.S. holder generally will not be subject to U.S. federal income tax or withholding tax on gain recognized on the sale, exchange, redemption, retirement or other taxable disposition of a Note so long as (i) the gain is not effectively connected with the conduct by the non-U.S. holder of a United States trade or business (or, if a tax treaty applies, the gain is not attributable to a United States permanent establishment maintained by such non-U.S. holder) and (ii) in the case of a non-U.S. holder who is an individual, such non-U.S. holder is not present in the United States for 183 days or more in the taxable year of disposition and certain other requirements are not met. A non-U.S. holder who is an individual and does not meet this exemption should consult his or her tax advisor regarding the potential liability for U.S. federal income tax on such holder's gain realized on a disposition of a Note.

*United States trade or business.* If interest paid on a Note or gain from a disposition of a Note is effectively connected with a non-U.S. holder's conduct of a United States trade or business (and, if an income tax treaty applies, the non-U.S. holder maintains a United States permanent establishment to which such amounts are generally attributable), the non-U.S. holder generally will be subject to U.S. federal income tax on the interest or gain on a net basis in the same manner as if it were a U.S. holder. If a non-U.S. holder is subject to U.S. federal income tax on the interest on a net basis, the 30% withholding tax described above will not apply (assuming an appropriate certification is timely

provided, generally on IRS Form W-8ECI). A non-U.S. holder that is a corporation may be subject to a branch profits tax equal to 30% of its effectively connected earnings and profits for the taxable year, subject to certain adjustments, unless it qualifies for a lower rate under an applicable income tax treaty. For this purpose, interest on a Note or gain from a disposition of a Note will be included in earnings and profits if the interest or gain is effectively connected with the conduct by the corporation of a United States trade or business.

*Backup withholding and information reporting.* A non-U.S. holder generally will not be subject to backup withholding and information reporting with respect to payments that we make to the non-U.S. holder, provided that we do not have actual knowledge or reason to know that such holder is a “United States person,” within the meaning of the Code, and the non-U.S. holder has given us the statement described above under “*Non-U.S. Holders — Interest.*” In addition, a non-U.S. holder will not be subject to backup withholding or information reporting with respect to the proceeds of the sale or other disposition of the Notes (including a retirement or redemption of such Notes) within the United States or conducted through certain U.S.-related brokers, if the payor receives the statement described above and does not have actual knowledge or reason to know that such holder is a United States person or the holder otherwise establishes an exemption. However, we may be required to report annually to the IRS and to the non-U.S. holder the amount of, and the tax withheld with respect to, any interest paid to the non-U.S. holder, regardless of whether any tax was actually withheld. Copies of these information returns may also be made available under the provisions of a specific treaty or agreement to the tax authorities of the country in which the non-U.S. holder resides.

A non-U.S. holder generally will be entitled to credit any amounts withheld under the backup withholding rules against the holder’s U.S. federal income tax liability or may claim a refund provided that the required information is furnished to the IRS in a timely manner.

*Foreign Account Tax Compliance Act.* Sections 1471 through 1474 of the Code and the Treasury Regulations and other published guidance promulgated thereunder (which are commonly referred to as “FATCA”) generally impose withholding tax on certain types of payments made to “foreign financial institutions” and certain other non-U.S. entities unless additional certification, information reporting and other specified requirements are satisfied (including, in the case of a foreign financial institution, entering into an agreement to, among other requirements, identify financial accounts owned by certain of its direct and indirect U.S. investors). Failure to comply with the FATCA reporting requirements could result in withholding tax being imposed on payments of interest and gross sales proceeds to foreign intermediaries and certain non-U.S. holders. An intergovernmental agreement between the United States and an applicable foreign country, or future Treasury Regulations or other guidance, may modify these requirements. The U.S. Department of the Treasury has released proposed Treasury Regulations that, if finalized in their present form, would eliminate FATCA withholding tax on gross proceeds from the sale or other disposition of the Notes. In its preamble to the proposed Treasury Regulations, the U.S. Department of the Treasury stated that taxpayers may generally rely on the proposed Treasury Regulations until final Treasury Regulations are issued. The FATCA withholding tax will apply to all withholdable payments without regard to whether the beneficial owner of the payment would otherwise be entitled to an exemption from imposition of withholding tax pursuant to an applicable tax treaty with the United States or U.S. domestic law. If FATCA withholding tax is imposed, non-U.S. holders that are otherwise eligible for an exemption from, or reduction of, U.S. federal withholding taxes will be required to seek a credit or refund from the IRS to obtain the benefit of such exemption or reduction, if any. We will not pay additional amounts to holders of the Notes in respect of any amounts withheld. Prospective holders should consult their own tax advisors regarding the potential application of withholding under FATCA to their investment in the Notes.

**CUSTODIAN, TRANSFER AND DIVIDEND DISBURSING AGENT**

The custodian of our assets is U.S. Bank National Association. The custodian's address is: One Federal Street, Boston MA 02110. Our assets are held under bank custodianship in compliance with the 1940 Act. American Stock Transfer & Trust Company provides transfer agency and distribution paying agency services to us under a transfer agency agreement and a distribution paying agent agreement, respectively. The address of American Stock Transfer & Trust Company is 59 Maiden Lane, New York, New York, 10038.

## LEGAL MATTERS

Certain legal matters, including Delaware law and the validity of the Notes to be issued in connection with this offering, will be passed upon for us by Kramer Levin Naftalis & Frankel LLP, New York, New York. Certain legal matters will be passed upon for the underwriters by Dechert LLP, Washington, D.C.

## EXPERTS

The financial statements of PhenixFIN Corporation appearing in PhenixFIN Corporation's (f/k/a Medley Capital Corporation) Annual Report on Form 10-K for the year ended September 30, 2020 have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their report thereon, included therein, and incorporated herein by reference. Such financial statements are incorporated herein by reference in reliance upon such report given on the authority of such firm as experts in auditing and accounting.

## WHERE YOU CAN FIND MORE INFORMATION

This prospectus supplement and the accompanying prospectus constitute part of a registration statement on Form N-2 that we have filed with the SEC, together with any and all amendments and related exhibits under the Securities Act. This prospectus supplement and the accompanying prospectus do not contain all of the information set forth in the registration statement, some of which is contained in exhibits to the registration statement as permitted by the rules and regulations of the SEC. For further information with respect to us and the Notes we are offering under this prospectus supplement and the accompanying prospectus, we refer you to the registration statement, including the exhibits filed as a part of the registration statement. Statements contained in this prospectus supplement and the accompanying prospectus concerning the contents of any contract or any other document are not necessarily complete. If a contract or other document has been filed as an exhibit to the registration statement, please see the copy of the contract or document that has been filed. Each statement in this prospectus supplement and the accompanying prospectus relating to a contract or document filed as an exhibit is qualified in all respects by the filed exhibit.

We file with or submit to the SEC annual, quarterly and current reports, proxy statements and other information meeting the informational requirements of the Exchange Act. This information is available free of charge on the Investor Relations section of our website at [www.phenixfc.com](http://www.phenixfc.com). Except for the documents incorporated by reference into this prospectus supplement and the accompanying prospectus, information contained on our website is not incorporated into this prospectus supplement or the accompanying prospectus and you should not consider such information to be part of this prospectus supplement or the accompanying prospectus. 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 on the SEC's website free of charge at [www.sec.gov](http://www.sec.gov). You can request a copy of any of our SEC filings, including those incorporated by reference herein or in the accompanying prospectus, at no cost, by writing or telephoning us at the address or telephone number above.

## INCORPORATION BY REFERENCE

SEC rules allow us to “incorporate by reference” the information we file with the SEC, which means that we can disclose important information to you by referring you to those documents filed separately with the SEC. The information incorporated by reference in this prospectus supplement and the accompanying prospectus is considered to be part of this prospectus supplement and the accompanying prospectus, and the information we file subsequently with the SEC prior to the completion of this offering will automatically update and supersede such information.

We previously filed the following documents with the SEC and such filings are incorporated by reference into this prospectus supplement and the accompanying prospectus:

- our Annual Report on [Form 10-K](#) for the fiscal year ended September 30 2020, filed with the SEC on December 11, 2020 and Amendment No. 1 to our Annual Report on [Form 10-K](#) for the fiscal year ended September 30, 2020, filed with the SEC on January 28, 2021;
- our quarterly reports on Form 10-Q, filed with the SEC on [August 11, 2021](#), [May 13, 2021](#) and [February 16, 2021](#);
- our current reports on Form 8-K (other than information furnished rather than filed), filed with the SEC on [August 11, 2021](#), [May 13, 2021](#), [April 12, 2021](#), [March 16, 2021](#), [February 16, 2021](#), [January 21, 2021](#), [December 28, 2020](#), [December 11, 2020](#), [November 24, 2020](#), [October 21, 2020](#), [October 13, 2020](#) and [September 30, 2020](#);
- our definitive proxy statement on [Schedule 14A](#) for our 2021 Annual Meeting of Stockholders filed with the SEC on February 26, 2021.

We also incorporate by reference into this prospectus supplement additional documents that we may file with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act, from the date of this prospectus supplement until all of the securities offered by this prospectus supplement have been sold or the offering of these securities is otherwise terminated, provided, however, that information “furnished” under Item 2.02 or Item 7.01 of Form 8-K or other information “furnished” to the SEC which is not deemed filed is not incorporated by reference in this prospectus supplement and in the accompanying prospectus. Information that we subsequently file with the SEC as aforesaid will automatically update and may supersede information in this prospectus supplement and the accompanying prospectus and information that we previously filed with the SEC.

You may obtain copies of any of these filings from us as described below, through the SEC or through the SEC’s website as described in “*Where You Can Find More Information.*” Documents incorporated by reference are available without charge, excluding all exhibits unless an exhibit has been specifically incorporated by reference into this prospectus supplement, by writing or calling our Investor Relations Department at the following address and telephone number.

Investor Relations  
PhenixFIN Corporation  
445 Park Avenue, 10<sup>th</sup> Floor  
New York, NY 10022  
(212) 859-0390

PROSPECTUS

# PHENIXFIN CORPORATION

## \$200,000,000 Common Stock Preferred Stock Warrants Subscription Rights Debt Securities

PhenixFIN Corporation (f/k/a Medley Capital Corporation) (“PhenixFIN”, the “Company,” “we” and “us”) is a non-diversified closed-end management investment company incorporated in Delaware that has elected to be regulated as a business development company (“BDC”) under the Investment Company Act of 1940, as amended (the “1940 Act”). We completed our initial public offering (“IPO”) and commenced operations on January 20, 2011. The Company’s investment objective is to generate current income and capital appreciation. The management team seeks to achieve this objective primarily through making loans, private equity or other investments in privately-held companies. The Company may also make debt, equity or other investments in publicly-traded companies. (These investments may also include investments in other BDCs, closed-end funds or real estate investment trusts (“REITs”).) We may also pursue other strategic opportunities and invest in other assets or operate other businesses to achieve our investment objective. The portfolio generally consists of senior secured first lien term loans, senior secured second lien term loans, senior secured bonds, preferred equity and common equity. Occasionally, we will receive warrants or other equity participation features which we believe will have the potential to increase total investment returns. Our loan and other debt investments are primarily rated below investment grade or are unrated. Investments in below investment grade securities are considered predominantly speculative with respect to the issuer’s capacity to pay interest and repay principal when due.

On November 18, 2020, the board of directors of the Company approved the adoption of an internalized management structure, effective January 1, 2021. Since that date, the Company has been managed pursuant to an internalized management structure. Until close of business on December 31, 2020 we were externally managed and advised by MCC Advisors LLC, pursuant to an investment management agreement. MCC Advisors is a wholly owned subsidiary of Medley LLC, which is controlled by Medley Management Inc. (NYSE: MDLY), a publicly traded asset management firm, which in turn is controlled by Medley Group LLC, an entity wholly owned by the senior professionals of Medley LLC.

We may offer, from time to time, in one or more offerings, together or separately, up to \$200,000,000 of our common stock, preferred stock, warrants representing rights to purchase shares of our common stock, preferred stock or debt securities, debt securities or subscription rights representing rights to purchase shares of our common stock, which we refer to, collectively, as the “securities.” The securities may be offered at prices and on terms to be described in one or more supplements to this prospectus.

Our common stock is traded on the NASDAQ Global Market under the symbol “PFX”. The last reported closing price for our common stock on October 4, 2021 was \$42.90 per share. The net asset value (“NAV”) of our common stock as of June 30, 2021 (the last date prior to the date of this prospectus as of which we determined NAV) was \$58.49 per share. Our 6.125% unsecured notes that mature on March 30, 2023 (the “2023 Notes”) are traded on the NASDAQ Global Market under the trading symbol “PFXNL.” The last reported closing price for our 2023 Notes on October 4, 2021 was \$25.41 per unit. The average market value per unit for the quarter ended June 30, 2021 was \$25.32 per unit.

This prospectus and any accompanying prospectus supplement contain important information you should know before investing in our securities. We will provide the specific terms of these offerings and securities in one or more supplements to this prospectus. We may also authorize one or more free writing prospectuses to be provided to you in connection with these offerings. The prospectus supplement and any related free writing prospectus may also add, update, or change information contained in this prospectus. You should carefully read and retain for future reference this prospectus, the applicable prospectus supplement, and any related free writing prospectus, and the documents incorporated by reference, before buying any of the securities being offered. We file annual, quarterly and current reports, proxy statements and other information about us with the Securities and Exchange Commission (the “SEC”), which we incorporate by reference herein. See “Incorporation by Reference.” This information will be available by written or oral request and free of charge by contacting us at PhenixFIN Corporation, 445 Park Avenue, 10<sup>th</sup> Floor, New York NY 10022, Attention: Investor Relations, on our website at <http://www.phenixfc.com>, or by calling us at (212) 859-0390. Information contained on our website is not incorporated by reference into this prospectus, and you should not consider that information to be a part of this prospectus. The SEC also maintains a website at <http://www.sec.gov> that contains this information.

**Shares of closed-end investment companies that are listed on an exchange, including BDCs, frequently trade at a discount to their NAV per share. If our shares trade at a discount to our NAV (as our common stock currently does), it may increase the risk of loss for purchasers in this offering. Before buying any securities, you should read the discussion of the material risks of investing in our securities in “Risk Factors” beginning on page 10 of this prospectus.**

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

**You should rely only on the information contained in this prospectus and any accompanying prospectus supplement. We have not authorized any dealer, salesman or other person to give any information or to make any representation other than those contained in this prospectus or any prospectus supplement to this prospectus. You must not rely upon any information or representation not contained in this prospectus or any such supplements as if we had authorized it. This prospectus and any such supplements do not constitute an offer to sell or a solicitation of any offer to buy any security other than the registered securities to which they relate, nor do they constitute an offer to sell or a solicitation of an offer to buy any securities in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction. The information contained in this prospectus and any such supplements is accurate as of the dates on their covers. Our business, financial condition, results of operations and prospects may have changed since then.**

The references in this prospectus to the SEC’s website are not intended to and do not include or incorporate by reference into this prospectus the information on that website. Similarly, references to our website are not intended to and do not include or incorporate by reference into this prospectus the information on that website.

The date of this prospectus is October 19, 2021.

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## ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we have filed with the SEC using the “shelf” registration process. Under the shelf registration process, which constitutes a delayed offering in reliance on Rule 415 under the Securities Act of 1933, as amended (the “Securities Act”), we may offer, from time to time, up to \$200,000,000 of our common stock, preferred stock, warrants representing rights to purchase shares of our common stock, preferred stock or debt securities, debt securities or subscription rights representing rights to purchase shares of our common stock on the terms to be determined at the time of the offering. The securities may be offered at prices and on terms described in one or more supplements to this prospectus. We may sell our securities through underwriters or dealers, “at-the-market” to or through a market maker, into an existing trading market or otherwise directly to one or more purchasers or through agents or through a combination of methods of sale. The identities of such underwriters, dealers, market makers or agents, as the case may be, will be described in one or more supplements to this prospectus. This prospectus provides you with a general description of the securities that we may offer. Each time we use this prospectus to offer securities, we will provide a prospectus supplement that will contain specific information about the terms of that offering.

**We may also authorize one or more free writing prospectuses to be provided to you that may contain material information relating to the offerings. In a prospectus supplement or free writing prospectus, we may also add, update, or change any of the information contained in this prospectus or in the documents we incorporate by reference into this prospectus. This prospectus, together with the applicable prospectus supplement, any related free writing prospectus, and the documents incorporated by reference into this prospectus and the applicable prospectus supplement, will include all material information relating to the applicable offering. Before buying any of the securities being offered, you should carefully read both this prospectus and the applicable prospectus supplement and any related free writing prospectus, together with any exhibits and the additional information described in the sections titled “additional information,” “incorporation by reference,” “prospectus summary” and “risk factors” before making an investment decision.**

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

## PROSPECTUS SUMMARY

*This summary highlights some of the information contained elsewhere in this prospectus. It is not complete and may not contain all of the information that you may want to consider before investing in our securities. You should read the more detailed information contained in this prospectus carefully, together with any applicable prospectus supplements or free writing prospectuses, especially the information set forth under “Risk Factors” below, “Item 1A. Risk Factors” in our most recent annual report on Form 10-K, “Part II — Item 1A. Risk Factors” in our most recent quarterly report on Form 10-Q, in our current reports on Form 8-K, as well as in any amendments to the foregoing reflected in subsequent SEC filings, and the information set forth under the caption “Additional Information” in this prospectus.*

Except as otherwise indicated or where the context suggests otherwise, the terms:

- “we,” “us,” “our” and the “Company” refer to PhenixFIN Corporation, a Delaware corporation, and its consolidated subsidiaries;
- “Administrator” refers to US Bancorp Fund Services, LLC d/b/a U.S. Bank Global Fund Services in its capacity as our administrator under an administration agreement between us and our the Administrator;

### **PhenixFIN Corporation**

We are a non-diversified closed-end management investment company incorporated in Delaware that has elected to be regulated as a business development company (“BDC”) under the Investment Company Act of 1940, as amended (the “1940 Act”). We completed our initial public offering (“IPO”) and commenced operations on January 20, 2011. The Company has elected, and intends to qualify annually, to be treated, for U.S. federal income tax purposes, as a regulated investment company (“RIC”) under Subchapter M of the Internal Revenue Code of 1986, as amended (the “Code”).

On November 18, 2020, the board of directors of the Company approved the adoption of an internalized management structure, effective January 1, 2021. Since that date, the Company has been managed pursuant to an internalized management structure. Until close of business on December 31, 2020 we were externally managed and advised by MCC Advisors LLC MCC Advisors, pursuant to an investment management agreement. MCC Advisors is a wholly owned subsidiary of Medley LLC, which is controlled by Medley Management Inc. (NYSE: MDLY), a publicly traded asset management firm MDLY, which in turn is controlled by Medley Group LLC, an entity wholly owned by the senior professionals of Medley LLC.

### **Investment Strategy**

The Company’s investment objective is to generate current income and capital appreciation. The management team seeks to achieve this objective primarily through making loans, private equity or other investments in privately-held companies. The Company may also make debt, equity or other investments in publicly-traded companies. (These investments may also include investments in other BDCs, closed-end funds or REITs.) We may also pursue other strategic opportunities and invest in other assets or operate other businesses to achieve our investment objective. The portfolio generally consists of senior secured first lien term loans, senior secured second lien term loans, senior secured bonds, preferred equity and common equity. Occasionally, we will receive warrants or other equity participation features which we believe will have the potential to increase total investment returns. Our loan and other debt investments are primarily rated below investment grade or are unrated. Investments in below investment grade securities are considered predominantly speculative with respect to the issuer’s capacity to pay interest and repay principal when due.

### **Investment Portfolio**

As of June 30, 2021, our investment portfolio had an aggregate fair value of approximately \$181.6 million and consisted of 42 portfolio companies. See “Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” for additional information.

As of June 30, 2021, our portfolio was diversified across 15 different industries. The largest industries in our portfolio, based on fair value as of June 30, 2021, were Construction and Building, Business Services and Banking, Finance, Insurance and Real Estate, which represented 20.7%, 17.5%, and 11.7%, respectively, as a percentage of our portfolio

at fair value. For the quarter ended June 30, 2021, investment income totaled \$8.7 million, of which \$8.6 million was attributable to portfolio interest and dividend income and \$0.1 million was attributable to fee income. As of June 30, 2021, ten portfolio company investments in our portfolio with a fair value of \$13.6 million were on non-accrual status.

Below are characteristics of the Company's investment portfolio as of June 30, 2021:

- *First Lien Senior Secured Loans:* Approximately 49.71% of the Company's total investment portfolio at fair value was invested in first lien debt;
- *Senior Secured Second Term Lien Loans.* Approximately 1.37% of the Company's total investment portfolio at fair value was invested in second lien debt;
- *Senior Secured Notes:* Approximately 2.05% of the Company's total investment portfolio at fair value was invested in senior secured notes; and
- *Unsecured Debt:* Approximately 1.16% of the Company's total investment portfolio at fair value was invested in unsecured debt; and
- *Equity/Warrants:* Approximately 45.71% of the Company's total investment portfolio at fair value was invested in equity or warrants.

As of June 30, 2021, we had cash and cash equivalents of \$52.9 million. Total principal debt outstanding as of June 30, 2021 was \$77.8 million.

### **Corporate Structure**

Effective January 1, 2021 the Company is managed pursuant to an internalized management structure, by our management team led by David A. Lorber, Chief Executive Officer and Ellida McMillan, Chief Financial Officer, and includes investment and finance professionals with over 80 years of combined industry experience.

### **Operating and Regulatory Structure**

We have elected to be regulated as a BDC under the 1940 Act. As with other companies regulated by the 1940 Act, a BDC must adhere to certain substantive regulatory requirements. The 1940 Act contains prohibitions and restrictions relating to transactions between BDCs and their affiliates (including any investment advisers or sub-advisers), principal underwriters and affiliates of those affiliates or underwriters. The 1940 Act also requires that a majority of the directors on the Board 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 such change is approved by a majority of our outstanding voting securities.

As a BDC, we are generally prohibited from acquiring assets other than qualifying assets, unless, after giving effect to any acquisition, at least 70% of our total assets are qualifying assets. Qualifying assets generally include securities of eligible portfolio companies, cash, cash equivalents, U.S. government securities and high-quality debt instruments maturing in one year or less from the time of investment. Under the rules of the 1940 Act, "eligible portfolio companies" include (1) private U.S. operating companies, (2) public U.S. operating companies whose securities are not listed on a national securities exchange (e.g., the New York Stock Exchange and the Nasdaq Stock Market) or registered under the Exchange Act, and (3) public U.S. operating companies having a market capitalization of less than \$250.0 million. Public U.S. operating companies whose securities are quoted on the over-the-counter bulletin board and through OTC Markets Group Inc. are not listed on a national securities exchange and therefore are eligible portfolio companies.

We also have elected to be treated, and intend to operate in a manner so as to qualify annually, as a RIC under Subchapter M of the Code. A BDC that has elected to be a RIC generally does not incur any U.S. federal income tax so long as the BDC continuously maintains its BDC election in accordance with the 1940 Act, at least 90% of the BDC's gross income each taxable year consists of certain types of qualifying investment income, the BDC satisfies certain asset diversification requirements at the close of each quarter of its taxable year, and the BDC distributes all of its taxable income (including net realized capital gains, if any) to its stockholders on a timely basis. See "*Material U.S. Federal Income Tax Considerations.*"

## **Distributions**

We intend to make quarterly distributions to our stockholders out of assets legally available for distribution (if available). Our distributions, if any, will be determined by our Board. We intend to timely distribute to our stockholders substantially all of our annual taxable income for each year, except that we may retain certain net capital gains for reinvestment and, depending upon the level of taxable income earned in a year, we may choose to defer distribution of taxable income for distribution in the following year and pay any applicable U.S. federal excise tax. The distributions we pay to our stockholders in a year may exceed our taxable income for that year and, accordingly, a portion of such distributions may constitute a return of capital for U.S. federal income tax purposes. The specific tax characteristics of our distributions will be reported to stockholders after the end of the calendar year. See “*Distributions*.”

## **Dividend Reinvestment Plan**

We have adopted a dividend reinvestment plan (“DRIP”) for our stockholders, which is an “opt out” DRIP. Under this plan, if we declare a cash dividend or other distribution, our stockholders who have not elected to “opt out” of our DRIP will have their cash dividend or distribution automatically reinvested in additional shares of our common stock, rather than receiving the cash dividend or distribution. If a stockholder elects to “opt out,” that stockholder will receive cash dividends and distributions. Stockholders who receive dividends or distributions in the form of shares of common stock generally are subject to the same U.S. federal, state and local tax consequences as stockholders who elect to receive their dividends or distributions in cash and, for this purpose, stockholders receiving dividends or distributions in the form of stock will generally be treated as receiving dividends or distributions equal to the fair market value of the stock received through the plan. However, since their cash dividends or distributions will be reinvested, those stockholders will not receive cash with which to pay any applicable taxes on reinvested dividends or distributions. See “*Dividend Reinvestment Plan*.”

## **Fees and Expenses**

As of January 1, 2021, we do not have an investment adviser and are internally managed by our executive officers under the supervision of the Board. As a result, we do not pay investment advisory fees, but instead we pay the operating costs associated with employing management professionals including, without limitation, compensation expenses related to salaries and bonuses.

See “*Fees and Expenses*” and “*Management*” below for more information.

## **Use of Leverage**

We expect to continue to use leverage to make investments. As a result, we may continue to be exposed to the risks of leverage, which include that leverage may be considered a speculative investment technique. The use of leverage magnifies the potential for gain and loss on amounts invested and therefore increases the risks associated with investing in our securities.

As of June 30, 2021, the Company’s asset coverage was 302.5% after giving effect to leverage and therefore the Company’s asset coverage was greater than 200%, the minimum asset coverage requirement applicable presently to the Company under the 1940 Act.

The Company’s outstanding debt as of June 30, 2021 was \$77.8 million in principal amount outstanding, consisting of 6.125% Notes due 2023 (“2023 Notes”). The 2023 Notes bear interest at a rate of 6.125% per year, payable quarterly on March 30, June 30, September 30 and December 30 of each year, beginning June 30, 2013 and trade on the NASDAQ Global Market under the trading symbol “PFXNL.”

For more information on our debt, see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations — Financial Condition, Liquidity and Capital Resources*” and for a further discussion of risks associated with leverage, see “*Item 1A. Risk Factors — Risks Related to Our Business — If we use borrowed funds to make investments or fund our business operations, we will be exposed to risks typically associated with leverage which will increase the risk of investing in us*” from our most recent annual report filed on Form 10-K and our most recent quarterly report filed on Form 10-Q, as well as any amendments reflected in subsequent filings with the SEC, all incorporated by reference herein.

### **Anti-Takeover Provisions**

Our Certificate of Incorporation provides that our Board is divided into three classes of directors, as nearly equal in number as possible, serving staggered three-year terms. The current terms of the first, second and third classes will expire at successive annual meetings of our stockholders and, in each case, those directors will serve until their successors are duly elected and qualify or until their resignation, removal from office, death or incapacity. A classified board may render a change in control of us or removal of our incumbent management more difficult. The Board had determined that the classified board provisions are in the best interest of the stockholders, as the longer time required to elect a majority of a classified board of directors help to ensure the continuity and stability of management and policies.

### **COVID-19 Developments**

On March 11, 2020, the World Health Organization declared the novel coronavirus (“COVID-19”) as a pandemic, and, on March 13, 2020, the United States declared a national emergency with respect to COVID-19. The outbreak of COVID-19 has severely impacted global economic activity and caused significant volatility and negative pressure in financial markets. The global impact of the outbreak has been rapidly evolving and many countries, including the United States, have reacted by instituting quarantines, restricting travel, and temporarily closing or limiting capacity at many corporate offices, retail stores, restaurants, fitness clubs and manufacturing facilities and factories in affected jurisdictions. Such actions are creating disruption in global supply chains and adversely impacting a number of industries. The outbreak has had and could continue to have an adverse impact on economic and market conditions and trigger a period of global economic slowdown.

We are closely monitoring the impact of the outbreak of COVID-19 on all aspects of our business, including how it will impact our portfolio companies, employees, due diligence and underwriting processes, and financial markets. Given the rapid development and fluidity of this situation, we cannot estimate the long-term impact of COVID-19 on our business, future results of operations, financial position or cash flows at this time. Further, the operational and financial performance of the portfolio companies in which we make investments may be significantly impacted by COVID-19, which may in turn impact the valuation of our investments. We believe our portfolio companies have taken immediate actions to effectively and efficiently respond to the challenges posed by COVID-19 and related orders imposed by state and local governments, including developing liquidity plans supported by internal cash reserves, shareholder support, and, as appropriate, accessing their ability to participate in the government Paycheck Protection Program. The Company’s performance was negatively impacted during the pandemic. The longer-term impact of COVID-19 on the operations and the performance of the Company (including certain portfolio companies) is difficult to predict, but may also be adverse. The longer-term potential impact on such operations and performance could depend to a large extent on future developments and actions taken by authorities and other entities to contain COVID-19 and its economic impact. The impacts, as well as the uncertainty over impacts to come, of COVID-19 have adversely affected the performance of the Company (including certain portfolio companies) and may continue to do so in the future. Furthermore, the impacts of a potential worsening of global economic conditions and the continued disruptions to and volatility in the financial markets remain unknown. COVID-19 presents material uncertainty and risks with respect to the underlying value of the Company’s portfolio companies, the Company’s business, financial condition, results of operations and cash flows, such as the potential negative impact to financing arrangements, increased costs of operations, changes in law and/or regulation, and uncertainty regarding government and regulatory policy.

### **Trading at a Discount**

Shares of closed-end investment companies, including BDCs, frequently trade at a discount to their NAV. The possibility that our shares may trade at a discount and even a significant discount to our NAV (which our common stock currently does) is separate and distinct from the risk that our NAV per share may decline. This risk may have a greater effect on investors expecting to sell their shares soon after completion of an offering, and our shares may be more appropriate for long-term investors than for investors with shorter investment horizons. We cannot predict whether our shares will trade above, at or below NAV. See “*Risk Factors — Risks Relating to an Investment of our Securities — Shares of closed-end investment companies, including business development companies, may, at times, trade at a discount to their NAV*” from our most recent annual report filed on Form 10-K, Item 1A “*Risk Factors*” from our most recent quarterly report filed on Form 10-Q, our current reports filed on Form 8-K, as applicable, as well as any amendments related to the foregoing reflected in subsequent filings with the SEC, all incorporated by reference herein.

### **Summary Risk Factors**

- We currently are operating in a period of capital markets disruption, significant volatility and economic uncertainty.
- Price declines and illiquidity in the corporate debt markets, as well as macro market events affecting us or our portfolio companies, may adversely affect the fair value of our portfolio investments, reducing our NAV through increased net unrealized depreciation.
- We may be unable to meet our investment objective or investment strategy.
- We depend upon key personnel.
- Because we use borrowed funds to make investments or fund our business operations, we are exposed to risks typically associated with leverage which increase the risk of investing in us.
- We may need to raise additional capital and existing stockholders may be diluted by any such capital raise.
- We operate in a highly competitive market for investment opportunities, which could reduce returns and result in losses.
- Our Board may change our investment objective, operating policies and strategies without prior notice or stockholder approval.
- Our Administrator can resign on 120 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 financial condition, business and results of operations.
- We are subject to regulations and SEC oversight, including limits on issuance of debt. If we or they fail to comply with applicable requirements, it may adversely impact our results relative to companies that are not subject to such regulations.
- The lack of liquidity in our investments may adversely affect our business.
- We may invest in high yield debt, or junk bonds, which has greater credit and liquidity risk than more highly rated debt obligations.
- Our portfolio companies may default or may need to restructure their obligations.
- Our investments may be concentrated in a limited number of portfolio companies and industries.
- We will be subject to corporate-level income tax if we are unable to qualify as a RIC or do not distribute all of our taxable income.
- Investing in our common stock involves an above average degree of risk.
- Events outside of our control, including public health crises, could negatively affect our portfolio companies and our results of our operations
- Political, social and economic uncertainty, including uncertainty related to the COVID-19 pandemic, creates and exacerbates risks.
- We will be exposed to risks associated with changes in interest rates.
- Because we use debt to finance our investments, changes in interest rates will affect our cost of capital and net investment income.
- Our investments in private middle-market portfolio companies may be risky, and you could lose all or part of your investment.
- Changes relating to the LIBOR calculation process may adversely affect the value of the LIBOR-indexed, floating-rate debt securities in our portfolio.

- A failure of cybersecurity 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.
- We may invest in “unitranche” debt instruments that combine both senior and subordinated debt into one debt instrument. Unitranche debt instruments typically pay a higher rate of interest than traditional senior debt instruments, but may also pose greater risk associated with a lesser amount of asset coverage.
- We may invest in, or obtain exposure to, obligations that may be “covenant-lite,” which means such obligations lack certain financial maintenance covenants. While these loans may still contain other collateral protections, a covenant-lite loan may carry more risk than a covenant-heavy loan made by the same borrower, as it does not require the borrower to provide affirmation that certain specific financial tests have been satisfied on a routine basis as is required under a covenant-heavy loan agreement. Should a loan we hold begin to deteriorate in quality, our ability to negotiate with the borrower may be delayed under a covenant-lite loan compared to a loan with full maintenance covenants. This may in turn delay our ability to seek to recover its investment.
- See “Item 1A. Risk Factors” from our most recent annual report filed on Form 10-K, “Part II — Item 1A. Risk Factors” from our most recent quarterly report on Form 10-Q, our current reports filed on Form 8-K, as applicable, as well as any amendments related to the foregoing reflected in subsequent filings with the SEC, all incorporated by reference herein, and information included elsewhere in this prospectus, for a description of these and other risks and uncertainties.

**Custodian, transfer agent and dividend disbursing agent**

U.S. Bank National Association (“U.S. Bank”) serves as our custodian. American Stock and Transfer Company serves as our transfer agent and dividend disbursing agent. See “*Custodian and Transfer and Dividend Disbursing Agent.*”

**Company Information**

Our principal executive offices are located at 445 Park Avenue, 10<sup>th</sup> Floor, New York, NY 10022, and our telephone number is (212) 859-0390.

We have filed with the SEC a registration statement on Form N-2 under the Securities Act of which this prospectus is a part, which contains additional information about us and the shares of our common stock being offered by this prospectus. We file annual, quarterly and current reports, proxy statements and other information meeting the information requirements of the Exchange Act with the SEC. This information is available on the SEC’s website at <http://www.sec.gov>.

We maintain a website at <http://www.phenixfc.com> and make all of our periodic and current reports, proxy statements and certain other information available, free of charge, on or through our website. The information on our website is not incorporated by reference in this prospectus. You may also obtain such information by contacting us, in writing at: PhenixFIN Corporation, 445 Park Avenue, 10<sup>th</sup> Floor, New York, NY 10022, Attention: Investor Relations, and by telephone at (212) 859-0390.



**FEES AND EXPENSES**

The following table is intended to assist you in understanding the fees and expenses that an investor in this offering will bear directly or indirectly. We caution you that some of the percentages indicated in the table below are estimates and may vary. The expenses shown in the table under “annual expenses” are based on estimated amounts for our current fiscal year. The following table should not be considered a representation of our future expenses. Actual expenses may be greater or less than shown. Except where the context suggests otherwise, whenever this prospectus contains a reference to fees or expenses paid by “us”, “the Company” or that “we” will pay fees or expenses, our stockholders will indirectly bear such fees or expenses as our investors.

<b>Stockholder transaction expenses (as a percentage of offering price):</b>	
Sales load	— <sup>(1)</sup>
Offering expenses	— <sup>(2)</sup>
Dividend reinvestment plan expenses	\$ 15.00 <sup>(3)</sup>
<b>Total stockholder transaction expenses</b>	<b>—%</b>
<b>Annual expenses (as a percentage of net assets attributable to common stock):<sup>(4)</sup></b>	
Operating expenses	4.37% <sup>(5)</sup>
Interest payments on borrowed funds	2.45% <sup>(6)</sup>
Acquired fund fees and expenses	—% <sup>(7)</sup>
<b>Total annual expenses</b>	<b>6.82%</b>

- (1) In the event that the securities to which this prospectus relates are sold to or through underwriters or agents, a corresponding prospectus supplement will disclose the applicable sales load.
- (2) The related prospectus supplement will disclose the amount of offering expenses, the offering price and the offering expenses borne by us as a percentage of the offering price that will supersede the information included herein.
- (3) The expenses of the DRIP are included in “operating expenses” in the table below. If a participant elects by written notice to the plan administrator to have the plan administrator sell part or all of the shares held by the plan administrator in the participant’s account and remit the proceeds to the participant, the plan administrator is authorized to deduct a \$15.00 transaction fee plus a \$0.10 per share brokerage commission from the proceeds. For additional information, see “*Dividend Reinvestment Plan.*”
- (4) Net assets attributable to common shares equals net assets as of June 30, 2021.
- (5) Operating expenses represent the estimated annual operating expenses of the Company and its consolidated subsidiaries based on annualized operating expenses estimated for the current fiscal year, which considers the actual expenses for the quarter ended June 30, 2021. We do not have an investment adviser and are internally managed by our executive officers under the supervision of the Board. As a result, we do not pay investment advisory fees, but instead we pay the operating costs associated with employing management professionals including, without limitation, compensation expenses related to salaries and bonuses.
- (6) Interest payments on borrowed funds represents an estimate of our annualized interest expense based on our total borrowings as of June 30, 2021. At June 30, 2021, the weighted average effective interest rate for total outstanding debt was 7.2%. We may borrow additional funds from time to time to make investments to the extent we determine that the economic situation is conducive to doing so. We may also issue preferred stock, subject to our compliance with applicable requirements under the 1940 Act. See “*Description of Capital Stock — Capital Stock — Preferred Stock.*”
- (7) Our stockholders indirectly bear the expenses of underlying funds or other investment vehicles in which we may invest.

**Example**

The following example demonstrates the projected dollar amount of total cumulative expenses over various periods with respect to a hypothetical investment in our common stock. In calculating the following expense amounts, we have assumed we would have no additional leverage and that our annual operating expenses would remain at the levels set forth in the table above. The stockholder transaction expenses described above are included in the following example.

	1 year	3 years	5 years	10 years
You would pay the following expenses on a \$1,000 investment, assuming a 5% annual return from realized capital gains	\$ 68	\$ 199	\$ 326	\$ 625



The foregoing table is to assist you in understanding the various costs and expenses that an investor in our common stock will bear directly or indirectly. While the example assumes, as required by the SEC, a 5% annual return, our performance will vary and may result in a return greater or less than 5%. In addition, while the example assumes reinvestment of all dividends and distributions at net asset value, if our Board authorizes and we declare a cash dividend, participants in our distribution reinvestment plan who have not otherwise elected to receive cash will receive a number of shares of our common stock, determined by dividing the total dollar amount of the dividend payable to a participant by the market price per share of our common stock at the close of trading on the valuation date for the dividend. See “*Distribution Reinvestment Plan*” for additional information regarding our distribution reinvestment plan.

This example and the expenses in the table above should not be considered a representation of our future expenses, and actual expenses (including the cost of debt, if any, and other expenses) may be greater or less than those shown.

## RISK FACTORS

Investing in our securities involves certain risks. There can be no assurance that our investment objectives will be achieved or that an investor will receive a return of its capital. Because we use borrowed funds to make investments or fund our business operations, we are exposed to risks typically associated with leverage which increase the risk of investing in us. In addition to the risk factors discussed in our most recent annual report on Form 10-K and our most recent quarterly report on Form 10-Q, we may invest in, or obtain exposure to obligations that may be “covenant-lite,” which means such obligations lack certain financial maintenance covenants and may carry more risk than a covenant-heavy loan made by the same borrower. We may also invest in unitranche debt instruments that combine both senior and subordinated debt into one debt instrument which typically pays a higher rate of interest but is subject to greater risk associated with a lesser amount of asset coverage. You should carefully consider the risks and uncertainties in the section titled “*Risk Factors*” in the applicable prospectus supplement and any related free writing prospectus, and the risk factors discussed in our most recent annual report on Form 10-K, our most recent quarterly report filed on Form 10-Q, our current reports filed on Form 8-K, as applicable, as well as any amendments related to the foregoing reflected in subsequent filings with the SEC, all incorporated by reference herein, together with all of the other information contained or incorporated by reference into this prospectus, including our consolidated financial statements and the related notes thereto, before you decide whether to make an investment in our securities. If any of these risks occur, our business, financial condition and results of operations could be materially adversely affected. In such case, our NAV and the price per share of our common stock could decline or the value of our preferred stock, warrants, subscription rights, debt securities or units may decline, and you may lose all or part of your investment. Additional risks and uncertainties not presently known to us or not presently deemed material by us may also impair our operations and performance.

## FORWARD-LOOKING STATEMENTS

This prospectus, including the documents we incorporate by reference herein, contains, and any applicable prospectus supplement or free writing prospectus, including the documents we incorporate by reference therein, contain forward-looking statements that involve substantial risks and uncertainties. You can identify these statements by the use of forward-looking terminology such as “may,” “will,” “should,” “expect,” “anticipate,” “project,” “estimate,” “intend,” “continue” or “believe” or the negatives thereof or other variations thereon or comparable terminology. You should read statements that contain these words carefully because they discuss our plans, strategies, prospects and expectations concerning our business, operating results, financial condition and other similar matters. We believe that it is important to communicate our future expectations to our investors. Our forward-looking statements include information in this prospectus, and any applicable prospectus supplement or free writing prospectus, regarding general domestic and global economic conditions, our future financing plans, our ability to operate as a BDC and the expected performance of, and the yield on, our portfolio companies. In particular, there are forward-looking statements under “*Prospectus Summary — PhenixFIN Corporation,*” “*Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations.*” There may be events in the future, however, that we are not able to predict accurately or control. The factors listed under “*Risk Factors,*” as well as any cautionary language in this prospectus, provide examples of risks, uncertainties and events that may cause our actual results to differ materially from the expectations we describe in our forward-looking statements. Before you invest in our securities, you should be aware that the occurrence of the events described in these risk factors and elsewhere in this prospectus could have a material adverse effect on our business, results of operation and financial position.

The following factors are among those that may cause actual results to differ materially from our forward-looking statements:

- our future operating results;
- our business prospects and the prospects of our portfolio companies including as to the impact of COVID-19 on our portfolio companies;
- changes in political, economic or industry conditions, the interest rate environment or conditions affecting the financial and capital markets, including changes from the impact of the COVID-19 pandemic;
- our ability to locate suitable investments for us and to monitor and administer our investments;
- our ability to attract and retain highly talented professionals;
- risk associated with possible disruptions in our operations or the economy generally;
- the timing of cash flows, if any, from the operations of our portfolio companies;
- the ability of our portfolio companies to achieve their objectives, including as a result of the COVID-19 pandemic;
- changes in laws, policies or regulations (including the interpretation thereof) affecting our operations or the operations of our portfolio companies;
- the valuation of our investments in portfolio companies, particularly those having no liquid trading market;
- our ability to recover unrealized losses;
- market conditions and our ability to access alternative debt markets and additional debt and equity capital;
- competition with other entities for investment opportunities;
- the dependence of our future success on the general economy and its effect on the industries in which we invest;
- our ability to maintain our qualification as a BDC and as a RIC;

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- the use of borrowed money to finance a portion of our investments and how much money we may borrow;
- the adequacy of our financing sources and working capital;
- the speculative and illiquid nature of our investments;
- our ability to make distributions;
- general price and volume fluctuations in the stock market;
- the costs associated with being a publicly traded company;
- the impact of future acquisitions and divestitures;
- our contractual arrangements and relationships with third parties; and
- the risks, uncertainties and other factors we identify under “*Risk Factors*” and elsewhere in this prospectus.

Any forward-looking statement made by us in this prospectus speaks only as of the date on which we make it. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. You are advised to consult any additional disclosures that we may make directly to you or through reports that we have filed or in the future may file with the SEC, including our annual reports on Form 10-K, registration statements on Form N-2, quarterly reports on Form 10-Q, current reports on Form 8-K and definitive proxy statements on Schedule 14A. Under Sections 27A(b)(2)(B) of the Securities Act and Section 21E(b)(2)(B) of the Exchange Act, the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995 do not apply to statements made in connection with any offering of securities pursuant to this prospectus or in the periodic reports we file under the Exchange Act.

## USE OF PROCEEDS

Unless otherwise specified in a prospectus supplement or a free writing prospectus we have authorized for use in connection with a specific offering, we intend to use the net proceeds from the sale of our securities pursuant to this prospectus for general corporate or strategic purposes, such as repaying outstanding indebtedness and making investments in portfolio companies, in accordance with our investment objective and strategies.

We anticipate that we will use substantially all of the net proceeds of an offering of securities for the above purposes within approximately six months after the completion of this offering, though this may depend on the availability of appropriate investment opportunities consistent with our investment objective and market conditions.

The supplement to this prospectus relating to an offering will more fully identify the use of the proceeds from such offering.

## DISTRIBUTIONS

We have elected to be treated, and intend to operate in a manner so as to qualify annually, as a RIC under Subchapter M of the Code. To maintain our RIC tax status, we must, among other requirements, distribute the sum of our (i) investment company taxable income (which is generally our net ordinary income plus the excess of realized net short-term capital gains over realized net long-term capital losses) determined without regard to the deduction for dividends paid and (ii) net tax exempt interest income (which is the excess of our gross tax exempt interest income over certain disallowed deductions). If we qualify as a RIC, we (but not our stockholders) generally will not be subject to U.S. federal income tax on investment company taxable income and net capital gains that we distribute to our stockholders. We intend to distribute annually all or substantially all of such income and gains, but we may also elect to periodically spill over certain excess undistributed taxable income from one tax year to the next tax year. To the extent that we retain our net capital gains or any investment company taxable income, we will be subject to U.S. federal income tax. We may choose to retain our net capital gains or any investment company taxable income, and pay the associated federal corporate income tax, including the U.S. federal excise tax described below.

Amounts not distributed on a timely basis in accordance with a calendar year distribution requirement are subject to a nondeductible 4% U.S. federal excise tax payable by us. To avoid this tax, we must distribute (or be deemed to have distributed) during each calendar year an amount equal to the sum of:

- 98% of our net ordinary income (not taking into account any capital gains or losses) recognized during a calendar year;
- at least 98.2% of the amount by which our capital gains exceed our capital losses (adjusted for certain ordinary losses) for a one-year period ending on October 31<sup>st</sup> of the calendar year; and
- income realized, but not distributed, in preceding years and on which we did not pay federal income tax.

While we intend to distribute any income and capital gains in the manner necessary to minimize imposition of the 4% U.S. 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.

We intend to pay quarterly dividends to our stockholders out of assets legally available for distribution. We cannot assure you that we will achieve investment results that will allow us to pay a specified level of dividends or year-to-year increases in dividends. In addition, the inability to satisfy the asset coverage test applicable to us as a BDC could limit our ability to pay dividends. All dividends will be paid at the discretion of our board of directors and will depend on our earnings, our financial condition, maintenance of our RIC tax status, compliance with applicable BDC regulations and such other factors as our board of directors may deem relevant from time to time. We cannot assure you that we will pay dividends to our stockholders in the future.

To the extent our taxable earnings fall below the total amount of our distributions for a taxable year, a portion of those distributions may be deemed a return of capital to our stockholders for U.S. federal income tax purposes. Stockholders should read any written disclosure accompanying a distribution carefully and should not assume that the source of any distribution is our ordinary income or gains.

We have adopted an “opt out” dividend reinvestment plan for our common stockholders. As a result, if we declare a cash dividend or other distribution, each stockholder that has not “opted out” of our dividend reinvestment plan will have their dividends or other distributions automatically reinvested in additional shares of our common stock rather than receiving cash dividends or distributions. Stockholders who receive dividends or distributions in the form of shares of common stock will be subject to the same federal, state and local tax consequences as if they received cash dividends or distributions.

There were no dividend distributions during the nine months ended June 30, 2021.

The federal income tax characterization of distributions declared and paid for the taxable year will be determined at taxable year-end based upon the amount of distributions paid and the sources and amounts of income and realized gains and our earnings and profits as determined for federal income tax purposes for the full taxable year.

**PRICE RANGE OF COMMON STOCK**

Shares of common stock of the Company began trading on the NASDAQ Global Market under the symbol “PFX” on January 4, 2021. Prior to such date, shares of common stock of the Company traded on the New York Stock Exchange under the symbol “MCC.” The following table sets forth, for each fiscal quarter since October 1, 2018, the net asset value per share of our common stock, the high and low closing market price for our common stock, such closing market price as a premium or discount to our net asset value per share and quarterly distributions per share.

	Closing Market Price			(Discount) of High Market Price to NAV <sup>(2)</sup>	(Discount) of Low Market Price to NAV <sup>(2)</sup>
	NAV <sup>(1)</sup>	High	Low		
<b>Fiscal year ending September 30, 2021</b>					
Third Quarter	\$ 58.49	\$ 42.76	\$ 32.80	(73.11)%	(56.08)%
Second Quarter	\$ 55.91	\$ 33.99	\$ 27.71	(60.79)%	(49.56)%
First Quarter	\$ 52.94	\$ 29.88	\$ 18.14	(56.44)%	(34.27)%
<b>Fiscal year ending September 30, 2020</b>					
Fourth Quarter	\$ 55.30	\$ 18.19	\$ 12.40	(32.89)%	(22.42)%
Third Quarter	54.83	18.70	9.00	(34.11)%	(16.41)%
Second Quarter	52.00	45.00	7.00	(86.54)%	(13.46)%
First Quarter	81.00	52.60	38.60	(64.94)%	(47.65)%
<b>Fiscal year ending September 30, 2019</b>					
Fourth Quarter	\$ 79.46	\$ 56.20	\$ 44.80	(70.73)%	(56.38)%
Third Quarter	91.00	69.00	44.00	(75.82)%	(48.35)%
Second Quarter	102.20	72.00	52.40	(70.45)%	(51.27)%
First Quarter	112.20	79.00	53.20	(70.41)%	(47.42)%

- (1) Net asset value per share is determined as of the last day in the relevant quarter and therefore may not reflect the net asset value per share on the date of the high and low market prices. The net asset value per share shown is based on outstanding shares at the end of the period.
- (2) Calculated as of the respective high or low closing market price divided by the quarter end net asset value.

For all periods presented in the table above, there was no return of capital included in any distribution.

**Shares of business development companies may trade at a market price that is less than the value of the net assets attributable to those shares. The possibility that our shares of common stock will trade at a discount or premium to net asset value is separate and distinct from the risk that our net asset value will decrease.**

The last reported closing price of our common stock on October 4, 2021 was \$42.90 per share, approximately 75% of the Company’s then-current NAV. As of October 4, 2021 we had 12 stockholders of record of our common stock.

## SALES OF COMMON STOCK BELOW NET ASSET VALUE

Our stockholders have in the past and may again approve our ability to sell shares of our common stock below our then current NAV per share in one or more public offerings of our common stock.

In making a determination that an offering below NAV per share is in our and our stockholders' best interests, our Board, including a majority of our Independent Directors, may consider a variety of factors, including:

- The effect that an offering below NAV per share would have on our stockholders, including the potential dilution they would experience as a result of the offering;
- The amount per share by which the offering price per share and the net proceeds per share are less than the most recently determined NAV per share;
- The relationship of recent market prices of our common stock to NAV per share and the potential impact of the offering on the market price per share of our common stock;
- Whether the estimated offering price would closely approximate the market value of our shares, less distributing commissions or discounts, and would not be below current market price;
- The potential market impact of being able to raise capital in the current financial market;
- The nature of any new investors anticipated to acquire shares in the offering;
- The anticipated rate of return on and quality, type and availability of investments;
- The leverage available to us, both before and after the offering and other borrowing terms; and
- The potential investment opportunities available relative to the potential dilutive effect of additional capital at the time of the offering.

Sales by us of our common stock at a discount from NAV pose potential risks for our existing stockholders whether or not they participate in the offering, as well as for new investors who participate in the offering.

The following three headings and accompanying tables explain and provide hypothetical examples assuming proceeds are temporarily invested in cash equivalents on the impact of an offering at a price less than NAV per share on three different sets of investors:

- existing stockholders who do not purchase any shares in the offering;
- existing stockholders who purchase a relatively small amount of shares in the offering or a relatively large amount of shares in the offering; and
- new investors who become stockholders by purchasing shares in the offering.

### ***Impact on Existing Stockholders who do not Participate in the Offering***

Our existing stockholders who do not participate, or who are not given the opportunity to participate, in an offering below NAV per share or who do not buy additional shares in the secondary market at the same or lower price we obtain in the offering (after any underwriting discounts and commissions) face the greatest potential risks. **All stockholders will experience an immediate decrease (often called dilution) in the NAV of the shares they hold. Stockholders who do not participate in the offering will also experience a disproportionately greater decrease in their participation in our earnings and assets and their voting power than stockholders who do participate in the offering.** All stockholders may also experience a decline in the market price of their shares, which often reflects, to some degree, announced or potential increases and decreases in NAV per share. This decrease could be more pronounced as the size of the offering and level of discounts increase.

The following examples illustrate the level of NAV dilution that would be experienced by a nonparticipating stockholder in three different hypothetical common stock offerings of different sizes and levels of discount from NAV per share, although it is not possible to predict the level of market price decline that may occur. Actual sales prices and discounts may differ from the presentation below.



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The examples assume that Company XYZ has 25,000,000 common shares outstanding, \$600,000,000 in total assets and \$300,000,000 in total liabilities. The current net asset value and net asset value per share are thus \$300,000,000 and \$12.00. The table illustrates the dilutive effect on nonparticipating Stockholder A of (1) an offering of 2,500,000 shares (10% of the outstanding shares) at \$10.80 per share after offering expenses and commissions (a 10% discount from net asset value), (2) an offering of 6,250,000 shares (25% of the outstanding shares) at \$10.20 per share after offering expenses and commissions (a 15% discount from net asset value) and (3) an offering of 6,250,000 shares (25% of the outstanding shares) at \$0.00 per share after offering expenses and commissions (a 100% discount from net asset value).

	Prior to Sale Below NAV Per Share	Example 1 – 10% Offering at 10% Discount <sup>(1)</sup>		Example 2 – 25% Offering at 15% Discount <sup>(1)</sup>		Example 3 – 25% Offering at 100% Discount <sup>(1)</sup>	
		Following Sale	Percent Change	Following Sale	Percent Change	Following Sale	Percent Change
<b>Offering Price</b>							
Price per Share to Public	—	\$ 11.37	—	\$ 10.74	—	\$ —	—
Net Proceeds per Share to Issuer	—	\$ 10.80	—	\$ 10.20	—	\$ —	—
<b>Increase in Shares and Decrease to NAV Per Share</b>							
Total Shares Outstanding	25,000,000	27,500,000	10.00%	31,250,000	25.00%	31,250,000	25.00%
NAV per Share	\$ 12.00	\$ 11.89	(0.92)%	\$ 11.64	(3.00)%	\$ 9.60	(20.00)%
<b>Dilution to Nonparticipating Stockholder A</b>							
<b>Share Dilution</b>							
Shares Held by Stockholder A	250,000	250,000	—	250,000	—	250,000	—
Percentage of Shares Held by Stockholder A	1.00%	0.91%	(9.09)%	0.80%	(20.00)%	0.80%	(20.00)%
<b>NAV Dilution</b>							
Total NAV Held by Stockholder A	\$ 3,000,000	\$ 2,972,500	(0.92)%	\$ 2,910,000	(3.00)%	\$ 2,400,000	(20.00)%
Total Investment by Stockholder A (Assumed to be \$12.00 per Share)	\$ 3,000,000	\$ 3,000,000	—	\$ 3,000,000	—	\$ 3,000,000	—
Total Dilution to Stockholder A (Change in Total NAV Held by Stockholder)	—	\$ (27,500)	—	\$ (90,000)	—	\$ (600,000)	—
<b>NAV Dilution Per Share</b>							
NAV per Share Held by Stockholder A	—	\$ 11.89	—	\$ 11.64	—	\$ 9.60	—
Investment per Share Held by Stockholder A	\$ 12.00	\$ 12.00	—	\$ 12.00	—	\$ 12.00	—
NAV Dilution per Share Experienced by Stockholder A (NAV per Share Less Investment per Share)	—	\$ (0.11)	—	\$ (0.36)	—	\$ (2.40)	—
Percentage NAV Dilution Experienced by Stockholder A (NAV Dilution per Share Divided by Investment per Share)	—	—	(0.92)%	—	(3.00)%	—	(20.00)%

(1) Assumes a 5% selling compensation and expenses paid by us.

**Impact on Existing Stockholders who Participate in the Offering**

Our existing stockholders who participate in an offering below NAV per share or who buy additional shares in the secondary market at the same or lower price as we obtain in the offering (after any underwriting discounts and commissions) will experience the same types of NAV dilution as the nonparticipating stockholders, albeit at a lower level, to the extent they purchase less than the same percentage of the offering below NAV as their interest in our shares immediately prior to the offering. The level of NAV dilution on an aggregate basis will decrease as the number of shares such stockholders purchase increases. Existing stockholders who buy more than such percentage will experience NAV dilution but will, in contrast to existing stockholders who purchase less than their proportionate share of the offering, experience an increase (often called accretion) in NAV per share over their investment per share and will also experience a disproportionately greater increase in their participation in our earnings and assets and their voting power than our increase in assets, potential earning power and voting interests due to the offering. The level of accretion will increase as the excess number of shares such stockholder purchases increases. Even a stockholder who over-participates will, however, be subject to the risk that we may make additional offerings below NAV in which such stockholder does not participate, in which case such a stockholder will experience NAV dilution as described above in such subsequent offerings. These stockholders may also experience a decline in the market price of their shares, which often reflects to some degree announced or potential increases and decreases in NAV per share. This decrease could be more pronounced as the size of the offering and level of discount to NAV increases.

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The following chart illustrates the level of dilution and accretion in the hypothetical 25% offering at a 15% discount from the prior chart (Example 2) for a stockholder that acquires shares equal to (1) 50% of its proportionate share of the offering (i.e., 31,250 shares, which is 0.5% of an offering of 6,250,000 shares rather than its 1.0% proportionate share) and (2) 150% of such percentage (i.e., 93,750 shares, which is 1.5% of an offering of 6,250,000 shares rather than its 1.0% proportionate share). It is not possible to predict the level of market price decline that may occur.

	Prior to Sale Below NAV Per Share	50% Participation		150% Participation	
		Following Sale	Percent Change	Following Sale	Percent Change
<b>Offering Price</b>					
Price per Share to Public	—	\$ 10.74	—	\$ 10.74	—
Net Proceeds per Share to Issuer	—	\$ 10.20	—	\$ 10.20	—
<b>Increase in Shares and Decrease to NAV Per Share</b>					
Total Shares Outstanding	25,000,000	31,250,000	25.00%	31,250,000	25.00%
NAV per Share	\$ 12.00	\$ 11.64	(3.00)%	\$ 11.64	(3.00)%
<b>Dilution/Accretion to Participating Stockholder A</b>					
<b>Share Dilution/Accretion</b>					
Shares Held by Stockholder A	250,000	281,250	—	343,750	—
Percentage of Shares Held by Stockholder A	1.00%	0.90%	—	1.10%	—
<b>NAV Dilution/Accretion</b>					
Total NAV Held by Stockholder A	\$ 3,000,000	\$ 3,273,750	9.13%	\$ 4,001,250	33.38%
Total Investment by Stockholder A (Assumed to be \$12.00 per Share on Shares Held Prior to Sale)	\$ 3,000,000	\$ 3,335,526	—	\$ 4,006,579	—
Total Dilution/Accretion to Stockholder A (Total NAV Less Total Investment)	—	\$ (61,776)	—	\$ (5,329)	—
<b>NAV Dilution/Accretion per Share</b>					
NAV per Share Held by Stockholder A	—	\$ 11.64	—	\$ 11.64	—
Investment per Share Held by Stockholder A (Assumed to be \$12.00 per Share on Shares Held Prior to Sale)	\$ 12.00	\$ 11.86	(1.17)%	\$ 11.66	(2.83)%
NAV Dilution/Accretion per Share Experienced by Stockholder A (NAV per Share Less Investment per Share)	—	\$ (0.22)	—	\$ (0.02)	—
Percentage NAV Dilution/Accretion Experienced by Stockholder A (NAV Dilution/Accretion per Share Divided by Investment per Share)	—	—	(1.83)%	—	(0.17)%

**Impact on New Investors**

Investors who are not currently stockholders, but who participate in an offering below NAV and whose investment per share is greater than the resulting NAV per share due to any underwriting discounts and commissions paid by us will experience an immediate decrease, albeit small, in the NAV of their shares and their NAV per share compared to the price they pay for their shares. Investors who are not currently stockholders and who participate in an offering below NAV per share and whose investment per share is also less than the resulting NAV per share due to any underwriting discounts and commissions paid by us being significantly less than the discount per share, will experience an immediate increase in the NAV of their shares and their NAV per share compared to the price they pay for their shares. All these investors will experience a disproportionately greater participation in our earnings and assets and their voting power than our increase in assets, potential earning power and voting interests. These investors will, however, be subject to the risk that we may make additional offerings below NAV in which such new stockholder does not participate, in which case such new stockholder

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will experience dilution as described above in such subsequent offerings. These investors may also experience a decline in the market price of their shares, which often reflects to some degree announced or potential increases and decreases in NAV per share. Their decrease could be more pronounced as the size of the offering and level of discounts increases.

The following chart illustrates the level of dilution or accretion for new investors that would be experienced by a new investor in the same hypothetical discounted offerings as described in the first chart above. The illustration is for a new investor who purchases the same percentage (1.00%) of the shares in the offering as Stockholder A in the prior examples held immediately prior to the offering. The prospectus supplement pursuant to which any discounted offering is made will include a chart for these examples based on the actual number of shares in such offering and the actual discount from the most recently determined net asset value per share.

	Prior to Sale Below NAV Per Share	Example 1 – 10% Offering at 10% Discount <sup>(1)</sup>		Example 2 – 25% Offering at 15% Discount <sup>(1)</sup>		Example 3 – 25% Offering at 100% Discount <sup>(1)</sup>		
		Following Sale	Percent Change	Following Sale	Percent Change	Following Sale	Percent Change	
<b>Offering Price</b>								
Price per Share to Public	— \$	11.37	—	\$ 10.74	—	\$ —	—	
Net Proceeds per Share to Issuer	— \$	10.80	—	\$ 10.20	—	\$ —	—	
<b>Increase in Shares and Decrease to NAV Per Share</b>								
Total Shares Outstanding	25,000,000	27,500,000	10.00%	31,250,000	25.00%	31,250,000	25.00%	
NAV per Share	\$ 12.00	\$ 11.89	(0.92)%	\$ 11.64	(3.00)%	\$ 9.60	(20.00)%	
<b>Accretion to Participating Investor A</b>								
<b>Share Accretion</b>								
Shares Held by Investor A	—	25,000	—	62,500	—	62,500	—	
Percentage of Shares Held by Investor A	—	0.09%	—	0.20%	—	0.20%	—	
<b>NAV Accretion</b>								
Total NAV Held by Investor A	— \$	297,250	—	\$ 727,500	—	\$ 600,000	—	
Total Investment by Investor A (At Price to Public)	— \$	284,211	—	\$ 671,053	—	\$ —	—	
Total Accretion to Investor A (Total NAV Less Total Investment)	— \$	13,039	—	\$ 56,447	—	\$ 600,000	—	
<b>NAV Accretion Per Share</b>								
NAV per Share Held by Investor A	— \$	11.89	—	\$ 11.64	—	\$ 9.60	—	
Investment per Share Held by Investor A	— \$	11.37	—	\$ 10.74	—	\$ —	—	
NAV Accretion per Share Experienced by Investor A (NAV per Share Less Investment per Share)	— \$	0.52	—	\$ 0.90	—	\$ 9.60	—	
Percentage NAV Accretion Experienced by Investor A (NAV Accretion per Share Divided by Investment per Share)	—	—	4.57%	—	8.4%	—	—	

## PLAN OF DISTRIBUTION

We may sell the securities in any of three ways (or in any combination): (a) through underwriters or dealers; (b) directly to a limited number of purchasers or to a single purchaser; or (c) through agents. The securities may also be sold “at-the-market” to or through a market maker or into an existing trading market for the securities, on an exchange or otherwise. The prospectus supplement will set forth the terms of the offering of such securities, including:

- the name or names of any underwriters, dealers or agents and the amounts of securities underwritten or purchased by each of them;
- the offering price of the securities and the proceeds to us and any discounts, commissions or concessions allowed or reallocated or paid to dealers; and
- any securities exchanges on which the securities may be listed.

Any offering price and any discounts or concessions allowed or reallocated or paid to dealers may be changed from time to time.

We may offer our shares of common stock in a public offering at-the-market to a select group of investors, in which case a stockholder may not be able to participate in such offering and a stockholder will experience dilution unless the stockholder purchases additional shares of our common stock in the secondary market at the same or lower price.

If underwriters are used in the sale of any securities, the securities will be acquired by the underwriters for their own accounts and may be resold from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. The securities may be either offered to the public through underwriting syndicates represented by managing underwriters, or directly by underwriters. Generally, the underwriters’ obligations to purchase the securities will be subject to certain conditions precedent. The underwriters will be obligated to purchase all of the securities if they purchase any of the securities.

In compliance with the guidelines of FINRA, the maximum compensation to the underwriters or dealers in connection with the sale of our securities pursuant to this prospectus and the accompanying supplement to this prospectus may not exceed 8% of the aggregate offering price of the securities as set forth on the cover page of the supplement to this prospectus.

We may sell the securities through agents from time to time. The prospectus supplement will name any agent involved in the offer or sale of the securities and any commissions we pay to them. Generally, any agent will be acting on a best efforts basis for the period of its appointment.

We may authorize underwriters, dealers or agents to solicit offers by certain purchasers to purchase the securities from us at the public offering price set forth in the prospectus supplement pursuant to delayed delivery contracts providing for payment and delivery on a specified date in the future.

The contracts will be subject only to those conditions set forth in the prospectus supplement, and the prospectus supplement will set forth any commissions we pay for soliciting these contracts.

Agents and underwriters may be entitled to indemnification by us against certain civil liabilities, including liabilities under the Securities Act, or to contribution with respect to payments which the agents or underwriters may be required to make in respect thereof. Agents and underwriters may be customers of, engage in transactions with, or perform services for us in the ordinary course of business. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling the Registrant pursuant to the foregoing provisions, the Registrant has been informed that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

We may enter into derivative transactions with third parties, or sell securities not covered by this prospectus to third parties in privately negotiated transactions. If the applicable prospectus supplement indicates, in connection with those derivatives, the third parties may sell securities covered by this prospectus and the applicable prospectus supplement, including in short sale transactions. If so, the third party may use securities pledged by us or borrowed from us or others to settle those sales or to close out any related open borrowings of stock, and may use securities received from us in settlement of those derivatives to close out any related open borrowings of stock. The third party in such sale transactions will be an underwriter and, if not identified in this prospectus, will be identified in the applicable prospectus

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supplement (or a post-effective amendment). We or one of our affiliates may loan or pledge securities to a financial institution or other third party that in turn may sell the securities using this prospectus. Such financial institution or third party may transfer its short position to investors in our securities or in connection with a simultaneous offering of other securities offered by this prospectus or otherwise.

In order to comply with the securities laws of certain states, if applicable, the securities offered hereby will be sold in such jurisdictions only through registered or licensed brokers or dealers.

We may not sell securities pursuant to this prospectus without delivering a prospectus supplement describing the method and terms of the offering of such securities.

**SELECTED FINANCIAL AND OTHER INFORMATION**

The information in “Item 6. Selected Consolidated Financial Data” of our most recent annual report on Form 10-K, “Part I — Consolidated Statements of Assets and Liabilities” of our most recent quarterly report on Form 10-Q and “Part I — Consolidated Statements of Operations” of our most recent quarterly report on Form 10-Q is incorporated by reference herein.

**MANAGEMENT’S DISCUSSION AND ANALYSIS OF  
FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The information in “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” of our most recent annual report on Form 10-K and in “Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations” of our most recent quarterly report on Form 10-Q is incorporated by reference herein.

**SENIOR SECURITIES**

Information about our senior securities (including debt securities and other indebtedness) is shown in the following table as of the dates indicated in the table below which is derived from our consolidated financial statements and related notes. This information about our senior securities should be read in conjunction with our consolidated financial statements and related notes thereto and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in our most recent quarterly report on Form 10-Q.

<b>Class and Year</b>	<b>Total Amount Outstanding Exclusive of Treasury Securities<sup>(1)</sup></b>	<b>Asset Coverage Per Unit<sup>(2)</sup></b>	<b>Involuntary Liquidating Preference Per Unit<sup>(3)</sup></b>	<b>Average Market Value Per Unit</b>
<b><u>Revolving Facility</u></b>				
September 30, 2011	\$ —	—	N/A <sup>(4)</sup>	N/A <sup>(5)</sup>
September 30, 2012	\$ 15,000	3,630	N/A <sup>(4)</sup>	N/A <sup>(5)</sup>
September 30, 2013	\$ 2,500	3,256	N/A <sup>(4)</sup>	N/A <sup>(5)</sup>
September 30, 2014	\$ 146,500	2,732	N/A <sup>(4)</sup>	N/A <sup>(5)</sup>
September 30, 2015	\$ 192,700	2,318	N/A <sup>(4)</sup>	N/A <sup>(5)</sup>
September 30, 2016	\$ 14,000	2,414	N/A <sup>(4)</sup>	N/A <sup>(5)</sup>
September 30, 2017	\$ 68,000	2,327	N/A <sup>(4)</sup>	N/A <sup>(5)</sup>
September 30, 2018	\$ —	—	N/A <sup>(4)</sup>	N/A <sup>(5)</sup>
September 30, 2019	\$ —	—	N/A <sup>(4)</sup>	N/A <sup>(5)</sup>
September 30, 2020	\$ —	—	N/A <sup>(4)</sup>	N/A <sup>(5)</sup>
September 30, 2021 (through June 30, 2021)	\$ —	—	N/A <sup>(4)</sup>	N/A <sup>(5)</sup>
<b><u>Term Loan Facility</u></b>				
September 30, 2011	\$ —	—	N/A <sup>(4)</sup>	N/A <sup>(5)</sup>
September 30, 2012	\$ 55,000	3,630	N/A <sup>(4)</sup>	N/A <sup>(5)</sup>
September 30, 2013	\$ 120,000	3,256	N/A <sup>(4)</sup>	N/A <sup>(5)</sup>
September 30, 2014	\$ 171,500	2,732	N/A <sup>(4)</sup>	N/A <sup>(5)</sup>
September 30, 2015	\$ 174,000	2,318	N/A <sup>(4)</sup>	N/A <sup>(5)</sup>
September 30, 2016	\$ 174,000	2,414	N/A <sup>(4)</sup>	N/A <sup>(5)</sup>
September 30, 2017	\$ 102,000	2,327	N/A <sup>(4)</sup>	N/A <sup>(5)</sup>
September 30, 2018	\$ —	—	N/A <sup>(4)</sup>	N/A <sup>(5)</sup>
September 30, 2019	\$ —	—	N/A <sup>(4)</sup>	N/A <sup>(5)</sup>
September 30, 2020	\$ —	—	N/A <sup>(4)</sup>	N/A <sup>(5)</sup>
September 30, 2021 (through June 30, 2021)	\$ —	—	N/A <sup>(4)</sup>	N/A <sup>(5)</sup>
<b><u>2019 Notes</u></b>				
September 30, 2011	\$ —	—	N/A <sup>(4)</sup>	\$ N/A <sup>(5)</sup>
September 30, 2012	\$ 40,000	3,630	N/A <sup>(4)</sup>	\$ 25.47
September 30, 2013	\$ 40,000	3,256	N/A <sup>(4)</sup>	\$ 25.61
September 30, 2014	\$ 40,000	2,732	N/A <sup>(4)</sup>	\$ 25.62
September 30, 2015	\$ 40,000	2,318	N/A <sup>(4)</sup>	\$ 25.26
September 30, 2016	\$ 40,000	2,414	N/A <sup>(4)</sup>	\$ 25.44
September 30, 2017	\$ —	—	N/A <sup>(4)</sup>	\$ 25.39
September 30, 2018	\$ —	—	N/A <sup>(4)</sup>	\$ N/A <sup>(5)</sup>
September 30, 2019	\$ —	—	N/A <sup>(4)</sup>	N/A <sup>(5)</sup>
September 30, 2020	\$ —	—	N/A <sup>(4)</sup>	N/A <sup>(5)</sup>
September 30, 2021 (through June 30, 2021)	\$ —	—	N/A <sup>(4)</sup>	N/A <sup>(5)</sup>



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Class and Year	Total Amount Outstanding of Treasury Securities <sup>(1)</sup>	Asset Coverage Per Unit <sup>(2)</sup>	Involuntary Liquidating Preference Per Unit <sup>(3)</sup>	Average Market Value Per Unit
<b>2021 Notes</b>				
September 30, 2011	\$ —	—	N/A <sup>(4)</sup>	\$ N/A <sup>(5)</sup>
September 30, 2012	\$ —	—	N/A <sup>(4)</sup>	\$ N/A <sup>(5)</sup>
September 30, 2013	\$ —	—	N/A <sup>(4)</sup>	\$ N/A <sup>(5)</sup>
September 30, 2014	\$ —	—	N/A <sup>(4)</sup>	\$ N/A <sup>(5)</sup>
September 30, 2015	\$ —	—	N/A <sup>(4)</sup>	\$ N/A <sup>(5)</sup>
September 30, 2016	\$ 74,013	2,414	N/A <sup>(4)</sup>	\$ 25.48
September 30, 2017	\$ 74,013	2,327	N/A <sup>(4)</sup>	\$ 25.80
September 30, 2018	\$ 74,013	2,126	N/A <sup>(4)</sup>	\$ 25.48
September 30, 2019	\$ 74,013	1,842	N/A <sup>(4)</sup>	\$ 24.82
September 30, 2020	\$ 74,013	1,992	N/A <sup>(4)</sup>	23.61
September 30, 2021 (through June 30, 2021)	\$ —	—	N/A <sup>(4)</sup>	N/A <sup>(5)</sup>
<b>2023 Notes</b>				
September 30, 2011	\$ —	—	N/A <sup>(4)</sup>	\$ N/A <sup>(5)</sup>
September 30, 2012	\$ —	—	N/A <sup>(4)</sup>	\$ N/A <sup>(5)</sup>
September 30, 2013	\$ 63,500	3,256	N/A <sup>(4)</sup>	\$ 23.74
September 30, 2014	\$ 63,500	2,732	N/A <sup>(4)</sup>	\$ 24.76
September 30, 2015	\$ 63,500	2,318	N/A <sup>(4)</sup>	\$ 24.79
September 30, 2016	\$ 63,500	2,414	N/A <sup>(4)</sup>	\$ 25.19
September 30, 2017	\$ 102,847	2,327	N/A <sup>(4)</sup>	\$ 25.18
September 30, 2018	\$ 89,847	2,126	N/A <sup>(4)</sup>	\$ 25.02
September 30, 2019	\$ 77,847	1,842	N/A <sup>(4)</sup>	\$ 24.28
September 30, 2020	\$ 77,847	1,992	N/A <sup>(4)</sup>	21.68
September 30, 2021 (through June 30, 2021)	\$ 77,847 <sup>(6)</sup>	3,025	N/A <sup>(4)</sup>	24.80
<b>2024 Notes</b>				
September 30, 2011	\$ —	—	N/A <sup>(4)</sup>	\$ N/A <sup>(5)</sup>
September 30, 2012	\$ —	—	N/A <sup>(4)</sup>	\$ N/A <sup>(5)</sup>
September 30, 2013	\$ —	—	N/A <sup>(4)</sup>	\$ N/A <sup>(5)</sup>
September 30, 2014	\$ —	—	N/A <sup>(4)</sup>	\$ N/A <sup>(5)</sup>
September 30, 2015	\$ —	—	N/A <sup>(4)</sup>	\$ N/A <sup>(5)</sup>
September 30, 2016	\$ —	—	N/A <sup>(4)</sup>	\$ N/A <sup>(5)</sup>
September 30, 2017	\$ —	—	N/A <sup>(4)</sup>	\$ N/A <sup>(5)</sup>
September 30, 2018	\$ 121,276	2,126	N/A <sup>(4)</sup>	\$ 273.95
September 30, 2019	\$ 105,137	1,842	N/A <sup>(4)</sup>	\$ 254.43
September 30, 2020	\$ —	—	N/A <sup>(4)</sup>	N/A
September 30, 2021 (through June 30, 2021)	\$ —	—	N/A <sup>(4)</sup>	N/A

Class and Year	Total Amount Outstanding Exclusive of Treasury Securities <sup>(1)</sup>	Asset Coverage Per Unit <sup>(2)</sup>	Involuntary Liquidating Preference Per Unit <sup>(3)</sup>	Average Market Value Per Unit
<b>SBA Debentures</b>				
September 30, 2011	\$ —	—	N/A <sup>(4)</sup>	N/A <sup>(5)</sup>
September 30, 2012	\$ —	—	N/A <sup>(4)</sup>	N/A <sup>(5)</sup>
September 30, 2013	\$ 30,000	3,256	N/A <sup>(4)</sup>	N/A <sup>(5)</sup>
September 30, 2014	\$ 100,000	2,732	N/A <sup>(4)</sup>	N/A <sup>(5)</sup>
September 30, 2015	\$ 150,000	2,318	N/A <sup>(4)</sup>	N/A <sup>(5)</sup>
September 30, 2016	\$ 150,000	2,414	N/A <sup>(4)</sup>	N/A <sup>(5)</sup>
September 30, 2017	\$ 150,000	2,327	N/A <sup>(4)</sup>	N/A <sup>(5)</sup>
September 30, 2018	\$ 135,000	2,126	N/A <sup>(4)</sup>	N/A <sup>(5)</sup>
September 30, 2019	\$ —	—	N/A <sup>(4)</sup>	N/A <sup>(5)</sup>
September 30, 2020	\$ —	—	N/A <sup>(4)</sup>	N/A <sup>(5)</sup>
September 30, 2021 (through June 30, 2021)	\$ —	—	N/A <sup>(4)</sup>	N/A <sup>(5)</sup>

- (1) Total amount of each class of senior securities outstanding at the end of the period presented.
- (2) The asset coverage ratio for a class of senior securities representing indebtedness is calculated as our consolidated total assets, less all liabilities and indebtedness not represented by senior securities, divided by total senior securities representing indebtedness. This asset coverage ratio is multiplied by \$1,000 to determine the Asset Coverage Per Unit.
- (3) 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.
- (4) Information that the SEC expressly does not require to be disclosed for certain types of senior securities.
- (5) Not applicable as these classes of securities are not registered for public trading.
- (6) As of October 4, 2021, there was \$77.8 million in aggregate principal amount of the 2023 Notes (unaudited).

**BUSINESS**

Our business is described in “Item 1 — Business” of our most recent annual report on Form 10-K and in “Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations” of our most recent quarterly report on Form 10-Q, which are incorporated by reference herein.

## REGULATION

We are subject to regulation as described in “*Item 1 — Business — Regulation as a Business Development Company*” of our most recent annual report on Form 10-K, and in “*Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations — Overview*” of our most recent quarterly report on Form 10-Q, which are incorporated by reference herein.

**MANAGEMENT**

The information in the sections entitled “*Election of Director Nominees*” in our most recent definitive proxy statement on Schedule 14A for our annual meeting of stockholders (the “Annual Proxy Statement”) and the information in the section titled “*Note 6 — Agreements*” in our most recent quarterly report on Form 10-Q are incorporated herein by reference.

**EXECUTIVE COMPENSATION**

The information in the sections entitled “*Compensation of Executive Officers*,” “*Compensation Discussion and Analysis*” and “*Compensation of Directors*” in our most recent Annual Proxy Statement are incorporated herein by reference.

**RELATED PARTY TRANSACTIONS AND CERTAIN RELATIONSHIPS**

Please refer to “*Note 7 — Related Party Transactions*” in the Notes to Consolidated Financial Statements in our most recent annual report filed on Form 10-K; “*Note 7 — Related Party Transactions*” in the Notes to Consolidated Financial Statements and “*Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations — Related Party Transactions*” in our most recent quarterly report filed on Form 10-Q; and our current reports filed on Form 8-K, as applicable, as well as any amendments related to the foregoing reflected in subsequent filings with the SEC, which are incorporated by reference into this prospectus, for information relating to our related party transactions.

**CONTROL PERSONS AND PRINCIPAL STOCKHOLDERS**

As of October 4, 2021, there were 2,517,221 shares of common stock issued and outstanding and as of October 4, 2021, there were approximately 12 stockholders of record. The following table sets out, immediately prior to this offering, certain ownership information (rounded to the nearest whole share) with respect to our common stock for those persons who directly or indirectly own, control or hold with the power to vote 5% or more of our outstanding common stock, all of our directors and all officers and directors as a group. Beneficial ownership is determined in accordance with the rules and regulations of the SEC. These rules generally provide that a person is the beneficial owner of securities if the person has or shares the power to vote or direct the voting thereof, or to dispose or direct the disposition thereof or has the right to acquire these powers within 60 days. Ownership information for those persons who beneficially own 5% or more of the outstanding shares of our common stock is based upon Schedule 13D, Schedule 13G, Form 13F or other filings by such persons with the SEC and other information obtained from such persons.

Name and Address of Beneficial Owner	Number of Shares Owned Beneficially <sup>(1)</sup>	Percentage of Class <sup>(2)</sup>
Almitas Capital LLC <sup>(3)</sup>	162,430	6.45%
Bradley L. Radoff <sup>(4)</sup>	207,700	8.25%
Glacier Point Advisors, LLC <sup>(5)</sup>	248,705	9.88%
<b>Interested Director</b>		
David A. Lorber	110,648 <sup>(6)</sup>	4.40%
<b>Independent Directors</b>		
Arthur S. Ainsberg	850	*%
Howard Amster	234,802 <sup>(7)</sup>	9.33%
Karin Hirtler-Garvey	850	*%
Lowell W. Robinson	150	*%
<b>Executive Officers</b>		
Ellida McMillan	100	*%
<b>All executive officers and directors as a group (6 persons)</b>		<b>13.80%</b>

\* Represents less than one percent.

- (1) Beneficial ownership has been determined in accordance with Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). This table assumes the beneficial owners have made no other purchases or sales of our common stock since the most recently available SEC filings. This assumption has been made under the rules and regulations of the SEC and does not reflect any knowledge that we have with respect to the present intent of the beneficial owners of our common stock listed in this table.
- (2) Based on a total of 2,517,221 shares of the Company’s common stock issued and outstanding on October 4, 2021.
- (3) Based on information included in the Schedule 13G filed by Almitas Capital LLC with the SEC on February 17, 2021. The address of Almitas Capital LLC is 1460 4<sup>th</sup> Street, Suite 300, Santa Monica, CA 90401.
- (4) Based on information included in the Schedule 13G filed by Bradley L. Radoff with the SEC on February 16, 2021. Per the Schedule 13G, Mr. Radoff directly owned 96,500 shares. Mr. Radoff, (i) may be deemed the beneficial owner of the 49,896 shares owned by BLR Partners LP, as the sole shareholder and sole director of each of BLRGP Inc. (the general partner of the general partner of BLR Partners LP) and FMLP Inc. (the general partner of the investment manager of BLR Partners LP), (ii) may be deemed the beneficial owner of the 58,804 shares owned by The Radoff Family Foundation, as a director of The Radoff Family Foundation, and (iii) may be deemed the beneficial owner of the 2,500 shares held in a certain donor advised charitable account, as an advisor to such charitable account, which, together with the 96,500 shares he directly owns, constitutes an aggregate of 207,700 shares beneficially owned by Mr. Radoff. The address of Bradley L. Radoff is 2727 Kirby Drive, Unit 29L, Houston, TX 77098.
- (5) Based on information included in the Schedule 13G filed by Glacier Point Advisors, LLC with the SEC on February 26, 2021. The address of Glacier Point Advisors, LLC is 13921 Gimbert Lane, North Tustin, CA 92705.
- (6) FrontFour Master Fund, Ltd., an exempted company formed under the laws of the Cayman Islands (“FrontFour Master Fund”), beneficially owns 81,662.416 of the reported shares. FrontFour Opportunity Fund, a mutual fund trust formed under the laws of British Columbia, Canada (“FrontFour Opportunity Fund”), beneficially owns 2,085.7 of the reported



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shares. Each of David A. Lorber, Stephen E. Loukas, and Zachary R. George is a managing member and principal owner of FrontFour Capital Group LLC (“FrontFour Capital”), which serves as an investment manager of FrontFour Master Fund, and a principal owner of FrontFour Capital Corp. (“FrontFour Corp.”), which serves as an investment manager to FrontFour Opportunity Fund. David A. Lorber disclaims beneficial ownership of such shares of common stock except to the extent of his pecuniary interest therein.

- (7) These shares are deemed to be beneficially owned by Howard Amster, as a result of his personal ownership and in his capacity as President of Pleasant Lakes Apts. Corp., which is the General Partner of Pleasant Lakes Apts. Limited Partnership, and in his capacity as the trustee of the various trusts listed in the Form 3 filed with the SEC by Howard Amster on August 24, 2020.

## PORTFOLIO COMPANIES

The following table sets forth certain information as of June 30, 2021, for each portfolio company in which we had an investment. Other than these investments, our only formal relationships with our portfolio companies are the significant managerial assistance that we may provide upon request and the board observation or participation rights we may receive in connection with our investment. As indicated by footnote to the following table, we are deemed to “control” a portfolio company, as defined in the 1940 Act, because we own more than 25% of outstanding voting securities of such portfolio company. Where we directly or indirectly own 5% to 25% of the outstanding voting securities of such portfolio company, we are deemed to be an “affiliate.” In general, under the 1940 Act, we would be presumed to “control” a portfolio company if we owned more than 25% of its voting securities and would be an “affiliate” of a portfolio company if we owned more than 5% of its outstanding voting securities. Values for the percentage of class of securities held are approximate.

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Company <sup>(1)</sup>	Industry	Type of Investment	Maturity	Par Amount <sup>(2)</sup>	Cost <sup>(3)</sup>	Fair Value <sup>(4)</sup>	% of Class	% of Net Assets <sup>(5)</sup>
<b>Non-Controlled/Non-Affiliated Investments:</b>								
Alpine SG, LLC <sup>(8)</sup>	High Tech Industries	Senior Secured First Lien Term Loan (LIBOR + 5.75% Cash, 1.00% LIBOR Floor) <sup>(14)</sup>	11/16/2022	\$ 4,715,809	\$ 4,715,809	\$ 4,715,806		3.01%
		Senior Secured Incremental First Lien Term Loan (LIBOR + 8.50% Cash, 1.00% LIBOR Floor) <sup>(14)</sup>	11/16/2022	472,087	472,087	472,087		0.30%
		Senior Secured First Lien Delayed Draw Term Loan (LIBOR + 5.75% Cash, 1.00% LIBOR Floor) <sup>(14)</sup>	11/16/2022	2,277,293	2,277,293	2,277,293		1.45%
		Senior Secured Incremental First Lien Term Loan (LIBOR + 6.50% Cash, 1.00% LIBOR Floor) <sup>(14)</sup>	11/16/2022	4,174,037	4,094,287	4,174,037		2.66%
				11,639,226	11,559,476	11,639,223		7.42%
Autosplice, Inc.	Automotive	Senior Secured First Lien Term Loan (LIBOR + 8.00% Cash & 2.00% PIK, 1.00% LIBOR Floor) <sup>(14)</sup>	4/30/2022	11,854,234	11,854,234	11,854,234		7.57%
				11,854,234	11,854,234	11,854,234		7.57%
Be Green Packaging, LLC	Containers, Packaging & Glass	Equity – 417 Common Units		1	416,250	—	42%	0.00%
				1	416,250	—		0.00%
Chimera Investment Corp. <sup>(11)</sup>	Banking, Finance, Insurance & Real Estate	Equity – 112,310 Class C Preferred Units <sup>(18)(21)</sup>	9/30/2025	112,310	2,755,253	2,904,337	1%	1.85%
				112,310	2,755,253	2,904,337		1.85%
Cleaver-Brooks, Inc.	Manufacturing	7.875% Senior Secured Notes <sup>(19)</sup>	3/1/2023	3,764,000	3,756,540	3,726,360		2.38%
				3,764,000	3,756,540	3,726,360		2.38%
CM Finance SPV, LLC	Energy: Oil & Gas	Unsecured Debt <sup>(10)</sup>		101,463	101,463	—		0.00%
				101,463	101,463	—		0.00%
CPI International, Inc.	Aerospace & Defense	Senior Secured Second Lien Term Loan (LIBOR + 7.25% Cash, 1.00% LIBOR Floor) <sup>(13)</sup>	7/28/2025	2,607,062	2,599,755	2,483,227		1.58%
				2,607,062	2,599,755	2,483,227		1.58%
Crow Precision Components, LLC	Aerospace & Defense	Equity – 350 Common Units		350	700,000	127,474	3%	0.08%
				350	700,000	127,474		0.08%
DataOnline Corp. <sup>(8)</sup>	High Tech Industries	Senior Secured First Lien Term Loan (LIBOR + 6.25% Cash, 1.00% LIBOR Floor) <sup>(14)</sup>	11/13/2025	4,925,000	4,925,000	4,826,500		3.08%
		Revolving Credit Facility (LIBOR + 6.25% Cash, 1.00% LIBOR Floor) <sup>(14)(16)</sup>	11/13/2025	607,143	607,143	592,857		0.38%
				5,532,143	5,532,143	5,419,357		3.46%

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Company <sup>(1)</sup>	Industry	Type of Investment	Maturity	Par Amount <sup>(9)</sup>	Cost <sup>(9)</sup>	Fair Value <sup>(9)</sup>	% of Class	% of Net Assets <sup>(9)</sup>
Dividend and Income Fund <sup>(11)</sup>	Banking, Finance, Insurance & Real Estate	Equity – 45,653 Common Units <sup>(18)</sup>		45,653	665,852	676,121	<1%	0.43%
				45,653	665,852	676,121		0.43%
Dream Finders Homes, LLC <sup>(11)</sup>	Construction & Building	Preferred Equity (8.00% PIK)		4,808,834	4,808,834	4,616,481	50%	2.95%
				4,808,834	4,808,834	4,616,481		2.95%
Footprint Acquisition, LLC	Services: Business	Preferred Equity (8.75% PIK) <sup>(10)</sup> Equity – 150 Common Units		4,049,398	4,049,398	2,348,651	71%	1.50%
				150	—	—	15%	0.00%
				4,049,548	4,049,398	2,348,651		1.50%
Global Accessories Group, LLC	Consumer goods: Non-durable	Equity – 3.8% Membership Interest		380	151,337	—	4%	0.00%
				380	151,337	—		0.00%
Great AJAX Corp. <sup>(11)</sup>	Banking, Finance, Insurance & Real Estate	Equity – 37,254 Common Units <sup>(18)</sup>		37,254	469,512	483,557	<1%	0.31%
				37,254	469,512	483,557		0.31%

**Non-Controlled/Non-Affiliated Investments:**

Impact Group, LLC	Services: Business	Senior Secured First Lien Term Loan (LIBOR + 7.37% Cash, 1.00% LIBOR Floor) <sup>(14)</sup>	6/27/2023	3,159,309	3,159,309	3,159,309		2.02%
			6/27/2023	9,155,136	9,155,136	9,155,136		5.84%
				12,314,445	12,314,445	12,314,445		7.86%
InterFlex Acquisition Company, LLC	Containers, Packaging & Glass	Senior Secured First Lien Term Loan (LIBOR + 9.00% Cash, 1.00% LIBOR Floor) <sup>(13)</sup>	8/18/2022	11,535,906	11,535,906	11,535,906		7.36%
				11,535,906	11,535,906	11,535,906		7.36%
Invesco Mortgage Capital, Inc. <sup>(11)</sup>	Banking, Finance, Insurance & Real Estate	Equity – 205,000 Class C Preferred Units <sup>(18)(22)</sup>	9/27/2027	205,000	5,035,506	5,139,350	2%	3.28%
				205,000	5,035,506	5,139,350		3.28%
Lighting Science Group Corporation	Containers, Packaging & Glass	Warrants – 0.62% of Outstanding Equity		5,000,000	955,680	—	1%	0.00%
				5,000,000	955,680	—		0.00%
New Residential Investment Corp. <sup>(11)</sup>	Banking, Finance, Insurance & Real Estate	Equity – 159,583 Class B Preferred Units <sup>(18)(23)</sup>	8/15/2024	159,583	3,948,103	4,096,496	1%	2.61%
				159,583	3,948,103	4,096,496		2.61%
New York Mortgage Trust, Inc. <sup>(11)</sup>	Banking, Finance, Insurance & Real Estate	Equity – 135,000 Class E Preferred Units <sup>(18)(24)</sup>	1/15/2025	135,000	3,335,657	3,488,400	<1%	2.23%
				135,000	3,335,657	3,488,400		2.23%
Point.360	Services: Business	Senior Secured First Lien Term Loan (LIBOR + 6.00% PIK) <sup>(10)(15)</sup>	7/8/2020	2,777,366	2,103,712	—		0.00%
				2,777,366	2,103,712	—		0.00%
RateGain Technologies, Inc.	Hotel, Gaming & Leisure	Unsecured Debt <sup>(10)</sup> <sup>(12)</sup>	10/2/2023	589,821	589,821	—		0.00%
			4/1/2024	761,905	761,905	—		0.00%
				1,351,726	1,351,726	—		0.00%

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Company <sup>(1)</sup>	Industry	Type of Investment	Maturity	Par Amount <sup>(2)</sup>	Cost <sup>(3)</sup>	Fair Value <sup>(4)</sup>	% of Class	% of Net Assets <sup>(5)</sup>
Redwood Services Group, LLC <sup>(8)</sup>	Services: Business	Revolving Credit Facility (LIBOR + 6.00% Cash, 1.00% LIBOR Floor) <sup>(13)(16)</sup>	6/6/2023	175,000	175,000	157,500		0.10%
				175,000	175,000	157,500		0.10%
Sendero Drilling Company, LLC	Energy: Oil & Gas	Unsecured Debt (9.00% Cash) <sup>(10)</sup>	8/1/2022	297,500	283,238	—		0.00%
				297,500	283,238	—		0.00%
Seotowncenter, Inc.	Services: Business	Equity – 3,434,169.6 Common Units		3,434,170	566,475	—	3%	0.00%
				3,434,170	566,475	—		0.00%
SFP Holding, Inc.	Services: Business	Senior Secured First Lien Term Loan (LIBOR + 6.25% Cash, 1.00% LIBOR Floor) <sup>(14)</sup>	9/1/2022	4,744,636	4,744,636	4,697,190		3.00%
		Senior Secured First Lien Delayed Draw Term Loan (LIBOR + 6.25% Cash, 1.00% LIBOR Floor) <sup>(14)</sup>	9/1/2022	1,839,544	1,839,544	1,821,149		1.16%
		Equity – 101,165.93 Common Units in CI (Summit) Investment Holdings LLC		101,166	1,067,547	863,957		0.55%
SMART Financial Operations, LLC	Retail	Equity – 700,000 Class A Preferred Units		700,000	700,000	—	9%	0.00%
				700,000	700,000	—		0.00%
Stancor, Inc.	Services: Business	Equity – 263,814.43 Class A Units		263,814	263,814	204,946	1%	0.13%
				263,814	263,814	204,946		0.13%
Thryv Holdings, Inc. <sup>(11)</sup>	Services: Business	Senior Secured First Lien Term Loan B (LIBOR + 8.50% Cash, 1.00% LIBOR Floor) <sup>(13)(19)</sup>	3/1/2026	6,120,000	5,944,492	6,120,000		3.91%
				6,120,000	5,944,492	6,120,000		3.91%
Velocity Pooling Vehicle, LLC	Automotive	Senior Secured First Lien Term Loan (LIBOR + 11.00% PIK, 1.00% LIBOR Floor) <sup>(14)</sup>	4/28/2023	1,014,440	951,629	1,014,440		0.65%
		Equity – 5,441 Class A Units		5,441	302,464	62,299	1%	0.04%
		Warrants – 0.65% of Outstanding Equity	3/30/2028	6,506	361,667	74,429	1%	0.05%
				1,026,387	1,615,760	1,151,168		0.74%
Walker Edison Furniture Company LLC	Consumer goods: Durable	Equity – 10,244 Common Units		10,244	1,500,000	7,537,535	1%	4.81%
				10,244	1,500,000	7,537,535		4.81%
Watermill-QMC Midco, Inc.	Automotive	Equity – 1.3% Partnership Interest <sup>(9)</sup>		518,283	518,283	—	2%	(0.02)%
				518,283	518,283	—		(0.02)%
<b>Subtotal Non-Controlled/Non-Affiliated Investments</b>				<b>\$ 97,262,228</b>	<b>\$ 109,219,571</b>	<b>\$ 105,407,064</b>		<b>67.28%</b>

**Non-Controlled/Non-Affiliated Investments:**

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Company <sup>(1)</sup>	Industry	Type of Investment	Maturity	Par Amount <sup>(2)</sup>	Cost <sup>(3)</sup>	Fair Value <sup>(4)</sup>	% of Class	% of Net Assets <sup>(5)</sup>
<b>Affiliated</b>								
<b>Investments:<sup>(6)</sup></b>								
1888 Industrial Services, LLC <sup>(8)</sup>	Energy: Oil & Gas	Senior Secured First Lien Term Loan A (LIBOR + 5.00% PIK, 1.00% LIBOR Floor) <sup>(10)(14)</sup>	9/30/2021	9,946,740	9,473,066	—		0.00%
		Senior Secured First Lien Term Loan B (LIBOR + 8.00% PIK, 1.00% LIBOR Floor) <sup>(10)(14)</sup>	9/30/2021	25,937,520	19,468,870	—		0.00%
		Senior Secured First Lien Term Loan C (LIBOR + 5.00%, 1.00% LIBOR Floor) <sup>(10)(14)</sup>	9/30/2021	1,231,932	1,191,257	197,109		0.13%
		Revolving Credit Facility (LIBOR +5.00% PIK, 1.00% LIBOR Floor) <sup>(14)(16)(25)</sup>	9/30/2021	3,554,069	3,554,069	3,554,069		2.27%
		Equity – 17,493.63 Class A Units		21,562	—	—	22%	0.00%
				40,691,823	33,687,262	3,751,178		2.40%
Black Angus Steakhouses, LLC <sup>(8)</sup>	Hotel, Gaming & Leisure	Senior Secured First Lien Delayed Draw Term Loan (LIBOR + 9.00% Cash, 1.00% LIBOR Floor) <sup>(13)</sup>	6/30/2022	758,929	758,929	758,929		0.48%
		Senior Secured First Lien Term Loan (LIBOR + 9.00% PIK, 1.00% LIBOR Floor) <sup>(10)(13)</sup>	6/30/2022	8,412,596	7,767,533	2,136,799		1.36%
		Senior Secured First Lien Super Priority DDTL (LIBOR + 9.00% Cash, 1.00% LIBOR Floor) <sup>(13)(16)</sup>	6/30/2022	1,500,000	1,500,000	1,500,000		0.96%
				10,671,525	10,026,462	4,395,728		2.80%
Caddo Investors Holdings 1 LLC <sup>(11)</sup>	Forest Products & Paper	Equity – 6.15% Membership Interest <sup>(20)</sup>		2,528,826	2,528,826	3,766,822	7%	2.40%
				2,528,826	2,528,826	3,766,822		2.40%
Dynamic Energy Services International LLC	Energy: Oil & Gas	Senior Secured First Lien Term Loan (LIBOR + 13.50% PIK) <sup>(10)(15)</sup>	12/31/2021	12,930,235	7,824,975	—	13%	0.00%
		Equity – 12,350,000 Class A Units		12,350,000	—	—		0.00%
				25,280,235	7,824,975	—		0.00%
JFL-NGS Partners, LLC	Construction & Building	Equity – 57,300 Class B Units		57,300	57,300	33,383,212	5%	21.31%
				57,300	57,300	33,383,212		21.31%
JFL-WCS Partners, LLC	Environmental Industries	Equity – 129,588 Class B Units		129,588	129,588	10,070,454	6%	6.43%
				129,588	129,588	10,070,454		6.43%
Kemmerer Operations, LLC <sup>(8)</sup>	Metals & Mining	Senior Secured First Lien Term Loan (15.00% PIK)	6/21/2023	2,294,047	2,294,047	2,294,047		1.45%
		Senior Secured First Lien Delayed Draw Term Loan (15.00% PIK) <sup>(16)</sup>	6/21/2023	288,614	288,614	288,614		0.18%
		Equity – 6.7797 Common Units		7	962,717	276,078	7%	0.18%
				2,582,668	3,545,378	2,858,739		1.81%

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Company <sup>(1)</sup>	Industry	Type of Investment	Maturity	Par Amount <sup>(2)</sup>	Cost <sup>(3)</sup>	Fair Value <sup>(4)</sup>	% of Class	% of Net Assets <sup>(5)</sup>
Path Medical, LLC	Healthcare & Pharmaceuticals	Senior Secured First Lien Term Loan A (LIBOR + 9.50% Cash, 1.00% LIBOR Floor) <sup>(10)(13)</sup>	10/11/2021	5,905,080	5,905,080	2,911,204		1.85%
		Senior Secured First Lien Term Loan B (LIBOR + 13.00% PIK, 1.00% LIBOR Floor) <sup>(10)(13)</sup>	10/11/2021	7,783,840	6,599,918	—		0.00%
		Warrants – 7.68% of Outstanding Equity		123,867	499,751	—	8%	0.00%
				13,812,787	13,004,749	2,911,204		1.85%
URT Acquisition Holdings Corporation	Services: Business	Unsecured Debt (10.00% Cash) <sup>(17)</sup>	12/4/2024	2,109,589	2,109,589	2,109,589		1.35%
		Warrants		28,912	—	1,070,000	7%	0.68%
				2,138,501	2,109,589	3,179,589		2.03%
US Multifamily, LLC <sup>(11)</sup>	Banking, Finance, Insurance & Real Estate	Senior Secured First Lien Term Loan (10.00% Cash)	12/31/2022	2,577,418	2,577,418	2,577,418		1.65%
		Equity – 33,300 Preferred Units		33,300	3,330,000	1,828,639	13%	1.17%
				2,610,718	5,907,418	4,406,057		2.82%
<b>Subtotal Affiliated Investments</b>				<b>\$ 100,503,971</b>	<b>\$ 78,821,547</b>	<b>\$ 68,722,983</b>		<b>43.86%</b>
<b>Controlled Investments:<sup>(7)</sup></b>								
NVTN LLC <sup>(8)</sup>	Hotel, Gaming & Leisure	Senior Secured First Lien Delayed Draw Term Loan (LIBOR + 4.00% Cash, 1.00% LIBOR Floor) <sup>(10)(13)(16)</sup>	11/9/2021	6,565,875	6,565,875	6,027,473		3.85%
		Senior Secured First Lien Super Priority DDTL (LIBOR + 4.00% Cash, 1.00% LIBOR Floor) <sup>(13)(16)</sup>	12/31/2024	1,500,000	1,497,224	1,461,000		0.93%
		Senior Secured First Lien Term Loan B (LIBOR + 9.25% PIK, 1.00% LIBOR Floor) <sup>(10)(13)</sup>	11/9/2021	14,963,195	12,305,096	—		0.00%
		Senior Secured First Lien Term Loan C (LIBOR + 12.00% PIK, 1.00% LIBOR Floor) <sup>(10)(13)</sup>	11/9/2021	10,014,223	7,570,054	—		0.00%
		Equity – 787.4 Class A Units		9,550,922	9,550,922	—	78%	0.00%
				42,594,215	37,489,171	7,488,473		4.78%
<b>Subtotal Control Investments</b>				<b>\$ 42,594,215</b>	<b>\$ 37,489,171</b>	<b>\$ 7,488,473</b>		<b>4.78%</b>
<b>Total Investments, June 30, 2021</b>				<b>\$ 240,360,414</b>	<b>\$ 225,530,289</b>	<b>\$ 181,618,520</b>		<b>115.92%</b>

(1) All of our investments are domiciled in the United States. Certain investments also have international operations.

(2) Par amount includes accumulated payment-in-kind (“PIK”) interest, as applicable, and is net of repayments.

(3) Net unrealized depreciation for U.S. federal income tax purposes totaled \$44,153,134. The tax cost basis of investments is \$225, 771,654 as of June 30, 2021.

(4) Unless otherwise indicated, all securities are valued using significant unobservable inputs, which are categorized as Level 3 assets under the definition of ASC 820 fair value hierarchy (see Note 4).

(5) Percentage is based on net assets of \$156,678,576 as of June 30, 2021.

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- (6) Affiliated Investments are defined by the 1940 Act as investments in companies in which the Company owns between 5% and 25% outstanding voting securities or is under common control with such portfolio company.
- (7) Control Investments are defined by the Investment Company Act of 1940, as amended (the "1940 Act"), as investments in companies in which the Company owns more than 25% of the voting securities or maintains greater than 50% of the board representation.
- (8) The investment has an unfunded commitment as of June 30, 2021 (see Note 8), and fair value includes the value of any unfunded commitments.
- (9) Represents 1.3% partnership interest in Watermill-QMC Partners, LP and Watermill-EMI Partners, LP.
- (10) The investment was on non-accrual status as of June 30, 2021.
- (11) The investment is not a qualifying asset as defined under Section 55(a) of 1940 Act, in a whole, or in part. As of June 30, 2021, 14.51% of the Company's portfolio investments were non-qualifying assets.
- (12) Security is non-income producing.
- (13) The interest rate on these loans is subject to the greater of a London Interbank Offering Rate ("LIBOR") floor, or 1 month LIBOR plus a base rate. The 1 month LIBOR as of June 30, 2021 was 0.10%.
- (14) The interest rate on these loans is subject to the greater of a LIBOR floor, or 3 month LIBOR plus a base rate. The 3 month LIBOR as of June 30, 2021 was 0.15%.
- (15) The interest rate on these loans is subject to 3 month LIBOR plus a base rate. The 3 month LIBOR as of June 30, 2021 was 0.15%.
- (16) This investment earns 0.50% commitment fee on all unused commitment as of June 30, 2021, and is recorded as a component of interest income on the Consolidated Statements of Operations.
- (17) In lieu of paying 10.00% Cash, URT Acquisition Holdings Corporation may elect to pay 12.00% PIK. This security has been paying 10.00% Cash since 12/31/20.
- (18) This investment represents a Level 1 security in the ASC 820 table as of June 30, 2021 (see Note 4).
- (19) This investment represents a Level 2 security in the ASC 820 table as of June 30, 2021 (see Note 4).
- (20) As a practical expedient, the Company uses net asset value ("NAV") to determine the fair value of this investment.
- (21) The interest rate on this loan is fixed-to-floating and will shift to 3 month LIBOR plus a 4.743% spread on 9/30/2025.
- (22) The interest rate on this loan is fixed-to-floating and will shift to 3 month LIBOR plus a 5.29% spread on 9/27/2027.
- (23) The interest rate on this loan is fixed-to-floating and will shift to 3 month LIBOR plus a 5.64% spread on 8/15/2024.
- (24) The interest rate on this loan is fixed-to-floating and will shift to 3 month LIBOR plus a 6.429% spread on 1/15/2025.
- (25) In lieu of paying 5.00% Cash, 1888 Industrial Services, LLC may elect to pay 5.00% PIK. This security has been paying 5.00% Cash.



## DETERMINATION OF NET ASSET VALUE

The Company follows ASC 820 for measuring the fair value of portfolio investments. Fair value is the price that would be received in the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Where available, fair value is based on observable market prices or parameters, or derived from such prices or parameters. Where observable prices or inputs are not available, valuation models are applied. These valuation models involve some level of management estimation and judgment, the degree of which is dependent on the price transparency for the instruments or market and the instruments' complexity. The Company's fair value analysis includes an analysis of the value of any unfunded loan commitments. Financial investments recorded at fair value in the consolidated financial statements are categorized for disclosure purposes based upon the level of judgment associated with the inputs used to measure their value. The valuation hierarchical levels are based upon the transparency of the inputs to the valuation of the investment as of the measurement date. Investments which are valued using NAV as a practical expedient are excluded from this hierarchy, and certain prior period amounts have been reclassified to conform to the current period presentation. The three levels are defined below:

- Level 1 — Valuations based on quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 — Valuations based on inputs other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable at the measurement date. This category includes quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in non-active markets including actionable bids from third parties for privately held assets or liabilities, and observable inputs other than quoted prices such as yield curves and forward currency rates that are entered directly into valuation models to determine the value of derivatives or other assets or liabilities.
- Level 3 — Valuations based on inputs that are unobservable and where there is little, if any, market activity at the measurement date. The inputs for the determination of fair value may require significant management judgment or estimation and are based upon management's assessment of the assumptions that market participants would use in pricing the assets or liabilities. These investments include debt and equity investments in private companies or assets valued using the Market or Income Approach and may involve pricing models whose inputs require significant judgment or estimation because of the absence of any meaningful current market data for identical or similar investments. The inputs in these valuations may include, but are not limited to, capitalization and discount rates, beta and EBITDA multiples. The information may also include pricing information or broker quotes which include a disclaimer that the broker would not be held to such a price in an actual transaction. The non-binding nature of consensus pricing and/or quotes accompanied by disclaimer would result in classification as Level 3 information, assuming no additional corroborating evidence.

In addition to using the above inputs in investment valuations, the Company continues to employ a valuation policy approved by the board of directors that is consistent with ASC 820. Consistent with our valuation policy, we evaluate the source of inputs, including any markets in which our investments are trading, in determining fair value.

The Company applies fair value accounting to all of its financial instruments in accordance with the 1940 Act and ASC Topic 820 — Fair Value Measurements and Disclosures ("ASC 820"). ASC 820 defines fair value, establishes a framework used to measure fair value and requires disclosures for fair value measurements. In accordance with ASC 820, the Company has categorized its financial instruments carried at fair value, based on the priority of the valuation technique, into a three-level fair value hierarchy as discussed above. Fair value is a market-based measure considered from the perspective of the market participant who holds the financial instrument rather than an entity specific measure. Therefore, when market assumptions are not readily available, the Company's own assumptions are set to reflect those that management believes market participants would use in pricing the financial instrument at the measurement date.

Investments for which market quotations are readily available are valued at such market quotations, which are generally obtained from an independent pricing service or multiple broker-dealers or market makers. We weight the use of third-party broker quotations, if any, in determining fair value based on our understanding of the level of actual transactions used by the broker to develop the quote and whether the quote was an indicative price or binding offer. However, debt investments with remaining maturities within 60 days that are not credit impaired are valued at cost plus accreted discount, or minus amortized premium, which approximates fair value. Investments for which market quotations are not readily available are valued at fair value as determined by the Company's board of directors based

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upon input from management and third-party valuation firms. Because these investments are illiquid and because there may not be any directly comparable companies whose financial instruments have observable market values, these loans are valued using a fundamental valuation methodology, consistent with traditional asset pricing standards, that is objective and consistently applied across all loans and through time.

Investments in investment funds are valued at fair value. Fair values are generally determined utilizing the NAV supplied by, or on behalf of, management of each investment fund, which is net of management and incentive fees or allocations charged by the investment fund and is in accordance with the “practical expedient”, as defined by FASB Accounting Standards Update (“ASU”) 2009-12, *Investments in Certain Entities that Calculate Net Asset Value per Share*. NAVs received by, or on behalf of, management of each investment fund are based on the fair value of the investment funds’ underlying investments in accordance with policies established by management of each investment fund, as described in each of their financial statements and offering memorandum. If the Company is in the process of the sale of an investment fund, fair value will be determined by actual or estimated sale proceeds.

The methodologies utilized by the Company in estimating the fair value of its investments categorized as Level 3 generally fall into the following two categories:

- The “Market Approach” uses prices and other relevant information generated by market transactions involving identical or comparable (that is, similar) assets, liabilities, or a group of assets and liabilities, such as a business.
- The “Income Approach” converts future amounts (for example, cash flows or income and expenses) to a single current (that is, discounted) amount. When the Income Approach is used, the fair value measurement reflects current market expectations about those future amounts.

The Company has engaged third-party valuation firms (the “Valuation Firms”) to assist it and its board of directors in the valuation of its portfolio investments. The valuation reports generated by the Valuation Firms consider the evaluation of financing and sale transactions with third parties, expected cash flows and market-based information, including comparable transactions, performance multiples, and movement in yields of debt instruments, among other factors. The Company uses a market yield analysis under the Income Approach or an enterprise model of valuation under the Market Approach, or a combination thereof. In applying the market yield analysis, the value of the Company’s loans is determined based upon inputs such as the coupon rate, current market yield, interest rate spreads of similar securities, the stated value of the loan, and the length to maturity. In applying the enterprise model, the Company uses a waterfall analysis, which takes into account the specific capital structure of the borrower and the related seniority of the instruments within the borrower’s capital structure into consideration. To estimate the enterprise value of the portfolio company, we weigh some or all of the traditional market valuation methods and factors based on the individual circumstances of the portfolio company in order to estimate the enterprise value.

We undertake a multi-step valuation process each quarter when valuing investments for which market quotations are not readily available, as described below:

- our quarterly valuation process begins with each portfolio investment being initially valued by one or more Valuation Firms;
- preliminary valuation conclusions will then be documented and discussed with senior management;
- the audit committee of the board of directors reviews the preliminary valuations with management and the Valuation Firms;
- the board of directors discusses the valuations and determines the fair value of each investment in the Company’s portfolio in good faith based on the input of management, the respective Valuation Firms and the audit committee.

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 from the values that would have been used had a readily available market value existed for such investments, and the differences could be material. In addition, changes in the market environment (including the impact of COVID-19 on financial markets), portfolio company performance, and other events may occur over the lives of the investments that may cause the gains or losses ultimately realized on these investments to be materially different than the valuations currently assigned. Accordingly, the notes to our consolidated financial statements express the uncertainty with respect to the possible effect of such valuations, and any change in such valuations, on our consolidated financial statements.

**DESCRIPTION OF CAPITAL STOCK**

The following description of our capital stock is based on relevant portions of the DGCL and on our Certificate of Incorporation and Bylaws. We refer you to our Certificate of Incorporation and Bylaws, forms of which are incorporated by reference to the exhibits to the registration statement of which this prospectus is a part, for a more detailed description of the provisions summarized below.

**Capital Stock***General*

Under the terms of our Certificate of Incorporation, our authorized stock consists solely of 5,000,000 shares of common stock, par value \$0.001 per share, and 100,000,000 shares of preferred stock, par value \$0.001 per share. There are no outstanding options or warrants to purchase our stock. No stock has been authorized for issuance under any equity compensation plans. Under Delaware law, our stockholders generally are not personally liable for our debts or obligations. Unless our Board determines otherwise, we will issue all shares of our capital stock in uncertificated form.

The following are our outstanding classes of securities as of October 4, 2021:

<b>Title of Class</b>	<b>Amount Authorized</b>	<b>Amount Held by Us or for Our Account</b>	<b>Amount Outstanding Exclusive of Amount Held by Us or for Our Account</b>
Common Stock	5,000,000	206,488	2,517,221
Preferred Stock	100,000,000	0	0

*Common Stock*

All shares of our common stock have equal rights as to earnings, assets, dividends and voting and, when they are issued, are duly authorized, validly issued, fully paid and non-assessable. Distributions may be paid to the holders of our common stock if, as and when authorized by our Board and declared by us out of funds legally available therefor. Shares of our common stock have no preemptive, exchange, conversion or redemption rights and are freely transferable, except when their transfer is restricted by the Certificate of Incorporation, federal and state securities laws or by contract. In the event of our liquidation, dissolution or winding up, each share of our common stock would be entitled to share ratably in all of our assets that are legally available for distribution after we pay all debts and other liabilities and subject to any preferential rights of holders of our preferred stock, if any preferred stock is outstanding at such time. Each share of our common stock is entitled to one vote on all matters submitted to a vote of stockholders, including the election of our directors. Accordingly, holders of a majority of the shares of common stock entitled to vote in any election of directors may elect all of the directors standing for election. The rights, preferences and privileges of holders of common stock are subject to the rights of the holders of any series of preferred stock which we may designate and issue in the future. In addition, holders of our common stock may participate in our dividend reinvestment plan.

*Preferred Stock*

Under the terms of our certificate of incorporation, our board of directors is authorized to issue shares of preferred stock in one or more series without stockholder approval. The board of directors has discretion to determine the rights, preferences, privileges and restrictions, including voting rights, dividend rights, conversion rights, redemption privileges and liquidation preferences of each series of preferred stock. The 1940 Act limits our flexibility as to certain rights and preferences of the preferred stock that our certificate of incorporation may provide and requires, among other things, that immediately after issuance and before any distribution is made with respect to common stock, we meet a coverage ratio of total assets to total senior securities, which include all of our borrowings and our preferred stock, of at least 200% (or 150% if certain requirements under the 1940 Act are met), and the holders of shares of preferred stock, if any are issued, must be entitled as a class to elect two directors at all times and to elect a majority of the directors if and for so long as dividends on the preferred stock are unpaid in an amount equal to two full years

of dividends on the preferred stock. The features of the preferred stock will be further limited by the requirements applicable to RICs under the Code. The purpose of authorizing our board of directors to issue preferred stock and determine its rights and preferences is to eliminate delays associated with a stockholder vote on specific issuances. The issuance of preferred stock, while providing desirable flexibility in connection with providing leverage for our investment program, possible acquisitions and other corporate purposes, could make it more difficult for a third party to acquire, or could discourage a third party from acquiring, a majority of our outstanding voting stock.

## **Provisions of the DGCL and Our Certificate of Incorporation and Bylaws**

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

The indemnification of our officers and directors is governed by Section 145 of the DGCL, our Certificate of Incorporation and Bylaws. Section 145(a) of the DGCL empowers a Delaware corporation to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that such person is or was a director, officer, employee or agent of such corporation, or is or was serving at the request of such corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with such action, suit or proceeding if (1) such person acted in good faith, (2) in a manner such person reasonably believed to be in or not opposed to the best interests of the corporation and (3) with respect to any criminal action or proceeding, such person had no reasonable cause to believe such person's conduct was unlawful.

Section 145(b) of the DGCL empowers a Delaware corporation to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that such person is or was a director, officer, employee or agent of such corporation, or is or was serving at the request of such corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit if such person acted in good faith and in a manner the person reasonably believed to be in, or not opposed to, the best interests of such corporation, and except that no indemnification may be made in respect of any claim, issue or matter as to which such person has been adjudged to be liable to the corporation unless and only to the extent that the Delaware Court of Chancery or the court in which such action or suit was brought determines upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court deems proper.

Section 145 of the DGCL further provides that to the extent that a present or former director or officer is successful, on the merits or otherwise, in the defense of any action, suit or proceeding referred to in subsections (a) and (b) of Section 145, or in defense of any claim, issue or matter therein, such person will be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with such action, suit or proceeding. In all cases in which indemnification is permitted under subsections (a) and (b) of Section 145 (unless ordered by a court), it will be made by the corporation only as authorized in the specific case upon a determination that indemnification of the present or former director, officer, employee or agent is proper in the circumstances because the applicable standard of conduct has been met by the party to be indemnified. Such determination must be made, with respect to a person who is a director or officer at the time of such determination, (1) by a majority vote of the directors who are not parties to such action, suit or proceeding, even though less than a quorum, (2) by a committee of such directors designated by majority vote of such directors, even though less than a quorum, (3) if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion or (4) by the stockholders. The statute authorizes the corporation to pay expenses incurred by an officer or director in advance of the final disposition of a proceeding upon receipt of an undertaking by or on behalf of the person to whom the advance will be made, to repay the advances if it is ultimately determined that he or she was not entitled to indemnification. Section 145 of the DGCL also provides that indemnification and advancement of expenses permitted under such Section are not to be exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any bylaw, agreement, vote of stockholders or disinterested directors, or otherwise. Section 145 of the DGCL also authorizes the corporation to purchase and maintain liability insurance on behalf of its directors, officers, employees and agents regardless of whether the corporation would have the statutory power to indemnify such persons against the liabilities insured.

Our Certificate of Incorporation requires us to indemnify to the full extent permitted by Section 145 of the DGCL all persons whom we may indemnify under that section. Our Certificate of Incorporation also provides that expenses incurred by our officers or directors in defending any action, suit or proceeding for which they may be entitled to indemnification under our Certificate of Incorporation shall be paid in advance of the final disposition of such action, suit or proceeding.

Our Certificate of Incorporation provides that our directors will not be liable to us or our stockholders for monetary damages for breach of fiduciary duty as a director to the fullest extent permitted by the current DGCL or as the DGCL may hereafter be amended. Section 102(b)(7) of the DGCL provides that the personal liability of a director to a corporation or its stockholders for breach of fiduciary duty as a director may be eliminated except for liability (1) for any breach of the director's duty of loyalty to the registrant or its stockholders, (2) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (3) under Section 174 of the DGCL, relating to unlawful payment of dividends or unlawful stock purchases or redemption of stock or (4) for any transaction from which the director derives an improper personal benefit.

Our Bylaws provide for the indemnification of any person to the full extent permitted, and in the manner provided, by the current DGCL.

As a BDC, we are not permitted to, and will not indemnify any of our executive officers and directors or any other person against liability arising from willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of such person's office, or by reason of reckless disregard of obligations and duties of such person arising under contract or agreement.

### **Delaware Anti-takeover Law**

The DGCL contains provisions that could make it more difficult for a potential acquirer to acquire us by means of a tender offer, proxy contest or otherwise. These provisions are expected to discourage certain coercive takeover practices and inadequate takeover bids and to encourage persons seeking to acquire control of us to negotiate first with our Board. These measures may delay, defer or prevent a transaction or a change in control that might otherwise be in the best interests of our stockholders. We believe, however, that the benefits of these provisions outweigh the potential disadvantages of discouraging any such acquisition proposals because the negotiation of such proposals may improve their terms.

We are subject to the provisions of Section 203 of the DGCL regulating corporate takeovers. In general, these provisions prohibit a Delaware corporation from engaging in any business combination with any interested stockholder for a period of three years following the date that the stockholder became an interested stockholder, unless:

- prior to such time, the board of directors approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;
- upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced; or
- at or subsequent to such time, the business combination is approved by the board of directors and authorized at a meeting of stockholders, by at least two-thirds of the outstanding voting stock that is not owned by the interested stockholder.

Section 203 of the DGCL defines "business combination" to include the following:

- any merger or consolidation involving the corporation and the interested stockholder;
- any sale, transfer, pledge or other disposition (in one transaction or a series of transactions) of 10% or more of either the aggregate market value of all the assets of the corporation or the aggregate market value of all the outstanding stock of the corporation involving the interested stockholder;
- subject to certain exceptions, any transaction that results in the issuance or transfer by the corporation of any stock of the corporation to the interested stockholder;

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- any transaction involving the corporation that has the effect of increasing the proportionate share of the stock of any class or series of the corporation owned by the interested stockholder; or
- the receipt by the interested stockholder of the benefit of any loans, advances, guarantees, pledges or other financial benefits provided by or through the corporation.

In general, Section 203 of the DGCL defines an “interested stockholder” as any entity or person beneficially owning 15% or more of our outstanding voting stock and any entity or person affiliated with or controlling or controlled by any of these entities or persons.

The statute could prohibit or delay mergers or other takeover or change in control attempts and, accordingly, may discourage attempts to acquire us.

### **Classified Board of Directors**

Our Certificate of Incorporation provides that our Board is divided into three classes of directors, as nearly equal in number as possible, serving staggered three-year terms. The current terms of the first, second and third classes will expire at successive annual meetings of our stockholders and, in each case, those directors will serve until their successors are duly elected and qualify or until their resignation, removal from office, death or incapacity. A classified board may render a change in control of us or removal of our incumbent management more difficult. The Board had determined that the classified board provisions are in the best interest of the stockholders, as the longer time required to elect a majority of a classified board of directors help to ensure the continuity and stability of management and policies.

### **Election of Directors**

Our Bylaws provide that, unless otherwise provided in our Certificate of Incorporation, the affirmative vote of the holders of a plurality of the votes cast by stockholders present in person or by proxy at an annual or special meeting of stockholders and entitled to vote at such meeting is required to elect a director. Under our Certificate of Incorporation, our Board may amend the Bylaws to alter the vote required to elect directors.

### **Number of Directors; Vacancies; Removal**

Our Certificate of Incorporation provides that the number of directors is set only by the Board in accordance with our Bylaws. Our Bylaws provide that a 66 $\frac{2}{3}$ % of our entire Board may at any time increase or decrease the number of directors. However, unless our Bylaws are amended, the number of directors shall be five. Under the DGCL, unless the certificate of incorporation provides otherwise (which our Certificate of Incorporation does not), directors on a classified board such as our Board may be removed only for cause. Under our Bylaws, the Board of Directors or any individual director may be removed from office, with cause, by affirmative vote of the holders of a majority of the capital stock entitled to vote at an election of directors, and a new director or directors elected by a vote of the remaining directors. Under our Certificate of Incorporation and Bylaws, subject to the applicable requirements of the 1940 Act and the rights of holders of one or more series of preferred stock, any vacancy on our Board, including a vacancy resulting from an enlargement of our Board, may be filled only by vote of a majority of our remaining directors then in office, even if our remaining directors do not constitute a quorum, and any director elected to fill a vacancy shall serve for the remainder of the full term of the directorship in which such vacancy occurred and until a successor is duly elected and qualifies. The limitations on the ability of our stockholders to remove directors and fill vacancies could make it more difficult for a third party to acquire, or discourage a third party from seeking to acquire, control of us.

### **Action by Stockholders**

Our Certificate of Incorporation provides that stockholder action can be taken only at an annual or special meeting of stockholders or by unanimous written consent in lieu of a meeting. This provision, combined with the requirements by our Certificate of Incorporation regarding the calling of an annual meeting or special meeting of stockholders discussed below, may have the effect of delaying consideration of a stockholder proposal until the next annual meeting.

### **Advance Notice Provisions for Stockholder Nominations and Stockholder Proposals**

Our Bylaws provide that with respect to an annual meeting of stockholders, nominations of persons for election to our Board and the proposal of business to be considered by stockholders may be made only (1) by or at the direction of our Board, (2) pursuant to our notice of meeting or (3) by a stockholder who is entitled to vote at the meeting and who has complied with the advance notice procedures of our Bylaws. Nominations of persons for election to our Board at a special meeting may be made only (1) by or at the direction of the Board or (2) by a stockholder who is entitled to vote at the meeting and who has complied with the advance notice provisions of our Bylaws.

The purpose of requiring stockholders to give us advance notice of nominations and other business is to afford our Board a meaningful opportunity to consider the qualifications of the proposed nominees and the advisability of any other proposed business and, to the extent deemed necessary or desirable by our Board, to inform stockholders and make recommendations about such qualifications or business, as well as to provide a more orderly procedure for conducting meetings of stockholders. Although our Bylaws do not give our Board any power to disapprove stockholder nominations for the election of directors or proposals recommending certain action, they may have the effect of precluding a contest for the election of directors or the consideration of stockholder proposals if proper procedures are not followed and of discouraging or deterring a third party from conducting a solicitation of proxies to elect its own slate of directors or to approve its own proposal without regard to whether consideration of such nominees or proposals might be harmful or beneficial to us and our stockholders.

### **Stockholder Meetings**

Our Bylaws provide that any action required or permitted to be taken by stockholders at an annual meeting or special meeting of stockholders may only be taken if it is properly brought before such meeting. Our Certificate of Incorporation also provides that, except as otherwise required by law, special meetings of the stockholders can only be called by the Chairman of our Board, by the Chief Executive Officer or by resolution adopted by an affirmative majority of our Board. In addition, our Bylaws establish an advance notice procedure for stockholder proposals to be brought before an annual meeting of stockholders, including proposed nominations of candidates for election to our Board. Stockholders at an annual meeting may only consider proposals or nominations specified in the notice of meeting or brought before the meeting by or at the direction of our Board, or by a stockholder of record on the record date for the meeting who is entitled to vote at the meeting and who has delivered timely written notice in proper form to the Company of the stockholder's intention to bring such business before the meeting. These provisions could have the effect of delaying until the next stockholder meeting stockholder actions that are favored by the holders of a majority of our outstanding voting securities.

### **Conflict with 1940 Act**

Our Bylaws provide that, if and to the extent that any provision of the DGCL or any provision of our Certificate of Incorporation or Bylaws conflicts with any provision of the 1940 Act, the applicable provision of the 1940 Act will control.



## DESCRIPTION OF WARRANTS

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

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

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

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

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

Prior to exercising their warrants, holders of warrants will not have any of the rights of holders of the securities purchasable upon such exercise, including, in the case of warrants to purchase debt securities, the right to receive principal, premium, if any, or interest payments, on the debt securities purchasable upon exercise or to enforce covenants in the applicable indenture or, in the case of warrants to purchase common stock or preferred stock, the right to receive dividends, if any, or payments upon our liquidation, dissolution or winding up or to exercise any voting rights.



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Under the 1940 Act, we may generally only offer warrants provided that (1) the warrants expire by their terms within ten years, (2) the exercise price is not less than the market value of our common stock at the date of issuance, (3) if no such market value exists for our common stock, the exercise price is not less than the then current NAV per share of our common stock (unless the requirements of Section 63 of the 1940 Act are met), (4) our stockholders authorize the proposal to issue such warrants, and our board of directors approves such issuance on the basis that the issuance is in the best interests of us and our stockholders and (5) if the warrants are accompanied by other securities, the warrants are not separately transferable unless no class of such warrants and the securities accompanying them has been publicly distributed. The 1940 Act also provides that the amount of our voting securities that would result from the exercise of all outstanding warrants at the time of issuance may not exceed 25% of our outstanding voting securities.

## DESCRIPTION OF DEBT SECURITIES

On March 18, 2013, the Company issued of \$60 million in aggregate principal amount of its 6.125% senior unsecured notes due 2023 (the “2023 Notes”). On March 26, 2013, the Company closed an additional \$3.5 million in aggregate principal amount of the 2023 Notes, pursuant to the partial exercise of the underwriters’ option to purchase additional notes. On December 12, 2016, the Company entered into an “At-The-Market” (“ATM”) debt distribution agreement with FBR Capital Markets & Co., through which the Company could offer for sale, from time to time, up to \$40.0 million in aggregate principal amount of the 2023 Notes. The Company sold 1,573,872 of the 2023 Notes at an average price of \$25.03 per note, and raised \$38.6 million in net proceeds, through the ATM debt distribution agreement. On March 10, 2018, the Company redeemed \$13.0 million in aggregate principal amount of the 2023 Notes. On December 31, 2018, the Company redeemed \$12.0 million in aggregate principal amount of the 2023 Notes. As a result of the foregoing and as of June 30, 2021, the aggregate principal amount of 2023 Notes outstanding was \$77.8 million. The 2023 Notes will mature on March 30, 2023. The 2023 Notes bear interest at a rate of 6.125% per year payable quarterly March 30, June 30, September 30 and December 30 of each year, beginning June 30, 2013. The 2023 Notes may be redeemed in whole or in part at any time or from time to time at the Company’s option. The 2023 Notes trade on the NASDAQ Global Market under the trading symbol “PFXNL.”

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

As required by federal law for all bonds and notes of companies that are publicly offered in the United States, the debt securities are governed by a document called an “indenture.” An indenture is a contract between us and a financial institution acting as trustee on your behalf, and is subject to and governed by the Trust Indenture Act of 1939, as amended. The trustee has two main roles. First, the trustee can enforce your rights against us if we default. There are some limitations on the extent to which the trustee acts on your behalf, see “Description of our Debt Securities — Events of Default” for more information. Second, the trustee performs certain administrative duties for us, such as sending interest and principal payments to holders.

Because this section is a summary, it does not describe every aspect of the debt securities and the indenture. We urge you to read the indenture, which is an exhibit to this prospectus, because it, and not this description, defines your rights as a holder of debt securities issued pursuant to this prospectus and any accompanying prospectus supplement. For example, in this section, we use capitalized words to signify terms that are specifically defined in the indenture. Some of the definitions are repeated in this prospectus, but for the rest, you will need to read the indenture. See “Available Information” for information on how to obtain a copy of the indenture.

A prospectus supplement, which will accompany this prospectus, will describe the particular series of debt securities being offered by including:

- the designation or title of the series of debt securities;
- the total principal amount of the series of debt securities and whether or not the offering may be reopened for additional securities of that series and on what terms;
- the percentage of the principal amount at which the series of debt securities will be offered;
- the date or dates on which principal will be payable;
- the rate or rates (which may be either fixed or variable) and/or the method of determining such rate or rates of interest, if any;
- the date or dates from which any interest will accrue, or the method of determining such date or dates, and the date or dates on which any interest will be payable;
- the terms for redemption, extension or early repayment, if any;
- the currencies in which the series of debt securities are issued and payable;

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- whether the amount of payments of principal, premium or interest, if any, on a series of debt securities will be determined with reference to an index, formula or other method (which could be based on one or more currencies, commodities, equity indices or other indices) and how these amounts will be determined;
- the place or places, if any, other than or in addition to The City of New York, of payment, transfer, conversion and/or exchange of the debt securities;
- the denominations in which the offered debt securities will be issued;
- the provision for any sinking fund;
- any restrictive covenants;
- any Events of Default;
- whether the series of debt securities are issuable in certificated form;
- any provisions for defeasance or covenant defeasance;
- any special federal income tax implications, including, if applicable, federal income tax considerations relating to original issue discount (“OID”);
- whether and under what circumstances we will pay additional amounts in respect of any tax, assessment or governmental charge and, if so, whether we will have the option to redeem the debt securities rather than pay the additional amounts (and the terms of this option);
- any provisions for convertibility or exchangeability of the debt securities into or for any other securities;
- whether the debt securities are subject to subordination and the terms of such subordination;
- the listing, if any, on a securities exchange; and
- any other terms.

The debt securities may be secured or unsecured obligations. Under the provisions of the 1940 Act, we are permitted, as a BDC, to issue debt only in amounts such that we are in compliance with our asset coverage ratio, as defined in the 1940 Act. Unless the prospectus supplement states otherwise, principal (and premium, if any) and interest, if any, will be paid by us in immediately available funds.

### **General**

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

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

The indenture does not limit the amount of debt securities that may be issued thereunder from time to time. Debt securities issued under the indenture, when a single trustee is acting for all debt securities issued under the indenture, are called the “indenture securities.” The indenture also provides that there may be more than one trustee thereunder, each with respect to one or more different series of indenture securities. See “Description of our Debt Securities — Resignation of Trustee” below. At a time when two or more trustees are acting under the indenture, each with respect to only certain series, the term “indenture securities” means the one or more series of debt securities with respect to which each respective trustee is acting. In the event that there is more than one trustee under the indenture, the powers and trust obligations of each trustee described in this prospectus will extend only to the one or more series of indenture securities for which it is trustee. If two or more trustees are acting under the indenture, then the indenture securities for which each trustee is acting would be treated as if issued under separate indentures.

The indenture does not contain any provisions that give you protection in the event we issue a large amount of debt or we are acquired by another entity.

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

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

If any debt securities are convertible into shares of our common stock, the exercise price for such conversion will not be less than the NAV per share at the time of issuance of such debt securities (unless the majority of our board of directors determines that a lower exercise price is in the best interests of us and our stockholders, a majority of our stockholders (including stockholders who are not affiliated persons of us) have approved an issuance of common stock below the then current NAV per share in the 12 months preceding the issuance, and the exercise price closely approximates the market value of our common stock at the time the debt securities are issued).

### **Conversion and Exchange**

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

### **Issuance of Securities in Registered Form**

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

#### *Book-Entry Holders*

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

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

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

#### *Street Name Holders*

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

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

### *Legal Holders*

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

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

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

### *Special Considerations for Indirect Holders*

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

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

### **Global Securities**

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

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

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

*Special Considerations for Global Securities*

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

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

- an investor cannot cause the debt securities to be registered in his or her name and cannot obtain certificates for his or her interest in the debt securities, except in the special situations we describe below;
- an investor will be an indirect holder and must look to his or her own bank or broker for payments on the debt securities and protection of his or her legal rights relating to the debt securities, as we describe under “*Description of our Debt Securities — Issuance of Securities in Registered Form*” above;
- an investor may not be able to sell interests in the debt securities to some insurance companies and other institutions that are required by law to own their securities in non-book-entry form;
- an investor may not be able to pledge his or her interest in a global security in circumstances where certificates representing the debt securities must be delivered to the lender or other beneficiary of the pledge in order for the pledge to be effective;
- the depository’s policies, which may change from time to time, will govern payments, transfers, exchanges and other matters relating to an investor’s interest in a global security. We and the trustee have no responsibility for any aspect of the depository’s actions or for its records of ownership interests in a global security. We and the trustee also do not supervise the depository in any way;
- if we redeem less than all the debt securities of a particular series being redeemed, DTC’s practice is to determine by lot the amount to be redeemed from each of its participants holding that series;
- an investor is required to give notice of exercise of any option to elect repayment of its debt securities, through its participant, to the applicable trustee and to deliver the related debt securities by causing its participant to transfer its interest in those debt securities, on DTC’s records, to the applicable trustee;
- DTC requires that those who purchase and sell interests in a global security deposited in its book-entry system use immediately available funds. Your broker or bank may also require you to use immediately available funds when purchasing or selling interests in a global security; and
- financial institutions that participate in the depository’s book-entry system, and through which an investor holds its interest in a global security, may also have their own policies affecting payments, notices and other matters relating to the debt securities. There may be more than one financial intermediary in the chain of ownership for an investor. We do not monitor and are not responsible for the actions of any of those intermediaries.

*Special Situations when a Global Security Will Be Terminated*

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

The special situations for termination of a global security include the following:

- if the depository notifies us that it is unwilling, unable or no longer qualified to continue as depository for that global security, and we are unable to appoint another institution to act as depository;
- if we notify the trustee that we wish to terminate that global security; or
- if an event of default has occurred with regard to the debt securities represented by that global security and has not been cured or waived; we discuss defaults later under “*Description of our Debt Securities — Events of Default*.”

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

**Payment and Paying Agents**

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

*Payments on Global Securities*

We will make payments on a global security in accordance with the applicable policies of the depository as in effect from time to time. Under those policies, we will make payments directly to the depository, or its nominee, and not to any indirect holders who own beneficial interests in the global security. An indirect holder’s right to those payments will be governed by the rules and practices of the depository and its participants, as described under “*Description of our Debt Securities — Global Securities*.”

*Payments on Certificated Securities*

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

Alternatively, if the holder asks us to do so, we will pay any amount that becomes due on the debt security by wire transfer of immediately available funds to an account at a bank in the United States, on the due date. To request payment by wire, the holder must give the applicable trustee or other paying agent appropriate transfer instructions at least 15 business days before the requested wire payment is due. In the case of any interest payment due on an interest

payment date, the instructions must be given by the person who is the holder on the relevant regular record date. Any wire instructions, once properly given, will remain in effect unless and until new instructions are given in the manner described above.

#### *Payment When Offices Are Closed*

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

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

#### **Events of Default**

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

The term “Event of Default” in respect of the debt securities of your series may include any of the following:

- we do not pay the principal of, or any premium on, a debt security of the series on its due date;
- we do not pay interest on a debt security of the series within 30 days of its due date;
- we do not deposit any sinking fund payment in respect of debt securities of the series within 2 business days of its due date;
- we remain in breach of a covenant in respect of debt securities of the series for 60 days after we receive a written notice of default stating we are in breach. The notice must be sent by either the trustee or holders of at least 25% of the principal amount of debt securities of the series;
- we file for bankruptcy or certain other events of bankruptcy, insolvency or reorganization occur;
- any class of securities has an asset coverage of less than 100 per centum on the last business day of each twenty-four consecutive calendar months; and
- any other Event of Default in respect of debt securities of the series described in the prospectus supplement occurs.

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

#### *Remedies if an Event of Default Occurs*

If an Event of Default has occurred and has not been cured or waived, the trustee or the holders of not less than 25% in principal amount of the debt securities of the affected series may declare the entire principal amount of all the debt securities of that series to be due and immediately payable. This is called a declaration of acceleration of maturity. A declaration of acceleration of maturity may be canceled by the holders of a majority in principal amount of the debt securities of the affected series if (i) we have deposited with the trustee all amounts due and owing with respect to the securities, and (ii) no other Events of Default are continuing.

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



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

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

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

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

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

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

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

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

### **Merger or Consolidation**

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

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

## **Modification or Waiver**

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

### **Changes Requiring Your Approval**

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

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

### *Changes Not Requiring Approval*

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

### *Changes Requiring Majority Approval*

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

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

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

The holders of a majority in principal amount of all of the series of debt securities issued under an indenture, voting together as one class for this purpose, may waive our compliance with some of our covenants in that indenture. However, we cannot obtain a waiver of a payment default or of any of the matters covered by the bullet points included above under "*Description of our Debt Securities — Modification or Waiver — Changes Requiring Your Approval.*"

*Further Details Concerning Voting*

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

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

Debt securities will not be considered outstanding, and therefore not eligible to vote, if we have deposited or set aside in trust money for their payment or redemption or if we, any other obligor or any affiliate of us or any obligor own such debt securities. Debt securities will also not be eligible to vote if they have been fully defeased as described later under “*Description of our Debt Securities — Defeasance — Full Defeasance.*”

We will generally be entitled to set any day as a record date for the purpose of determining the holders of outstanding indenture securities that are entitled to vote or take other action under the indenture. However, the record date may not be more than 30 days before the date of the first solicitation of holders to vote on or take such action. If we set a record date for a vote or other action to be taken by holders of one or more series, that vote or action may be taken only by persons who are holders of outstanding indenture securities of those series on the record date and must be taken within eleven months following the record date.

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

**Defeasance**

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

*Covenant Defeasance*

Under current U.S. federal tax law and the indenture, we can make the deposit described below and be released from some of the restrictive covenants in the indenture under which the particular series was issued. This is called “covenant defeasance.” In that event, you would lose the protection of those restrictive covenants but would gain the protection of having money and government securities set aside in trust to repay your debt securities. If applicable, you also would be released from the subordination provisions described under “*Description of our Debt Securities — Indenture Provisions — Subordination*” below. In order to achieve covenant defeasance, we must do the following:

- if the debt securities of the particular series are denominated in U.S. dollars, we must deposit in trust for the benefit of all holders of such debt securities a combination of money and U.S. government or U.S. government agency notes or bonds that will generate enough cash to make interest, principal and any other payments on the debt securities on their various due dates and any mandatory sinking fund payments or analogous payments;
- we must deliver to the trustee a legal opinion of our counsel confirming that, under current U.S. federal income tax law, we may make the above deposit without causing you to be taxed on the debt securities any differently than if we did not make the deposit and just repaid the debt securities ourselves at maturity;
- we must deliver to the trustee a legal opinion of our counsel stating that the above deposit does not require registration by us under the 1940 Act, as amended, and a legal opinion and officers’ certificate stating that all conditions precedent to covenant defeasance have been complied with;
- defeasance must not result in a breach of the indenture or any of our other material agreements; and
- satisfy the conditions for covenant defeasance contained in any supplemental indentures.

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

### *Full Defeasance*

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

- if the debt securities of the particular series are denominated in U.S. dollars, we must deposit in trust for the benefit of all holders of such debt securities a combination of money and U.S. government or U.S. government agency notes or bonds that will generate enough cash to make interest, principal and any other payments on the debt securities on their various due dates;
- we must deliver to the trustee a legal opinion confirming that there has been a change in current United States federal tax law or an IRS ruling that allows us to make the above deposit without causing you to be taxed on the debt securities any differently than if we did not make the deposit and just repaid the debt securities ourselves at maturity. Under current United States federal tax law, the deposit and our legal release from the debt securities would be treated as though we paid you your share of the cash and notes or bonds at the time the cash and notes or bonds were deposited in trust in exchange for your debt securities and you would recognize gain or loss on the debt securities at the time of the deposit.
- we must deliver to the trustee a legal opinion of our counsel stating that the above deposit does not require registration by us under the 1940 Act, as amended, and a legal opinion and officers’ certificate stating that all conditions precedent to covenant defeasance have been complied with;
- defeasance must not result in a breach of the indenture or any of our other material agreements; and
- satisfy the conditions for covenant defeasance contained in any supplemental indentures.

If we ever did accomplish full defeasance, as described above, you would have to rely solely on the trust deposit for repayment of the debt securities. You could not look to us for repayment in the unlikely event of any shortfall. Conversely, the trust deposit would most likely be protected from claims of our lenders and other creditors if we ever became bankrupt or insolvent. If applicable, you would also be released from the subordination provisions described later under “*Description of our Debt Securities — Indenture Provisions — Subordination.*”

### **Form, Exchange and Transfer of Certificated Registered Securities**

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

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

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

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

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

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

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

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

### **Resignation of Trustee**

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

### **Indenture Provisions — Subordination**

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

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

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

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

- our indebtedness (including indebtedness of others guaranteed by us), whenever created, incurred, assumed or guaranteed, for money borrowed, that we have designated as "Designated Senior Indebtedness" for purposes of the indenture and in accordance with the terms of the indenture (including any indenture securities designated as Designated Senior Indebtedness); and
- renewals, extensions, modifications and refinancings of any of this indebtedness.

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

**The Trustee under the Indenture**

U.S. Bank National Association is the trustee under the indenture.

**Certain Considerations Relating to Foreign Currencies**

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

## DESCRIPTION OF SUBSCRIPTION RIGHTS

We may issue subscription rights to purchase common stock. Subscription rights may be issued independently or together with any other offered security and may or may not be transferable by the person purchasing or receiving the subscription rights. In connection with a subscription rights offering to our stockholders, we would distribute certificates evidencing the subscription rights and a prospectus supplement to our stockholders on the record date that we set for receiving subscription rights in such subscription rights offering.

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

- the period of time the offering would remain open (which shall be open a minimum number of days such that all record holders would be eligible to participate in the offering and shall not be open longer than 120 days);
- the title of such subscription rights;
- the exercise price or a formula for the determination of the exercise price for such subscription rights;
- the number or a formula for the determination of the number of such subscription rights issued to each stockholder;
- the extent to which such subscription rights are transferable;
- if applicable, a discussion of the material U.S. federal income tax considerations applicable to the issuance or exercise of such subscription rights;
- the date on which the right to exercise such subscription rights would commence, and the date on which such rights will expire (subject to any extension);
- the extent to which such subscription rights include an over-subscription privilege with respect to unsubscribed securities;
- any termination right we may have in connection with such subscription rights offering;
- if applicable, the material terms of any standby underwriting or other purchase arrangement that we may enter into in connection with the subscription rights offering; and
- any other terms of such subscription rights, including terms, procedures and limitations relating to the exchange and exercise of such subscription rights.

### Exercise of Subscription Rights

Each subscription right would entitle the holder of the subscription right to purchase for cash such amount of shares of common stock at such exercise price as will in each case be set forth in, or be determinable as set forth in, the prospectus supplement relating to the subscription rights offered thereby or another report filed with the SEC. Subscription rights may be exercised at any time up to the close of business on the expiration date for such subscription rights set forth in the applicable prospectus supplement. After the close of business on the expiration date, all unexercised subscription rights would become void.

Subscription rights may be exercised as set forth in the prospectus supplement relating to the subscription rights offered thereby. Upon receipt of payment and the subscription rights certificate properly completed and duly executed at the corporate trust office of the subscription rights agent or any other office indicated in the prospectus supplement, we will forward, as soon as practicable, the shares of common stock or other securities purchasable upon such exercise. To the extent permissible under applicable law, we may determine to offer any unsubscribed offered securities directly to stockholders, persons other than stockholders, to or through agents, underwriters or dealers or through a combination of such methods, including pursuant to standby underwriting or other arrangements, as set forth in the applicable prospectus supplement.

**Dilutive Effects**

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



## DIVIDEND REINVESTMENT PLAN

We have adopted a DRIP that is an “opt out” DRIP. As a result, if our Board declares a cash dividend or other distribution, then our stockholders who have not elected to “opt out” of our DRIP will have their dividends or cash distributions automatically reinvested in additional shares of our common stock as described below. Stockholders who receive dividends or distributions in the form of common stock will be subject to the same federal, state, and local tax consequences as if they received cash dividends or distributions.

No action is required on the part of a stockholder to have their cash dividend or other distribution reinvested in shares of our common stock. A stockholder may elect to receive an entire dividend or distribution in cash by notifying American Stock Transfer & Trust Company, the transfer agent and plan administrator, in writing so that such notice is received by the plan administrator no later than the record date for the dividends or distributions to stockholders. The plan administrator will set up an account for shares acquired through the plan for each stockholder who has not elected to receive dividends or other distributions in cash and hold such shares in non-certificated form. Upon request by a stockholder participating in the plan, received in writing not less than 10 days prior to the record date, the plan administrator will, instead of crediting shares to the participant’s account, issue a certificate registered in the participant’s name for the number of whole shares of our common stock and a check for any fractional share.

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

We intend to use only newly-issued shares to implement the plan if our common stock is trading at or above NAV. Under such circumstances, the number of shares to be issued to a stockholder is determined by dividing the total dollar amount of the dividend or distribution payable to such stockholder by the greater of (i) NAV per share, and (ii) 95% of the market price per share of our common stock at the close of regular trading on the NASDAQ Global Market on the payment date fixed by our board of directors for such dividend or distribution. The market price per share on that date shall be the closing price for such shares on the NASDAQ Global Market or, if no sale is reported for such day, at the average of their electronically-reported bid and asked prices. The number of shares of our common stock to be outstanding after giving effect to payment of the dividend or distribution cannot be established until the value per share at which additional shares will be issued has been determined and elections of our stockholders have been tabulated.

If we declare a dividend or distribution to stockholders, the plan administrator may instead be instructed to buy shares in the market (in which case there would be no discount available to stockholders) if (1) the market price of the shares does not exceed 110% of the last determined NAV per share; or (2) we advise the plan administrator that since such NAV was last determined, we have become aware of events that indicate the possibility of a material change in per share NAV as a result of which the NAV of the shares on the payment date might be higher than the market price of the shares. Shares purchased in open market transactions by the plan administrator shall be allocated to each stockholder participating based upon the average purchase price, excluding any brokerage charges or other charges, of all shares of common stock purchased with respect to the applicable distribution.

The plan administrator’s fees under the plan will be paid by us. If a participant elects by written notice to the plan administrator to have the plan administrator sell part or all of the shares held by the plan administrator in the participant’s account and remit the proceeds to the participant, the plan administrator is authorized to deduct a \$15.00 transaction fee plus a \$0.10 per share brokerage commission from the proceeds.

Stockholders who receive dividends or distributions in the form of stock are subject to the same U.S. federal, state and local tax consequences as are stockholders who elect to receive their dividends or distributions in cash. A shareholder receiving dividends or distributions in the form of stock will be treated as receiving a dividend or distribution equal to the fair market value of the stock received through the plan. A stockholder’s basis for determining gain or loss upon the sale of stock received in a dividend or distribution from us will be equal to the amount treated as a dividend or distribution for federal tax purposes. Any stock received in a dividend or distribution will have a new holding period for tax purposes commencing on the day following the day on which the shares are credited to the stockholder’s account. Participants may terminate their accounts under the plan by notifying the plan administrator via its website at [www.amstock.com](http://www.amstock.com), by filling out the transaction request form located at bottom of their statement and sending it to the plan administrator at the address below.

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The plan may be terminated by us upon notice in writing mailed to each participant at least 30 days prior to any record date for the payment of any dividend by us. All correspondence concerning the plan should be directed to the plan administrator by mail at American Stock Transfer & Trust Company, LLC, P.O. Box 922, Wall Street Station, New York, New York 10269, or by the Plan Administrator's Interactive Voice Response System at (888) 777-0324.

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

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

## MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following discussion is a general summary of certain material U.S. federal income tax considerations applicable to us and to an investment in shares of our common stock. This summary does not purport to be a complete description of the U.S. federal income tax considerations applicable to such an investment. For example, we have not described certain considerations that may be relevant to certain types of holders subject to special treatment under U.S. federal income tax laws, including stockholders subject to the alternative minimum tax, tax-exempt organizations, insurance companies, dealers in securities, traders in securities that elect to mark-to-market their securities holdings, pass-through entities (including S corporations) pension plans and trusts, financial institutions, REITs, RICs, and persons that have a functional currency (as defined in Section 985 of the Code) other than the U.S. dollar. This summary assumes that investors hold shares of our common stock as capital assets (within the meaning of Section 1221 of the Code). This discussion is based upon the Code, Treasury regulations, and administrative and judicial interpretations, each as of the date of the filing of this prospectus and all of which are subject to change, possibly retroactively, which could affect the continuing validity of this discussion. We have not sought and will not seek any ruling from the Internal Revenue Service (the “IRS”) regarding any offering of our securities. This summary does not discuss any aspects of U.S. estate or gift tax or foreign, state or local tax. It does not discuss the special treatment under U.S. federal income tax laws that could result if we were to invest in tax-exempt securities or certain other investment assets.

For purposes of this discussion, a “U.S. stockholder” is a beneficial owner of shares of our common stock that is, for U.S. federal income tax purposes:

- a citizen or individual resident of the United States;
- a corporation, or other entity treated as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States or any state thereof or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust if either a U.S. court can exercise primary supervision over its administration and one or more U.S. persons have the authority to control all of its substantial decisions or has in effect a valid election to be treated as a U.S. person.

A “non-U.S. stockholder” is a beneficial owner of shares of our common stock that is not a U.S. stockholder or a partnership.

If a partnership (including an entity treated as a partnership for U.S. federal income tax purposes) holds shares of our common stock, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. A prospective investor that is a partnership or a partner in a partnership that will hold shares of our common stock should consult its tax advisors with respect to the purchase, ownership and disposition of shares of our common stock.

Tax matters are very complicated and the tax consequences to an investor of an investment in shares of our common stock will depend on the facts of the investor’s particular situation. We encourage investors to consult their own tax advisors regarding the specific consequences of such an investment, including tax reporting requirements, the applicability of U.S. federal, state, local and foreign tax laws, eligibility for the benefits of any applicable tax treaty, and the effect of any possible changes in the tax laws.

### **Election to Be Taxed as a RIC**

We have elected to be treated as a RIC under Subchapter M of the Code. As a RIC, we generally will not have to pay corporate-level U.S. federal income taxes on any net ordinary income or capital gains that we timely distribute to our stockholders as dividends. To qualify as a RIC, we must, among other things, meet certain source-of-income and asset diversification requirements (as described below). In addition, we must distribute to our stockholders, for each taxable year, dividends of an amount at least equal to 90% of our “investment company taxable income,” which is generally our net ordinary income plus the excess of realized net short-term capital gains over realized net long-term capital losses and determined without regard to any deduction for dividends paid (the “Annual Distribution Requirement”). Although not required for us to maintain our RIC tax status, in order to preclude the imposition of a 4% nondeductible federal excise tax imposed on RICs, we must distribute to our stockholders in respect of each calendar year dividends of an amount at least equal to the sum of (1) 98% of our net ordinary income (taking into account certain deferrals

and elections) for the calendar year, (2) 98.2% of the excess (if any) of our realized capital gains over our realized capital losses, or capital gain net income (adjusted for certain ordinary losses), generally for the one-year period ending on October 31 of the calendar year and (3) the sum of any net ordinary income plus capital gains net income for preceding years that were not distributed during such years and on which we paid no federal income tax (the “Excise Tax Avoidance Requirement”).

### **Taxation as a RIC**

If we:

- qualify as a RIC; and
- satisfy the Annual Distribution Requirement;

then we will not be subject to U.S. federal income tax on the portion of our investment company taxable income and net capital gain, defined as net long-term capital gains in excess of net short-term capital losses, we timely distribute (or are deemed to timely distribute) to stockholders. As a RIC, we will be subject to U.S. federal income tax at regular corporate rates on any net income or net capital gain not distributed or deemed distributed as dividends to our stockholders.

In order to qualify as a RIC for U.S. federal income tax purposes, we must, among other things:

- qualify to be treated as a BDC under the 1940 Act at all times during each taxable year;
- derive in each taxable year at least 90% of our gross income from dividends, interest, payments with respect to certain securities loans, gains from the sale of stock or other securities, or other income derived with respect to our business of investing in such stock or securities, and net income derived from interests in “qualified publicly traded partnerships” (partnerships that are traded on an established securities market or tradable on a secondary market, other than partnerships that derive 90% of their income from interest, dividends and other permitted RIC income) (the “90% Income Test”); and
- diversify our holdings so that at the end of each quarter of the taxable year (i) at least 50% of the value of our assets consists of cash, cash equivalents, U.S. government securities, securities of other RICs, and other securities if such other securities of any one issuer do not represent more than 5% of the value of our assets or more than 10% of the outstanding voting securities of the issuer; and (ii) no more than 25% of the value of our assets is invested in the securities, other than U.S. government securities or securities of other RICs, of one issuer or of two or more issuers that are controlled, as determined under applicable tax rules, by us and that are engaged in the same or similar or related trades or businesses or in the securities of one or more qualified publicly traded partnerships (collectively, the “Diversification Tests”).

We may invest in partnerships, including qualified publicly traded partnerships, which may result in our being subject to state, local or foreign income, franchise or other tax liabilities. For the purpose of determining whether the Company satisfies the 90% Income Test described above, the character of our distributive share of items of income, gain, losses, deductions and credits derived through any investments in companies that are treated as partnerships for U.S. federal income tax purposes (other than qualified publicly traded partnerships), or are treated as disregarded as separate from us for U.S. federal income tax purposes, generally will be determined as if we realized these tax items directly. Further, for purposes of calculating the value of our investment in the securities of an issuer for purposes of determining the 25% requirement described above, the Company’s proper proportion of any investment in the securities of that issuer that are held by a member of our “controlled group” must be aggregated with our investment in that issuer. A controlled group is one or more chains of corporations connected through stock ownership with us if (a) at least 20% of the total combined voting power of all classes of voting stock of each of the corporations is owned directly by one or more of the other corporations, and (b) we directly own at least 20% or more of the combined voting stock of at least one of the other corporations.

In addition, as a RIC we are subject to ordinary income and capital gain distribution requirements under U.S. federal excise tax rules for each calendar year. If we do not meet the required distributions under the Excise Tax Avoidance Requirement, we will be subject to a 4% nondeductible federal excise tax on the undistributed amount. The failure to meet the Excise Tax Avoidance Requirement will not cause us to lose our RIC status. Although we currently intend

to make sufficient distributions each taxable year to satisfy the U.S. federal excise tax requirements, under certain circumstances, we may choose to retain taxable income or capital gains in an amount that would trigger payments of the 4% federal excise tax.

A RIC is limited in its ability to deduct expenses in excess of its investment company taxable income. If our deductible expenses in a given taxable year exceed our investment company taxable income, we may incur a net operating loss for that taxable year. However, a RIC is not permitted to carry forward net operating losses to subsequent taxable years and such net operating losses do not pass through to its stockholders. In addition, deductible expenses can be used only to offset investment company taxable income, not net capital gain. A RIC may not use any net capital losses (that is, the excess of realized capital losses over realized capital gains) to offset its investment company taxable income, but may carry forward such net capital losses, and use them to offset future capital gains, indefinitely. Any underwriting fees paid by us are not deductible. Due to these limits on deductibility of expenses and net capital losses, we may for tax purposes have aggregate taxable income for several taxable years that we are required to distribute and that is taxable to our stockholders even if such taxable income is greater than the net income we actually earn during those taxable years.

We may be required to recognize taxable income in circumstances in which we do not receive cash. For example, if we hold debt obligations that are treated under applicable tax rules as having OID (such as debt instruments with pay-in-kind interest or, in certain cases, with increasing interest rates or issued with warrants), we must include in income each year a portion of the OID that accrues over the life of the obligation, regardless of whether cash representing such income is received by us in the same taxable year. Because any OID accrued will be included in our investment company taxable income for the taxable year of accrual, we may be required to make a distribution to our stockholders in order to satisfy the Annual Distribution Requirement or the Excise Tax Avoidance Requirement, even though we will not have received any corresponding cash amount.

Although we do not presently expect to do so, we are authorized to borrow funds and to sell assets in order to satisfy distribution requirements. However, under the 1940 Act, we are not permitted to make distributions to our stockholders while our debt obligations and other senior securities are outstanding unless certain “asset coverage” tests are met. Moreover, our ability to dispose of assets to meet our distribution requirements may be limited by (1) the illiquid nature of our portfolio and/or (2) other requirements relating to our qualification as a RIC, including the Diversification Tests. If we dispose of assets in order to meet the Annual Distribution Requirement or the Excise Tax Avoidance Requirement, we may make such dispositions at times that, from an investment standpoint, are not advantageous.

Some of the income and fees that we may recognize, such as fees for providing managerial assistance, certain fees earned with respect to our investments, income recognized in a work-out or restructuring of a portfolio investment, or income recognized from an equity investment in an operating partnership, will not satisfy the 90% Income Test. In order to manage the risk that such income and fees might disqualify us as a RIC for a failure to satisfy the 90% Income Test, we may be required to recognize such income and fees indirectly through one or more entities treated as corporations for U.S. federal income tax purposes. Such corporations will be required to pay U.S. corporate income tax on their earnings, which ultimately will reduce our return on such income and fees.

#### **Failure to Qualify as a RIC**

If we were unable to qualify for treatment as a RIC and are unable to cure the failure, for example, by disposing of certain investments quickly or raising additional capital to prevent the loss of RIC status, we would be subject to tax on all of our taxable income at regular corporate rates (and any applicable U.S. state and local taxes). The Code provides some relief from RIC disqualification due to failures to comply with the 90% Income Test and the Diversification Tests, 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 90% Income Test or the Diversification Tests.

Should failure occur, not only would all our taxable income be subject to tax at regular corporate rates (as well as any applicable U.S. state and local taxes), we would not be able to deduct dividend distributions to stockholders, nor would they be required to be made. Distributions, including distributions of net long-term capital gain, would generally be taxable to our stockholders as ordinary dividend income to the extent of our current and accumulated earnings and profits. Subject to certain limitations under the Code, certain corporate stockholders would be eligible to claim a dividends received deduction with respect to such dividends and non-corporate stockholders would generally be able to treat such dividends as “qualified dividend income,” which is subject to reduced rates of U.S. federal income tax. Distributions in excess of our current and accumulated earnings and profits would be treated first as a return of capital

to the extent of the stockholder's tax basis, and any remaining distributions would be treated as a capital gain. If we fail to qualify as a RIC, we may be subject to regular corporate tax on any net built-in gains with respect to certain of our assets (i.e., the excess of the aggregate gains, including items of income, over aggregate losses that would have been realized with respect to such assets if we had been liquidated) that we elect to recognize on requalification or when recognized over the next five taxable years.

Although we expect to operate in a manner so as to qualify continuously as a RIC, we may decide in the future that we should be taxed as a C corporation, even if we would otherwise qualify as a RIC, if we determine that treatment as a C corporation for a particular year would be in our best interest.

The remainder of this discussion assumes that we qualify as a RIC and have satisfied the Annual Distribution Requirement.

### **Our Investments — General**

Certain of our investment practices may be subject to special and complex U.S. federal income tax provisions that may, among other things, (1) treat dividends that would otherwise constitute qualified dividend income as non-qualified dividend income, (2) treat dividends that would otherwise be eligible for the corporate dividends received deduction as ineligible for such treatment, (3) disallow, suspend or otherwise limit the allowance of certain losses or deductions, (4) convert lower-taxed long-term capital gain into higher-taxed short-term capital gain or ordinary income, (5) convert an ordinary loss or a deduction into a capital loss (the deductibility of which is more limited), (6) cause us to recognize income or gain without receipt of a corresponding cash payment, (7) adversely affect the time as to when a purchase or sale of stock or securities is deemed to occur, (8) adversely alter the characterization of certain complex financial transactions and (9) produce income that will not be qualifying income for purposes of the 90% Income Test. We intend to monitor our transactions and may make certain tax elections to mitigate the potential adverse effect of these provisions, but there can be no assurance that we will be eligible for any such tax elections or that any adverse effects of these provisions will be mitigated.

Gain or loss recognized by us from warrants or other securities acquired by us, as well as any loss attributable to the lapse of such warrants, generally will be treated as capital gain or loss. Such gain or loss generally will be long-term or short-term depending on how long we held a particular warrant or security.

A portfolio company in which we invest may face financial difficulties that require us to work-out, modify or otherwise restructure our investment in the portfolio company. Any such transaction could, depending upon the specific terms of the transaction, result in unusable capital losses or future non-cash income. Any such transaction could also result in our receiving assets that give rise to non-qualifying income for purposes of the 90% Income Test or otherwise would not count toward satisfying the Diversification Requirements.

Our investment in non-U.S. securities may be subject to non-U.S. income, withholding and other taxes. In that case, our yield on those securities would be decreased. Stockholders generally will not be entitled to claim a U.S. foreign tax credit or deduction with respect to non-U.S. taxes paid by us.

If we purchase shares in a "passive foreign investment company" (a "PFIC"), we may be subject to U.S. federal income tax on a portion of any "excess distribution" received on, or any gain from the disposition of, such shares even if we distribute such income as a taxable dividend to our stockholders. Additional charges in the nature of interest generally will be imposed on us in respect of deferred taxes arising from any such excess distribution or gain. If we invest in a PFIC and elect to treat the PFIC as a "qualified electing fund" under the Code (a "QEF"), in lieu of the foregoing requirements, we will be required to include in income each year our proportionate share of the ordinary earnings and net capital gain of the QEF, even if such income is not distributed by the QEF. Alternatively, we may be able to elect to mark-to-market at the end of each taxable year our shares in a PFIC; in this case, we will recognize as ordinary income any increase in the value of such shares, and as ordinary loss any decrease in such value to the extent that any such decrease does not exceed prior increases included in our income. Our ability to make either election will depend on factors beyond our control, and is subject to restrictions which may limit the availability of the benefit of these elections. Under either election, we may be required to recognize in a year income in excess of any distributions we receive from PFICs and any proceeds from dispositions of PFIC stock during that year, and such income will nevertheless be subject to the Annual Distribution Requirement and will be taken into account for purposes of determining whether we satisfy the Excise Tax Avoidance Requirement

Under Section 988 of the Code, gains or losses attributable to fluctuations in exchange rates between the time we accrue income, expenses or other liabilities denominated in a foreign currency and the time we actually collect such income or pay such expenses or liabilities are generally treated as ordinary income or loss. Similarly, gains or losses on foreign currency forward contracts and the disposition of debt obligations denominated in a foreign currency, to the extent attributable to fluctuations in exchange rates between the acquisition and disposition dates, are also treated as ordinary income or loss.

### **Taxation of U.S. Stockholders**

The following discussion only applies to U.S. stockholders. Prospective stockholders that are not U.S. stockholders should refer to “— *Taxation of Non-U.S. Stockholders*” below.

#### ***Distributions***

Distributions by us generally are taxable to U.S. stockholders as ordinary income or capital gains. Distributions of our “investment company taxable income” (which is, generally, our net ordinary income plus net short-term capital gains in excess of net long-term capital losses) will be taxable as ordinary income to U.S. stockholders to the extent of our current or accumulated earnings and profits, whether paid in cash or reinvested in additional shares. To the extent such distributions paid by us to non-corporate stockholders (including individuals) are attributable to dividends from U.S. corporations and certain qualified foreign corporations and if certain holding period requirements are met, such distributions generally will be treated as qualified dividend income and generally eligible for a maximum U.S. federal tax rate of 20%, and if other applicable requirements are met, such distributions generally will be eligible for the corporate dividends received deduction to the extent such dividends have been paid by a U.S. corporation. Subject to any future regulatory guidance to the contrary, distributions we make to stockholders in respect of any qualified publicly traded partnership income we receive will not be eligible for the 20% pass through deduction accorded to non-corporate taxpayers under Section 199A of the Code in respect of such income received directly from a publicly traded partnership.

Distributions of our net capital gains (which is generally our realized net long-term capital gains in excess of realized net short-term capital losses) properly reported by us as “capital gain dividends” will be taxable to a U.S. stockholder as long-term capital gains (currently generally at a maximum rate of 20%) in the case of individuals, trusts or estates, regardless of the U.S. stockholder’s holding period for their shares and regardless of whether paid in cash or reinvested in additional shares. Distributions in excess of our earnings and profits first will reduce a U.S. stockholder’s adjusted tax basis in such stockholder’s shares and, after the adjusted basis is reduced to zero, will constitute capital gains to such U.S. stockholder. A stockholder’s basis for determining gain or loss upon the sale of shares received in a distribution from us will generally be equal to the cash that would have been received if the stockholder had received the distribution in cash, unless we issue new shares that are trading at or above NAV, in which case the stockholder’s basis in the new shares will generally be equal to their fair market value.

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



For purposes of determining (1) whether the Annual Distribution Requirement is satisfied for any tax year and (2) the amount of capital gain dividends paid for that tax year, we may, under certain circumstances, elect to treat a dividend that is paid during the following tax year as if it had been paid during the tax year in question. If we make such an election, the U.S. stockholder will still be treated as receiving the dividend in the tax year in which the distribution is made. However, any dividend declared by us in October, November or December of any calendar year, payable to stockholders of record on a specified date in such a month and actually paid during January of the following calendar year, will be treated as if it had been received by our U.S. stockholders on December 31 of the calendar year in which the dividend was declared.

If an investor purchases shares shortly before the record date of a distribution, the price of the shares will include the value of the distribution and the investor will be subject to tax on the distribution even though it represents a return of their investment.

We will send to each of our U.S. stockholders, as promptly as possible after the end of each calendar year, a notice detailing, on a per share and per distribution basis, the amounts includible in such U.S. stockholder's taxable income for such year as ordinary income and as long-term capital gain. In addition, the U.S. federal tax status of each calendar year's distributions generally will be reported to the IRS. Distributions may also be subject to additional state, local and foreign taxes depending on a U.S. stockholder's particular situation. Dividends distributed by us generally will not be eligible for the dividends-received deduction or the lower tax rates applicable to certain qualified dividends.

Until and unless we are treated as a "publicly offered regulated investment company" (within the meaning of Section 67 of the Code) as a result of either (1) shares of our common stock and our preferred stock collectively being held by at least 500 persons at all times during a taxable year, (2) shares of our common stock being treated as regularly traded on an established securities market for any taxable year, or (3) shares of our common stock being continuously offered pursuant to a public offering (within the meaning of Section 4 of the Securities Act), for purposes of computing the taxable income of U.S. stockholders that are individuals, trusts or estates, (1) our earnings will be computed without taking into account such U.S. stockholders' allocable shares of certain of our fees and expenses, (2) each such U.S. stockholder will be treated as having received or accrued a dividend from us in the amount of such U.S. stockholder's allocable share of these fees and expenses for such taxable year, (3) each such U.S. stockholder will be treated as having paid or incurred such U.S. stockholder's allocable share of these fees and expenses for the calendar year and (4) each such U.S. stockholder's allocable share of these fees and expenses will be treated as miscellaneous itemized deductions by such U.S. stockholder. For taxable years beginning before 2026, miscellaneous itemized deductions generally are not deductible by a U.S. stockholder that is an individual, trust or estate. For taxable years beginning in 2026 or later, miscellaneous itemized deductions generally are deductible by a U.S. stockholder that is an individual, trust or estate only to the extent that the aggregate of such U.S. stockholder's miscellaneous itemized deductions exceeds 2% of such U.S. stockholder's adjusted gross income for U.S. federal income tax purposes, are not deductible for purposes of the alternative minimum tax and are subject to the overall limitation on itemized deductions under Section 68 of the Code.

### ***Dispositions***

A U.S. stockholder generally will recognize taxable gain or loss if the U.S. stockholder sells or otherwise disposes of their shares of our common stock. The amount of gain or loss will be measured by the difference between such stockholder's adjusted tax basis in the common stock sold and the amount of the proceeds received in exchange. Any gain or loss arising from such sale or disposition generally will be treated as long-term capital gain or loss if the U.S. stockholder has held their shares of our common stock for more than one year; otherwise, any such gain or loss will be classified as short-term capital gain or loss. However, any capital loss arising from the sale or disposition of shares of our common stock held for six months or less will be treated as long-term capital loss to the extent of the amount of capital gain dividends received, or undistributed capital gain deemed received, with respect to such shares. In addition, all or a portion of any loss recognized upon a disposition of shares of our common stock may be disallowed if other shares of our common stock or substantially identical stock or securities are purchased (whether through reinvestment of distributions or otherwise) within 30 days before or after the disposition. In such case, the basis of the shares acquired will be adjusted to reflect the disallowed loss.

In general, non-corporate U.S. stockholders (including individuals) currently are subject to a maximum U.S. federal income tax rate of 20% on their net capital gain (i.e., the excess of realized net long-term capital gains over realized net short-term capital losses), including any long-term capital gain derived from an investment in shares of our common



stock. These rates are lower than the maximum rate on ordinary income currently payable by individuals. Corporate U.S. stockholders currently are subject to U.S. federal income tax on net capital gain at the maximum 21% rate also applied to ordinary income. Non-corporate U.S. stockholders (including individuals) with net capital losses for a year (i.e., capital losses in excess of capital gains) generally may deduct up to \$3,000 of such losses against their ordinary income each year; any net capital losses of a non-corporate U.S. stockholder (including an individual) in excess of \$3,000 generally may be carried forward and used in subsequent years as provided in the Code. Corporate U.S. stockholders generally may not deduct any net capital losses for a year, but may carry back such losses for three years or carry forward such losses for five years.

Legislation requires reporting of adjusted cost basis information for covered securities, which generally include shares of a RIC, to the Internal Revenue Service and to taxpayers. Stockholders should contact their financial intermediaries with respect to reporting of cost basis and available elections for their accounts.

#### ***Tax on Net Investment Income***

A U.S. stockholder that is an individual or estate, or a trust that does not fall into a special class of trusts that is exempt from such tax, will generally be subject to a 3.8% tax on the lesser of (i) the U.S. stockholder's "net investment income" for a taxable year and (ii) the excess of the U.S. stockholder's modified adjusted gross income for such taxable year over \$200,000 (\$250,000 in the case of joint filers and \$125,000 in the case of married individuals filing a separate return). For these purposes, "net investment income" will generally include taxable distributions and deemed distributions paid with respect to stock, including our common stock, and net gain attributable to the disposition of stock, including our common stock (in each case, unless such stock is held in connection with certain trades or businesses), but will be reduced by any deductions properly allocable to such distributions or net gain.

#### ***Tax Shelter Reporting Regulations***

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

#### ***Backup Withholding***

Backup withholding, currently at a rate of 24%, may be applicable to all taxable distributions to any non-corporate U.S. stockholder (1) who fails to furnish us with a correct taxpayer identification number or a certificate that such stockholder is exempt from backup withholding or (2) with respect to whom the IRS notifies us that such stockholder has failed to properly report certain interest and dividend income to the IRS and to respond to notices to that effect. An individual's taxpayer identification number is his or her social security number. Any amount withheld under backup withholding is allowed as a credit against the U.S. stockholder's U.S. federal income tax liability and may entitle such stockholder to a refund, provided that proper information is timely provided to the IRS.

#### ***Taxation of Non-U.S. Stockholders***

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

***Distributions; Dispositions***

Subject to the discussion below, distributions of our “investment company taxable income” to non-U.S. stockholders (including interest income, net short-term capital gain or foreign-source dividend and interest income, which generally would be free of withholding if paid to non-U.S. stockholders directly) will be subject to withholding of U.S. federal tax at a 30% rate (or lower rate provided by an applicable treaty) to the extent of our current and accumulated earnings and profits unless the distributions are effectively connected with a U.S. trade or business of the non-U.S. stockholder, in which case the distributions will generally be subject to U.S. federal income tax at the rates applicable to U.S. persons. In that case, we will not be required to withhold U.S. federal tax if the non-U.S. stockholder complies with applicable certification and disclosure requirements. Special certification requirements apply to a non-U.S. stockholder that is a foreign partnership or a foreign trust, and such entities are urged to consult their own tax advisors. Non-U.S. source interest income is not eligible for exemption from U.S. federal withholding tax, and distributions of non-U.S. source income will be subject to the 30% U.S. withholding tax unless reduced by an applicable tax treaty.

Certain properly reported dividends received by a non-U.S. stockholder generally are exempt from U.S. federal withholding tax when they (1) are paid in respect of our “qualified net interest income” (generally, our U.S. source interest income, other than certain contingent interest and interest from obligations of a corporation or partnership in which we are at least a 10% stockholder, reduced by expenses that are allocable to such income), or (2) are paid in connection with our “qualified short-term capital gains” (generally, the excess of our net short-term capital gain over our long-term capital loss for a tax year), in each case provided we report them as such and certain other requirements are satisfied. Nevertheless, it should be noted that in the case of shares of our common stock held through an intermediary, the intermediary may withhold U.S. federal income tax even if we report a payment as an interest-related dividend or short-term capital gain dividend. Moreover, depending on the circumstances, we may report all, some or none of our potentially eligible dividends as derived from such qualified net interest income or as qualified short-term capital gains, or treat such dividends, in whole or in part, as ineligible for this exemption from withholding.

Actual or deemed distributions of our net capital gains to a non-U.S. stockholder, and gains recognized by a non-U.S. stockholder upon the sale of shares of our common stock, will not be subject to federal withholding tax and generally will not be subject to U.S. federal income tax unless the distributions or gains, as the case may be, are effectively connected with a U.S. trade or business of the non-U.S. stockholder and, if an income tax treaty applies, are attributable to a permanent establishment maintained by the non-U.S. stockholder in the United States or, in the case of an individual non-U.S. stockholder, the stockholder is present in the United States for 183 days or more during the year of the sale or capital gain dividend and certain other conditions are met.

If we distribute our net capital gains in the form of deemed rather than actual distributions (which we may do in the future), a non-U.S. stockholder will be entitled to a U.S. federal income tax credit or tax refund equal to the stockholder’s allocable share of the tax we pay on the capital gains deemed to have been distributed. In order to obtain the refund, the non-U.S. stockholder must obtain a U.S. taxpayer identification number and file a U.S. federal income tax return even if the non-U.S. stockholder would not otherwise be required to obtain a U.S. taxpayer identification number or file a U.S. federal income tax return. For a corporate non-U.S. stockholder, distributions (both actual and deemed), and gains realized upon the sale of shares of our common stock that are effectively connected with a U.S. trade or business may, under certain circumstances, be subject to an additional “branch profits tax” at a 30% rate (or at a lower rate if provided for by an applicable treaty).

A non-U.S. stockholder who is a non-resident alien individual, and who is otherwise subject to withholding of U.S. federal income tax, may be subject to information reporting and backup withholding of U.S. federal income tax on dividends unless the non-U.S. stockholder provides us or the dividend paying agent with a U.S. nonresident withholding tax certification (e.g., an IRS Form W-8BEN, IRS Form W-8BEN-E, or an acceptable substitute form) or otherwise meets documentary evidence requirements for establishing that it is a non-U.S. stockholder or otherwise establishes an exemption from backup withholding.

***Foreign Account Tax Compliance Act***

Under the Code and Treasury regulations, the applicable withholding agent generally will be required to withhold 30% of the dividends on our common stock to (i) a non-U.S. financial institution (whether such financial institution is the beneficial owner or an intermediary) unless such non-U.S. financial institution agrees to verify, report and disclose its U.S. accountholders and meets certain other specified requirements or is subject to an applicable “intergovernmental agreement” or (ii) a non-financial non-U.S. entity (whether such entity is the beneficial owner or an intermediary)

unless such entity certifies that it does not have any substantial U.S. owners or provides the name, address and taxpayer identification number of each substantial U.S. owner and such entity meets certain other specified requirements. If payment of this withholding tax is made, non-U.S. stockholders that are otherwise eligible for an exemption from, or a reduction in, withholding of U.S. federal income taxes with respect to such dividends will be required to seek a credit or refund from the IRS to obtain the benefit of such exemption or reduction. Under rules previously scheduled to apply beginning January 1, 2019, such withholding would also apply to gross proceeds from the disposition of our common stock; however proposed Treasury regulations, which may be relied upon until final Treasury regulations are issued, eliminate withholding on payments of gross proceeds from such dispositions. We will not pay any additional amounts in respect of any amounts withheld.

**Non-U.S. stockholders should consult their own tax advisers with respect to the U.S. federal income and withholding tax consequences, and state, local and non-U.S. tax consequences, of an investment in shares of our common stock.**

<p><b>STOCKHOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THE PARTICULAR TAX CONSEQUENCES TO THEM OF AN INVESTMENT IN THE COMPANY, INCLUDING THE STATE, LOCAL AND NON-U.S. INCOME AND OTHER TAX CONSEQUENCES OF AN INVESTMENT IN SHARES OF OUR COMMON STOCK.</b></p>
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**CUSTODIAN AND TRANSFER AND DIVIDEND DISBURSING AGENT**

Our assets are held by U.S. Bank National Association pursuant to a custody agreement. The principal business address of U.S. Bank is One Federal Street, Boston MA 02110.

American Stock Transfer & Trust Company provides transfer agency and distribution paying agency services to us under a transfer agency agreement and a distribution paying agent agreement, respectively. The address of American Stock Transfer & Trust Company is 59 Maiden Lane, New York, New York, 10038.

## **PORTFOLIO TRANSACTIONS AND BROKERAGE**

Since we generally acquire and dispose of our investments in privately negotiated transactions, we infrequently use brokers in the normal course of our business. Our management team is primarily responsible for the execution of the publicly traded securities portion of our portfolio transactions and the allocation of brokerage commissions. We do not expect to execute transactions through any particular broker or dealer, but seek to obtain the best net results for us, taking into account such factors as price (including the applicable brokerage commission or dealer spread), size of order, difficulty of execution, and operational facilities of the firm and the firm's risk and skill in positioning blocks of securities. While we generally seek reasonably competitive trade execution costs, we do not necessarily pay the lowest spread or commission available. Subject to applicable legal requirements, we may select a broker based partly upon brokerage or research services provided to us. In return for such services, we may pay a higher commission than other brokers would charge if we determine in good faith that such commission is reasonable in relation to the services provided.

## LEGAL MATTERS

Certain legal matters regarding the securities offered by this prospectus will be passed upon for the Company by Kramer Levin Naftalis & Frankel LLP. Certain legal matters in connection with an offering will be passed upon for the underwriters, if any, by the counsel named in the applicable prospectus supplement.

## EXPERTS

The financial statements of PhenixFIN Corporation appearing in PhenixFIN Corporation's (f/k/a Medley Capital Corporation) Annual Report on Form 10-K for the year ended September 30, 2020 have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their report thereon, included therein, and incorporated herein by reference. Such financial statements are incorporated herein by reference in reliance upon such report given on the authority of such firm as experts in auditing and accounting.

## ADDITIONAL INFORMATION

We have filed with the SEC a registration statement on Form N-2, together with all amendments and related exhibits, under the Securities Act, with respect to our securities offered by this prospectus. The registration statement contains additional information about us and our securities being offered by this prospectus.

We file with or submit to the SEC annual, quarterly and current reports, proxy statements and other information meeting the informational requirements of the Exchange Act. We maintain a website at <http://www.phenixfc.com>, and make all of our annual, quarterly and current reports, proxy statements and other publicly filed information available, free of charge, on or through our website. You may also obtain such information by contacting us, in writing at: PhenixFIN Corporation, 445 Park Avenue, 10<sup>th</sup> Floor, New York, NY 10022, Attention: Investor Relations, or by telephone at (212) 859-0390. 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 on the SEC's Internet site at <http://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](mailto:publicinfo@sec.gov). Except for the documents incorporated by reference into this prospectus and any accompanying prospectus supplement, information contained on our website or on the SEC's website about us is not incorporated into this prospectus and you should not consider information contained on our website or on the SEC's website to be part of this prospectus, or the registration statement of which this prospectus is a part.

## INCORPORATION BY REFERENCE

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

We incorporate by reference into this prospectus our filings listed below and any future filings (including those made after the date of the filing of this registration statement) we will make with the SEC under Sections 13(a), 13(c), 14, or 15(d) of the Exchange Act, including all such documents we may file with the SEC after the date of the initial registration statement and prior to the effectiveness of the registration statement, until all of the securities offered by this prospectus and any applicable prospectus supplement have been sold or we otherwise terminate the offering of these securities; provided, however, that information “furnished” under Item 2.02 or Item 7.01 of Form 8-K or other information “furnished” to the SEC, which is not deemed filed, is not incorporated by reference in this prospectus and any applicable prospectus supplement (unless specifically set forth in such filing). Information that we file with the SEC will automatically update and may supersede information in this prospectus, any applicable prospectus supplement and information previously filed with the SEC.

This prospectus and any applicable prospectus supplement will incorporate by reference the documents set forth below that have previously been filed with the SEC:

- our definitive proxy statement on [Schedule 14A](#), filed with the SEC on February 26, 2021;
- our quarterly reports on Form 10-Q, filed with the SEC on [August 11, 2021](#), [May 13, 2021](#) and [February 16, 2021](#);
- our Annual Report on [Form 10-K](#) for the fiscal year ended September 30 2020, filed with the SEC on December 11, 2020 and Amendment No.1 to our Annual Report on [Form 10-K](#) for the fiscal year ended September 30, 2020, filed with the SEC on January 28, 2021;
- our current reports on Form 8-K (other than information furnished rather than filed), filed with the SEC on [August 11, 2021](#), [May 13, 2021](#), [April 12, 2021](#), [March 16, 2021](#), [February 16, 2021](#), [January 21, 2021](#), [December 28, 2020](#), [December 11, 2020](#), [November 24, 2020](#), [October 21, 2020](#), [October 13, 2020](#) and [September 30, 2020](#);
- the description of our common stock contained in our Registration Statement on [Form N-2](#) (File No. 333-166491), as filed with the SEC on May 3, 2010, including any amendment or report filed for the purpose of updating such description prior to the termination of the offering of the common stock registered hereby; and
- the description of our debt securities contained in our registration statement on [Form N-2](#) (File No.333-179237), declared effective on March 12, 2013 and the description of our debt securities in the Company’s prospectus supplement, dated March 13, 2013 to the Company’s prospectus, dated March 12, 2013, including any amendment or report filed for the purpose of updating such description prior to the termination of the offering of the debt securities registered hereby.

To obtain copies of these filings, see “Additional Information.”

You should rely only on the information incorporated by reference or provided in this prospectus or any prospectus supplement. We have not authorized anyone to provide you with different or additional information, and you should not rely on such information if you receive it. We are not making an offer of or soliciting an offer to buy, any securities in any state or other jurisdiction where such offer or sale is not permitted. You should not assume that the information in this prospectus or in the documents incorporated by reference is accurate as of any date other than the date on the front of this prospectus or those documents.

**PHENIXFIN CORPORATION**

**\$50,000,000**

**5.25% Notes due 2028**

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**PROSPECTUS SUPPLEMENT**

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*Joint Book-Running Managers*

**Oppenheimer & Co.  
Janney Montgomery Scott**

**B. Riley Securities**

**BTIG  
Ladenburg Thalmann**

November 9, 2021

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