

# GLADSTONE INVESTMENT CORPORATION\DE

## FORM 8-K (Current report filing)

Filed 11/01/17 for the Period Ending 11/01/17

Address	1521 WESTBRANCH DRIVE SUITE 100 MCLEAN, VA, 22102
Telephone	703-287-5800
CIK	0001321741
Symbol	GAIN
Industry	Closed End Funds
Sector	Financials
Fiscal Year	03/31

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

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**FORM 8-K**

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**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event Reported): November 1, 2017

**Gladstone Investment Corporation**  
(Exact Name of Registrant as Specified in Charter)

**Delaware**  
(State or Other Jurisdiction of Incorporation)

**814-00704**  
(Commission File Number)

**83-0423116**  
(I.R.S. Employer Identification Number)

**1521 Westbranch Drive, Suite 100, McLean, Virginia 22102**  
(Address of Principal Executive Offices) (Zip Code)

**(703) 287-5800**  
(Registrant's telephone number, including area code)

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2). Emerging growth company

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

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**Item 2.02. Results of Operations and Financial Condition.**

On November 1, 2017, Gladstone Investment Corporation issued a press release announcing its financial results for its second fiscal quarter ended September 30, 2017. The text of the press release is included as an exhibit to this Current Report on Form 8-K. The information in this Current Report on Form 8-K, including Exhibit 99.1 attached hereto, is being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, regardless of any general incorporation language in such filing.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits.

<b><u>Exhibit No.</u></b>	<b><u>Description</u></b>
<a href="#">99.1</a>	Press Release issued by Gladstone Investment Corporation, dated November 1, 2017.

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**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**Gladstone Investment Corporation**

Date: November 1, 2017

By: /s/ Nicole Schaltenbrand  
Nicole Schaltenbrand  
Acting Principal Financial Officer

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## EXHIBIT INDEX

<b><u>Exhibit Number</u></b>	<b><u>Description</u></b>
<a href="#"><u>99.1</u></a>	Press Release issued by Gladstone Investment Corporation, dated November 1, 2017.

**Gladstone Investment Corporation Reports Financial Results for its Second Quarter Ended September 30, 2017**

MCLEAN, Va., Nov. 01, 2017 (GLOBE NEWSWIRE) -- Gladstone Investment Corporation (NASDAQ:GAIN) (the "Company") today announced earnings for its second quarter ended September 30, 2017. Please read the Company's Quarterly Report on Form 10-Q filed today with the U.S. Securities and Exchange Commission (the "SEC"), which is available on the SEC's website at [www.sec.gov](http://www.sec.gov) or the Company's website at [www.gladstoneinvestment.com](http://www.gladstoneinvestment.com).

**Summary Information:** (dollars in thousands, except per share data (unaudited)) :

	<u>September 30, 2017</u>	<u>June 30, 2017</u>	<u>Change</u>	<u>% Change</u>
<b>For the quarter ended:</b>				
Total investment income	\$ 13,132	\$ 13,620	\$ (488)	(3.6)%
Total expenses, net	<u>7,382</u>	<u>8,185</u>	<u>(803)</u>	<u>(9.8)</u>
Net investment income	5,750	5,435	315	5.8
Net realized (loss) gain	(43)	1,165	(1,208)	NM
Net unrealized appreciation	<u>7,849</u>	<u>1,541</u>	<u>6,308</u>	<u>409.3</u>
Net increase in net assets resulting from operations	<u>13,556</u>	<u>8,141</u>	<u>5,415</u>	<u>66.5</u>
Net investment income per weighted average common share	0.18	0.17	0.01	5.9
Net increase in net assets resulting from operations per weighted average common share	0.42	0.26	0.16	61.5
Cash distribution per common share from net investment income	0.19	0.19	—	—
Cash distribution per common share from realized gains	—	0.06	(0.06)	(100.0)
Distributions coverage ratio <sup>(A)</sup>	208.6 %	214.9 %	(6.3)%	(2.9)
Weighted average yield on interest-bearing investments	12.8	12.6	0.2	1.6
Total dollars invested	\$ 29,500	\$ 2,148	\$ 27,352	NM
Total dollars repaid and collected from sales	3,949	19,457	(15,508)	(79.7)
<b>As of:</b>				
Total investments, at fair value	\$ 520,174	\$ 486,770	\$ 33,404	6.9%
Fair value, as a percent of cost	97.3 %	95.7 %	1.6 %	1.7
Net assets	\$ 328,548	\$ 321,235	\$ 7,313	2.3
Net asset value per common share	10.10	9.88	0.22	2.2
Number of portfolio companies	34	33	1	3.0

(A) Distributions coverage ratio is calculated by dividing (i) the sum of net investment income in excess of distributions at the end of the period and distributions to common stockholders from net investment income during the period by (ii) current period distributions from net investment income to common stockholders.

NM = Not Meaningful

**Highlights for the Quarter:** During the quarter ended September 30, 2017, the following significant events occurred:

• **Portfolio Activity :**

- Invested \$28.3 million through a combination of secured first lien debt and preferred equity into one new portfolio company; and
- Invested \$1.2 million in existing portfolio companies.

• **Distributions and Dividends:**

- Paid the following monthly cash distributions to common stockholders and dividends to preferred stockholders for each of July, August, and September 2017:
  - \$0.064 per common share, per month;
  - \$0.140625 per share, per month, for the Company's 6.75% Series B Cumulative Term Preferred Stock ("Series B Term Preferred Stock");
  - \$0.135417 per share, per month, for the Company's 6.50% Series C Cumulative Term Preferred Stock ("Series C Term Preferred Stock"); and
  - \$0.13020833 per share to holders of our 6.25% Series D Cumulative Term Preferred Stock ("Series D Term Preferred Stock").

**Second Quarter Results :** Net investment income for the quarters ended September 30, 2017 and June 30, 2017 was \$5.8 million, or \$0.18 per share, and \$5.4

million, or \$0.17 per share, respectively. Net investment income increased period over period, as the decrease in total investment income, which was primarily due to lower other income, was more than offset by a decrease in total expenses, net of credits, primarily due to lower bad debt expense and higher credits from our adviser, Gladstone Management Corporation. The net realized loss for the quarter ended September 30, 2017 was less than \$0.1 million, as compared to net realized gains of \$1.2 million during the quarter ended June 30, 2017. The decrease period over period was primarily due to the exit of one portfolio company in the prior quarter as compared to minimal activity in the current quarter.

Net asset value per common share as of September 30, 2017 increased to \$10.10 compared to \$9.88 as of June 30, 2017. The quarter over quarter increase was primarily due to \$7.8 million of net unrealized appreciation during the period, which was principally due to an increase in the fair value of our investment in Drew Foam, improved performance of certain other portfolio companies, and an increase in comparable multiples used to estimate the fair value of certain portfolio companies, which were partially offset by a decline in performance on certain other portfolio companies.

**Subsequent Events:** After September 30, 2017, the following significant events occurred:

- **Distributions and Dividends Declared :** In October 2017, our Board of Directors declared the following monthly distributions to common stockholders and monthly dividends to holders of our three series of term preferred stock:

<u>Record Date</u>	<u>Payment Date</u>	<u>Distribution per Common Share</u>	<u>Dividend per Series B Term Preferred Share</u>	<u>Dividend per Series C Term Preferred Share</u>	<u>Dividend per Series D Term Preferred Share</u>
October 20, 2017	October 31, 2017	\$ 0.065	\$ 0.140625	\$ 0.135417	\$ 0.13020833
November 20, 2017	November 30, 2017	0.065	0.140625	0.135417	0.13020833
December 5, 2017	December 15, 2017	0.060 <sup>(A)</sup>	—	—	—
December 19, 2017 <sup>(A)</sup>	December 31, 2017	0.065	0.140625	0.135417	0.13020833
	<b>Total for the Quarter:</b>	<b>\$ 0.255</b>	<b>\$ 0.421875</b>	<b>\$ 0.406251</b>	<b>\$ 0.39062499</b>

(A) Denotes supplemental distribution to common stockholders.

**Conference Call:** The Company will hold its earnings release conference call on Thursday, November 2, 2017, at 8:30 a.m. EDT. Please call (855) 376-7516 to enter the conference. An operator will monitor the call and set a queue for any questions. A replay of the conference call will be available through January 2, 2018. To hear the replay, please dial (855) 859-2056 and use the playback conference number 54419498. The replay will be available beginning approximately one hour after the call concludes. The live audio broadcast of the Company's quarterly conference call will also be available online at [www.gladstoneinvestment.com](http://www.gladstoneinvestment.com). The event will be archived and available for replay on the Company's website through February 2, 2018.

**About Gladstone Investment Corporation :** Gladstone Investment Corporation is a publicly traded business development company that seeks to make secured debt and equity investments in lower middle market businesses in the United States in connection with acquisitions, changes in control and recapitalizations. The Company has paid 148 consecutive monthly cash distributions on its common stock. Information on the business activities of all the Gladstone funds can be found at [www.gladstonecompanies.com](http://www.gladstonecompanies.com).

To obtain a paper copy of our Quarterly Report on Form 10-Q filed today with the SEC, please contact the Company at 1521 Westbranch Drive, Suite 100, McLean, VA 22102, ATTN: Investor Relations. The financial information above is not comprehensive and is without notes, so readers should obtain and carefully review the Company's Form 10-Q for the three months ended September 30, 2017, including the notes to the consolidated financial statements contained therein.

Source: Gladstone Investment Corporation

**Investor Relations Inquiries :** Please visit [www.gladstone.com](http://www.gladstone.com) or +1-703-287-5893.