

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**
FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **March 31, 2024**

OR

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

COMMISSION FILE NUMBER: 1-35730

STELLUS CAPITAL INVESTMENT CORPORATION

(Exact Name of Registrant as Specified in Its Charter)

Maryland

(State or Other Jurisdiction of Incorporation or Organization)

46-0937320

(I.R.S. Employer Identification No.)

4400 Post Oak Parkway, Suite 2200

Houston, Texas 77027

(Address of Principal Executive Offices) (Zip Code)

(713) 292-5400

(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.001 per share	SCM	New York Stock Exchange

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

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

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

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

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

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

The number of shares of the issuer's Common Stock, par value \$0.001 per share, outstanding as of May 9, 2024 was 24,125,642.

STELLUS CAPITAL INVESTMENT CORPORATION

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PART I—FINANCIAL INFORMATION
STELLUS CAPITAL INVESTMENT CORPORATION
CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES

	March 31, 2024 (unaudited)	December 31, 2023
ASSETS		
Controlled investments at fair value (amortized cost of \$ 17,934,808 and \$17,285,138, respectively)	\$ 7,362,234	\$ 6,175,994
Non-controlled, non-affiliated investments, at fair value (amortized cost of \$ 862,218,903 and \$884,858,412, respectively)	868,521,912	868,284,689
Cash and cash equivalents	48,761,721	26,125,741
Receivable for sales and repayments of investments	776,417	371,877
Interest receivable	6,484,400	4,882,338
Income tax receivable	2,673,730	1,588,708
Other receivables	42,995	42,995
Deferred offering costs	12,521	7,312
Prepaid expenses	585,418	606,674
Total Assets	\$ 935,221,348	\$ 908,086,328
LIABILITIES		
Notes Payable	\$ 99,107,786	\$ 98,996,412
Credit Facility payable	181,343,929	156,564,776
SBA-guaranteed debentures	320,587,412	320,273,358
Dividends payable	3,215,948	—
Management fees payable	1,852,233	2,918,536
Income incentive fees payable	2,745,073	2,885,180
Interest payable	1,493,044	5,241,164
Unearned revenue	412,314	397,725
Administrative services payable	425,048	402,151
Deferred tax liability	381,500	188,893
Other accrued expenses and liabilities	216,657	278,345
Total Liabilities	\$ 611,780,944	\$ 588,146,540
Commitments and contingencies (Note 7)		
Net Assets	\$ 323,440,404	\$ 319,939,788
NET ASSETS		
Common stock, par value \$ 0.001 per share (100,000,000 shares authorized; 24,125,642 issued and outstanding for both periods)	\$ 24,125	\$ 24,125
Paid-in capital	335,918,984	335,918,984
Total distributable loss	(12,502,705)	(16,003,321)
Net Assets	\$ 323,440,404	\$ 319,939,788
Total Liabilities and Net Assets	\$ 935,221,348	\$ 908,086,328
Net Asset Value Per Share	\$ 13.41	\$ 13.26

STELLUS CAPITAL INVESTMENT CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS (unaudited)

	For the three months ended	
	March 31, 2024	March 31, 2023
INVESTMENT INCOME		
From controlled investments:		
Interest income	\$ 81,636	\$ —
From non-controlled, non-affiliated investments		
Interest income	24,956,851	23,408,604
Other income	958,262	666,743
Total Investment Income	\$ 25,996,749	\$ 24,075,347
OPERATING EXPENSES		
Management fees	\$ 3,852,233	\$ 3,735,102
Valuation fees	156,507	147,073
Administrative services expenses	490,901	461,964
Income incentive fees	2,509,110	2,124,835
Capital gains incentive fee	—	(569,528)
Professional fees	339,627	430,848
Directors' fees	108,250	117,250
Insurance expense	124,989	120,546
Interest expense and other fees	7,767,573	7,886,424
Income tax expense	370,719	374,763
Other general and administrative expenses	245,275	178,450
Total Operating Expenses	\$ 15,965,184	\$ 15,007,727
Income incentive fee waiver	(204,351)	—
Total Operating Expenses, net of fee waivers	\$ 15,760,833	\$ 15,007,727
Net Investment Income		
Net realized (loss) gain on non-controlled, non-affiliated investments	\$ 10,235,916	\$ 9,067,620
Net realized loss on foreign currency translation	(20,384,731)	\$ 34,967
Net change in unrealized appreciation on controlled investments	(25,106)	(39,912)
Net change in unrealized appreciation (depreciation) on non-controlled, non-affiliated investments	536,570	—
Net change in unrealized (depreciation) appreciation on foreign currency translations	22,982,020	(4,249,642)
Provision for taxes on net unrealized appreciation on investments	(3,602)	1,874
Net Increase in Net Assets Resulting from Operations	\$ 13,148,460	\$ 4,736,147
Net Investment Income Per Share—basic and diluted	\$ 0.42	\$ 0.46
Net Increase in Net Assets Resulting from Operations Per Share – basic and diluted	\$ 0.54	\$ 0.24
Weighted Average Shares of Common Stock Outstanding—basic and diluted	24,125,642	19,779,988
Distributions Per Share—basic and diluted	\$ 0.40	\$ 0.40

STELLUS CAPITAL INVESTMENT CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS (unaudited)

	Common Stock		Total		
	Number of shares	Par value	Paid-in capital	distributable earnings (loss)	Net Assets
Balances at December 31, 2022	19,666,769	\$19,667	\$275,114,720	\$ 642,226	\$275,776,613
Net investment income	—	—	—	9,067,620	9,067,620
Net realized gain on investments	—	—	—	34,967	34,967
Net realized loss on foreign currency translations	—	—	—	(39,912)	(39,912)
Net change in unrealized depreciation on investments	—	—	—	(4,249,642)	(4,249,642)
Net change in unrealized appreciation on foreign currency translations	—	—	—	1,874	1,874
Provision for taxes on unrealized appreciation on investments	—	—	—	(78,760)	(78,760)
Distributions from net investment income	—	—	—	(7,951,284)	(7,951,284)
Issuance of common stock, net of offering costs ⁽¹⁾	581,614	581	8,289,988	—	8,290,569
Balances at March 31, 2023	<u>20,248,383</u>	<u>\$20,248</u>	<u>\$283,404,708</u>	<u>\$ (2,572,911)</u>	<u>\$280,852,045</u>
Balances at December 31, 2023	24,125,642	\$24,125	\$335,918,984	\$ (16,003,321)	\$319,939,788
Net investment income	—	—	—	10,235,916	10,235,916
Net realized loss on investments	—	—	—	(20,384,731)	(20,384,731)
Net realized loss on foreign currency translations	—	—	—	(25,106)	(25,106)
Net change in unrealized appreciation on investments	—	—	—	23,518,590	23,518,590
Net change in unrealized depreciation on foreign currency translations	—	—	—	(3,602)	(3,602)
Provision for taxes on unrealized appreciation on investments	—	—	—	(192,607)	(192,607)
Distributions from net investment income	—	—	—	(9,647,844)	(9,647,844)
Balances at March 31, 2024	<u>24,125,642</u>	<u>\$24,125</u>	<u>\$335,918,984</u>	<u>\$ (12,502,705)</u>	<u>\$323,440,404</u>

(1) See Note 4 to the Consolidated Financial Statements contained herein for more information on offering costs.

STELLUS CAPITAL INVESTMENT CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)

	For three months ended	
	March 31, 2024	March 31, 2023
Cash flows from operating activities		
Net increase in net assets resulting from operations	\$ 13,148,460	\$ 4,736,147
Adjustments to reconcile net increase in net assets from operations to net cash used in operating activities:		
Purchases of investments	(28,516,430)	(41,237,273)
Proceeds from sales and repayments of investments	31,169,595	5,890,813
Net change in unrealized (appreciation) depreciation on investments	(23,518,590)	4,249,642
Net change in unrealized depreciation on foreign currency translations	3,602	10,126
Increase in investments due to PIK	(750,054)	(769,954)
Amortization of premium and accretion of discount, net	(702,543)	(665,998)
Deferred tax provision	192,607	78,760
Amortization of loan structure fees	264,707	143,822
Amortization of deferred financing costs	111,374	110,150
Amortization of loan fees on SBA-guaranteed debentures	314,055	317,508
Net realized loss (gain) on investments	20,384,731	(34,967)
Changes in other assets and liabilities		
Increase in interest receivable	(1,602,062)	(187,420)
Increase in income tax receivable	(1,085,022)	—
Decrease in prepaid expenses	21,256	148,414
Decrease in management fees payable	(1,066,303)	(2,592,566)
(Decrease) increase in income incentive fees payable	(140,107)	2,124,835
Decrease in capital gains incentive fees payable	—	(569,528)
Increase in administrative services payable	22,897	39,951
Decrease in interest payable	(3,748,120)	(3,437,073)
Decrease in related party payable	—	(646,393)
Increase (decrease) in unearned revenue	14,589	(47,573)
Increase in income tax payable	—	374,460
Decrease in other accrued expenses and liabilities	(61,688)	(78,907)
Net Cash Provided (Used) in Operating Activities	\$ 4,456,954	\$ (32,043,024)
Cash flows from Financing Activities		
Proceeds from the issuance of common stock	\$ —	\$ 8,487,127
Sales load for common stock issued	—	(126,303)
Offering costs paid for common stock issued	(5,209)	(72,955)
Stockholder distributions paid	(6,431,896)	(5,252,174)
Financing costs paid on Credit Facility	(49,969)	—
Borrowings under Credit Facility	50,000,000	13,300,000
Repayments of Credit Facility	(25,333,900)	(14,483,900)
Net Cash Provided by Financing Activities	\$ 18,179,026	\$ 1,851,795
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 22,635,980	\$ (30,191,229)
Cash and Cash Equivalents Balance at Beginning of Period	\$ 26,125,741	\$ 48,043,329
Cash and Cash Equivalents Balance at End of Period	\$ 48,761,721	\$ 17,852,100
Supplemental and Non-Cash Activities		
Cash paid for interest expense	\$ 10,825,557	\$ 10,752,017
Income and excise tax paid	1,455,741	303
Increase in distributions payable	3,215,948	2,699,110
Increase in deferred offering costs	5,209	2,700
Exchange of investments	8,256,411	—

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Stellus Capital Investment Corporation

Consolidated Schedule of Investments
March 31, 2024
(unaudited)

Investments	Footnotes	Security ⁽²⁾	Investment					Headquarters/	Principal		% of		
			Coupon	Floor	Cash	PIK	Date		Shares ⁽³⁾	Amount/ Cost	Amortized	Fair Value ⁽⁴⁾	Net Assets
Controlled investments (13)													
EH Real Estate Services, LLC	(13)							Skokie, IL					
Term Loan A-1	(16)	First Lien	10.00%	-	%	-	%	9/3/2021	9/3/2026	FIRE: Real Estate	\$ 1,882,226	1,882,226	56,467 0.02 %
Term Loan A-2	(16)	First Lien	10.00%	-	%	-	%	4/3/2023	9/3/2026		\$ 650,943	650,943	19,528 0.01 %
Term Loan A-3	(16)	First Lien	10.00%	-	%	-	%	6/7/2023	9/3/2026		\$ 230,678	230,678	6,920 0.00 %
Term Loan A-4	(16)	First Lien	10.00%	-	%	-	%	7/12/2023	9/3/2026		\$ 1,505,537	1,505,537	1,505,537 0.47 %
Term Loan A-5	(16)	First Lien	10.00%	-	%	-	%	1/8/2024	9/3/2026		\$ 5,710,182	5,710,182	5,710,182 1.77 %
Revolver	(16)(23)	First Lien	10.00%	-	%	-	%	10/3/2023	9/3/2026		\$ 63,597	63,597	63,597 0.02 %
EH Holdco, LLC Common Units		Equity						10/3/2023			15,356	3	3 0.00 %
EH Holdco, LLC Series A Preferred Units		Equity						9/3/2021			7,892	7,891,642	- 0.00 %
Total											\$17,934,808	\$ 7,362,234	2.29 %
Total Controlled investments											\$17,934,808	\$ 7,362,234	2.29 %
Non-controlled, non-affiliated investments													
2X LLC	(9)							Berwyn, PA					
Term Loan	(11)	First Lien	3M SOFR+ 6.50 %	2.00	%	11.81	%	6/5/2023	6/5/2028	Services: Business	\$ 5,472,707	5,352,857	5,445,343 1.68 %
Term Loan	(11)	First Lien	3M SOFR+ 6.50 %	2.00	%	11.81	%	10/31/2023	6/5/2028	Services: Business	\$ 1,441,146	1,407,548	1,433,940 0.44 %
2X Investors LP Class A Units		Equity						6/5/2023			58,949	589,496	681,041 0.21 %
Total											\$ 7,349,901	\$ 7,560,324	2.33 %
Ad.Net Acquisition, LLC	(9)							Los Angeles, CA					
Term Loan (SBIC II)	(5)(11)	First Lien	3M SOFR+ 6.00 %	1.00	%	11.57	%	5/7/2021	5/7/2026	Services: Business	\$ 15,159,559	15,052,207	15,159,559 4.69 %
Ad.Net Holdings, Inc. Series A Common Stock (SBIC II)	(5)	Equity						5/7/2021			7,794	77,941	56,802 0.02 %
Ad.Net Holdings, Inc. Series A Preferred Stock (SBIC II)	(5)	Equity						5/7/2021			7,015	701,471	511,219 0.16 %
Total											\$15,831,619	\$15,727,580	4.87 %
AdCellerant LLC	(9)							Denver, CO					
Term A Loan (SBIC II)	(5)(11)	First Lien	1M SOFR+ 6.00 %	2.00	%	11.32	%	12/12/2023	12/12/2028	Media: Advertising, Printing & Publishing	\$ 9,975,000	9,785,233	9,875,250 3.05 %
AdCellerant Holdings, LLC Series A Units		Equity						12/12/2023			728,710	728,710	758,882 0.23 %
Total											\$10,513,943	\$10,634,132	3.28 %
ADS Group OpcO, LLC								Lakewood, CO					
Term Loan (SBIC II)	(5)(11)	First Lien	3M SOFR+ 6.70 %	2.00	%	12.01	%	6/4/2021	6/4/2026	Aerospace & Defense	\$14,250,000	14,109,125	14,178,750 4.38 %
Revolver	(11)	First Lien	3M SOFR+ 6.70 %	2.00	%	12.01	%	6/4/2021	6/4/2026		100,000	100,000	99,500 0.03 %
ADS Group Topco, LLC Class A Units		Equity						6/4/2021			77,626	288,691	- 0.00 %
ADS Group Topco, LLC Class B Units		Equity						6/4/2021			56,819	211,309	- 0.00 %
ADS Group Topco, LLC Class Y Units		Equity						4/11/2023			23,859	88,733	221,833 0.07 %
ADS Group Topco, LLC Class Z Units		Equity						6/15/2022			72,043	267,929	38,350 0.01 %
Total											\$15,065,787	\$14,538,433	4.49 %
Advanced Barrier Extrusions, LLC								Rhineland, WI					
Term Loan B (SBIC)	(4)(11)	First Lien	1M SOFR+ 7.50 %	1.00	%	12.88	%	11/30/2020	11/30/2026	Containers, Packaging, & Glass	\$ 16,931,250	16,760,867	15,661,405 4.84 %
GP ABX Holdings Partnership, L.P. Partner Interests		Equity						8/8/2018			644,737	528,395	- 0.00 %
GP ABX Holdings Partnership, L.P. Series B Preferred Interests		Equity						1/5/2023			1,464	146,416	122,600 0.04 %
Total											\$17,435,678	\$15,784,005	4.88 %
American Refrigeration, LLC	(9)							Jacksonville, FL					
Term Loan (SBIC)	(4)(11)	First Lien	3M SOFR+ 6.25 %	1.50	%	11.56	%	3/31/2023	3/31/2028	Capital Equipment	\$ 8,192,921	8,019,858	8,192,921 2.53 %
Delayed Draw Term Loan	(11)	First Lien	3M SOFR+ 6.25 %	1.50	%	11.56	%	3/31/2023	3/31/2028		100,000	98,770	100,000 0.03 %
AR-USA Holdings, LLC Class A Units		Equity						3/31/2023			141	141,261	220,801 0.07 %
Total											\$ 8,259,889	\$ 8,513,722	2.63 %
Amika OpCo LLC	(9)							Brooklyn, NY					
Term Loan	(11)	First Lien	6M SOFR+ 5.25 %	0.75	%	10.62	%	7/1/2022	7/1/2029	Consumer Goods: Non-Durable	\$ 94,638	93,079	93,692 0.03 %
Term Loan	(11)	First Lien	6M SOFR+ 5.75 %	0.75	%	11.24	%	12/5/2023	7/1/2029		\$ 9,681,628	9,496,190	9,584,812 2.96 %
Ishtar Co-Invest-B LP Partnership Interests		Equity						7/1/2022			77,778	42,813	208,400 0.06 %
Oshun Co-Invest-B LP Partnership Interests		Equity						7/1/2022			22,222	22,222	59,542 0.02 %
Total											\$ 9,654,304	\$ 9,946,446	3.07 %

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Stellus Capital Investment Corporation

Consolidated Schedule of Investments
March 31, 2024
(unaudited)

Investments	Footnotes	Security ⁽²⁾	Investment					Headquarters/Industry	Principal			% of		
			Coupon	Floor	Cash	PIK	Date		Shares ⁽³⁾	Cost	Fair Value ⁽⁴⁾	Net Assets		
Anne Lewis Strategies, LLC	(9)							Washington, DC						
Term Loan (SBIC II)	(5)(11)	First Lien	3M SOFR+ 7.00 %	2.00 %	12.31 %		3/5/2021	5/9/2028	Services: Business	\$ 9,165,894	9,084,543	9,165,894	2.83 %	
Term Loan (SBIC II)	(5)(11)	First Lien	3M SOFR+ 7.00 %	2.00 %	12.31 %		4/15/2022	5/9/2028		2,060,398	2,829,404	2,860,398	0.88 %	
SG AL Investment, LLC Common Units	(6)	Equity					3/5/2021			1,000	571,027	1,581,609	0.49 %	
SG AL Investment, LLC Common-A Units		Equity					12/22/2023			239	492,905	985,826	0.30 %	
Total											\$12,977,879	\$14,593,727	4.50 %	
APE Holdings, LLC								Deer Park, TX						
Class A Units		Equity					9/5/2014		Chemicals, Plastics, & Rubber	375,000	375,000	66,584	0.02 %	
Total										\$ 375,000	\$ 66,584		0.02 %	
Atmosphere Aggregator Holdings II, L.P.								Atlanta, GA						
Common Units		Equity					1/26/2016		Services: Business	254,250	-	2,495,790	0.77 %	
Stratose Aggregator Holdings, L.P. Common Units		Equity					6/30/2015			750,000	-	7,362,213	2.28 %	
Total										\$ -	\$ 9,858,003		3.05 %	
ArborWorks, LLC	(22)							Oakhurst, CA						
Term Loan	(11)(17)	First Lien	3M SOFR+ 6.50 %	1.00 %	- %	- %	11/6/2023	11/6/2028	Environmental Industries	\$ 3,461,538	3,461,538	3,150,000	0.97 %	
Revolver	(11)(17)	First Lien	15.00%	- %	- %	- %	11/6/2023	11/6/2028		1,732,563	1,732,563	1,576,632	0.49 %	
ArborWorks Intermediate Holdco, LLC Class A-1		Equity					11/6/2023				16,037	3,610,847	2,811,404	0.87 %
Preferred Units												-	0.00 %	
ArborWorks Intermediate Holdco, LLC Class B-1		Equity					11/6/2023					-	-	
Preferred Units												-	0.00 %	
ArborWorks Intermediate Holdco, LLC Class A-1		Equity					11/6/2023				1,923	-	-	
Common Units												\$ 8,804,948	\$ 7,538,036	2.33 %
Total														
Axis Portable Air, LLC	(9)							Phoenix, AZ						
Term Loan (SBIC II)	(5)(11)	First Lien	3M SOFR+ 5.75 %	2.00 %	11.21 %		3/22/2022	3/22/2028	Capital Equipment	\$ 9,476,250	9,341,122	9,476,250	2.93 %	
Term Loan (SBIC II)	(5)(11)	First Lien	3M SOFR+ 5.75 %	2.00 %	11.21 %		4/17/2023	3/22/2028		\$ 1,888,876	1,856,640	1,888,876	0.58 %	
Delayed Draw Term Loan	(11)	First Lien	3M SOFR+ 5.75 %	1.00 %	11.21 %		3/22/2022	3/22/2028		99,750	98,990	99,750	0.03 %	
Axis Air Parent, LLC Preferred Units		Equity					3/22/2022			4,436	443,636	994,555	0.31 %	
Total										\$ 11,740,388	\$ 12,459,431		3.85 %	
Baker Manufacturing Company, LLC								Evansville, IN						
Term Loan (SBIC II)	(5)(10)(12)	First Lien	3M SOFR+ 5.25 %	1.00 %	11.36 %		7/5/2022	7/5/2027	Capital Equipment	\$ 13,701,636	13,504,237	13,633,128	4.22 %	
BSC Blue Water Holdings, LLC Series A Units (SBIC II)	(5)	Equity					7/5/2022			743,770	743,770	941,217	0.29 %	
Total										\$ 14,248,007	\$ 14,574,345		4.51 %	
BL Products Parent, L.P.								Houston, TX						
Class A Units		Equity					2/1/2022		Capital Equipment	879,060	983,608	1,353,540	0.42 %	
Total										\$ 983,608	\$ 1,353,540		0.42 %	
Café Valley, Inc.								Phoenix, AZ						
Term Loan	(11)	First Lien	3M SOFR+ 7.24 %	2.00 %	12.55 %		8/28/2019	8/28/2025	Beverage, Food, & Tobacco	\$ 15,504,762	15,474,029	15,504,762	4.79 %	
CF Topco LLC Units		Equity					8/28/2019			9,160	916,015	1,433,365	0.44 %	
Total										\$ 16,390,044	\$ 16,938,127		5.23 %	
Camp Profiles LLC	(9)							Boston, MA						
Term Loan (SBIC)	(4)(11)	First Lien	3M SOFR+ 5.25 %	1.00 %	10.71 %		9/3/2021	9/3/2026	Media: Advertising, Printing & Publishing	\$ 9,993,750	9,886,009	9,993,750	3.09 %	
CIVC VI-A 829 Blocker, LLC Units		Equity					9/3/2021			250	250,000	530,483	0.16 %	
Total										\$ 10,136,009	\$ 10,524,233		3.25 %	
CEATI International Inc.	(7)(9)							Montreal, Canada						
Term Loan	(11)	First Lien	3M SOFR+ 6.00 %	1.00 %	11.51 %		2/19/2021	2/19/2026	Services: Business	\$ 8,515,911	8,442,512	8,515,911	2.63 %	
CEATI Holdings, LP Class A Units		Equity					2/19/2021			250,000	250,000	331,245	0.10 %	
Total										\$ 8,692,512	\$ 8,847,156		2.73 %	
Cerebro Buyer, LLC	(9)							Columbia, SC						
Term Loan	(11)	First Lien	1M SOFR+ 6.75 %	1.00 %	12.18 %		3/15/2023	3/15/2029	Healthcare & Pharmaceuticals	\$ 4,635,499	4,534,491	4,635,499	1.43 %	
Cerebro Holdings Partnership, L.P. Series A Partner Interests		Equity					3/15/2023			62,961	62,961	69,130	0.02 %	
Cerebro Holdings Partnership, L.P. Series B Partner Interests		Equity					3/15/2023			341,091	341,091	374,510	0.12 %	
Total										\$ 4,938,543	\$ 5,079,139		1.57 %	

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			Coupon	Floor	Cash	PIK	Date		Shares ⁽³⁾	Amount/ Cost	Amortized	Fair Value ⁽⁴⁾	Net	
CF Arch Holdings LLC								Houston, TX						
Class A Units		Equity					8/10/2022	Services: Business	100,000	100,000	170,697	0.05 %		
Total										\$ 100,000	\$ 170,697		0.05 %	
CF512, Inc.	(9)							Blue Bell, PA						
Term Loan (SBIC)	(4)(11)	First Lien	3M SOFR+ 6.00 %	1.00 %	11.53 %		9/1/2021	9/1/2026	Media: Advertising, Printing & Publishing	\$13,875,674	13,726,082	13,736,917	4.25 %	
Delayed Draw Term Loan	(11)	First Lien	3M SOFR+ 6.00 %	1.00 %	11.50 %		9/1/2021	9/1/2026		2,996,270	2,979,469	2,966,307	0.92 %	
StellPen Holdings, LLC Membership Interests		Equity					9/1/2021			220,930	220,930	202,998	0.06 %	
Total										\$16,926,481	\$16,906,222		5.23 %	
Channel Partners Intermediateco, LLC	(9)							Tampa Bay, FL						
Term Loan (SBIC)	(4)(11)	First Lien	3M SOFR+ 7.00 %	2.00 %	12.58 %		2/24/2022	2/7/2027	Retail	\$13,219,422	13,136,195	13,021,131	4.03 %	
Term Loan (SBIC)	(4)(11)	First Lien	3M SOFR+ 7.00 %	2.00 %	12.58 %		3/27/2023	2/7/2027		1,685,582	1,672,342	1,660,298	0.51 %	
Revolver	(11)	First Lien	3M SOFR+ 7.00 %	2.00 %	12.56 %		2/24/2022	2/7/2027		26,667	26,667	26,267	0.01 %	
Total										\$14,835,204	\$14,707,696		4.55 %	
CompleteCase, LLC	(9)							Seattle, WA						
Term Loan (SBIC II)	(5)(11)	First Lien	3M SOFR+ 6.50 %	2.00 %	11.96 %		12/21/2020	12/21/2025	Services: Consumer	\$ 6,653,197	6,600,499	6,619,931	2.05 %	
CompleteCase Holdings, Inc. Class A Common Stock (SBIC II)	(5)	Equity					12/21/2020			417	5	3	0.00 %	
CompleteCase Holdings, Inc. Series A Preferred Stock (SBIC II)	(5)	Equity					12/21/2020			522	521,734	308,398	0.10 %	
CompleteCase Holdings, Inc. Class A Common Stock		Equity					4/27/2023			89	1	1	0.00 %	
CompleteCase Holdings, Inc. Series C Preferred Stock		Equity					4/27/2023			111	111,408	65,854	0.02 %	
Total										\$ 7,233,647	\$ 6,994,187		2.17 %	
Compost 360 Acquisition, LLC	(9)							Tampa, FL						
Term Loan (SBIC II)	(5)(11)	First Lien	3M SOFR+ 6.50 %	2.00 %	11.83 %		8/2/2023	8/2/2028	Environmental Industries	\$ 9,571,113	9,355,276	9,427,546	2.91 %	
Revolver	(11)	First Lien	3M SOFR+ 6.50 %	2.00 %	11.82 %		8/2/2023	8/2/2028		41,667	41,667	41,042	0.01 %	
Compost 360 Investments, LLC Class A Units		Equity					8/2/2023			2,508	250,761	209,273	0.06 %	
Total										\$ 9,647,704	\$ 9,677,861		2.98 %	
COPilot Provider Support Services, LLC	(9)							Maitland, FL						
Term Loan	(11)	First Lien	3M SOFR+ 6.50 %	2.00 %	11.96 %		11/22/2022	11/22/2027	Healthcare & Pharmaceuticals	\$ 4,925,000	4,847,537	4,925,000	1.52 %	
Revolver	(11)	First Lien	3M SOFR+ 6.50 %	2.00 %	11.96 %		11/22/2022	11/22/2027		\$ 20,000	20,000	20,000	0.01 %	
QHP Project Captivate Blocker, Inc. Common Stock		Equity					11/22/2022			4	285,714	235,883	0.07 %	
Total										\$ 5,153,251	\$ 5,180,883		1.60 %	
Craftable Intermediate II Inc.	(9)							Dallas, TX						
Term Loan (SBIC II)	(5)(11)	First Lien	3M SOFR+ 6.50 %	1.50 %	11.81 %		6/30/2023	6/30/2028	High Tech Industries	\$ 10,058,506	9,879,815	10,008,213	3.09 %	
Gauge Craftable LP Partnership Interests		Equity					6/30/2023			626,690	626,690	770,102	0.24 %	
Total										\$ 10,506,505	\$ 10,778,315		3.33 %	
Curion Holdings, LLC	(9)							Chicago, IL						
Term Loan (SBIC II)	(5)(11)	First Lien	3M SOFR+ 6.75 %	1.00 %	12.21 %		7/29/2022	7/29/2027	Services: Business	\$ 12,864,101	12,679,534	12,735,460	3.94 %	
Revolver	(11)	First Lien	3M SOFR+ 6.75 %	1.00 %	12.21 %		7/29/2022	7/29/2027		85,000	85,000	84,150	0.03 %	
SP CS Holdings LLC Class A Units		Equity					7/29/2022			739,999	739,999	822,245	0.25 %	
Total										\$ 13,504,533	\$ 13,641,855		4.22 %	
DRS Holdings III, Inc.	(9)							St. Louis, MO						
Term Loan	(11)	First Lien	1M SOFR+ 6.25 %	1.00 %	11.68 %		11/1/2019	11/1/2025	Consumer Goods: Durable	\$ 8,869,635	8,841,548	8,869,635	2.74 %	
Total										\$ 8,841,548	\$ 8,869,635		2.74 %	
DTE Holding Company, LLC								Roselle, IL						
Class A-2 Units		Equity					4/13/2018		Energy: Oil & Gas	776,316	466,204	-	0.00 %	
Class AA Units		Equity					4/13/2018			723,684	723,684	-	0.00 %	
Total										\$ 1,189,888	\$ -	-	0.00 %	
EHI Buyer, Inc.	(9)							Grand Prairie, TX						
Term A Loan (SBIC)	(4)(11)	First Lien	3M SOFR+ 6.50 %	1.50 %	11.81 %		7/31/2023	7/31/2029	Environmental Industries	\$ 6,080,786	5,940,630	5,989,574	1.85 %	
EHI Group Holdings, L.P. Class A Units		Equity					7/31/2023			618	617,801	796,229	0.25 %	
Total										\$ 6,558,431	\$ 6,785,803		2.10 %	

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			Coupon	Floor	Cash	PIK	Date		Shares ⁽³⁾	Amount/	Amortized	Fair	Net	
									Cost	Value ⁽⁴⁾	Assets			
Elliott Aviation, LLC								Moline, IL						
Term Loan	(8)(11)	First Lien	1M SOFR+ 8.00 %	2.00 %	11.48 %	2.00 %	1/31/2020	6/30/2025		\$ 8,578,901	8,547,586	7,978,378	2.47 %	
Term Loan		Unsecured	15.00%		15.00 %		10/26/2023	1/31/2026		\$ 58,938	58,938	44,204	0.01 %	
Revolver A	(8)(11)	First Lien	1M SOFR+ 8.00 %	2.00 %	11.48 %	2.00 %	1/31/2020	6/30/2025		\$ 1,417,420	1,417,420	1,318,201	0.41 %	
Revolver B	(8)(11)	First Lien	1M SOFR+ 8.00 %	2.00 %	11.48 %	2.00 %	3/1/2023	6/30/2025		\$ 667,463	667,463	620,741	0.19 %	
SP EA Holdings LLC Class A Units		Equity					1/31/2020			1,048,896	901,489	-	0.00 %	
Total										\$11,592,896	\$ 9,961,524	3.08 %		
EOS Fitness Holdings, LLC								Phoenix, AZ						
Class A Preferred Units		Equity					12/30/2014			118	-	-	0.00 %	
Class B Common Units		Equity					12/30/2014			3,017	-	813,686	0.25 %	
Total										\$	\$ 813,686	0.25 %		
Equine Network, LLC	(9)							Boulder, CO						
Term A Loan (SBIC)	(4)(11)	First Lien	1M SOFR+ 6.50 %	1.00 %	11.94 %		5/22/2023	5/22/2028		\$ 5,921,396	5,790,769	5,891,789	1.82 %	
Revolver	(11)	First Lien	1M SOFR+ 6.50 %	1.00 %	11.94 %		5/22/2023	5/22/2028		83,333	83,333	82,916	0.03 %	
Delayed Draw Term Loan	(11)	First Lien	1M SOFR+ 6.50 %	1.00 %	11.94 %		5/22/2023	5/22/2028		59,700	59,700	59,402	0.02 %	
Total										\$ 5,933,802	\$ 6,034,107	1.87 %		
evolv Consulting, LLC	(9)							Dallas, TX						
Term Loan (SBIC)	(4)(11)	First Lien	3M SOFR+ 6.75 %	2.00 %	12.08 %		12/7/2023	12/7/2028		Services: Business	\$ 10,000,000	9,809,560	9,900,000	3.06 %
evolv Holdco, LLC Preferred Units		Equity					12/7/2023			473,485	473,485	541,401	0.17 %	
Total										\$ 10,283,045	\$ 10,441,401	3.23 %		
Evhholder Acquisition, Inc.	(9)							Anaheim, CA						
Term Loan (SBIC II)	(5)(11)	First Lien	3M SOFR+ 6.75 %	1.50 %	12.21 %		1/23/2023	1/24/2028		Consumer Goods: Durable	\$ 12,675,000	12,416,084	12,675,000	3.92 %
KEJ Holdings LP Class A Units		Equity					1/23/2023			873,333	873,333	1,629,078	0.50 %	
Total										\$ 13,289,417	\$ 14,304,078	4.42 %		
Exacta Land Surveyors, LLC	(20)							Cleveland, OH						
Term Loan (SBIC)	(4)(8)(11)	First Lien	3M SOFR+ 6.75 %	1.50 %	11.21 %	1.00 %	2/8/2019	7/31/2025		Services: Business	\$ 16,314,652	16,314,651	15,172,626	4.70 %
Term Loan (SBIC)	(4)(8)(11)	First Lien	3M SOFR+ 6.75 %	1.50 %	11.21 %	1.00 %	7/15/2022	7/31/2025			991,786	991,786	922,361	0.29 %
SP ELS Holdings LLC Class A Units		Equity					2/8/2019			1,122,250	1,122,250	64,693	0.02 %	
Total										\$ 18,426,687	\$ 16,159,680	5.01 %		
Exigo, LLC	(9)							Dallas, TX						
Term Loan	(11)	First Lien	1M SOFR+ 6.00 %	1.00 %	11.43 %		3/16/2022	3/16/2027		Services: Business	\$ 8,789,476	8,704,845	8,745,529	2.70 %
Gauge Exigo Coinvest, LLC Common Units		Equity					3/16/2022			377,535	377,535	367,103	0.11 %	
Total										\$ 9,082,380	\$ 9,112,632	2.81 %		
FiscalNote Boards LLC	(7)(9)							Toronto, Canada						
Term Loan	(11)	First Lien	1M SOFR+ 6.00 %	1.00 %	11.33 %		3/11/2024	3/12/2029		Services: Business	\$ 4,311,584	4,226,390	4,226,390	1.31 %
Total										\$ 4,226,390	\$ 4,226,390	1.31 %		
Florachem Corporation	(9)							Jacksonville, FL						
Term Loan (SBIC)	(4)(11)	First Lien	3M SOFR+ 6.50 %	1.00 %	11.96 %		4/29/2022	4/29/2028		Chemicals, Plastics, & Rubber	\$ 9,825,000	9,681,195	9,775,875	3.02 %
Revolver	(11)	First Lien	3M SOFR+ 6.50 %	1.00 %	11.96 %		4/29/2022	4/29/2028			43,333	43,333	43,116	0.01 %
Delayed Draw Term Loan	(11)	First Lien	3M SOFR+ 6.50 %	1.00 %	11.96 %		4/29/2022	4/29/2028			53,616	53,616	53,348	0.02 %
SK FC Holdings, L.P. Class A Units		Equity					4/29/2022				362	362,434	420,423	0.13 %
Total										\$ 10,140,578	\$ 10,292,762	3.18 %		
General LED OPCO, LLC								San Antonio, TX						
Term Loan	(11)	Second Lien	3M SOFR+ 9.00 %	1.50 %	14.41 %		5/1/2018	3/31/2026		Services: Business	\$ 4,500,000	4,475,588	4,410,000	1.36 %
Total										\$ 4,475,588	\$ 4,410,000	1.36 %		
Green Intermediateco II, Inc.								Irvine, CA						
Term Loan	(11)	First Lien	1M SOFR+ 6.75 %	2.00 %	12.08 %		8/8/2023	8/8/2028		High Tech Industries	\$ 11,114,401	10,863,589	10,947,685	3.38 %
Delayed Draw Term Loan	(11)	First Lien	1M SOFR+ 6.75 %	2.00 %	12.08 %		8/8/2023	8/8/2028			407,107	402,346	401,000	0.12 %
Green Topco Holdings, LLC Class A Units		Equity					8/8/2023				271,401	271,401	235,246	0.07 %
Total										\$ 11,537,336	\$ 11,583,931	3.57 %		

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							Date	Maturity		Shares ⁽³⁾	Amount/ Cost	Fair Value ⁽⁴⁾	Net Assets
GS HVAM Intermediate, LLC	(9)								Carlsbad, CA				
Term Loan	(11)	First Lien	1M SOFR+	6.50 %	1.00 %	11.93 %	10/18/2019	4/2/2025	Beverage, Food, & Tobacco	\$12,361,852	12,345,115	12,361,852	3.82 %
Revolver	(11)	First Lien	1M SOFR+	6.50 %	1.00 %	11.93 %	10/18/2019	4/2/2025		1,590,909	1,590,909	1,590,909	0.49 %
HV GS Acquisition, LP Class A Interests		Equity								2,144	1,967,133	5,573,420	1.72 %
Total											\$15,903,157	\$19,526,181	6.03 %
Health Monitor Holdings, LLC									Montvale, NJ				
Series A Preferred Units		Equity					5/15/2019		Media: Advertising, Printing & Publishing	1,105,838	1,052,919	1,463,324	0.45 %
Total											\$ 1,052,919	\$ 1,463,324	0.45 %
Heartland Business Systems, LLC									Little Chute, WI				
Term Loan (SBIC II)	(5)(11)	First Lien	3M SOFR+	6.25 %	1.00 %	11.71 %	8/26/2022	8/26/2027	Services: Business	\$ 9,850,000	9,705,321	9,850,000	3.05 %
Delayed Draw Term Loan	(11)	First Lien	3M SOFR+	6.25 %	1.00 %	11.71 %	8/26/2022	8/26/2027		49,500	49,097	49,500	0.02 %
AMCO HBS Holdings, LP Class A Units	(6)	Equity					8/26/2022			2,861	244,939	838,610	0.26 %
Total											\$ 9,999,357	\$ 10,738,110	3.33 %
HV Watterson Holdings, LLC	(9)								Schaumburg, IL				
Term Loan	(11)	First Lien	3M SOFR+	6.00 %	1.00 %	11.46 %	12/17/2021	12/17/2026	Services: Business	\$ 13,134,279	12,977,390	13,002,936	4.03 %
Revolver	(11)	First Lien	3M SOFR+	6.00 %	1.00 %	11.45 %	12/17/2021	12/17/2026		96,000	96,000	95,040	0.03 %
Delayed Draw Term Loan	(11)	First Lien	3M SOFR+	6.00 %	1.00 %	11.46 %	12/17/2021	12/17/2026		319,059	316,884	315,868	0.10 %
HV Watterson Parent, LLC Class A Units		Equity					12/17/2021			1,632	1,631,591	1,900,056	0.59 %
Total											\$ 15,021,865	\$ 15,313,900	4.75 %
I2P Holdings, LLC									Cleveland, OH				
Series A Preferred Units		Equity					1/31/2018		Services: Business	750,000	-	3,670,442	1.13 %
Total											\$ -	\$ 3,670,442	1.13 %
ICD Holdings, LLC	(7)								San Francisco, CA				
Class A Units	(6)	Equity					1/2/2018		Finance	9,962	437,854	2,308,013	0.71 %
Total											\$ 437,854	\$ 2,308,013	0.71 %
Impact Home Services LLC	(9)								Tampa, FL				
Term Loan (SBIC)	(4)(11)	First Lien	3M SOFR+	6.50 %	2.00 %	11.81 %	4/28/2023	4/28/2028	Services: Consumer	\$ 5,892,372	5,765,824	5,686,139	1.76 %
Term Loan (SBIC)	(4)(11)	First Lien	3M SOFR+	6.50 %	2.00 %	11.81 %	10/11/2023	4/28/2028		537,020	524,712	518,224	0.16 %
Term Loan (SBIC)	(4)(11)	First Lien	3M SOFR+	6.50 %	2.00 %	11.81 %	6/30/2023	4/28/2028		267,835	261,935	258,461	0.08 %
Revolver	(11)	First Lien	3M SOFR+	6.50 %	2.00 %	11.81 %	4/28/2023	4/28/2028		82,500	82,500	79,613	0.02 %
Impact Holdings Georgia LLC Class A Units		Equity					4/28/2023			397	397,487	73,021	0.02 %
Total											\$ 7,032,458	\$ 6,615,458	2.04 %
Infolinks Media Buyco, LLC									Ridgewood, NJ				
Term Loan (SBIC II)	(5)(11)	First Lien	1M SOFR+	5.75 %	1.00 %	11.18 %	11/1/2021	11/1/2026	Media: Advertising, Printing & Publishing	\$ 7,514,685	7,428,787	7,514,685	2.32 %
Delayed Draw Term Loan	(11)	First Lien	1M SOFR+	5.75 %	1.00 %	11.18 %	11/1/2021	11/1/2026		1,473,863	1,461,887	1,473,863	0.46 %
Tower Arch Infolinks Media, LP LP Interests	(15)	Equity					10/28/2021			451,688	424,156	757,474	0.23 %
Total											\$ 9,314,830	\$ 9,746,022	3.01 %
Informativ, LLC	(9)								Fresno, CA				
Term Loan (SBIC II)	(5)(11)	First Lien	3M SOFR+	5.75 %	1.00 %	11.21 %	7/30/2021	7/30/2026	High Tech Industries	\$ 8,459,857	8,373,567	8,417,558	2.60 %
Term Loan (SBIC II)	(5)(11)	First Lien	3M SOFR+	5.75 %	1.00 %	11.21 %	3/31/2022	7/30/2026		6,377,430	6,303,785	6,345,543	1.96 %
Credit Connection Holdings, LLC Series A Units		Equity					7/30/2021			804,384	804,384	1,321,745	0.41 %
Total											\$ 15,481,736	\$ 16,084,846	4.97 %
Inoapps Bidco, LLC	(9)								Houston, TX				
Term Loan B	(11)	First Lien	3M SONIA+	5.75 %	1.00 %	11.07 %	2/15/2022	2/15/2027	High Tech Industries	£ 9,825,000	\$ 13,155,674	\$ 12,216,550	3.78 %
Revolver	(11)	First Lien	1M SOFR+	5.75 %	1.00 %	11.19 %	2/15/2022	2/15/2027		\$ 40,000	40,000	40,000	0.01 %
Delayed Draw Term Loan	(11)	First Lien	3M SOFR+	5.75 %	1.00 %	11.32 %	2/15/2022	2/15/2027		82,083	81,523	82,083	0.03 %
Inoapps Holdings, LLC Series A-1 Preferred Units		Equity					2/15/2022			739,844	783,756	948,274	0.29 %
Total											\$ 14,060,953	\$ 13,286,907	4.11 %

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										Shares ⁽³⁾	Amount/ Cost	Amortized	Fair Value ⁽¹⁾
Integrated Oncology Network, LLC													
Term Loan	(11)	First Lien	3M SOFR+ 6.00 %	1.00 %	11.48 %		7/17/2019	6/24/2025	Newport Beach, CA Healthcare & Pharmaceuticals	\$15,649,251	15,630,694	15,492,758	4.80 %
Term Loan	(11)	First Lien	3M SOFR+ 6.00 %	1.00 %	11.48 %		11/1/2021	6/24/2025		1,083,247	1,081,021	1,072,415	0.33 %
Revolver	(11)	First Lien	3M SOFR+ 6.00 %	1.00 %	11.46 %		7/17/2019	6/24/2025		554,070	554,070	548,529	0.17 %
Total											\$17,265,785	\$17,113,702	5.30 %
Intuitive Health, LLC													
Term Loan (SBIC II)	(5)(10)(12)	First Lien	3M SOFR+ 5.50 %	1.50 %	12.15 %		10/18/2019	10/18/2027	Plano, TX Healthcare & Pharmaceuticals	\$ 5,771,920	5,721,922	5,771,920	1.78 %
Term Loan	(10)(12)	First Lien	3M SOFR+ 5.50 %	1.50 %	12.15 %		10/18/2019	10/18/2027		8,117,989	8,048,071	8,117,989	2.51 %
Term Loan (SBIC II)	(5)(10)(12)	First Lien	3M SOFR+ 5.50 %	1.50 %	12.15 %		8/31/2021	10/18/2027		3,040,324	3,011,455	3,040,324	0.94 %
Legacy Parent, Inc. Class A Common Stock		Equity					10/30/2020			58	-	203,633	0.06 %
Total											\$16,781,448	\$17,133,866	5.29 %
Invincible Boat Company LLC													
Term Loan	(11)	First Lien	3M SOFR+ 6.50 %	1.50 %	11.96 %		8/28/2019	8/28/2025	Opa Locka, FL Consumer Goods: Durable	\$ 5,356,627	5,326,368	5,329,844	1.65 %
Term Loan (SBIC II)	(5)(11)	First Lien	3M SOFR+ 6.50 %	1.50 %	11.96 %		8/28/2019	8/28/2025		4,944,579	4,916,556	4,919,856	1.52 %
Term Loan (SBIC II)	(5)(11)	First Lien	3M SOFR+ 6.50 %	1.50 %	11.96 %		6/1/2021	8/28/2025		1,099,244	1,091,014	1,093,748	0.34 %
Revolver	(11)	First Lien	3M SOFR+ 6.50 %	1.50 %	11.96 %		8/28/2019	8/28/2025		106,383	106,383	105,851	0.03 %
Warbird Parent Holdco, LLC Class A Units		Equity					8/28/2019			1,362,575	1,299,691	1,052,636	0.33 %
Total											\$12,740,012	\$12,501,935	3.87 %
J.R. Watkins, LLC													
Term Loan (SBIC)	(4)(19)	First Lien	12.00%	-	%	12/22/2017	3/31/2024	San Francisco, CA Consumer Goods: Non-Durable	\$ 13,597,208	13,597,208	4,894,995	1.51 %	
J.R. Watkins Holdings, Inc. Class A Preferred Stock		Equity				12/22/2017			1,133	1,132,576	-	0.00 %	
Total											\$14,729,784	\$ 4,894,995	1.51 %
Jurassic Acquisition Corp.													
Term Loan	(11)	First Lien	1M SOFR+ 5.50 %	0.00 %	10.93 %		12/28/2018	11/15/2024	Sparks, MD Metals & Mining	\$ 16,581,250	16,548,784	16,581,249	5.13 %
Total											\$16,548,784	\$16,581,249	5.13 %
KidKraft, Inc.													
Term Loan	(10)(12)(18)	First Lien	PRIME+ 6.50 %	-	%	-	4/3/2020	6/30/2024	Dallas, TX Consumer Goods: Durable	\$ 1,580,768	1,580,768	-	0.00 %
KidKraft Group Holdings, LLC Preferred B Units		Equity					4/3/2020			4,000,000	4,000,000	-	0.00 %
Total											\$ 5,580,768	\$ -	0.00 %
Ledge Lounger, Inc.													
Term Loan A (SBIC)	(4)(11)	First Lien	3M SOFR+ 6.50 %	1.00 %	11.96 %		11/9/2021	11/9/2026	Katy, TX Consumer Goods: Durable	\$ 7,472,730	7,387,078	7,435,366	2.30 %
Revolver	(11)	First Lien	3M SOFR+ 6.50 %	1.00 %	11.96 %		11/9/2021	11/9/2026		83,333	83,333	82,916	0.03 %
SP L2 Holdings LLC Class A Units (SBIC)		Equity				11/9/2021			375,000	375,000	168,576	0.05 %	
Total											\$ 7,845,411	\$ 7,686,858	2.38 %
Lightning Intermediate II, LLC													
Term Loan (SBIC)	(4)(11)	First Lien	6M SOFR+ 6.50 %	1.00 %	11.98 %		6/6/2022	6/6/2027	Jacksonville, FL Consumer Goods: Non-Durable	\$ 13,157,097	12,975,960	12,959,741	4.02 %
Gauge Vimergy Coinvest, LLC Units		Equity				6/6/2022			399	391,274	121,354	0.04 %	
Total											\$13,367,234	\$13,081,095	4.06 %
MacKenzie-Childs Acquisition, Inc.													
Term Loan	(11)	First Lien	3M SOFR+ 6.00 %	1.00 %	11.45 %		9/2/2022	9/2/2027	Aurora, NY Consumer Goods: Durable	\$ 98,500	97,409	98,500	0.03 %
Revolver	(11)	First Lien	3M SOFR+ 6.00 %	1.00 %	11.45 %		9/2/2022	9/2/2027		20,000	20,000	20,000	0.01 %
MacKenzie-Childs Investment, LP Partnership Interests		Equity				9/2/2022			100,000	100,000	91,499	0.03 %	
Total											\$ 217,409	\$ 209,999	0.07 %
Madison Logic Holdings, Inc.													
Term Loan	(11)	First Lien	3M SOFR+ 7.00 %	1.00 %	12.30 %		12/30/2022	12/30/2028	New York, NY Media: Advertising, Printing & Publishing	\$ 4,483,925	4,375,706	4,439,086	1.37 %
BC Partners Glengarry Co-Investment LP Class 1 Interests		Equity				7/7/2023			394,767	394,767	297,834	0.09 %	
Total											\$ 4,770,473	\$ 4,736,920	1.46 %
MedLearning Group, LLC													
Term Loan	(11)	First Lien	3M SOFR+ 6.50 %	1.00 %	11.80 %		3/26/2024	12/30/2027	New York, NY Healthcare & Pharmaceuticals	\$ 4,339,663	4,252,652	4,252,724	1.31 %
Term Loan	(11)	First Lien	3M SOFR+ 6.50 %	1.00 %	11.80 %		3/26/2024	12/30/2027		2,543,813	2,492,808	2,492,851	0.77 %
Term Loan	(11)	First Lien	3M SOFR+ 6.50 %	1.00 %	11.81 %		3/26/2024	12/30/2027		2,076,890	2,035,352	2,035,282	0.63 %
Total											\$ 8,780,812	\$ 8,780,857	2.71 %

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			Coupon	Floor	Cash	PIK	Date		Shares ⁽³⁾	Cost	Value ⁽⁴⁾	Assets		
Michelli, LLC	(9)							New Orleans, LA						
Term Loan (SBIC II)	(5)(11)	First Lien	3M SOFR+ 5.75 %	2.00 %	11.06 %		12/21/2023	12/21/2028	Capital Equipment	\$ 4,987,500	4,891,484	4,937,625	1.53 %	
SP MWM Holdco LLC Class A Units		Equity					12/21/2023			509,215	509,215	551,000	0.17 %	
Total											\$ 5,400,699	\$ 5,488,625	1.70 %	
Microbe Formulas LLC	(9)							Meridian, ID						
Term Loan (SBIC II)	(5)(11)	First Lien	1M SOFR+ 6.00 %	1.00 %	11.43 %		4/4/2022	4/3/2028	Consumer Goods: Non-Durable	\$ 8,470,065	8,409,110	8,470,065	2.62 %	
Total											\$ 8,409,110	\$ 8,470,065	2.62 %	
MOM Enterprises, LLC	(9)							Richmond, CA						
Term Loan (SBIC II)	(5)(11)	First Lien	3M SOFR+ 6.48 %	2.00 %	11.79 %		5/19/2021	5/19/2026	Consumer Goods: Non-Durable	\$ 16,013,833	15,859,410	15,853,695	4.91 %	
Revolver	(11)	First Lien	3M SOFR+ 6.48 %	2.00 %	11.79 %		5/19/2021	5/19/2026		50,000	50,000	49,500	0.02 %	
MBliss SPC Holdings, LLC Units		Equity					5/19/2021			933,333	933,333	390,465	0.12 %	
Total											\$ 16,842,743	\$ 16,293,660	5.05 %	
Monitorus Holding, LLC	(7)							London, UK						
Term Loan		First Lien	14.00 %	10.00 %	4.00 %		5/24/2022	5/24/2027	Media: Diversified & Production	\$ 101,999	101,316	100,469	0.03 %	
Revolver		First Lien	14.00 %	10.00 %	4.00 %		5/24/2022	5/24/2027		€ 100,999	110,889	109,226	0.03 %	
Delayed Draw Term Loan		First Lien	14.00 %	10.00 %	4.00 %		5/24/2022	5/24/2027		€ 100,999	102,948	101,404	0.03 %	
Sapphire Aggregator S.a.r.l. Convertible Bonds	(8)(14)	Unsecured	8.00 %	- %	8.00 %	11/15/2023	3/31/2025			€ 5,532	5,938	5,880	0.00 %	
Sapphire Aggregator S.a.r.l. Convertible Bonds	(8)(14)	Unsecured	8.00 %	- %	8.00 %	3/1/2024	6/30/2025			€ 12,241	13,290	13,014	0.00 %	
Sapphire Aggregator S.a.r.l. Class A Shares		Equity				9/1/2022				557,689	11,156	12,994	0.00 %	
Sapphire Aggregator S.a.r.l. Class B Shares		Equity				9/1/2022				557,682	11,156	12,994	0.00 %	
Sapphire Aggregator S.a.r.l. Class C Shares		Equity				9/1/2022				557,682	11,156	12,994	0.00 %	
Sapphire Aggregator S.a.r.l. Class D Shares		Equity				9/1/2022				557,682	11,156	12,994	0.00 %	
Sapphire Aggregator S.a.r.l. Class E Shares		Equity				9/1/2022				557,682	11,156	12,994	0.00 %	
Sapphire Aggregator S.a.r.l. Class F Shares		Equity				9/1/2022				557,682	11,156	12,994	0.00 %	
Sapphire Aggregator S.a.r.l. Class G Shares		Equity				9/1/2022				557,682	11,156	12,994	0.00 %	
Sapphire Aggregator S.a.r.l. Class H Shares		Equity				9/1/2022				557,682	11,156	12,994	0.00 %	
Sapphire Aggregator S.a.r.l. Class I Shares		Equity				9/1/2022				557,682	11,156	12,994	0.00 %	
Total											\$ 434,785	\$ 446,939	0.09 %	
Morgan Electrical Group Intermediate Holdings, Inc.	(9)							Fremont, CA						
Term Loan	(11)	First Lien	1M SOFR+ 6.25 %	1.50 %	11.58 %		8/3/2023	8/3/2029	Construction & Building	\$ 4,426,340	4,336,414	4,384,057	1.36 %	
Delayed Draw Term Loan	(11)	First Lien	1M SOFR+ 6.25 %	1.50 %	11.58 %		8/3/2023	8/3/2029			1,718,492	1,699,767	1,701,307	0.53 %
Morgan Electrical Group Holdings, LLC Series A-2 Preferred Units		Equity					8/3/2023				380	380,330	345,218	0.11 %
Total											\$ 6,416,511	\$ 6,430,582	2.00 %	
Naumann/Hobbs Material Handling Corporation II, Inc.	(9)							Phoenix, AZ						
Term Loan	(11)	First Lien	3M SOFR+ 6.75 %	1.50 %	12.06 %		8/30/2019	8/30/2025	Services: Business	\$ 8,269,553	8,253,032	8,269,553	2.56 %	
Term Loan (SBIC II)	(5)(11)	First Lien	3M SOFR+ 6.75 %	1.50 %	12.06 %		8/30/2019	8/30/2025			5,214,811	5,204,528	5,214,811	1.61 %
Naumann Hobbs Holdings, L.P. Class A-1 Units		Equity				9/29/2022					123	220,379	524,592	0.16 %
Naumann Hobbs Holdings, L.P. Class A-2 Units		Equity				9/29/2022					123	220,379	524,592	0.16 %
Total												\$ 13,898,318	\$ 14,533,548	4.49 %
NINJIO, LLC	(9)							Westlake Village, CA						
Term Loan	(11)	First Lien	3M SOFR+ 6.50 %	1.50 %	12.06 %		10/12/2022	10/12/2027	Media: Diversified & Production	\$ 4,962,500	4,887,037	4,962,500	1.53 %	
Revolver	(11)	First Lien	3M SOFR+ 6.50 %	1.50 %	12.06 %		10/12/2022	10/12/2027			33,333	33,333	33,333	0.01 %
Delayed Draw Term Loan	(11)	First Lien	3M SOFR+ 6.50 %	1.50 %	12.06 %		10/12/2022	10/12/2027			100,000	99,035	100,000	0.03 %
NINJIO Holdings, LLC Units		Equity				10/12/2022					184	313,253	238,722	0.07 %
Gauge NINJIO Blocker LLC Preferred Units		Equity				9/22/2023					14	14,470	110,290	0.03 %
Total												\$ 5,347,128	\$ 5,444,845	1.67 %
NS412, LLC								Dallas, TX						
Term Loan	(11)	Second Lien	3M SOFR+ 8.50 %	1.00 %	13.91 %		5/6/2019	11/6/2025	Services: Consumer	\$ 7,615,000	7,568,459	7,538,850	2.33 %	
NS Group Holding Company, LLC Class A Units		Equity				5/6/2019					782	795,002	717,346	0.22 %
Total												\$ 8,363,461	\$ 8,256,196	2.55 %

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			Coupon	Floor	Cash	PIK	Date	Maturity		Shares ⁽³⁾	Cost	Fair Value ⁽⁴⁾		
NuSource Financial Acquisition, Inc.									Eden Prairie, MN					
Term Loan (SBIC II)	(5)(8)	Unsecured	13.75 %	4.00 %	9.75 %		1/29/2021	1/31/2027	Services: Business	6,178,406	6,131,212	6,147,514	1.90 %	
NuSource Holdings, Inc. Warrants (SBIC II)	(5)	Equity					1/29/2021			54,966	-	-	0.00 %	
Total											\$ 6,131,212	\$ 6,147,514	1.90 %	
Nutritional Medicinals, LLC	(9)								Centerville, OH					
Term Loan	(11)	First Lien	3M SOFR+ 6.21 %	1.00 %	11.52 %		11/15/2018	11/15/2025	Healthcare & Pharmaceuticals	\$ 8,089,536	8,056,769	8,089,536	2.50 %	
Term Loan	(11)	First Lien	3M SOFR+ 6.21 %	1.00 %	11.52 %		10/28/2021	11/15/2025		3,387,128	3,364,522	3,387,128	1.05 %	
Functional Aggregator, LLC Units		Equity					11/15/2018			12,500	972,803	2,340,202	0.72 %	
Total											\$12,394,094	\$13,816,866	4.27 %	
Onpoint Industrial Services, LLC									Deer Park, TX					
Term Loan (SBIC)	(4)(11)	First Lien	3M SOFR+ 7.00 %	1.75 %	12.31 %		11/16/2022	11/16/2027	Services: Business	\$12,732,093	12,531,529	12,732,093	3.94 %	
Spearhead TopCo, LLC Class A Units		Equity					11/16/2022			606,742	606,742	675,168	0.21 %	
Total											\$13,138,271	\$13,407,261	4.15 %	
PCP MT Aggregator Holdings, L.P.	(7)								Oak Brook, IL					
Common Units		Equity					3/29/2019		Finance	825,020	119,281	4,517,977	1.40 %	
Total											\$ 119,281	\$ 4,517,977	1.40 %	
PCS Software, Inc.	(9)								Shenandoah, TX					
Term Loan	(11)	First Lien	3M SOFR+ 6.00 %	1.50 %	11.46 %		7/1/2019	7/1/2024	Transportation & Logistics	\$13,882,311	13,860,589	13,882,311	4.30 %	
Term Loan (SBIC)	(4)(11)	First Lien	3M SOFR+ 6.00 %	1.50 %	11.46 %		7/1/2019	7/1/2024		1,820,631	1,817,782	1,820,631	0.56 %	
Revolver	(11)	First Lien	3M SOFR+ 6.00 %	1.50 %	11.46 %		7/1/2019	7/1/2024		571,195	571,195	571,195	0.18 %	
Delayed Draw Term Loan	(11)	First Lien	3M SOFR+ 6.00 %	1.50 %	11.46 %		7/1/2019	7/1/2024		960,000	960,000	960,000	0.30 %	
PCS Software Parent, LLC Class A Common Units		Equity					9/16/2022			461,216	-	382,720	0.12 %	
Total											\$17,209,566	\$17,616,857	5.46 %	
Pearl Media Holdings, LLC	(9)								Garland, TX					
Term Loan (SBIC II)	(5)(11)	First Lien	3M SOFR+ 6.25 %	1.50 %	11.71 %		8/31/2022	8/31/2027	Media: Advertising, Printing & Publishing	\$ 9,644,444	9,502,420	9,499,777	2.94 %	
Revolver	(11)	First Lien	3M SOFR+ 6.25 %	1.50 %	11.71 %		8/31/2022	8/31/2027		23,333	23,333	22,983	0.01 %	
Total											\$ 9,526,753	\$ 9,522,760	2.95 %	
Petram Group Holdings LLC									Auburn, WA					
Class A Units		Equity					12/30/2021		Construction & Building	508,516	506,119	532,545	0.16 %	
Total											\$ 506,119	\$ 532,545	0.16 %	
Premiere Digital Services, Inc.	(9)								Los Angeles, CA					
Term Loan	(11)	First Lien	1M SOFR+ 5.25 %	1.00 %	10.69 %		11/3/2021	11/3/2026	Media: Broadcasting & Subscription	\$13,183,167	13,145,742	13,183,167	4.09 %	
Premiere Digital Holdings, Inc. Common Stock		Equity					10/18/2018			5,000	-	2,414,674	0.75 %	
Total											\$13,145,742	\$15,597,841	4.84 %	
Red's All Natural, LLC									Franklin, TN					
Term Loan (SBIC II)	(5)(10)(12)	First Lien	3M SOFR+ 4.50 %	1.50 %	11.68 %		1/31/2023	1/31/2029	Beverage, Food, & Tobacco	\$ 8,815,327	8,663,949	8,815,327	2.73 %	
Centeoatl Co-Invest B, LP Common Units		Equity					1/31/2023			710,600	710,600	657,006	0.20 %	
Total											\$ 9,374,549	\$ 9,472,333	2.93 %	
RIA Advisory Borrower, LLC	(9)								Coral Gables, FL					
Term Loan	(11)	First Lien	3M SOFR+ 6.50 %	2.00 %	11.96 %		5/1/2023	8/2/2027	High Tech Industries	\$ 5,940,000	5,841,118	5,940,000	1.84 %	
Revolver	(11)	First Lien	3M SOFR+ 6.50 %	2.00 %	11.96 %		5/1/2023	8/2/2027		58,686	58,686	58,686	0.02 %	
RIA Advisory Aggregator, LLC Class A Units		Equity					5/1/2023			104,425	165,078	167,913	0.05 %	
RIA Products Aggregator, LLC Class A Units		Equity					5/1/2023			81,251	78,390	78,390	0.02 %	
Total											\$ 6,143,272	\$ 6,244,989	1.93 %	
Rogers Mechanical Contractors, LLC	(9)								Atlanta, GA					
Term Loan	(11)	First Lien	6M SOFR+ 6.25 %	1.00 %	11.96 %		4/28/2021	9/28/2028	Construction & Building	\$ 9,039,929	8,980,584	8,994,729	2.78 %	
Total											\$ 8,980,584	\$ 8,994,729	2.78 %	
Sales Benchmark Index, LLC	(9)								Dallas, TX					
Term Loan	(11)	First Lien	3M SOFR+ 6.00 %	1.00 %	11.51 %		1/7/2020	1/7/2025	Services: Business	\$12,148,958	12,101,872	12,148,958	3.76 %	
SBI Holdings Investments LLC Class A Units		Equity					1/7/2020			66,573	665,730	336,879	0.10 %	
Total											\$12,767,602	\$12,485,837	3.86 %	

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Service Minds Company, LLC									Bradenton, FL						
Term Loan	(8)(11)	First Lien	3M SOFR+ 7.50 %	1.00 %	7.97 %	5.00 %	2/7/2022	2/7/2028	Services: Consumer	\$ 5,192,602	5,122,221	4,361,786	1.35 %		
Revolver	(8)(11)	First Lien	3M SOFR+ 7.50 %	1.00 %	7.96 %	5.00 %	2/7/2022	2/7/2028		100,805	100,805	84,676	0.03 %		
Delayed Draw Term Loan	(8)(11)	First Lien	3M SOFR+ 7.50 %	1.00 %	7.97 %	5.00 %	2/7/2022	2/7/2028		96,028	95,289	80,664	0.02 %		
Total													\$ 5,318,315	\$ 4,527,126 1.40 %	
TAC LifePort Holdings, LLC									Woodland, WA						
Common Units		Equity					3/1/2021		Aerospace & Defense	546,543	537,049	780,306	0.24 %		
Total										\$ 537,049	\$ 780,306		0.24 %		
The Hardenbergh Group, Inc.	(9)								Livonia, MI						
Term Loan (SBIC II)	(5)(11)	First Lien	3M SOFR+ 6.25 %	2.00 %	11.66 %		8/7/2023	8/7/2028	Healthcare & Pharmaceuticals	\$ 10,449,388	10,213,838	10,344,894	3.20 %		
BV HG1 Holdings, L.P. Class A Units		Equity					8/7/2023			434,504	434,504	392,912	0.12 %		
Total												\$ 10,648,342	\$ 10,737,806 3.32 %		
Tilley Distribution, Inc.	(9)								Baltimore, MD						
Term Loan	(11)	First Lien	3M SOFR+ 6.00 %	1.00 %	11.45 %		4/1/2022	12/31/2026	Chemicals, Plastics, & Rubber	\$ 94,497	93,595	92,135	0.03 %		
Total												\$ 93,595	\$ 92,135	0.03 %	
Titan Meter Bidco Corp.	(9)								Erie, PA						
Term Loan	(11)	First Lien	3M SOFR+ 6.50 %	2.00 %	11.82 %		3/11/2024	3/12/2029	Energy: Oil & Gas	\$ 10,029,219	9,682,314	9,682,314	2.99 %		
Titan Meter Topco LP Class A Units		Equity					3/11/2024			515,578	515,578	515,578	0.16 %		
Total												\$ 10,197,892	\$ 10,197,892 3.15 %		
Trade Education Acquisition, L.L.C.									Austin, TX						
Term Loan (SBIC)	(4)(8)(11)	First Lien	1M SOFR+ 7.25 %	1.00 %	5.00 %	7.68 %	12/28/2021	12/28/2027	Education	\$ 9,788,001	9,656,189	8,075,101	2.50 %		
Trade Education Holdings, L.L.C. Class A Units		Equity					12/28/2021			662,660	662,660	2,048	0.00 %		
Total												\$ 10,318,849	\$ 8,077,149	2.50 %	
TradePending OpCo Aggregator, LLC	(9)								Carrollton, NC						
Term Loan (SBIC II)	(5)(11)	First Lien	3M SOFR+ 6.25 %	2.00 %	11.71 %		3/2/2021	3/2/2026	High Tech Industries	\$ 9,602,020	9,517,395	9,554,010	2.95 %		
Term Loan (SBIC II)	(5)(11)	First Lien	3M SOFR+ 6.25 %	2.00 %	11.71 %		8/4/2023	3/2/2026		2,454,677	2,416,357	2,442,404	0.76 %		
Revolver	(11)	First Lien	3M SOFR+ 6.25 %	2.00 %	11.71 %		3/2/2021	3/2/2026			33,333	33,333	33,166	0.01 %	
Delayed Draw Term Loan	(11)	First Lien	3M SOFR+ 6.25 %	2.00 %	11.71 %		8/4/2023	3/2/2026		685,290	679,645	681,664	0.21 %		
TradePending Holdings, LLC Series A Units		Equity					3/2/2021			908,333	967,114	1,474,296	0.46 %		
TradePending Holdings, LLC Series A-1 Units		Equity					8/4/2023			132,783	260,254	388,548	0.12 %		
Total													\$ 13,874,098	\$ 14,574,288 4.51 %	
Unicat Catalyst Holdings, LLC	(21)								Alvin, TX						
Term Loan	(11)	First Lien	1M SOFR+ 6.50 %	1.00 %	11.93 %		4/27/2021	4/27/2026	Chemicals, Plastics, & Rubber	\$ 6,984,375	6,919,363	6,949,453	2.15 %		
Unicat Catalyst, LLC Class A Units		Equity					4/27/2021				7,500	750,000	620,308	0.19 %	
Unicat Catalyst, LLC Class A-1 Units		Equity					12/13/2023				510	28,135	22,062	0.01 %	
Total													\$ 7,697,498	\$ 7,591,823 2.35 %	
U.S. Expeditors, LLC	(9)								Stafford, TX						
Term Loan	(11)	First Lien	3M SOFR+ 6.25 %	1.00 %	11.76 %		12/22/2021	12/22/2026	Healthcare & Pharmaceuticals	\$ 15,666,459	15,479,800	15,509,794	4.81 %		
Cathay Hypnos LLC Units		Equity					12/22/2021			1,372,932	1,316,740	1,249,738	0.39 %		
Total													\$ 16,796,540	\$ 16,759,532 5.20 %	
Venbrook Buyer, LLC									Los Angeles, CA						
Term Loan B (SBIC)	(4)(8)(11)	First Lien	3M SOFR+ 8.00 %	1.50 %	6.46 %	7.00 %	3/13/2020	3/13/2026	Services: Business	\$ 13,893,591	13,795,765	12,156,892	3.76 %		
Term Loan B	(8)(11)	First Lien	3M SOFR+ 8.00 %	1.50 %	6.46 %	7.00 %	3/13/2020	3/13/2026		158,081	156,968	138,321	0.04 %		
Revolver	(8)(11)	First Lien	3M SOFR+ 8.00 %	1.50 %	6.46 %	7.00 %	3/13/2020	3/13/2026		2,437,590	2,437,590	2,132,891	0.66 %		
Delayed Draw Term Loan	(8)(11)	First Lien	3M SOFR+ 8.00 %	1.50 %	6.46 %	7.00 %	3/13/2020	3/13/2026		4,737,228	4,717,833	4,145,075	1.28 %		
Venbrook Holdings, LLC Convertible Term Loan	(8)(14)	Unsecured	10.00%	-	% 10.00 %		3/31/2022	12/20/2028		101,113	101,113	-	0.00 %		
Venbrook Holdings, LLC Common Units		Equity					3/13/2020			822,758	819,262	-	0.00 %		
Total													\$ 22,028,531	\$ 18,573,179 5.74 %	

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Stellus Capital Investment Corporation

Consolidated Schedule of Investments
March 31, 2024
(unaudited)

Investments	Footnotes	Security ⁽²⁾	Investment					Headquarters/Industry	Principal			% of Assets		
			Coupon	Floor	Cash	PIK	Date		Shares ⁽³⁾	Amount/ Cost	Amortized	Fair Value ⁽¹⁾		
Whisps Holdings LP								Elgin, IL						
Class A Units		Equity					4/18/2019	Beverage, Food, & Tobacco	500,000	500,000	-	0.00 %		
Class A-1 Units		Equity					3/6/2023		182,610	182,610	97,400	0.03 %		
Total										\$ 682,610	\$ 97,400		0.03 %	
Xanitos, Inc.	(9)							Newtown Square, PA						
Term Loan (SBIC)	(4)(11)	First Lien	3M SOFR+ 6.50 %	1.00 %	11.96 %		6/25/2021	6/25/2026	Healthcare & Pharmaceuticals	\$12,448,000	12,323,666	12,385,760	3.83 %	
Revolver	(11)	First Lien	3M SOFR+ 6.50 %	1.00 %	11.96 %		6/25/2021	6/25/2026		100,000	100,000	99,500	0.03 %	
Delayed Draw Term Loan	(11)	First Lien	3M SOFR+ 6.50 %	1.00 %	11.96 %		6/25/2021	6/25/2026		2,193,136	2,181,221	2,182,170	0.67 %	
Pure TopCo, LLC Class A Units		Equity								442,133	1,053,478	1,050,890	0.33 %	
Total										\$ 15,658,365	\$ 15,726,320		4.86 %	
Total Non-control, non-affiliated investments										\$862,218,903	\$868,521,912		268.51 %	
Total Investments										\$880,153,711	\$ 875,884,146		270.80 %	
LIABILITIES IN EXCESS OF OTHER ASSETS												\$ (552,443,742)	(170.80) %	
NET ASSETS												\$ 323,440,404	100.00 %	

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(1) See Note 1 of the Notes to the Consolidated Financial Statements for a discussion of the methodologies used to value securities in the portfolio. All investments are valued using significant unobservable inputs, which are considered level 3 under the fair value hierarchy.

(2) Debt investments are income producing and equity securities are non-income producing, unless otherwise noted.

(3) Par amount is presented for debt investments, while the number of shares or units owned is presented for equity investments. Par amount is denominated in U.S. Dollars ("\$") unless otherwise noted, Euro ("€"), or Great British Pound ("£").

(4) Investments held by the SBIC subsidiary (as defined in Note 1), which include \$40,758,192 of cash and \$202,742,592 of investments (at cost), are excluded from the obligations to the lenders of the Credit Facility (as defined in Note 9). Stellus Capital Investment Corporation's (the "Company") obligations to the lenders of the Credit Facility are secured by a first priority security interest in all investments and cash and cash equivalents, except for cash and investments held by the SBIC subsidiaries (as defined in Note 1).

(5) Investments held by the SBIC II subsidiary (as defined in Note 1), which include \$7,287,103 of cash and \$255,900,750 of investments (at cost), are excluded from the obligations to the lenders of the Credit Facility. The Company's obligations to the lenders of the Credit Facility are secured by a first priority security interest in all investments and cash and cash equivalents, except for cash and investments held by the SBIC subsidiaries.

(6) Security is income producing through dividends or distributions.

(7) The investment is not a "qualifying asset" under the Investment Company Act of 1940, as amended (the "1940 Act"). The Company may not acquire any non-qualifying assets unless, at the time of the acquisition, qualifying assets represent at least 70% of the Company's total assets. Qualifying assets represent approximately 96.7% of the Company's total assets as of March 31, 2024.

(8) Represents a PIK interest security. At the option of the issuer, interest can be paid in cash or cash and PIK interest. The percentage of PIK interest shown is the maximum PIK interest that can be elected by the issuer.

(9) March 31, 2024, the Company had the following outstanding revolver and delayed draw term loan commitments:

Investments	Security	Unfunded Commitment	Unused Commitment	Maturity
			Fee	
2X LLC	Revolver	\$ 100,000	0.50%	June 5, 2028
Ad.Net Acquisition, LLC	Revolver	1,299,020	0.50%	May 7, 2026
AdCellerant LLC	Revolver	875,995	0.50%	December 12, 2028
American Refrigeration, LLC	Revolver	100,000	0.50%	March 31, 2028
Amika OpCo LLC	Revolver	100,000	0.50%	July 1, 2028
Anne Lewis Strategies, LLC	Revolver	50,000	0.50%	May 9, 2028
Axis Portable Air, LLC	Revolver	100,000	0.50%	March 22, 2028
Camp Profiles LLC	Revolver	100,000	0.50%	September 3, 2026
CEATI International Inc.	Revolver	100,000	0.50%	February 19, 2026
Cerebro Buyer, LLC	Revolver	100,000	0.50%	March 15, 2029
CF512, Inc.	Revolver	100,000	0.50%	September 1, 2026
Channel Partners Intermediateco, LLC	Revolver	73,333	0.50%	February 7, 2027
CompleteCase, LLC	Revolver	166,667	0.50%	December 21, 2025
Compost 360 Acquisition, LLC	Revolver	58,333	0.50%	August 2, 2028
Compost 360 Acquisition, LLC	Delayed Draw Term Loan	4,096,741	0.50%	August 2, 2028
COPILOT Provider Support Services, LLC	Revolver	80,000	0.50%	November 22, 2027
Craftable Intermediate II Inc.	Revolver	100,000	0.50%	June 30, 2028
Curion Holdings, LLC	Revolver	15,000	0.50%	July 29, 2027
DRS Holdings III, Inc.	Revolver	909,091	0.50%	November 1, 2025
EHI Buyer, Inc.	Delayed Draw Term Loan	3,055,671	1.00%	July 31, 2029
EHI Buyer, Inc.	Revolver	100,000	0.50%	July 31, 2029
Equine Network, LLC	Revolver	16,667	0.50%	May 22, 2028
Equine Network, LLC	Delayed Draw Term Loan	40,000	1.00%	May 22, 2028
evolv Consulting, LLC	Revolver	1,363,636	0.50%	December 7, 2028
Evriholder Acquisition, Inc.	Revolver	100,000	0.50%	January 24, 2028
Exigo, LLC	Revolver	100,000	0.50%	March 16, 2027
FiscalNote Boards LLC	Delayed Draw Term Loan	627,139	1.00%	March 12, 2029
FiscalNote Boards LLC	Revolver	391,962	0.50%	March 12, 2029
Florachem Corporation	Revolver	56,667	0.50%	April 29, 2028
GS HVAM Intermediate, LLC	Revolver	1,060,606	0.50%	April 2, 2025
HV Watterson Holdings, LLC	Revolver	4,000	0.50%	December 17, 2026
Impact Home Services LLC	Revolver	17,500	0.50%	April 28, 2028
Informativ, LLC	Revolver	100,000	0.50%	July 30, 2026
Inoapps Bidco, LLC	Revolver	60,000	0.50%	February 15, 2027
Invincible Boat Company LLC	Revolver	957,447	0.50%	August 28, 2025
Ledge Lounger, Inc.	Revolver	16,667	0.50%	November 9, 2026

Stellus Capital Investment Corporation

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Investments	Security	Unfunded Commitment	Unused Commitment Fee	Maturity
Lightning Intermediate II, LLC	Revolver	\$ 100,000	0.50%	June 6, 2027
MacKenzie-Childs Acquisition, Inc.	Revolver	80,000	0.50%	September 2, 2027
Madison Logic Holdings, Inc.	Revolver	100,000	0.50%	December 30, 2027
MedLearning Group, LLC	Delayed Draw Term Loan	2,445,188	1.00%	December 30, 2027
Michelli, LLC	Delayed Draw Term Loan	3,888,228	0.50%	December 21, 2028
Michelli, LLC	Revolver	1,296,076	0.50%	December 21, 2028
Microbe Formulas LLC	Revolver	100,000	0.50%	April 3, 2028
MOM Enterprises, LLC	Revolver	50,000	0.50%	May 19, 2026
Morgan Electrical Group Intermediate Holdings, Inc.	Delayed Draw Term Loan	1,145,662	1.00%	August 3, 2029
Morgan Electrical Group Intermediate Holdings, Inc.	Revolver	100,000	0.50%	August 3, 2029
Naumann/Hobbs Material Handling Corporation II, Inc.	Revolver - Working Capital	1,763,033	0.50%	August 30, 2025
NINJIO, LLC	Revolver	66,667	0.50%	October 12, 2027
Nutritional Medicinals, LLC	Revolver	2,000,000	0.50%	November 15, 2025
PCS Software, Inc.	Revolver	746,948	0.50%	July 1, 2024
Pearl Media Holdings, LLC	Revolver	76,667	0.50%	August 31, 2027
Premiere Digital Services, Inc.	Revolver	576,923	0.50%	November 3, 2026
RIA Advisory Borrower, LLC	Revolver	41,314	0.50%	August 2, 2027
Rogers Mechanical Contractors, LLC	Revolver	83,333	0.50%	September 28, 2028
Sales Benchmark Index, LLC	Revolver	1,331,461	0.50%	January 7, 2025
The Hardenbergh Group, Inc.	Revolver	100,000	0.50%	August 6, 2028
Tilley Distribution, Inc.	Revolver	100,000	0.50%	December 31, 2026
Titan Meter Bidco Corp.	Revolver	1,055,707	0.50%	March 12, 2029
TradePending OpCo Aggregator, LLC	Revolver	66,667	0.50%	March 2, 2026
U.S. Expeditors, LLC	Revolver	100,000	0.50%	December 22, 2026
Xanitos, Inc.	Revolver	100,000	0.50%	June 25, 2026

(10) This loan is a unitranche investment.

(11) These loans include an interest rate floor feature which is lower than the applicable rates; therefore, the floor is not in effect.

(12) These loans are last-out term loans with contractual rates higher than the applicable rates; therefore, the floor is not in effect.

(13) Controlled investments are defined by the 1940 Act as investments in which more than 25% of the voting securities are owned or where the ability to nominate greater than 50% of the board representation is maintained.

(14) This loan is convertible to common units at maturity or at the election of the issuer.

(15) Excluded from the investment is an uncalled capital commitment in an amount not to exceed \$298,312.

(16) Term Loan A-1, Term Loan A-2, Term Loan A-3, Term Loan A-4, the Revolver, and Term Loan A-5 have been on non-accrual since January 1, 2023, April 3, 2023, June 7, 2023, July 12, 2023, October 3, 2023 and January 8, 2024, respectively.

(17) Investment has been on non-accrual since November 6, 2023.

(18) Investment has been on non-accrual since August 10, 2023.

(19) Investment has been on non-accrual since January 1, 2024.

(20) Excluded from the investment is an undrawn revolver commitment in an amount not to exceed \$1,500,000, with an unfunded rate of 0.50% and a maturity of July 31, 2025. The Company has full discretion to fund the revolver commitment.

(21) Excluded from the investment is an undrawn revolver commitment in an amount not to exceed \$2,000,000, with an unfunded rate of 0.50% and a maturity of April 27, 2026. The Company has full discretion to fund the revolver commitment.

(22) Excluded from the investment is an undrawn revolver commitment in an amount not to exceed \$498,912, with an unfunded rate of 0.00% and a maturity of November 6, 2028. The Company has full discretion to fund the revolver commitment.

(23) Excluded from the investment is an undrawn revolver commitment in an amount not to exceed \$2,209,447, with an unfunded rate of 0.00% and a maturity of September 3, 2026. The Company has full discretion to fund the revolver commitment.

Abbreviation Legend

PIK — Payment-In-Kind

PRIME — U.S. Prime Rate

SOFR — Secured Overnight Financing Rate

SONIA — Sterling Overnight Index Average

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Investments	Footnotes	Security ⁽²⁾	Investment					Headquarters/Industry	Principal			% of Assets		
			Coupon	Floor	Cash	PIK	Date		Amount/Shares ⁽³⁾	Amortized Cost	Fair Value ⁽⁴⁾	Net Assets		
Control investments (23)	(4)(5)													
EH Real Estate Services, LLC	(22)							Skokie, IL						
Term Loan A-1 (SBIC)	(4)(16)	1st Lien	10.00%	-	%	-	%	9/3/2021	9/3/2026	FIRE: Real Estate	\$ 5,337,200	5,255,564	3,042,204	0.95 %
Term Loan A-2 (SBIC)	(4)(16)	1st Lien	10.00%	-	%	-	%	4/3/2023	9/3/2026		\$ 1,140,558	1,140,558	650,118	0.20 %
Term Loan A-2	(16)	1st Lien	10.00%	-	%	-	%	4/3/2023	9/3/2026		\$ 570,279	570,279	325,059	0.10 %
Term Loan A-3 (SBIC)	(4)(16)	1st Lien	10.00%	-	%	-	%	6/7/2023	9/3/2026		\$ 392,910	392,910	223,959	0.07 %
Term Loan A-3	(16)	1st Lien	10.00%	-	%	-	%	6/7/2023	9/3/2026		\$ 196,455	196,455	111,979	0.04 %
Term Loan A-4 (SBIC)	(4)(16)	1st Lien	10.00%	-	%	-	%	7/12/2023	9/3/2026		\$ 1,003,691	1,003,691	993,654	0.31 %
Term Loan A-4	(16)	1st Lien	10.00%	-	%	-	%	7/12/2023	9/3/2026		\$ 501,846	501,846	496,828	0.16 %
Revolver	(16)	1st Lien	10.00%	-	%	-	%	10/3/2023	9/3/2026		\$ 332,190	332,190	332,190	0.10 %
EH Holdco, LLC Common Units		Equity						10/3/2023			15,356	3	3	0.00 %
EH Holdco, LLC Series A Preferred Units		Equity						9/3/2021			7,892	7,891,642	-	0.00 %
Total												\$17,285,138	\$ 6,175,994	1.93 %
Total Control investments												\$17,285,138	\$ 6,175,994	1.93 %
Non-control, non-affiliated investments	(4)(5)													
2X LLC	(9)							Berwyn, PA						
Term Loan	(11)	1st Lien	3M SOFR+ 6.50 %	2.00	%	11.85	%	6/5/2023	6/5/2028	Services: Business	\$ 5,486,458	5,361,018	5,431,593	1.70 %
Term Loan	(11)	1st Lien	3M SOFR+ 6.50 %	2.00	%	11.85	%	10/31/2023	6/5/2028		\$ 1,444,767	1,409,607	1,430,319	0.45 %
2X Investors LP Class A Units		Equity						6/5/2023			58,949	589,496	644,844	0.20 %
Total												\$ 7,360,121	\$ 7,506,756	2.35 %
Ad.Net Acquisition, LLC	(9)							Los Angeles, CA						
Term Loan (SBIC II)	(5)(11)	1st Lien	3M SOFR+ 6.00 %	1.00	%	11.61	%	5/7/2021	5/7/2026	Services: Business	\$ 15,198,529	15,079,548	15,198,529	4.75 %
Revolver	(11)	1st Lien	3M SOFR+ 6.00 %	1.00	%	11.61	%	5/7/2021	5/7/2026		\$ 649,510	649,510	649,510	0.20 %
Ad.Net Holdings, Inc. Series A Common Stock (SBIC II)	(5)	Equity						5/7/2021			7,794	77,941	58,566	0.02 %
Ad.Net Holdings, Inc. Series A Preferred Stock (SBIC II)	(5)	Equity						5/7/2021			7,015	701,471	527,094	0.16 %
Total												\$16,508,470	\$16,433,699	5.13 %
AdCellerant LLC	(9)							Denver, CO						
Term A Loan (SBIC II)	(5)(11)	1st Lien	1M SOFR+ 6.00 %	2.00	%	11.35	%	12/12/2023	12/12/2028	Media: Advertising, Printing & Publishing	\$10,000,000	9,802,403	9,802,403	3.06 %
AdCellerant Holdings, LLC Series A Units		Equity						12/12/2023			728,710	728,710	728,710	0.23 %
Total												\$10,531,113	\$10,531,113	3.29 %
ADS Group OpcO, LLC								Lakewood, CO						
Term Loan (SBIC II)	(5)(11)	1st Lien	3M SOFR+ 6.75 %	2.00	%	12.20	%	6/4/2021	6/4/2026	Aerospace & Defense	\$14,250,000	14,095,019	14,178,750	4.43 %
Revolver	(11)	1st Lien	3M SOFR+ 6.75 %	2.00	%	12.20	%	6/4/2021	6/4/2026		\$ 100,000	100,000	99,500	0.03 %
ADS Group Topco, LLC Class A Units		Equity						6/4/2021			77,626	288,691	-	0.00 %
ADS Group Topco, LLC Class B Units		Equity						6/4/2021			56,819	211,309	-	0.00 %
ADS Group Topco, LLC Class Y Units		Equity						4/11/2023			23,859	88,733	112,626	0.04 %
ADS Group Topco, LLC Class Z Units		Equity						6/15/2022			72,043	267,929	-	0.00 %
Total												\$15,051,681	\$14,390,876	4.50 %
Advanced Barrier Extrusions, LLC								Rhineland, WI						
Term Loan B (SBIC)	(4)(11)	1st Lien	1M SOFR+ 7.50 %	1.00	%	12.88	%	11/30/2020	11/30/2026	Containers, Packaging, & Glass	\$16,975,000	16,789,930	15,447,250	4.83 %
GP ABX Holdings Partnership, L.P. Partner Interests		Equity						8/8/2018			644,737	528,395	-	0.00 %
GP ABX Holdings Partnership, L.P. Series B Preferred Interests		Equity						1/5/2023			1,139	113,927	92,305	0.03 %
Total												\$17,432,252	\$15,539,555	4.86 %
American Refrigeration, LLC	(9)							Jacksonville, FL						
Term Loan (SBIC)	(4)(11)	1st Lien	3M SOFR+ 6.25 %	1.50	%	11.60	%	3/31/2023	3/31/2028	Services: Business	\$ 8,213,610	8,031,788	8,213,610	2.57 %
AR-USA Holdings, LLC Class A Units		Equity						3/31/2023			141	141,261	220,296	0.07 %
Total												\$ 8,173,049	\$ 8,433,906	2.64 %

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Investments	Footnotes	Security ⁽ⁱ⁾	Investment						Headquarters/	Principal		% of	
			Coupon	Floor	Cash	PIK	Date	Maturity		Shares ^(j)	Amount/	Amortized	Fair
Amika OpCo LLC	(9)								Brooklyn, NY				
Term Loan	(11)	1st Lien	6M SOFR+ 5.25 %	0.75 %	10.87 %		7/1/2022	7/1/2029	Consumer Goods: Non-Durable	\$ 94,638	93,031	93,218	0.03 %
Term Loan	(11)	1st Lien	6M SOFR+ 5.75 %	0.75 %	11.24 %		12/5/2023	7/1/2029		\$ 9,705,893	9,513,799	9,560,305	2.99 %
Ishtar Co-Invest-B LP Partnership Interests	(6)	Equity					7/1/2022			77,778	42,813	200,675	0.06 %
Oshun Co-Invest-B LP Partnership Interests		Equity					7/1/2022			22,222	22,222	57,335	0.02 %
Total											\$ 9,671,865	\$ 9,911,533	3.10 %
Anne Lewis Strategies, LLC	(9)								Washington, DC				
Term Loan (SBIC II)	(5)(11)	1st Lien	3M SOFR+ 7.00 %	2.00 %	12.35 %		3/5/2021	5/9/2028	Services: Business	\$ 9,189,074	9,098,232	9,005,293	2.81 %
Term Loan (SBIC II)	(5)(11)	1st Lien	3M SOFR+ 7.00 %	2.00 %	12.35 %		4/15/2022	5/9/2028		\$ 2,867,632	2,833,029	2,810,279	0.88 %
SG AL Investment, LLC Common Units	(6)	Equity					3/5/2021			1,000	606,733	1,205,165	0.38 %
SG AL Investment, LLC Common-A Units		Equity					12/22/2023			239	492,905	985,826	0.31 %
Total											\$ 13,030,899	\$ 14,006,563	4.38 %
APE Holdings, LLC									Deer Park, TX				
Class A Units		Equity					9/5/2014		Chemicals, Plastics, & Rubber	375,000	375,000	49,816	0.02 %
Total											\$ 375,000	\$ 49,816	0.02 %
Atmosphere Aggregator Holdings II, L.P.									Atlanta, GA				
Common Units		Equity					1/26/2016		Services: Business	254,250	-	2,471,396	0.77 %
Stratos Aggregator Holdings, L.P. Common Units		Equity					6/30/2015			750,000	-	7,290,252	2.28 %
Total											\$ -	\$ 9,761,648	3.05 %
ArborWorks, LLC	(21)								Oakhurst, CA				
Term Loan	(11)(17)	1st Lien	3M SOFR+ 6.50 %	1.00 %	- %	- %	11/6/2023	11/6/2028	Environmental Industries	\$ 3,461,538	3,461,538	3,184,615	1.00 %
Revolver	(11)(17)	1st Lien	15.00%	- %	- %	- %	11/6/2023	11/6/2028		\$ 924,871	924,871	850,881	0.27 %
ArborWorks Intermediate Holdco, LLC Class A-1		Equity					11/6/2023			16,037	3,610,847	2,695,747	0.84 %
Preferred Units		Equity					11/6/2023			16,037	-	-	0.00 %
ArborWorks Intermediate Holdco, LLC Class B-1		Equity					11/6/2023			1,923	-	-	0.00 %
ArborWorks Intermediate Holdco, LLC Class A-1		Equity					11/6/2023						
Common Units		Equity					11/6/2023						
Total											\$ 7,997,256	\$ 6,731,243	2.11 %
Archer Systems, LLC									Houston, TX				
CF Arch Holdings LLC Class A Units		Equity					8/10/2022		Services: Business	100,000	100,000	151,447	0.05 %
Total											\$ 100,000	\$ 151,447	0.05 %
Axis Portable Air, LLC	(9)								Phoenix, AZ				
Term Loan (SBIC II)	(5)(11)	1st Lien	3M SOFR+ 5.75 %	2.00 %	11.25 %		3/22/2022	3/22/2028	Capital Equipment	\$ 9,500,000	9,357,284	9,500,000	2.97 %
Term Loan (SBIC II)	(5)(11)	1st Lien	3M SOFR+ 5.75 %	2.00 %	11.25 %		4/17/2023	3/22/2028		\$ 1,893,610	1,859,720	1,893,610	0.59 %
Delayed Draw Term Loan	(11)	1st Lien	3M SOFR+ 5.75 %	1.00 %	11.25 %		3/22/2022	3/22/2028		\$ 100,000	99,199	100,000	0.03 %
Axis Air Parent, LLC Preferred Units		Equity					3/22/2022			4,436	443,636	1,039,036	0.32 %
Total											\$ 11,759,839	\$ 12,532,646	3.91 %
Baker Manufacturing Company, LLC									Evansville, IN				
Term Loan (SBIC II)	(5)(10)(12)	1st Lien	3M SOFR+ 5.25 %	1.00 %	11.42 %		7/5/2022	7/5/2027	Capital Equipment	\$ 13,701,636	13,491,633	13,633,128	4.26 %
BSC Blue Water Holdings, LLC Series A Units (SBIC II)	(5)	Equity					7/5/2022			743,770	743,770	855,572	0.27 %
Total											\$ 14,235,403	\$ 14,488,700	4.53 %
BLP Buyer, Inc.									Houston, TX				
BL Products Parent, L.P. Class A Units		Equity					2/1/2022		Capital Equipment	879,060	983,608	1,322,224	0.41 %
Total											\$ 983,608	\$ 1,322,224	0.41 %
Café Valley, Inc.									Phoenix, AZ				
Term Loan	(11)	1st Lien	3M SOFR+ 7.24 %	2.00 %	12.59 %		8/28/2019	8/28/2025	Beverage, Food, & Tobacco	\$ 15,548,810	15,499,968	15,548,810	4.86 %
CF Topco LLC Units		Equity					8/29/2019			9,160	916,015	1,148,854	0.36 %
Total											\$ 16,415,983	\$ 16,697,664	5.22 %
Camp Profiles LLC	(9)								Boston, MA				
Term Loan (SBIC)	(4)(11)	1st Lien	3M SOFR+ 5.25 %	1.00 %	10.75 %		9/3/2021	9/3/2026	Media: Advertising, Printing & Publishing	\$ 10,019,375	9,901,621	10,019,375	3.13 %
CIVC VI-A 829 Blocker, LLC Units		Equity					9/3/2021			250	250,000	496,112	0.16 %
Total											\$ 10,151,621	\$ 10,515,487	3.29 %

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			Coupon	Floor	Cash	PIK	Date		Amount/Shares ⁽³⁾	Amortized Cost	Fair Value ⁽¹⁾	Net		
CEATI International Inc.	(7)(9)							Montreal, Canada						
Term Loan	(11)	1st Lien	3M SOFR+ 6.00%	1.00 %	11.55 %		2/19/2021	2/19/2026	Services: Business	\$ 8,532,718	8,450,383	8,532,718	2.67 %	
CEATI Holdings, LP Class A Units		Equity					2/19/2021			250,000	250,000	280,414	0.09 %	
Total											\$ 8,700,383	\$ 8,813,132	2.76 %	
Cerebro Buyer, LLC	(9)							Columbia, SC						
Term Loan	(11)	1st Lien	1M SOFR+ 6.75%	1.00 %	12.21 %		3/15/2023	3/15/2029	Healthcare & Pharmaceuticals	\$ 4,647,205	4,542,323	4,647,205	1.45 %	
Cerebro Holdings Partnership, L.P. Series A Partner Interests		Equity					3/15/2023				62,961	62,961	68,042	0.02 %
Cerebro Holdings Partnership, L.P. Series B Partner Interests		Equity					3/15/2023				341,091	341,091	368,615	0.12 %
Total												\$ 4,946,375	\$ 5,063,862	1.59 %
CF512, Inc.	(9)							Blue Bell, PA						
Term Loan (SBIC)	(4)(11)	1st Lien	3M SOFR+ 6.00%	1.00 %	11.57 %		9/1/2021	9/1/2026	Media: Advertising, Printing & Publishing	\$ 13,911,253	13,747,760	13,772,140	4.30 %	
Delayed Draw Term Loan	(11)	1st Lien	3M SOFR+ 6.00%	1.00 %	11.54 %		9/1/2021	9/1/2026		\$ 3,003,933	2,985,566	2,973,894	0.93 %	
StellPen Holdings, LLC Membership Interests		Equity					9/1/2021				220,930	220,930	209,747	0.07 %
Total												\$ 16,954,256	\$ 16,955,781	5.30 %
Channel Partners Intermediateco, LLC	(9)							Tampa Bay, FL						
Term Loan (SBIC)	(4)(11)	1st Lien	3M SOFR+ 7.00%	2.00 %	12.66 %		2/24/2022	2/7/2027	Services: Business	\$ 13,253,232	13,163,476	13,054,434	4.08 %	
Term Loan (SBIC)	(4)(11)	1st Lien	3M SOFR+ 7.00%	2.00 %	12.66 %		3/27/2023	2/7/2027		\$ 1,689,882	1,675,663	1,664,534	0.52 %	
Revolver	(11)	1st Lien	3M SOFR+ 7.00%	2.00 %	12.60 %		2/24/2022	2/7/2027		\$ 33,333	33,333	32,833	0.01 %	
Total												\$ 14,872,472	\$ 14,751,801	4.61 %
CompleteCase, LLC	(9)							Seattle, WA						
Term Loan (SBIC II)	(5)(11)	1st Lien	3M SOFR+ 6.50%	2.00 %	12.00 %		12/21/2020	12/21/2025	Services: Consumer	\$ 6,676,113	6,616,263	6,642,732	2.08 %	
Revolver	(11)	1st Lien	3M SOFR+ 6.50%	2.00 %	12.00 %		12/21/2020	12/21/2025		\$ 16,667	16,667	16,584	0.01 %	
CompleteCase Holdings, Inc. Class A Common Stock (SBIC II)	(5)	Equity					12/21/2020				417	5	4	0.00 %
CompleteCase Holdings, Inc. Series A Preferred Stock (SBIC II)	(5)	Equity					12/21/2020				522	521,734	398,991	0.12 %
CompleteCase Holdings, Inc. Class A Common Stock		Equity					4/27/2023				89	1	1	0.00 %
CompleteCase Holdings, Inc. Series C Preferred Stock		Equity					4/27/2023				111	111,408	85,199	0.03 %
Total												\$ 7,266,078	\$ 7,143,511	2.24 %
Compost 360 Acquisition, LLC	(9)							Tampa, FL						
Term Loan (SBIC II)	(5)(11)	1st Lien	3M SOFR+ 6.50%	2.00 %	11.89 %		8/2/2023	8/2/2028	Environmental Industries	\$ 9,595,100	9,369,680	9,403,198	2.94 %	
Revolver	(11)	1st Lien	3M SOFR+ 6.50%	2.00 %	11.89 %		8/2/2023	8/2/2028		\$ 33,333	33,333	32,666	0.01 %	
Compost 360 Investments, LLC Class A Units		Equity					8/2/2023				2,508	250,761	226,512	0.07 %
Total												\$ 9,653,774	\$ 9,662,376	3.02 %
COPilot Provider Support Services, LLC	(9)							Maitland, FL						
Term Loan	(11)	1st Lien	3M SOFR+ 6.50%	2.00 %	12.00 %		11/22/2022	11/22/2027	Healthcare & Pharmaceuticals	\$ 4,937,500	4,855,637	4,937,500	1.54 %	
Revolver	(11)	1st Lien	3M SOFR+ 6.50%	2.00 %	12.02 %		11/22/2022	11/22/2027		\$ 20,000	20,000	20,000	0.01 %	
QHP Project Captivate Blocker, Inc. Common Stock		Equity					11/22/2022				4	285,714	282,009	0.09 %
Total												\$ 5,161,351	\$ 5,239,509	1.64 %
Craftable Intermediate II Inc.	(9)							Dallas, TX						
Term Loan (SBIC II)	(5)(11)	1st Lien	3M SOFR+ 6.50%	1.50 %	11.85 %		6/30/2023	6/30/2028	High Tech Industries	\$ 10,083,715	9,897,128	9,982,878	3.12 %	
Gauge Craftable LP Partnership Interests		Equity					6/30/2023				626,690	626,690	727,010	0.23 %
Total												\$ 10,523,818	\$ 10,709,888	3.35 %
Curion Holdings, LLC								Chicago, IL						
Term Loan (SBIC II)	(5)(11)	1st Lien	3M SOFR+ 6.75%	1.00 %	12.25 %		7/29/2022	7/29/2027	Services: Business	\$ 12,896,751	12,700,039	12,703,300	3.97 %	
Revolver	(11)	1st Lien	3M SOFR+ 6.75%	1.00 %	12.25 %		7/29/2022	7/29/2027		\$ 100,000	100,000	98,500	0.03 %	
SP CS Holdings LLC Class A Units		Equity					7/29/2022				739,999	739,999	901,644	0.28 %
Total												\$ 13,540,038	\$ 13,703,444	4.28 %
Dresser Utility Solutions, LLC								Bradford, PA						
Term Loan (SBIC)	(4)(11)	2nd Lien	1M SOFR+ 8.50%	1.00 %	13.96 %		10/1/2018	4/1/2026	Utilities: Oil & Gas	\$ 10,000,000	9,943,041	10,000,000	3.13 %	
Total												\$ 9,943,041	\$ 10,000,000	3.13 %

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			Coupon	Floor	Cash	PIK	Date		Shares ⁽³⁾	Amortized Cost	Fair Value ⁽⁴⁾	Net Assets	
DRS Holdings III, Inc.	(9)							St. Louis, MO					
Term Loan	(11)	1st Lien	1M SOFR+ 6.25 %	1.00 %	11.71 %		11/1/2019	11/1/2025	Consumer Goods: Durable	\$ 8,894,635	8,862,512	8,850,162	2.77 %
Total										\$ 8,862,512	\$ 8,850,162		2.77 %
DTE Enterprises, LLC								Roselle, IL					
DTE Holding Company, LLC Class A-2 Units		Equity					4/13/2018		Energy: Oil & Gas	776,316	466,204	-	0.00 %
DTE Holding Company, LLC Class AA Units		Equity					4/13/2018			723,684	723,684	852,078	0.27 %
Total										\$ 1,189,888	\$ 852,078		0.27 %
EHI Buyer, Inc.	(9)							Grand Prairie, TX					
Term A Loan (SBIC)	(4)(11)	1st Lien	3M SOFR+ 6.50 %	1.50 %	11.85 %		7/31/2023	7/31/2029	Environmental Industries	\$ 6,096,064	5,950,980	5,974,143	1.87 %
EHI Group Holdings, L.P. Class A Units		Equity					7/31/2023			618	617,801	630,082	0.20 %
Total										\$ 6,568,781	\$ 6,604,225		2.07 %
Elliott Aviation, LLC	(9)							Moline, IL					
Term Loan	(11)	1st Lien	1M SOFR+ 8.00 %	2.00 %	11.51 %	2.00 %	1/31/2020	6/30/2025	Aerospace & Defense	\$ 8,536,150	8,495,851	8,023,981	2.51 %
Term Loan		Unsecured	15.00%	- %	- %	15.00 %	10/26/2023	1/31/2026		\$ 56,794	56,794	42,596	0.01 %
Revolver A	(11)	1st Lien	1M SOFR+ 8.00 %	2.00 %	11.51 %	2.00 %	1/31/2020	6/30/2025		\$ 1,410,357	1,410,357	1,325,736	0.41 %
SP EA Holdings LLC Class A Units		Equity					1/31/2020			1,048,896	901,489	-	0.00 %
Total										\$ 10,864,491	\$ 9,392,313		2.93 %
EOS Fitness Holdings, LLC								Phoenix, AZ					
Class A Preferred Units		Equity					12/30/2014		Hotel, Gaming, & Leisure	118	-	-	0.00 %
Class B Common Units		Equity					12/30/2014			3,017	-	890,968	0.28 %
Total										\$ -	\$ 890,968		0.28 %
Equine Network, LLC	(9)							Boulder, CO					
Term A Loan (SBIC)	(4)(11)	1st Lien	3M SOFR+ 6.50 %	1.00 %	12.11 %		5/22/2023	5/22/2028	Services: Consumer	\$ 5,936,305	5,799,443	5,906,623	1.85 %
Revolver	(11)	1st Lien	3M SOFR+ 6.50 %	1.00 %	12.11 %		5/22/2023	5/22/2028		\$ 83,333	83,333	82,916	0.03 %
Delayed Draw Term Loan	(11)	1st Lien	3M SOFR+ 6.50 %	1.00 %	12.11 %		5/22/2023	5/22/2028		\$ 59,850	59,850	59,551	0.02 %
Total										\$ 5,942,626	\$ 6,049,090		1.90 %
evolv Consulting, LLC	(9)							Dallas, TX					
Term Loan (SBIC)	(4)(11)	1st Lien	3M SOFR+ 6.75 %	2.00 %	12.13 %		12/7/2023	12/7/2028	Services: Business	\$ 10,000,000	9,802,352	9,802,352	3.06 %
evolv Holdco, LLC Preferred Units		Equity					12/7/2023			473,485	473,485	473,485	0.15 %
Total										\$ 10,275,837	\$ 10,275,837		3.21 %
Evriholder Acquisition, Inc.	(9)							Anaheim, CA					
Term Loan (SBIC II)	(5)(11)	1st Lien	3M SOFR+ 6.75 %	1.50 %	12.25 %		1/23/2023	1/24/2028	Consumer Goods: Durable	\$ 12,756,250	12,482,481	12,756,250	3.99 %
KEJ Holdings LP Class A Units		Equity					1/23/2023			873,333	873,333	1,070,891	0.33 %
Total										\$ 13,355,814	\$ 13,827,141		4.32 %
Exacta Land Surveyors, LLC	(19)							Cleveland, OH					
Term Loan (SBIC)	(4)(11)	1st Lien	3M SOFR+ 6.75 %	1.50 %	11.25 %	1.00 %	2/8/2019	2/8/2024	Services: Business	\$ 16,316,361	16,303,438	15,174,216	4.74 %
Term Loan (SBIC)	(4)(11)	1st Lien	3M SOFR+ 6.75 %	1.50 %	11.25 %	1.00 %	7/15/2022	2/8/2024		\$ 991,806	989,698	922,380	0.29 %
SP ELS Holdings LLC Class A Units		Equity					2/8/2019			1,122,250	1,122,250	172,674	0.05 %
Total										\$ 18,415,386	\$ 16,269,270		5.08 %
Exigo, LLC	(9)							Dallas, TX					
Term Loan	(11)	1st Lien	1M SOFR+ 6.00 %	1.00 %	11.46 %		3/16/2022	3/16/2027	High Tech Industries	\$ 8,811,898	8,720,761	8,811,898	2.75 %
Gauge Exigo Coinvest, LLC Common Units		Equity					3/16/2022			377,535	377,535	377,535	0.12 %
Total										\$ 9,098,296	\$ 9,189,433		2.87 %
Florachem Corporation	(9)							Jacksonville, FL					
Term Loan (SBIC)	(4)(11)	1st Lien	3M SOFR+ 6.50 %	1.00 %	12.00 %		4/29/2022	4/29/2028	Chemicals, Plastics, & Rubber	\$ 9,850,000	9,698,462	9,751,500	3.05 %
Revolver	(11)	1st Lien	3M SOFR+ 6.50 %	1.00 %	12.00 %		4/29/2022	4/29/2028		\$ 23,333	23,333	23,100	0.01 %
Delayed Draw Term Loan	(11)	1st Lien	3M SOFR+ 6.50 %	1.00 %	12.00 %		4/29/2022	4/29/2028		\$ 53,750	53,750	53,213	0.02 %
SK FC Holdings, L.P. Class A Units		Equity					4/29/2022			362	362,434	465,212	0.15 %
Total										\$ 10,137,979	\$ 10,293,025		3.23 %

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			Coupon	Floor	Cash	PIK	Date		Shares ⁽³⁾	Cost	Amortized	Fair Value ⁽⁴⁾	Net Assets		
General LED OPCO, LLC								San Antonio, TX							
Term Loan	(11)	2nd Lien	3M SOFR+9.00%	1.50	%	14.45	%	5/1/2018	3/31/2026	Services: Business	\$ 4,500,000	4,472,890	4,342,500	1.36 %	
Total											\$ 4,472,890	\$ 4,342,500		1.36 %	
Green Intermediateco II, Inc.								Irvine, CA							
Term Loan	(11)	1st Lien	1M SOFR+6.75%	2.00	%	12.11	%	8/8/2023	8/8/2028	High Tech Industries	\$ 11,142,326	10,880,445	10,919,479	3.41 %	
Delayed Draw Term Loan	(11)	1st Lien	1M SOFR+6.75%	2.00	%	12.11	%	8/8/2023	8/8/2028		\$ 408,127	403,154	399,964	0.13 %	
Green Topco Holdings, LLC Class A Units			Equity								271,401	271,401	272,055	0.09 %	
Total											\$ 11,555,000	\$ 11,591,496		3.63 %	
GS HVAM Intermediate, LLC	(9)							Carlsbad, CA							
Term Loan	(11)	1st Lien	1M SOFR+6.50%	1.00	%	11.96	%	10/18/2019	4/2/2025	Beverage, Food, & Tobacco	\$ 12,394,128	12,370,361	12,394,128	3.87 %	
Revolver	(11)	1st Lien	1M SOFR+6.50%	1.00	%	11.96	%	10/18/2019	4/2/2025		\$ 1,803,030	1,803,030	1,803,030	0.56 %	
HV GS Acquisition, LP Class A Interests			Equity								2,144	1,967,133	4,703,284	1.47 %	
Total											\$ 16,140,524	\$ 18,900,442		5.90 %	
Health Monitor Holdings, LLC								Montvale, NJ							
Series A Preferred Units			Equity						5/15/2019		Media: Advertising, Printing & Publishing	1,105,838	1,052,919	1,348,494	0.42 %
Total											\$ 1,052,919	\$ 1,348,494		0.42 %	
Heartland Business Systems, LLC	(9)							Little Chute, WI							
Term Loan (SBIC II)	(5)(11)	1st Lien	3M SOFR+6.25%	1.00	%	11.75	%	8/26/2022	8/26/2027	High Tech Industries	\$ 9,875,000	9,721,122	9,875,000	3.09 %	
Delayed Draw Term Loan	(11)	1st Lien	3M SOFR+6.25%	1.00	%	11.75	%	8/26/2022	8/26/2027		\$ 49,625	49,197	49,625	0.02 %	
AMCO HBS Holdings, LP Class A Units	(6)	Equity									2,861	249,873	726,591	0.23 %	
Total											\$ 10,020,192	\$ 10,651,216		3.34 %	
HV Watterson Holdings, LLC	(9)							Schaumburg, IL							
Term Loan	(11)	1st Lien	3M SOFR+6.00%	1.00	%	11.50	%	12/17/2021	12/17/2026	Services: Business	\$ 13,167,870	12,998,250	13,036,191	4.07 %	
Revolver	(11)	1st Lien	3M SOFR+6.00%	1.00	%	11.50	%	12/17/2021	12/17/2026		\$ 80,000	80,000	79,200	0.02 %	
Delayed Draw Term Loan	(11)	1st Lien	3M SOFR+6.00%	1.00	%	11.50	%	12/17/2021	12/17/2026		\$ 319,869	317,522	316,670	0.10 %	
HV Watterson Parent, LLC Class A Units			Equity								1,632	1,631,591	2,154,608	0.67 %	
Total											\$ 15,027,363	\$ 15,586,669		4.86 %	
I2P Holdings, LLC								Cleveland, OH							
Series A Preferred Units			Equity						1/31/2018		Services: Business	750,000	-	3,341,856	1.04 %
Total											\$ -	\$ 3,341,856		1.04 %	
ICD Holdings, LLC	(7)							San Francisco, CA							
Class A Units	(6)	Equity							1/2/2018		Finance	9,962	449,758	1,710,337	0.53 %
Total											\$ 449,758	\$ 1,710,337		0.53 %	
Impact Home Services LLC	(9)							Tampa, FL							
Term Loan (SBIC)	(4)(11)	1st Lien	3M SOFR+6.50%	2.00	%	11.85	%	4/28/2023	4/28/2028	Services: Consumer	\$ 5,907,215	5,774,440	5,818,607	1.82 %	
Term Loan (SBIC)	(4)(11)	1st Lien	3M SOFR+6.50%	2.00	%	11.85	%	10/11/2023	4/28/2028		\$ 538,369	525,461	530,293	0.17 %	
Term Loan (SBIC)	(4)(11)	1st Lien	3M SOFR+6.50%	2.00	%	11.85	%	6/30/2023	4/28/2028		\$ 268,510	262,321	264,482	0.08 %	
Revolver	(11)	1st Lien	3M SOFR+6.50%	2.00	%	11.85	%	4/28/2023	4/28/2028		\$ 82,500	82,500	81,263	0.03 %	
Impact Holdings Georgia LLC Class A Units			Equity						4/28/2023			324	324,242	213,311	0.07 %
Total											\$ 6,968,964	\$ 6,907,956		2.17 %	
Infolinks Media Buyco, LLC								Ridgewood, NJ							
Term Loan (SBIC II)	(5)(11)	1st Lien	1M SOFR+5.75%	1.00	%	11.21	%	11/1/2021	11/1/2026	Media: Advertising, Printing & Publishing	\$ 7,613,871	7,519,532	7,613,871	2.38 %	
Delayed Draw Term Loan	(11)	1st Lien	1M SOFR+5.75%	1.00	%	11.21	%	11/1/2021	11/1/2026		\$ 1,477,575	1,464,619	1,477,575	0.46 %	
Tower Arch Infolinks Media, LP LP Interests	(6)(15)	Equity							10/28/2021			451,688	424,156	751,355	0.23 %
Total											\$ 9,408,307	\$ 9,842,801		3.07 %	
Informativ, LLC	(9)							Fresno, CA							
Term Loan (SBIC II)	(5)(11)	1st Lien	3M SOFR+5.75%	1.00	%	11.25	%	7/30/2021	7/30/2026	High Tech Industries	\$ 8,481,549	8,386,574	8,396,734	2.62 %	
Term Loan (SBIC II)	(5)(11)	1st Lien	3M SOFR+5.75%	1.00	%	11.25	%	3/31/2022	7/30/2026		\$ 6,393,699	6,312,673	6,329,762	1.98 %	
Credit Connection Holdings, LLC Series A Units			Equity						7/30/2021			804,384	804,384	1,044,566	0.33 %
Total											\$ 15,503,631	\$ 15,771,062		4.93 %	

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			Coupon	Floor	Cash	PIK	Date		Shares ⁽³⁾	Amortized Cost	Fair Value ⁽¹⁾	Net Assets		
Inoapps Bidco, LLC	(9)							Houston, TX						
Term Loan B	(11)	1st Lien	3M SONIA+ 5.75 %	1.00 %	11.12 %		2/15/2022	2/15/2027	£ 9,850,000	\$13,176,385	\$12,352,226	3.86 %		
Revolver	(11)	1st Lien	1M SOFR+ 5.75 %	1.00 %	11.22 %		2/15/2022	2/15/2027	\$ 40,000	40,000	39,800	0.01 %		
Delayed Draw Term Loan	(11)	1st Lien	3M SOFR+ 5.75 %	1.00 %	11.39 %		2/15/2022	2/15/2027	\$ 82,292	81,689	81,681	0.03 %		
Inoapps Holdings, LLC Series A-1 Preferred Units		Equity					2/15/2022		739,844	783,756	928,462	0.29 %		
Total											\$14,081,830	\$13,402,369	4.19 %	
Integrated Oncology Network, LLC								Newport Beach, CA						
Term Loan	(11)	1st Lien	3M SOFR+ 6.00 %	1.00 %	11.54 %		7/17/2019	6/24/2025	Healthcare & Pharmaceuticals	\$15,689,031	15,652,169	15,453,696	4.83 %	
Term Loan	(11)	1st Lien	3M SOFR+ 6.00 %	1.00 %	11.54 %		11/1/2021	6/24/2025	\$ 1,086,000	1,081,580	1,069,710	0.33 %		
Revolver	(11)	1st Lien	3M SOFR+ 6.00 %	1.00 %	11.53 %		7/17/2019	6/24/2025	\$ 554,070	554,070	545,759	0.17 %		
Total											\$17,287,819	\$17,069,165	5.33 %	
Intuitive Health, LLC								Plano, TX						
Term Loan (SBIC II)	(5)(10)(12)	1st Lien	3M SOFR+ 5.50 %	1.50 %	12.19 %		10/18/2019	10/18/2027	Healthcare & Pharmaceuticals	\$ 5,771,920	5,718,925	5,771,920	1.80 %	
Term Loan	(10)(12)	1st Lien	3M SOFR+ 5.50 %	1.50 %	12.19 %		10/18/2019	10/18/2027	\$ 8,117,989	8,043,856	8,117,989	2.54 %		
Term Loan (SBIC II)	(5)(10)(12)	1st Lien	3M SOFR+ 5.50 %	1.50 %	12.19 %		8/31/2021	10/18/2027	\$ 3,040,324	3,009,699	3,040,324	0.95 %		
Legacy Parent, Inc. Class A Common Stock		Equity					10/30/2020		58	-	213,240	0.07 %		
Total											\$16,772,480	\$17,143,473	5.36 %	
Invincible Boat Company LLC	(9)							Opa Locka, FL						
Term Loan	(11)	1st Lien	3M SOFR+ 6.50 %	1.50 %	12.00 %		8/28/2019	8/28/2025	Consumer Goods: Durable	\$ 5,356,627	5,321,375	5,303,061	1.66 %	
Term Loan (SBIC II)	(5)(11)	1st Lien	3M SOFR+ 6.50 %	1.50 %	12.00 %		8/28/2019	8/28/2025	\$ 4,944,579	4,911,947	4,895,133	1.53 %		
Term Loan (SBIC II)	(5)(11)	1st Lien	3M SOFR+ 6.50 %	1.50 %	12.00 %		6/1/2021	8/28/2025	\$ 1,099,244	1,089,662	1,088,252	0.34 %		
Revolver	(11)	1st Lien	3M SOFR+ 6.50 %	1.50 %	12.00 %		8/28/2019	8/28/2025	\$ 531,915	531,915	526,596	0.16 %		
Warbird Parent Holdco, LLC Class A Units		Equity					8/28/2019		1,362,575	1,299,691	1,184,219	0.37 %		
Total											\$13,154,590	\$12,997,261	4.06 %	
J.R. Watkins, LLC								San Francisco, CA						
Term Loan (SBIC)	(4)	1st Lien	12.00%	-	% 12.00 %	12/22/2017	3/31/2024	Consumer Goods: Non-Durable	\$13,597,208	13,597,208	4,894,995	1.53 %		
J.R. Watkins Holdings, Inc. Class A Preferred Stock		Equity				12/22/2017			1,133	1,132,576	-	0.00 %		
Total											\$14,729,784	\$ 4,894,995	1.53 %	
Jurassic Acquisition Corp.								Sparks, MD						
Term Loan	(11)	1st Lien	1M SOFR+ 5.50 %	0.00 %	10.96 %		12/28/2018	11/15/2024	Metals & Mining	\$16,625,000	16,580,562	16,625,000	5.20 %	
Total											\$16,580,562	\$16,625,000	5.20 %	
KidKraft, Inc.								Dallas, TX						
Term Loan	(10)(12)(18)	1st Lien	PRIME+ 6.50 %	-	% -		4/3/2020	6/30/2024	Consumer Goods: Durable	\$ 1,580,768	1,580,768	-	0.00 %	
KidKraft Group Holdings, LLC Preferred B Units		Equity				4/3/2020			4,000,000	4,000,000	-	0.00 %		
Total											\$ 5,580,768	\$ -	0.00 %	
Ledge Lounger, Inc.	(9)							Katy, TX						
Term Loan A (SBIC)	(4)(11)	1st Lien	3M SOFR+ 6.50 %	1.00 %	12.00 %		11/9/2021	11/9/2026	Consumer Goods: Durable	\$ 7,491,842	7,398,788	7,491,842	2.34 %	
Revolver	(11)	1st Lien	3M SOFR+ 6.50 %	1.00 %	12.00 %		11/9/2021	11/9/2026	\$ 75,000	75,000	75,000	0.02 %		
SP L2 Holdings LLC Class A Units (SBIC)	(6)(4)	Equity				11/9/2021			375,000	375,000	242,696	0.08 %		
Total											\$ 7,848,788	\$ 7,809,538	2.44 %	
Lightning Intermediate II, LLC	(9)							Jacksonville, FL						
Term Loan (SBIC)	(4)(11)	1st Lien	6M SOFR+ 6.50 %	1.00 %	11.93 %		6/6/2022	6/6/2027	Consumer Goods: Non-Durable	\$13,243,091	13,048,737	13,044,445	4.08 %	
Revolver	(11)	1st Lien	1M SOFR+ 6.50 %	1.00 %	11.96 %		6/6/2022	6/6/2027	\$ 30,000	30,000	29,550	0.01 %		
Gauge Vimergy Coinvest, LLC Units	(6)	Equity				6/6/2022			399	391,274	128,766	0.04 %		
Total											\$13,470,011	\$13,202,761	4.13 %	
MacKenzie-Childs Acquisition, Inc.	(9)							Aurora, NY						
Term Loan	(11)	1st Lien	3M SOFR+ 6.00 %	1.00 %	11.50 %		9/2/2022	9/2/2027	Consumer Goods: Durable	\$ 98,750	97,591	98,256	0.03 %	
Revolver	(11)	1st Lien	3M SOFR+ 6.00 %	1.00 %	11.50 %		9/2/2022	9/2/2027	\$ 46,667	46,667	46,434	0.01 %		
MacKenzie-Childs Investment, LP Partnership Interests		Equity				9/2/2022			100,000	100,000	96,532	0.03 %		
Total											\$ 244,258	\$ 241,222	0.07 %	

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Madison Logic Holdings, Inc.	(9)							New York, NY					
Term Loan	(11)	1st Lien	3M SOFR+ 7.00 %	1.00 %	12.35 %		12/30/2022	12/30/2028	Media: Broadcasting & Subscription	\$ 4,495,248	4,381,153	4,450,296	1.39 %
BC Partners Glengarry Co-Investment LP Class 1 Interests		Equity					7/7/2023			394,767	394,767	328,212	0.10 %
Total												\$ 4,775,920	\$ 4,778,508
Michelli, LLC	(9)							New Orleans, LA					
Term Loan (SBIC II)	(5)(11)	1st Lien	3M SOFR+ 5.75 %	2.00 %	11.12 %		12/21/2023	12/21/2028	Capital Equipment	\$ 5,000,000	4,900,000	4,900,000	1.53 %
Revolver	(11)	1st Lien	3M SOFR+ 5.75 %	2.00 %	11.12 %		12/21/2023	12/21/2028		\$ 129,608	129,608	127,016	0.04 %
SP MWM Holdco LLC Class A Units		Equity					12/21/2023			509,215	509,215	509,215	0.16 %
Total												\$ 5,538,823	\$ 5,536,231
Microbe Formulas LLC	(9)							Meridian, ID					
Term Loan (SBIC II)	(5)(11)	1st Lien	1M SOFR+ 6.00 %	1.00 %	11.46 %		4/4/2022	4/3/2028	Consumer Goods: Non-Durable	\$ 8,470,065	8,405,946	8,470,065	2.65 %
Total												\$ 8,405,946	\$ 8,470,065
MOM Enterprises, LLC	(9)							Richmond, CA					
Term Loan (SBIC II)	(5)(11)	1st Lien	3M SOFR+ 6.48 %	1.00 %	11.83 %		5/19/2021	5/19/2026	Consumer Goods: Non-Durable	\$ 16,055,000	15,884,362	15,814,175	4.94 %
Revolver	(11)	1st Lien	3M SOFR+ 6.48 %	1.00 %	11.83 %		5/19/2021	5/19/2026		\$ 50,000	50,000	49,250	0.02 %
MBliss SPC Holdings, LLC Units		Equity					5/19/2021			933,333	933,333	595,832	0.19 %
Total												\$ 16,867,695	\$ 16,459,257
Monitorus Holding, LLC	(7)							London, UK					
Term Loan		1st Lien	14.00%		10.00 %	4.00 %	5/24/2022	5/24/2027	Media: Diversified & Production	\$ 100,989	100,260	99,979	0.03 %
Revolver		1st Lien	14.00%		10.00 %	4.00 %	5/24/2022	5/24/2027		€ 100,989	109,791	108,693	0.03 %
Delayed Draw Term Loan		1st Lien	14.00%	1.00 %	10.00 %	4.00 %	5/24/2022	5/24/2027		€ 100,989	101,929	100,910	0.03 %
Sapphire Aggregator S.a.r.l. Convertible Bonds		Unsecured	8.00 %		- %	8.00 %	11/15/2023	3/31/2025		\$ 5,532	5,938	6,045	0.00 %
Sapphire Aggregator S.a.r.l. Class A Shares		Equity					9/1/2022			557,689	11,156	13,487	0.00 %
Sapphire Aggregator S.a.r.l. Class B Shares		Equity					9/1/2022			557,682	11,156	13,486	0.00 %
Sapphire Aggregator S.a.r.l. Class C Shares		Equity					9/1/2022			557,682	11,156	13,486	0.00 %
Sapphire Aggregator S.a.r.l. Class D Shares		Equity					9/1/2022			557,682	11,156	13,486	0.00 %
Sapphire Aggregator S.a.r.l. Class E Shares		Equity					9/1/2022			557,682	11,156	13,486	0.00 %
Sapphire Aggregator S.a.r.l. Class F Shares		Equity					9/1/2022			557,682	11,156	13,486	0.00 %
Sapphire Aggregator S.a.r.l. Class G Shares		Equity					9/1/2022			557,682	11,156	13,486	0.00 %
Sapphire Aggregator S.a.r.l. Class H Shares		Equity					9/1/2022			557,682	11,156	13,486	0.00 %
Sapphire Aggregator S.a.r.l. Class I Shares		Equity					9/1/2022			557,682	11,156	13,486	0.00 %
Total												\$ 418,322	\$ 437,002
Morgan Electrical Group Intermediate Holdings, Inc.	(9)							Fremont, CA					
Term Loan	(11)	1st Lien	1M SOFR+ 6.25 %	1.50 %	11.61 %		8/3/2023	8/3/2029	Construction & Building	\$ 4,439,439	4,344,311	4,372,847	1.37 %
Morgan Electrical Group Holdings, LLC Series A-2 Preferred Units		Equity					8/3/2023			357	356,800	351,351	0.11 %
Total												\$ 4,701,111	\$ 4,724,198
Naumann/Hobbs Material Handling Corporation II, Inc.	(9)							Phoenix, AZ					
Term Loan	(11)	1st Lien	3M SOFR+ 6.75 %	1.50 %	12.10 %		8/30/2019	8/30/2024	Services: Business	\$ 8,317,483	8,291,166	8,275,896	2.59 %
Term Loan (SBIC II)	(5)(11)	1st Lien	3M SOFR+ 6.75 %	1.50 %	12.10 %		8/30/2019	8/30/2024		\$ 5,245,036	5,228,576	5,218,811	1.63 %
Naumann Hobbs Holdings, L.P. Class A-1 Units		Equity					9/29/2022			123	220,379	471,147	0.15 %
Naumann Hobbs Holdings, L.P. Class A-2 Units		Equity					9/29/2022			123	220,379	471,147	0.15 %
Total												\$ 13,960,500	\$ 14,437,001
NINJIO, LLC	(9)							Westlake Village, CA					
Term Loan	(11)	1st Lien	3M SOFR+ 6.50 %	1.50 %	12.10 %		10/12/2022	10/12/2027	Media: Diversified & Production	\$ 4,962,500	4,882,796	4,962,500	1.55 %
Revolver	(11)	1st Lien	3M SOFR+ 6.50 %	1.50 %	12.10 %		10/12/2022	10/12/2027		\$ 33,333	33,333	33,333	0.01 %
NINJIO Holdings, LLC Units		Equity					10/12/2022			184	313,253	226,849	0.07 %
Gauge NINJIO Blocker LLC Preferred Units		Equity					9/22/2023			14	14,470	103,563	0.03 %
Total												\$ 5,243,852	\$ 5,326,245
NS412, LLC								Dallas, TX					
Term Loan	(11)	2nd Lien	3M SOFR+ 8.50 %	1.00 %	13.95 %		5/6/2019	11/6/2025	Services: Consumer	\$ 7,615,000	7,561,754	7,615,000	2.38 %
NS Group Holding Company, LLC Class A Units		Equity					5/6/2019			782	795,002	879,589	0.27 %
Total												\$ 8,356,756	\$ 8,494,589

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NuMet Machining Techniques, LLC	(7)							Birmingham, UK							
Term Loan	(11)(13)	2nd Lien	PRIME+	8.00 %	- %	- %	11/5/2019	5/5/2026	Aerospace & Defense	\$12,675,000	12,563,025	-	0.00 %		
Bromford Industries Limited Term Loan	(11)(13)	2nd Lien	PRIME+	8.00 %	- %	- %	11/5/2019	5/5/2026		\$ 7,800,000	7,728,858	-	0.00 %		
Total										\$20,291,883	\$	-	0.00 %		
NuSource Financial, LLC								Eden Prairie, MN							
NuSource Financial Acquisition, Inc. (SBIC II)	(5)	Unsecured		13.75%		4.00 %	9.75 %	1/29/2021	7/29/2026	Services: Business	\$ 6,028,203	5,976,818	5,907,639	1.85 %	
NuSource Holdings, Inc. Warrants (SBIC II)	(5)	Equity						1/29/2021			54,966	-	-	0.00 %	
Total											\$ 5,976,818	\$ 5,907,639	1.85 %		
Nutritional Medicinals, LLC	(9)							Centerville, OH							
Term Loan	(11)	1st Lien	3M SOFR+	6.21 %	1.00 %	11.56 %		11/15/2018	11/15/2025	Healthcare & Pharmaceuticals	\$ 8,793,840	8,753,238	8,793,840	2.75 %	
Term Loan	(11)	1st Lien	3M SOFR+	6.21 %	1.00 %	11.56 %		10/28/2021	11/15/2025		\$ 3,692,025	3,663,943	3,692,025	1.15 %	
Functional Aggregator, LLC Units		Equity						11/15/2018			12,500	972,803	2,273,286	0.71 %	
Total											\$13,389,984	\$14,759,151	4.61 %		
Onpoint Industrial Services, LLC								Deer Park, TX							
Term Loan (SBIC)	(4)(11)	1st Lien	3M SOFR+	7.00 %	1.75 %	12.35 %		11/16/2022	11/16/2027	Services: Business	\$12,764,326	12,552,435	12,764,326	3.99 %	
Spearhead TopCo, LLC Class A Units		Equity						11/16/2022			606,742	606,742	701,538	0.22 %	
Total											\$13,159,177	\$13,465,864	4.21 %		
PCP MT Aggregator Holdings, L.P.	(7)							Oak Brook, IL							
Common Units		Equity					3/29/2019			Finance	825,020	119,281	4,026,531	1.26 %	
Total												\$ 119,281	\$ 4,026,531	1.26 %	
PCS Software, Inc.	(9)							Shenandoah, TX							
Term Loan	(11)	1st Lien	3M SOFR+	6.00 %	1.50 %	11.50 %		7/1/2019	7/1/2024	Transportation & Logistics	\$13,918,747	13,880,996	13,918,747	4.35 %	
Term Loan (SBIC)	(4)(11)	1st Lien	3M SOFR+	6.00 %	1.50 %	11.50 %		7/1/2019	7/1/2024		\$ 1,825,410	1,820,459	1,825,410	0.57 %	
Revolver	(11)	1st Lien	3M SOFR+	6.00 %	1.50 %	11.50 %		7/1/2019	7/1/2024		\$ 571,195	571,195	571,195	0.18 %	
Delayed Draw Term Loan	(11)	1st Lien	3M SOFR+	6.00 %	1.50 %	11.50 %		7/1/2019	7/1/2024		\$ 962,500	962,500	962,500	0.30 %	
PCS Software Parent, LLC Class A Common Units	(6)	Equity					9/16/2022				461,216	-	384,007	0.12 %	
Total												\$17,235,150	\$17,661,859	5.52 %	
Pearl Media Holdings, LLC	(9)							Garland, TX							
Term Loan (SBIC II)	(5)(11)	1st Lien	3M SOFR+	6.25 %	1.50 %	11.75 %		8/31/2022	8/31/2027	Media: Advertising, Printing & Publishing	\$ 9,669,444	9,518,772	9,524,402	2.98 %	
Revolver	(11)	1st Lien	3M SOFR+	6.25 %	1.50 %	11.75 %		8/31/2022	8/31/2027		\$ 23,333	23,333	22,983	0.01 %	
Total												\$ 9,542,105	\$ 9,547,385	2.99 %	
Peltram Plumbing Holdings, LLC	(9)							Auburn, WA							
Term Loan	(11)	1st Lien	3M SOFR+	6.50 %	2.00 %	11.85 %		12/30/2021	12/30/2026	Construction & Building	\$16,160,003	15,951,839	16,160,003	5.05 %	
Revolver	(11)	1st Lien	3M SOFR+	6.50 %	2.00 %	11.85 %		12/30/2021	12/30/2026		\$ 60,000	60,000	60,000	0.02 %	
Peltram Group Holdings LLC Class A Units	(6)	Equity					12/30/2021				508,516	506,119	418,449	0.13 %	
Total												\$16,517,958	\$16,638,452	5.20 %	
Premiere Digital Services, Inc.	(9)							Los Angeles, CA							
Term Loan	(11)	1st Lien	1M SOFR+	5.25 %	1.00 %	10.72 %		11/3/2021	11/3/2026	Media: Broadcasting & Subscription	\$13,216,883	13,176,183	13,216,883	4.13 %	
Premiere Digital Holdings, Inc. Common Stock		Equity					10/18/2018				5,000	-	2,765,529	0.86 %	
Total												\$13,176,183	\$15,982,412	4.99 %	
Red's All Natural, LLC								Franklin, TN							
Term Loan (SBIC II)	(5)(10)(12)	1st Lien	3M SOFR+	6.00 %	1.50 %	12.57 %		1/31/2023	1/31/2029	Beverage, Food, & Tobacco	\$ 8,837,476	8,680,057	8,793,289	2.75 %	
Centeotl Co-Invest B, LP Common Units		Equity					1/31/2023				710,600	710,600	586,022	0.18 %	
Total												\$ 9,390,657	\$ 9,379,311	2.93 %	
RIA Advisory Borrower, LLC	(9)							Coral Gables, FL							
Term Loan	(11)	1st Lien	3M SOFR+	6.50 %	2.00 %	12.03 %		5/1/2023	8/2/2027	High Tech Industries	\$ 5,955,000	5,850,377	5,925,225	1.85 %	
Revolver	(11)	1st Lien	3M SOFR+	6.50 %	2.00 %	12.03 %		5/1/2023	8/2/2027		\$ 27,257	27,257	27,121	0.01 %	
RIA Advisory Aggregator, LLC Class A Units		Equity					5/1/2023				104,425	165,078	113,278	0.04 %	
RIA Products Aggregator, LLC Class A Units		Equity					5/1/2023				81,251	78,390	78,390	0.02 %	
Total												\$ 6,121,102	\$ 6,144,014	1.92 %	

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			Coupon	Floor	Cash	PIK	Date		Shares ^(j)	Amount/ Cost	Amortized	Fair Value ^(k)	Net Assets	
Rogers Mechanical Contractors, LLC	(9)							Atlanta, GA						
Term Loan	(11)	1st Lien	6M SOFR+7.00%	1.00 %	12.71 %		4/28/2021	9/9/2025		\$ 9,123,801	9,054,460	9,078,182	2.84 %	
Delayed Draw Term Loan	(11)	1st Lien	6M SOFR+7.00%	1.00 %	12.71 %		4/28/2021	9/9/2025		\$ 45,808	45,590	45,579	0.01 %	
Total										\$ 9,100,050	\$ 9,123,761		2.85 %	
Sales Benchmark Index, LLC	(9)							Dallas, TX						
Term Loan	(11)	1st Lien	3M SOFR+6.00%	1.00 %	11.55 %		1/7/2020	1/7/2025		\$ 12,148,958	12,088,362	12,088,213	3.78 %	
SBI Holdings Investments LLC Class A Units		Equity					1/7/2020			66,573	665,730	394,609	0.12 %	
Total										\$ 12,754,092	\$ 12,482,822		3.90 %	
Service Minds Company, LLC	(9)							Bradenton, FL						
Term Loan	(11)	1st Lien	6M SOFR+7.50%	1.00 %	11.19 %	2.00 %	2/7/2022	2/7/2028		\$ 5,331,274	5,253,965	4,504,927	1.41 %	
Revolver	(11)	1st Lien	6M SOFR+7.50%	1.00 %	11.04 %	2.00 %	2/7/2022	2/7/2028		\$ 90,266	90,266	76,275	0.02 %	
Delayed Draw Term Loan	(11)	1st Lien	6M SOFR+7.50%	2.00 %	11.19 %	2.00 %	2/7/2022	2/7/2028		\$ 99,128	98,321	83,763	0.03 %	
Total										\$ 5,442,552	\$ 4,664,965		1.46 %	
TAC LifePort Holdings, LLC								Woodland, WA						
Common Units	(6)	Equity					3/1/2021			546,543	537,049	758,732	0.24 %	
Total										\$ 537,049	\$ 758,732		0.24 %	
The Hardenbergh Group, Inc.	(9)							Livonia, MI						
Term Loan (SBIC II)	(5)(11)	1st Lien	3M SOFR+6.25%	2.00 %	11.70 %		8/7/2023	8/7/2028		\$ 10,475,643	10,229,596	10,318,508	3.23 %	
BV HGI Holdings, L.P. Class A Units		Equity					8/7/2023			434,504	434,504	418,275	0.13 %	
Total										\$ 10,664,100	\$ 10,736,783		3.36 %	
Tilley Distribution, Inc.	(9)							Baltimore, MD						
Term Loan	(11)	1st Lien	3M SOFR+6.00%	1.00 %	11.50 %		4/1/2022	12/31/2026		Chemicals, Plastics, & Rubber	\$ 96,627	95,632	93,728	0.03 %
Total										\$ 95,632	\$ 93,728		0.03 %	
Trade Education Acquisition, L.L.C.								Austin, TX						
Term Loan (SBIC II)	(4)(11)	1st Lien	1M SOFR+6.25%	1.00 %	11.71 %		12/28/2021	12/28/2027		Education	\$ 9,727,847	9,588,519	8,365,948	2.61 %
Trade Education Holdings, L.L.C. Class A Units		Equity					12/28/2021				662,660	662,660	1,521	0.00 %
Total										\$ 10,251,179	\$ 8,367,469		2.61 %	
TradePending OpCo Aggregator, LLC	(9)							Carrollton, NC						
Term Loan (SBIC II)	(5)(11)	1st Lien	3M SOFR+6.25%	2.00 %	11.75 %		3/2/2021	3/2/2026		High Tech Industries	\$ 9,626,768	9,532,209	9,530,500	2.98 %
Term Loan (SBIC II)	(5)(11)	1st Lien	3M SOFR+6.25%	2.00 %	11.75 %		8/4/2023	3/2/2026			\$ 2,460,860	2,418,287	2,436,251	0.76 %
Revolver	(11)	1st Lien	3M SOFR+6.25%	2.00 %	11.75 %		3/2/2021	3/2/2026			\$ 33,333	33,333	33,000	0.01 %
Delayed Draw Term Loan	(11)	1st Lien	3M SOFR+6.25%	2.00 %	11.75 %		8/4/2023	3/2/2026			\$ 687,007	680,733	680,137	0.21 %
TradePending Holdings, LLC Series A Units	(6)	Equity					3/2/2021				908,333	967,114	1,466,224	0.46 %
TradePending Holdings, LLC Series A-1 Units		Equity					8/4/2023				132,783	260,254	386,420	0.12 %
Total										\$ 13,891,930	\$ 14,532,532		4.54 %	
Unicat Catalyst Holdings, LLC	(20)							Alvin, TX						
Term Loan	(11)	1st Lien	1M SOFR+6.50%	1.00 %	11.96 %		4/27/2021	4/27/2026		Chemicals, Plastics, & Rubber	\$ 7,031,250	6,958,652	6,750,000	2.11 %
Unicat Catalyst, LLC Class A Units		Equity					4/27/2021				7,500	750,000	361,345	0.11 %
Unicat Catalyst, LLC Class A-1 Units		Equity					12/13/2023				382	21,103	21,262	0.01 %
Total										\$ 7,729,755	\$ 7,132,607		2.23 %	
U.S. Expeditors, LLC	(9)							Stafford, TX						
Term Loan	(11)	1st Lien	3M SOFR+6.25%	1.00 %	11.80 %		12/22/2021	12/22/2026		Healthcare & Pharmaceuticals	\$ 15,706,527	15,504,206	15,627,994	4.88 %
Cathay Hypnos LLC Units		Equity					12/22/2021				1,372,932	1,316,740	1,530,385	0.48 %
Total										\$ 16,820,946	\$ 17,158,379		5.36 %	

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Stellus Capital Investment Corporation
Consolidated Schedule of Investments
December 31, 2023

Investments	Footnotes	Security ⁽ⁱ⁾	Investment						Headquarters/	Principal			% of		
			Coupon	Floor	Cash	PtK	Date	Maturity		Shares ^(j)	Amount/ Cost	Amortized	Fair Value ^(k)	Net Assets	
Venbrook Buyer, LLC															
Term Loan B (SBIC)	(4)(11)	1st Lien	3M SOFR+ 8.00 %	1.50 %	6.50 %	7.00 %	3/13/2020	3/13/2026	Los Angeles, CA	\$13,686,954	13,577,731	11,976,085	-	3.74 %	
Term Loan B	(11)	1st Lien	3M SOFR+ 8.00 %	1.50 %	6.50 %	7.00 %	3/13/2020	3/13/2026		\$ 155,730	154,487	136,264	-	0.04 %	
Revolver	(11)	1st Lien	3M SOFR+ 8.00 %	1.50 %	6.50 %	7.00 %	3/13/2020	3/13/2026		\$ 2,395,666	2,395,666	2,096,208	-	0.66 %	
Delayed Draw Term Loan	(11)	1st Lien	3M SOFR+ 8.00 %	1.50 %	6.50 %	7.00 %	3/13/2020	3/13/2026		\$ 4,666,672	4,645,016	4,083,338	-	1.28 %	
Venbrook Holdings, LLC Convertible Term Loan	(14)	Unsecured	10.00%	-	10.00 %		3/31/2022	12/20/2028		\$ 98,633	98,633	-	-	0.00 %	
Venbrook Holdings, LLC Common Units		Equity					3/13/2020			822,758	819,262	-	-	0.00 %	
Total										\$ 21,690,795	\$ 18,291,895			5.72 %	
Whisps Holdings LP															
Class A Units		Equity					4/18/2019		Elgin, IL						
Class A-1 Units		Equity					3/6/2023		Beverage, Food, & Tobacco	500,000	500,000	-	-	0.00 %	
Total										107,418	107,418	97,400	-	0.03 %	
Xanitos, Inc.															
Term Loan (SBIC)	(4)(11)	1st Lien	3M SOFR+ 6.50 %	1.00 %	12.00 %		6/25/2021	6/25/2026	Newtown Square, PA	\$12,480,000	12,342,824	12,417,600	-	3.88 %	
Revolver	(11)	1st Lien	3M SOFR+ 6.50 %	1.50 %	12.00 %		6/25/2021	6/25/2026		\$ 100,000	100,000	99,500	-	0.03 %	
Delayed Draw Term Loan	(11)	1st Lien	3M SOFR+ 6.50 %	1.00 %	12.00 %		6/25/2021	6/25/2026		\$ 2,198,745	2,185,595	2,187,751	-	0.68 %	
Pure TopCo, LLC Class A Units		Equity					6/25/2021			442,133	1,053,478	1,020,714	-	0.32 %	
Total										\$ 15,681,897	\$ 15,725,565	-	-	4.91 %	
Total Non-control, non-affiliated investments										\$884,858,412	\$ 868,284,689			271.39 %	
Total Investments										\$902,143,550	\$ 874,460,683			273.32 %	
LIABILITIES IN EXCESS OF OTHER ASSETS												\$ (554,520,895)			(173.32) %
NET ASSETS												\$ 319,939,788			100.00 %

Stellus Capital Investment Corporation
Consolidated Schedule of Investments
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(1) See Note 1 of the Notes to the Consolidated Financial Statements for a discussion of the methodologies used to value securities in the portfolio.

(2) Debt investments are income producing and equity securities are non-income producing, unless otherwise noted.

(3) Par amount is presented for debt investments, while the number of shares or units owned is presented for equity investments. Par amount is denominated in U.S. Dollars ("\$") unless otherwise noted, Euro ("€"), or Great British Pound ("£").

(4) Investments held by the SBIC subsidiary (as defined in Note 1), which include \$15,388,012 of cash and \$220,454,298 of investments (at cost), are excluded from the obligations to the lenders of the Credit Facility (as defined in Note 9). Stellus Capital Investment Corporation's (the "Company") obligations to the lenders of the Credit Facility are secured by a first priority security interest in all investments and cash and cash equivalents, except for cash and investments held by the SBIC subsidiaries (as defined in Note 1).

(5) Investments held by the SBIC II subsidiary (as defined in Note 1), which include \$8,521,989 of cash and \$256,172,138 of investments (at cost), are excluded from the obligations to the lenders of the Credit Facility. The Company's obligations to the lenders of the Credit Facility are secured by a first priority security interest in all investments and cash and cash equivalents, except for cash and investments held by the SBIC subsidiaries.

(6) Security is income producing through dividends or distributions.

(7) The investment is not a "qualifying asset" under the Investment Company Act of 1940, as amended. The Company may not acquire any non-qualifying assets unless, at the time of the acquisition, qualifying assets represent at least 70% of the Company's total assets. Qualifying assets represent approximately 97.7% of the Company's total assets as of December 31, 2023.

(8) Represents a PIK interest security. At the option of the issuer, interest can be paid in cash or cash and PIK interest. The percentage of PIK interest shown is the maximum PIK interest that can be elected by the issuer.

(9) At December 31, 2023, the Company had the following outstanding revolver and delayed draw term loan commitments:

Investments	Security	Unfunded Commitment	Unused Commitment Fee	Maturity
2X LLC	Revolver	\$ 100,000	0.50%	June 5, 2028
Ad.Net Acquisition, LLC	Revolver	649,510	0.50%	May 7, 2026
AdCellerant LLC	Revolver	875,995	0.50%	December 12, 2028
American Refrigeration, LLC	Revolver	100,000	0.50%	March 31, 2028
American Refrigeration, LLC	Delayed Draw Term Loan	100,000	1.00%	March 31, 2028
Amika OpCo LLC	Revolver	100,000	0.50%	July 1, 2028
Anne Lewis Strategies, LLC	Revolver	50,000	0.50%	May 9, 2028
Axis Portable Air, LLC	Revolver	100,000	0.50%	March 22, 2028
Camp Profiles LLC	Revolver	100,000	0.50%	September 3, 2026
CEATI International Inc.	Revolver	100,000	0.50%	February 19, 2026
Cerebro Buyer, LLC	Revolver	100,000	0.50%	March 15, 2029
CF512, Inc.	Revolver	100,000	0.50%	September 1, 2026
Channel Partners Intermediateco, LLC	Revolver	66,667	0.50%	February 7, 2027
CompleteCase, LLC	Revolver	150,000	0.50%	December 21, 2025
Compost 360 Acquisition, LLC	Revolver	66,667	0.50%	August 2, 2028
Compost 360 Acquisition, LLC	Delayed Draw Term Loan	4,096,741	0.50%	August 2, 2028
COPilot Provider Support Services, LLC	Revolver	80,000	0.50%	November 22, 2027
Craftable Intermediate II Inc.	Revolver	100,000	0.50%	June 30, 2028
DRS Holdings III, Inc.	Revolver	909,091	0.50%	November 1, 2025
EHI Buyer, Inc.	Revolver	100,000	0.50%	July 31, 2029
EHI Buyer, Inc.	Delayed Draw Term Loan	3,055,671	1.00%	July 31, 2029
Elliott Aviation, LLC	Revolver B	666,667	0.50%	June 30, 2025
Equine Network, LLC	Revolver	16,667	0.50%	May 22, 2028
Equine Network, LLC	Delayed Draw Term Loan	40,000	1.00%	May 22, 2028
evolv Consulting, LLC	Revolver	1,363,636	0.50%	December 7, 2028
Evriholder Acquisition, Inc.	Revolver	100,000	0.50%	January 24, 2028
Exigo, LLC	Revolver	100,000	0.50%	March 16, 2027
Florachem Corporation	Revolver	76,667	0.50%	April 29, 2028
GS HVAM Intermediate, LLC	Revolver	848,485	0.50%	April 2, 2025
Heartland Business Systems, LLC	Delayed Draw Term Loan	50,000	0.50%	August 26, 2027
HV Watterson Holdings, LLC	Revolver	20,000	0.50%	December 17, 2026
HV Watterson Holdings, LLC	Delayed Draw Term Loan	2,555,354	1.00%	December 17, 2026
Impact Home Services LLC	Revolver	17,500	0.50%	April 28, 2028
Informativ, LLC	Revolver	100,000	0.50%	July 30, 2026
Inoapps Bidco, LLC	Revolver	60,000	0.50%	February 15, 2027
Invincible Boat Company LLC	Revolver	531,915	0.50%	August 28, 2025

Stellus Capital Investment Corporation
Consolidated Schedule of Investments
December 31, 2023

Investments	Security	Unfunded Commitment	Unused Commitment Fee	Maturity
Ledge Lounger, Inc.	Revolver	\$ 25,000	0.50%	November 9, 2026
Lightning Intermediate II, LLC	Revolver	70,000	0.50%	June 6, 2027
MacKenzie-Childs Acquisition, Inc.	Revolver	53,333	0.50%	September 2, 2027
Madison Logic Holdings, Inc.	Revolver	100,000	0.50%	December 30, 2027
Michelli, LLC	Revolver	1,166,469	0.50%	December 21, 2028
Michelli, LLC	Delayed Draw Term Loan	3,888,228	0.50%	December 21, 2028
Microbe Formulas LLC	Revolver	100,000	0.50%	April 3, 2028
MOM Enterprises, LLC	Revolver	50,000	0.50%	May 19, 2026
Morgan Electrical Group Intermediate Holdings, Inc.	Delayed Draw Term Loan	2,864,154	1.00%	August 3, 2029
Morgan Electrical Group Intermediate Holdings, Inc.	Revolver	100,000	0.50%	August 3, 2029
Naumann/Hobbs Material Handling Corporation II, Inc.	Revolver – Working Capital	1,763,033	0.50%	August 30, 2024
NINJIO, LLC	Delayed Draw Term Loan	100,000	1.00%	October 12, 2027
NINJIO, LLC	Revolver	66,667	0.50%	October 12, 2027
Nutritional Medicinals, LLC	Revolver	2,000,000	0.50%	November 15, 2025
PCS Software, Inc.	Revolver	746,948	0.50%	July 1, 2024
Pearl Media Holdings, LLC	Delayed Draw Term Loan	100,000	0.50%	August 31, 2027
Pearl Media Holdings, LLC	Revolver	76,667	0.50%	August 31, 2027
Peltram Plumbing Holdings, LLC	Revolver	40,000	0.50%	December 30, 2026
Premiere Digital Services, Inc.	Revolver	576,923	0.50%	November 3, 2026
RIA Advisory Borrower, LLC	Revolver	72,743	0.50%	August 2, 2027
Rogers Mechanical Contractors, LLC	Revolver	83,333	0.75%	September 9, 2025
Sales Benchmark Index, LLC	Revolver	1,331,461	0.50%	January 7, 2025
Service Minds Company, LLC	Revolver	10,000	0.50%	February 7, 2028
The Hardenbergh Group, Inc.	Revolver	100,000	0.50%	August 6, 2028
Tilley Distribution, Inc.	Revolver	100,000	0.50%	December 31, 2026
TradePending OpCo Aggregator, LLC	Revolver	66,667	0.50%	March 2, 2026
U.S. Expediters, LLC	Revolver	100,000	0.50%	December 22, 2026

(10) This loan is a unitranche investment.

(11) These loans include an interest rate floor feature which is lower than the applicable rates; therefore, the floor is not in effect.

(12) These loans are last-out term loans with contractual rates higher than the applicable rates; therefore, the floor is not in effect.

(13) Investment has been on non-accrual since April 1, 2022.

(14) This loan is convertible to common units at maturity or at the election of the issuer.

(15) Excluded from the investment is an uncalled capital commitment in an amount not to exceed \$298,312.

(16) Term Loan A-1, Term Loan A-2, Term Loan A-3, Term Loan A-4 and the Revolver have been on non-accrual since January 1, 2023, April 3, 2023, June 7, 2023, July 12, 2023 and October 3, 2023, respectively.

(17) Investment has been on non-accrual since November 6, 2023.

(18) Investment has been on non-accrual since August 10, 2023.

(19) Excluded from the investment is an undrawn revolver commitment in an amount not to exceed \$1,500,000, with an unfunded rate of 0.50% and a maturity of February 8, 2024. The Company has full discretion to fund the revolver commitment.

(20) Excluded from the investment is an undrawn revolver commitment in an amount not to exceed \$2,000,000, with an unfunded rate of 0.50% and a maturity of April 27, 2026. The Company has full discretion to fund the revolver commitment.

(21) Excluded from the investment is an undrawn revolver commitment in an amount not to exceed \$1,944,089, with an unfunded rate of 0.00% and a maturity of September 3, 2026. The Company has full discretion to fund the revolver commitment.

(22) Excluded from the investment is an undrawn revolver commitment in an amount not to exceed \$1,944,089, with an unfunded rate of 0.00% and a maturity of September 3, 2026. The Company has full discretion to fund the revolver commitment.

(23) Control investments are defined by the 1940 Act as investments in which more than 25% of the voting securities are owned or where the ability to nominate greater than 50% of the board representation is maintained.

Abbreviation Legend

BSBY — Bloomberg Short-Term Bank Yield Index
 PIK — Payment-In-Kind
 SOFR — Secured Overnight Financing Rate
 SONIA — Sterling Overnight Index Average

STELLUS CAPITAL INVESTMENT CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2024
(unaudited)

NOTE 1—NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Stellus Capital Investment Corporation ("we", "us", "our" and the "Company") was formed as a Maryland corporation on May 18, 2012 ("Inception") and is an externally managed, closed-end, non-diversified investment management company. The Company is applying the guidance of Accounting Standards Codification ("ASC") Topic 946, *Financial Services Investment Companies* ("ASC Topic 946"). The Company has elected to be regulated as a business development company ("BDC") under the Investment Company Act of 1940, as amended (the "1940 Act"), and treated as a regulated investment company ("RIC") under Subchapter M of the Internal Revenue Code of 1986, as amended (the "Code"), for U.S. federal income tax purposes. The Company's investment activities are managed by our investment adviser, Stellus Capital Management, LLC ("Stellus Capital" or the "Advisor").

As of March 31, 2024, the Company had issued a total of 24,125,642 shares and raised \$352,021,617 in gross proceeds since Inception, incurring \$11,044,123 in offering expenses and sales load fees. Additionally, the Company has received \$ 672,917 in offering expenses reimbursements from the Advisor for net proceeds from offerings of \$341,650,411. The Company's shares are currently listed on the New York Stock Exchange under the symbol "SCM". See Note 4 for further details.

The Company has established the following wholly owned subsidiaries: SCIC — Consolidated Blocker, Inc., SCIC — ICD Blocker 1, Inc., SCIC — Invincible Blocker 1, Inc., SCIC — SKP Blocker 1, Inc., SCIC — APE Blocker 1, Inc., SCIC — Venbrook Blocker, Inc., SCIC — CC Blocker 1, Inc., SCIC — ERC Blocker 1, Inc., and SCIC — Hollander Blocker 1, Inc., which are structured as Delaware entities, to hold equity or equity-like investments in portfolio companies organized as limited liability companies, or LLCs (or other forms of pass-through entities) (collectively, the "Taxable Subsidiaries"). The Taxable Subsidiaries are consolidated for U.S. generally accepted accounting principles ("U.S. GAAP") reporting purposes, and the portfolio investments held by them are included in the consolidated financial statements.

On June 14, 2013, the Company formed Stellus Capital SBIC, LP (the "SBIC subsidiary"), a Delaware limited partnership, and its general partner, Stellus Capital SBIC GP, LLC, a Delaware limited liability company, as wholly owned subsidiaries of the Company. On June 20, 2014, the SBIC subsidiary received a license from the U.S. Small Business Administration ("SBA") to operate as a Small Business Investment Company ("SBIC") under Section 301(c) of the Small Business Investment Company Act of 1958, as amended (the "SBIC Act"). The SBIC subsidiary and its general partner are consolidated for U.S. GAAP reporting purposes, and the portfolio investments held by it are included in the consolidated financial statements.

On November 29, 2018, the Company formed Stellus Capital SBIC II, LP (the "SBIC II subsidiary"), a Delaware limited partnership. On August 14, 2019, the SBIC II subsidiary received a license from the SBA to operate as an SBIC under Section 301(c) of the SBIC Act. The SBIC II subsidiary and its General Partner are consolidated for U.S. GAAP reporting purposes, and the portfolio investments held by it are included in the consolidated financial statements.

The SBIC licenses allow the SBIC subsidiary and SBIC II subsidiary (together, "the SBIC subsidiaries") to obtain leverage by issuing SBA-guaranteed debentures, subject to the issuance of a capital commitment by the SBA and other customary procedures. SBA-guaranteed debentures are non-recourse, interest only debentures with interest payable semi-annually and have a ten-year maturity. The principal amount of SBA-guaranteed debentures is not required to be paid prior to maturity but may be prepaid at any time without penalty. The interest rate of SBA-guaranteed debentures is fixed on a semi-annual basis at a market-driven spread over U.S. Treasury Notes with 10-year maturities. The SBA, as a creditor, will have a superior claim to the SBIC subsidiaries' assets over the Company's stockholders in the event the Company liquidates one or both of the SBIC subsidiaries or the SBA exercises its remedies under the SBA-guaranteed debentures issued by the SBIC subsidiaries upon an event of default. For the SBIC subsidiary, SBA regulations currently limit the amount that a single licensee may borrow to a maximum of \$150,000,000 when it has at least \$75,000,000 in regulatory capital, as such term is defined by the SBA, receives a capital commitment from the SBA and has been through an examination by the SBA

STELLUS CAPITAL INVESTMENT CORPORATION
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subsequent to licensing. For the SBIC II subsidiary, SBA regulations limit these amounts to \$ 175,000,000 of borrowings when it has at least \$87,500,000 of regulatory capital.

As of both March 31, 2024 and December 31, 2023, the SBIC subsidiary had \$ 75,000,000 in regulatory capital. As of both March 31, 2024 and December 31, 2023, the SBIC II subsidiary had \$87,500,000 in regulatory capital.

As of both March 31, 2024 and December 31, 2023, the SBIC subsidiary had \$ 150,000,000 of SBA-guaranteed debentures outstanding. As of both March 31, 2024 and December 31, 2023, the SBIC II subsidiary had \$175,000,000 of SBA-guaranteed debentures outstanding. See footnotes (4) and (5) of the Consolidated Schedule of Investments for additional information regarding the treatment of investments in the SBIC subsidiaries with respect to the Credit Facility (as defined in Note 9).

As a BDC, the Company is required to comply with certain regulatory requirements. On March 23, 2018, the Small Business Credit Availability Act (the "SBCAA") was signed into law, which included various changes to regulations under the federal securities laws that impact BDCs. The SBCAA included changes to the 1940 Act to allow BDCs to decrease their asset coverage requirement to 150% from 200%, subject to certain conditions.

On April 4, 2018, the Company's board of directors (the "Board"), including a "required majority" (as such term is defined in Section 57(o) of the 1940 Act) of the Board, approved the application of the modified asset coverage requirements set forth in Section 61(a)(2) of the 1940 Act. At the Company's 2018 annual meeting of stockholders, our stockholders also approved the application of the modified asset coverage requirements set forth in Section 61(a)(2) of the 1940 Act. As a result, the asset coverage ratio test applicable to the Company was decreased from 200% to 150%, effective June 29, 2018. The amount of leverage that we employ at any time depends on our assessment of the market and other factors at the time of any proposed borrowing. As of March 31, 2024, our asset coverage ratio was 214%.

The Company's investment objective is to maximize the total return to its stockholders in the form of current income and capital appreciation through debt and related equity investments in middle-market companies. The Company seeks to achieve its investment objective by originating and investing primarily in private U.S. middle-market companies (typically those with \$5,000,000 to \$50,000,000 of EBITDA (earnings before interest, taxes, depreciation and amortization)) through first lien, second lien, unitranche and unsecured debt financing, with corresponding equity co-investments. The Company sources investments primarily through the extensive network of relationships that the principals of Stellus Capital have developed with financial sponsor firms, financial institutions, middle-market companies, management teams and other professional intermediaries.

Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared on the accrual basis of accounting in conformity with generally accepted accounting principles in the U.S. GAAP for interim financial information and pursuant to the requirements for reporting on Form 10-Q and Article 10 of Regulation S-X under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Accordingly, certain disclosures accompanying the annual financial statements prepared in accordance with U.S. GAAP are omitted. The unaudited consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries.

In the opinion of management, the unaudited consolidated financial results included herein contain all adjustments, consisting solely of normal recurring accruals, considered necessary for the fair presentation of the financial statements for the interim periods included herein. The results of operations for the three months ended March 31, 2024 and March 31, 2023 are not necessarily indicative of the operating results to be expected for the full year. Also, the unaudited consolidated financial statements and notes should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended December 31, 2023.

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In accordance with Regulation S-X under the Exchange Act, the Company does not consolidate portfolio company investments. The accounting records of the Company are maintained in U.S. dollars.

Economic Developments

Economic activity has continued to accelerate across sectors and regions. Nonetheless, we have observed and continue to observe supply chain interruptions, labor resource shortages, commodity inflation, rising interest rates, economic sanctions in response to international conflicts and instances of geopolitical, economic and financial market instability in the United States and abroad. One or more of these factors may contribute to increased market volatility and may have long- and short-term effects in the United States and worldwide financial markets.

Portfolio Investment Classification

The Company classifies its portfolio investments in accordance with the requirements of the 1940 Act as follows: (a) "Control Investments" are defined as investments in which the Company owns more than 25% of the voting securities or has rights to maintain greater than 50% of the board representation, (b) "Affiliate Investments" are defined as investments in which the Company owns between 5% and 25% of the voting securities and does not have rights to maintain greater than 50% of the board representation, and (c) "Non-controlled, non-affiliate investments" are defined as investments that are neither Control Investments or Affiliate Investments.

Cash and Cash Equivalents

As of March 31, 2024, cash balances totaling \$346,435, including foreign currency of \$111,845 (acquisition cost of \$111,845), exceeded Federal Deposit Insurance Corporation insurance protection levels of \$250,000 by \$96,435. In addition, as of March 31, 2024, the Company held \$48,415,286 in cash equivalents, which are carried at net asset value, which is considered a Level 1 valuation technique. All of the Company's cash deposits are held at large established high credit quality financial institutions and management believes that risk of loss associated with any uninsured balances is remote.

Cash consists of bank demand deposits. We deem certain U.S. Treasury Bills and other high-quality, short-term debt securities as cash equivalents.

Fair Value Measurements

We account for all of our financial instruments at fair value in accordance with ASC Topic 820, *Fair Value Measurements and Disclosures* ("ASC Topic 820"). ASC Topic 820 defines fair value, establishes a framework used to measure fair value, and requires disclosures for fair value measurements, including the categorization of financial instruments into a three-level hierarchy based on the transparency of valuation inputs. ASC Topic 820 requires disclosure of the fair value of financial instruments for which it is practical to estimate such value. We believe that the carrying amounts of our financial instruments such as receivables and payables approximate the fair value of these items due to the short maturity of these instruments. This is considered a Level 2 valuation technique.

The Credit Facility, SBA-guaranteed debentures, and Notes Payable (as defined in Note 11) are carried at amortized cost in the Consolidated Statements of Assets and Liabilities. As of March 31, 2024, the estimated fair value of the Credit Facility approximates the carrying value because the interest rates adjust to the current market interest rate (Level 3 input). The estimated fair value of the SBA-guaranteed debentures and Notes Payable was determined by discounting projected remaining payments using market interest rates for borrowings of the Company and entities with similar credit risks at the measurement date. At the measurement date, the estimated fair values of the SBA-guaranteed debentures and Notes Payable as prepared for disclosure purposes was \$304,465,000 and \$92,626,000, respectively. See Note 6 to the consolidated financial statements for further discussion regarding the fair value measurements and hierarchy.

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Consolidation

As permitted under Regulation S-X under the Exchange Act and ASC Topic 946, we generally do not consolidate our investment in a portfolio company other than an investment company subsidiary. Accordingly, we consolidated the results of the SBIC subsidiaries and the Taxable Subsidiaries. All intercompany balances have been eliminated upon consolidation.

Use of Estimates

The preparation of the Statements of Assets and Liabilities in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Changes in the economic environment, financial markets and any other parameters used in determining these estimates could cause actual results to differ materially. Additionally, as explained in Note 1 contained herein, the Consolidated Financial Statements includes investments in the portfolio whose values have been estimated by the Company, pursuant to procedures established by our Board, in the absence of readily ascertainable market values. Because of the inherent uncertainty of the investment portfolio valuations, those estimated values may differ materially from the values that would have been determined had a ready market for the securities existed.

Deferred Financing Costs

Deferred financing costs, prepaid loan fees on SBA-guaranteed debentures and prepaid loan structure fees consist of fees and expenses paid in connection with the closing of our Credit Facility, Notes Payable and SBA-guaranteed debentures and are capitalized at the time of payment. These costs are amortized using the straight line method over the term of the respective instrument and presented as an offset to the corresponding debt on the Consolidated Statements of Assets and Liabilities.

Offering Costs

Deferred offering costs consist of fees and expenses incurred in connection with the offer and sale of the Company's common stock, including legal, accounting, printing fees and other related expenses, as well as costs incurred in connection with the filing of a shelf registration statement. These costs are capitalized when incurred and recognized as a reduction of offering proceeds when the offering is consummated and shown on the Consolidated Statements of Changes in Net Assets as a reduction of Paid-in-capital.

Investments

In December 2020, the U.S. Securities and Exchange Commission (the "SEC") adopted a new rule providing a framework for fund valuation practices. Rule 2a-5 under the 1940 Act ("Rule 2a-5") establishes requirements for determining fair value in good faith for purposes of the 1940 Act. Rule 2a-5 permits boards, subject to board oversight and certain other conditions, to designate certain parties to perform fair value determinations. Rule 2a-5 also defines when market quotations are "readily available" for purposes of the 1940 Act and the threshold for determining whether a fund must determine the fair value of a security. The SEC also adopted new Rule 31a-4 under the 1940 Act ("Rule 31a-4"), which provides the recordkeeping requirements associated with fair value determinations. Finally, the SEC rescinded previously issued guidance on related issues, including the role of the board in determining fair value and the accounting and auditing of fund investments. Rule 2a-5 and Rule 31a-4 became effective on March 8, 2021, and had a compliance date of September 8, 2022. While our Board has not elected to designate a valuation designee, the Company has adopted certain revisions to its valuation policies and procedures in order to comply with the applicable requirements of Rule 2a-5 and Rule 31a-4.

As a BDC, the Company will generally invest in illiquid loans and securities including debt and equity securities of private middle-market companies. Section 2(a)(41) of the 1940 Act requires that a BDC value its assets as follows: (i) the third party price for securities for which a quotation is readily available; and (ii) for all other securities and assets, fair value, as determined in good faith by a BDC's Board. Under procedures established by our Board, the Company intends to value investments for which market quotations are readily

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available at such market quotations. The Company will obtain these market values from an independent pricing service or at the midpoint of the bid and ask prices obtained from at least two brokers or dealers (if available, otherwise by a principal market maker or a primary market dealer). Debt and equity securities that are not publicly traded or whose market prices are not readily available will be valued at fair value as determined in good faith by our Board. Such determination of fair values may involve subjective judgments and estimates. The Company also engages independent valuation providers to review the valuation of each portfolio investment that does not have a readily available market quotation at least twice annually.

Debt and equity investments purchased within approximately 90 days of the valuation date will be valued at cost, plus accreted discount, or minus amortized premium, which approximates fair value. With respect to unquoted securities, our Board will value each investment considering, among other measures, discounted cash flow models, comparisons of financial ratios of peer companies that are public and other factors. When an external event such as a purchase transaction, public offering or subsequent equity sale occurs, the Board will use the pricing indicated by the external event to corroborate and/or assist us in our valuation. Because the Company expects that there will not be a readily available market quotation for many of the investments in its portfolio, the Company expects to value most of its portfolio investments at fair value as determined in good faith by the Board using a documented valuation policy and a consistently applied valuation process. Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the fair value of our investments may differ significantly from the values that would have been used had a readily available market value existed for such investments, and the differences could be material.

In following these approaches, the types of factors that will be taken into account in fair value pricing investments will include, as relevant, but not be limited to:

- available current market data, including relevant and applicable market trading and transaction comparables;
- applicable market yields and multiples;
- financial covenants;
- call protection provisions;
- information rights;
- the nature and realizable value of any collateral;
- the portfolio company's ability to make payments, its earnings and discounted cash flows and the markets in which it does business;
- comparisons of financial ratios of peer companies that are public;
- comparable merger and acquisition transactions; and
- the principal market and enterprise values.

Revenue Recognition

We record interest income on an accrual basis to the extent such interest is deemed collectible. Payment-in-kind ("PIK") interest represents contractual interest accrued and added to the loan balance that generally becomes due at maturity. We will not accrue any form of interest on loans and debt securities if we have reason to doubt our ability to collect such interest. Loan origination fees, original issue

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discount and market discount or premium are capitalized, and we then accrete or amortize such amounts using the effective interest method as interest income. Upon the prepayment of a loan or debt security, any unamortized loan origination fee is recorded as interest income. We record prepayment premiums on loans and debt securities as other income. Dividend income, if any, will be recognized on the declaration date.

A presentation of the interest income we have earned from portfolio companies for the three months ended March 31, 2024 and 2023 is as follows:

	For the three months ended	
	March 31, 2024	March 31, 2023
Loan interest	\$ 22,991,087	\$ 21,885,089
PIK income	750,054	769,954
Fee amortization income ⁽¹⁾	771,741	722,822
Fee income acceleration ⁽²⁾	525,605	30,739
Total Interest Income	\$ 25,038,487	\$ 23,408,604

(1) Includes amortization of fees on unfunded commitments.

(2) Unamortized loan origination fees recognized upon full or partial realization of investment.

To maintain our treatment as a RIC, substantially all of this income must be paid to stockholders in the form of distributions, even if we have not collected any cash.

Management considers portfolio company specific circumstances as well as other economic factors in determining collectability of interest income. As of March 31, 2024, we had four loans on non-accrual status, which represented approximately 3.7% of our loan portfolio at cost and 2.1% at fair value. As of December 31, 2023, the Company had four loans on non-accrual status, which represented approximately 4.2% of the Company's loan portfolio at cost and 1.3% at fair value. As of March 31, 2024 and December 31, 2023, \$2,992,215 and \$7,545,775, respectively, of income from investments on non-accrual has not been accrued. If a loan or debt security's status significantly improves regarding the debtor's ability to service the debt or other obligations, or if a loan or debt security is sold or written off, we will remove it from non-accrual status.

Net Realized Gains or Losses and Net Change in Unrealized Appreciation or Depreciation

Realized gains or losses are measured by the difference between the net proceeds from the repayment, sale or disposition and the amortized cost basis of the investment, without regard to unrealized appreciation or depreciation previously recognized. Net change in unrealized appreciation or depreciation reflects the change in portfolio investment values during the reporting period, including any reversal of previously recorded unrealized appreciation or depreciation, when gains or losses are realized.

Investment Transaction Costs

Costs that are material and associated with an investment transaction, including legal expenses, are included in the cost basis of purchases and deducted from the proceeds of sales unless such costs are reimbursed by the borrower.

Receivables and Payables for Unsettled Securities Transaction

The Company records all investments on a trade date basis.

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U.S. Federal Income Taxes

The Company has elected, qualified, and intends to continue to qualify annually to be treated as a RIC under Subchapter M of the Code, and to operate in a manner to qualify for the tax treatment applicable to RICs. To qualify for tax treatment as a RIC, among other things, the Company is required to timely distribute to its stockholders at least 90% of investment company taxable income, as defined by the Code, for each year. So long as the Company maintains its status as a RIC, it generally will not pay corporate-level U.S. federal income taxes on any ordinary income or capital gains that it distributes at least annually to its stockholders as dividends. Rather, any tax liability related to income earned by the Company represents obligations of the Company's investors and will not be reflected in the consolidated financial statements of the Company.

To avoid a 4% U.S federal excise tax on undistributed earnings, the Company is required to distribute each calendar year the sum of (i) 98% of its ordinary income for such calendar year (ii) 98.2% of its net capital gains for the one-year period ending December 31 (iii) any income recognized, but not distributed, in preceding years and on which the Company paid no federal income tax or the Excise Tax Avoidance Requirement. For this purpose, however, any net ordinary income or capital gain net income retained by the Company that is subject to corporate income tax for the tax year ending in that calendar year will be considered to have been distributed by year end (or earlier if estimated taxes are paid). The Company, at its discretion, may choose not to distribute all of its taxable income for the calendar year and pay a non-deductible 4% excise tax on this income. If the Company chooses to do so, all other things being equal, this would increase expenses and reduce the amount available to be distributed to stockholders. To the extent that the Company determines that its estimated current year annual taxable income will be in excess of estimated current year dividend distributions from such taxable income, the Company accrues excise taxes on estimated excess taxable income as taxable income is earned. Income tax expense for the three months ended March 31, 2024 of \$370,719 and \$374,763, respectively, was mostly related to excise and franchise taxes.

The Company evaluates tax positions taken or expected to be taken while preparing its tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Tax positions deemed to meet a "more-likely-than-not" threshold would be recorded as a tax benefit or expense in the applicable period. As of March 31, 2024 and December 31, 2023, the Company had not recorded a liability for any unrecognized tax positions. Management's evaluation of uncertain tax positions may be subject to review and adjustment at a later date based upon factors including, but not limited to, an on-going analysis of tax laws, regulations and interpretations thereof. The Company's policy is to include interest and penalties related to income taxes, if applicable, in general and administrative expenses. Any expenses for the three months ended March 31, 2024 and 2023 were de minimis.

The Taxable Subsidiaries are direct wholly-owned subsidiaries of the Company that have elected to be taxable entities. The Taxable Subsidiaries permit the Company to hold equity investments in portfolio companies that are "pass through" entities for tax purposes and continue to comply with the "source-of-income" requirements contained in RIC tax provisions of the Code. The Taxable Subsidiaries are not consolidated with the Company for income tax purposes and may generate income tax expense, benefit, and the related tax assets and liabilities, as a result of their ownership of certain portfolio investments. The income tax expense, or benefit, if any, and related tax assets and liabilities are reflected in the Company's consolidated financial statements.

The Taxable Subsidiaries use the liability method in accounting for income taxes. Deferred tax assets and liabilities are recorded for temporary differences between the tax basis of assets and liabilities and their reported amounts in the financial statements, using statutory tax rates in effect for the year in which the temporary differences are expected to reverse. A valuation allowance is provided against deferred tax assets when it is more likely than not that some portion or all of the deferred tax asset will not be realized.

Taxable income generally differs from net income for financial reporting purposes due to temporary and permanent differences in the recognition of income and expenses. Taxable income generally excludes net unrealized appreciation or depreciation, as investment gains or losses are not included in taxable income until they are realized.

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For the three months ended March 31, 2024 and 2023, the Company recorded deferred income tax provision of \$ 192,607 and \$78,760, respectively, related to the Taxable Subsidiaries. In addition, as of March 31, 2024 and December 31, 2023, the Company had a deferred tax liability of \$381,500 and \$188,893, respectively.

Earnings per Share

Basic per share calculations are computed utilizing the weighted average number of shares of the Company's common stock outstanding for the period. The Company has no common stock equivalents. As a result, there is no difference between diluted earnings per share and basic per share amounts.

Paid In Capital

The Company records the proceeds from the sale of shares of its common stock on a net basis to (i) capital stock and (ii) paid in capital in excess of par value, excluding all commissions and marketing support fees.

Distributable (Loss) Earnings

The components that make up distributable (loss) earnings on the Consolidated Statements of Assets and Liabilities as of March 31, 2024 and December 31, 2023 are as follows:

	March 31, 2024	December 31, 2023
Accumulated net realized loss from investments, net of cumulative dividends of \$ 29,808,394 for both periods	\$ (45,516,965)	\$ (25,107,128)
Net unrealized depreciation on non-controlled, non-affiliated investments and cash equivalents, net of deferred tax liability of \$381,500 and \$188,893, respectively	(3,745,618)	(27,071,601)
Net unrealized depreciation on foreign currency translations	(4,066)	(464)
Accumulated undistributed net investment income	36,763,944	36,175,872
Total distributable loss	\$ (12,502,705)	\$ (16,003,321)

Recently Issued Accounting Standards

In December 2023, the FASB issued ASU 2023-09, Improvements to Income Tax Disclosures. The amendments in this update require more disaggregated information on income taxes paid. ASU 2023-09 is effective for years beginning after December 15, 2024. Early adoption is permitted; however, the Company has not elected to adopt this provision as of the date of the financial statements contained in this Quarterly Report on Form 10-Q. The Company is still assessing the impact of the new guidance. However, it does not expect ASU 2023-09 to have a material impact on the Consolidated Financial Statements and the notes thereto.

In November 2023, the FASB issued ASU 2023-07, Improvements to Reportable Segment Disclosures. ASU 2023-07 enhances the disclosures required for reportable segments on an annual and interim basis. ASU 2023-07 is effective on a retrospective basis for annual periods beginning after December 15, 2023, and for interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted; however, the Company has not elected to adopt this provision as of the date of the financial statements contained in this Quarterly Report on Form 10-Q. The Company is still assessing the impact of the new guidance. However, it does not expect ASU 2023-07 to have a material impact on the Consolidated Financial Statements and the notes thereto.

From time to time, new accounting pronouncements are issued by the FASB or other standards setting bodies that are adopted by the Company as of the specified effective date. We believe the impact of the recently issued standards and any that are not yet effective will not have a material impact on our consolidated financial statements upon adoption.

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NOTE 2—RELATED PARTY ARRANGEMENTS

Investment Advisory Agreement

The Company has entered into an investment advisory agreement with Stellus Capital pursuant to which Stellus Capital serves as its investment adviser. Pursuant to this agreement, the Company has agreed to pay to Stellus Capital an annual base management fee of 1.75% of gross assets, including assets purchased with borrowed funds or other forms of leverage and excluding cash and cash equivalents, and an incentive fee.

For the three months ended March 31, 2024 and 2023, the Company recorded an expense for base management fees of \$ 3,852,233 and \$3,735,102, respectively. As of March 31, 2024 and December 31, 2023, \$ 1,852,233 and \$2,918,536 of such management fees, respectively, were payable to Stellus Capital.

The incentive fee has two components, the investment income incentive fee and the capital gains incentive fee, as follows:

Investment Income Incentive Fee

The investment income component ("Income Incentive Fee") is calculated, and payable to the Advisor, quarterly in arrears based on the Company's pre-incentive fee net investment income for the immediately preceding calendar quarter, subject to a cumulative total return requirement and to deferral of non-cash amounts. The pre-incentive fee net investment income, which is expressed as a rate of return on the value of the Company's net assets attributable to the Company's common stock, for the immediately preceding calendar quarter, will have a 2.0% (which is 8.0% annualized) hurdle rate (also referred to as the "Hurdle"). Pre-incentive fee net investment income means interest income, dividend income and any other income accrued during the calendar quarter, minus the Company's operating expenses for the quarter excluding the incentive fee. Pre-incentive fee net investment income includes, in the case of investments with a deferred interest feature (such as original issue discount, debt instruments with PIK interest and zero coupon securities), accrued income that the Company has not yet received in cash. The Advisor receives no incentive fee for any calendar quarter in which the Company's pre-incentive fee net investment income does not exceed the Hurdle. Subject to the cumulative total return requirement described below, the Advisor receives 100% of the Company's pre-incentive fee net investment income for any calendar quarter with respect to that portion of the pre-incentive net investment income for such quarter, if any, that exceeds the Hurdle but is less than 2.5% (which is 10.0% annualized) of net assets (also referred to as the "Catch-up") and 20.0% of the Company's pre-incentive fee net investment income for such calendar quarter, if any, greater than 2.5% (10.0% annualized) of net assets.

The foregoing Income Incentive Fee is subject to a total return requirement, which provides that no incentive fee in respect of the Company's pre-incentive fee net investment income is payable except to the extent 20.0% of the cumulative net increase in net assets resulting from operations over the then current and 11 preceding calendar quarters exceeds the cumulative incentive fees accrued and/or paid for the 11 preceding quarters. In other words, any Income Incentive Fee that is payable in a calendar quarter is limited to the lesser of (i) 20% of the amount by which the Company's pre-incentive fee net investment income for such calendar quarter exceeds the 2.0% hurdle, subject to the Catch-up, and (ii) (x) 20% of the cumulative net increase in net assets resulting from operations for the then current and 11 preceding quarters minus (y) the cumulative incentive fees accrued and/or paid for the 11 preceding calendar quarters. For the foregoing purpose, the "cumulative net increase in net assets resulting from operations" is the amount, if positive, of the sum of pre-incentive fee net investment income, realized gains and losses and unrealized appreciation and depreciation of the Company for the then current and 11 preceding calendar quarters. In addition, the Advisor is not paid the portion of such incentive fee that is attributable to deferred interest until the Company actually receives such interest in cash.

For the three months ended March 31, 2024 and 2023, the Company incurred \$ 2,509,110 and \$2,124,835 of Income Incentive Fees, respectively. As of March 31, 2024 and December 31, 2023, \$2,745,073 and \$2,885,180, respectively, of such Income Incentive Fees were payable to the Advisor, of which \$2,232,367 and \$2,444,867, respectively, were currently payable (as explained below). As of March 31, 2024 and December 31, 2023, \$512,706 and \$440,313, respectively, of Income Incentive Fees incurred but not paid by the Company were

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generated from deferred interest (i.e. PIK, certain discount accretion and deferred interest) and are not payable until such amounts are received by the Company in cash. For the three months ended March 31, 2024, \$204,351 of Income Incentive Fees accrued but not paid by the Company were permanently written off due to the Cumulative Pre-Incentive Fee Net Return limitation.

Capital Gains Incentive Fee

The Company also pays the Advisor an incentive fee based on capital gains (the "Capital Gains Incentive Fee"). The Capital Gains Incentive Fee is determined and payable in arrears as of the end of each calendar year (or upon termination of the investment management agreement, as of the termination date). The Capital Gains Incentive Fee is equal to 20.0% of the Company's cumulative aggregate realized capital gains from Inception through the end of that calendar year, computed net of the cumulative aggregate realized capital losses and cumulative aggregate unrealized capital depreciation through the end of such year. The aggregate amount of any previously paid Capital Gain Incentive Fees is subtracted from such Capital Gain Incentive Fees calculated.

U.S. GAAP requires that the Capital Gains Incentive Fee accrual considers the cumulative aggregate realized gains and losses and unrealized capital appreciation or depreciation of investments and other financial instruments in the calculation, as an incentive fee would be payable if such realized gains and losses and unrealized capital appreciation or depreciation were realized, even though such realized gains and losses and unrealized capital appreciation or depreciation is not permitted to be considered in calculating the Capital Gains Incentive Fee actually payable under the investment advisory agreement. There can be no assurance that unrealized appreciation or depreciation will be realized in the future. Accordingly, such fees, as calculated and accrued, may not necessarily be payable under the investment advisory agreement, and may never be paid based upon the computation of incentive fees in subsequent periods.

For the three months ended March 31, 2024 and 2023, the Company reversed \$0 and \$569,528, respectively, related to the Capital Gains Incentive Fee. As of March 31, 2024 and December 31, 2023, no Capital Gains Incentive Fees were accrued.

The following tables summarize the components of the incentive fees discussed above:

	For the three months ended	
	March 31, 2024	March 31, 2023
Investment income incentive fees incurred	\$ 2,509,110	\$ 2,124,835
Capital gains incentive fees reversed	—	(569,528)
Income incentive fee waiver	(204,351)	—
Incentive fees expense	<u>\$ 2,304,759</u>	<u>\$ 1,555,307</u>
	March 31, 2024	December 31, 2023
Investment income incentive fee currently payable	\$ 2,232,367	\$ 2,444,867
Investment income incentive fee deferred	512,706	440,313
Incentive fee payable	<u>\$ 2,745,073</u>	<u>\$ 2,885,180</u>

Director Fees

For the three months ended March 31, 2024 and 2023, the Company recorded an expense relating to independent director fees of \$108,250 and \$117,250, respectively. As of both March 31, 2024 and December 31, 2023, the Company had no unpaid independent director fees.

Co-Investment Pursuant to SEC Order

On May 9, 2022, the Company received a new exemptive order (the "Order") that superseded prior co-investment exemptive relief orders and permits the Company to co-invest with additional types of private funds, other BDCs, and registered investment companies

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managed by Stellus Capital or an adviser that is controlled, controlling, or under common control with Stellus Capital, subject to the conditions included therein. Pursuant to the Order, a “required majority” (as defined in Section 57(j) of the 1940 Act) of the Company’s independent directors must make certain conclusions in connection with a co-investment transaction, including (1) the terms of the proposed transaction, including the consideration to be paid, are reasonable and fair to the Company and its stockholders and do not involve overreaching of the Company or its stockholders on the part of any person concerned and (2) the transaction is consistent with the interests of the Company’s stockholders and is consistent with its investment objectives and strategies. The Company co-invests, subject to the conditions in the Order, with a private BDC and private credit funds managed by Stellus Capital or an affiliate thereof that have investment strategies that are similar or identical to the Company’s investment strategy, and the Company may co-invest with other BDCs and registered investment companies managed by Stellus Capital or an adviser that is controlled, controlling, or under common control with Stellus Capital in the future. The Company believes that such co-investments may afford it additional investment opportunities and an ability to achieve greater diversification.

Administrative Agent

The Company serves as the administrative agent on certain investment transactions, including co-investments with its affiliates under the Order. As of both March 31, 2024 and December 31, 2023, there were no payables due to other investment funds or related parties related to interest paid by a borrower to the Company as administrative agent. Any such amount would be included in “Other accrued expenses and liabilities” and “Related party payable” on the Consolidated Statements of Assets and Liabilities, respectively.

License Agreement

The Company has entered into a license agreement with Stellus Capital under which Stellus Capital has agreed to grant the Company a non-exclusive, royalty-free license to use the name “Stellus Capital.” Under this agreement, the Company has a right to use the “Stellus Capital” name for so long as Stellus Capital or one of its affiliates remains its investment adviser. Other than with respect to this limited license, the Company has no legal right to the “Stellus Capital” name. This license agreement will remain in effect for so long as the investment advisory agreement with Stellus Capital is in effect.

Administration Agreement

The Company entered into an administration agreement with Stellus Capital pursuant to which Stellus Capital will furnish the Company with office facilities and equipment and will provide the Company with the clerical, bookkeeping, recordkeeping and other administrative services necessary to conduct day-to-day operations. Under this administration agreement, Stellus Capital will perform, or oversee the performance of, its required administrative services, which includes, among other things, being responsible for the financial records which the Company is required to maintain and preparing reports to its stockholders and reports filed with the SEC.

For the three months ended March 31, 2024 and 2023, the Company recorded expenses of \$ 413,678 and \$383,436, respectively, related to the administration agreement and are included in “Administrative services expenses” on our Consolidated Statements of Operations. As of March 31, 2024 and December 31, 2023, \$413,678 and \$397,953, respectively, remained payable to Stellus Capital related to the administration agreement and were included in administrative services payable on our Consolidated Statements of Assets and Liabilities.

Indemnifications

The investment advisory agreement provides that, absent willful misfeasance, bad faith or gross negligence in the performance of its duties or by reason of the reckless disregard of its duties and obligations under the investment advisory agreement, Stellus Capital and its officers, managers, partners, agents, employees, controlling persons and members, and any other person or entity affiliated with it, are entitled to indemnification from the Company for any damages, liabilities, costs and expenses (including reasonable attorneys’ fees and

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amounts reasonably paid in settlement) arising from the rendering of Stellus Capital's services under the investment advisory agreement or otherwise as our investment adviser.

The Company has also entered into indemnification agreements with its directors. The indemnification agreements are intended to provide the Company's directors the maximum indemnification permitted under Maryland law and the 1940 Act. Each indemnification agreement provides that the Company shall indemnify the director who is a party to the agreement (an "Indemnitee"), including the advancement of legal expenses, if, by reason of his or her corporate status, the Indemnitee is, or is threatened to be, made a party to or a witness in any threatened, pending, or completed proceeding, other than a proceeding by or in the right of the Company.

NOTE 3—DISTRIBUTIONS

Distributions are generally declared by the Company's Board each calendar quarter and recognized as distribution liabilities on the declaration date. The stockholder distributions, if any, will be determined by the Board. Any distribution to stockholders are declared out of assets legally available for distribution.

For both the three months ended March 31, 2024 and 2023, the Company declared aggregate distributions of \$ 0.40 per share on its common stock. The Company has declared aggregate distributions of \$15.35 per share on its common stock since Inception:

Date Declared	Record Date	Payment Date	Per Share⁽¹⁾
Fiscal 2012			\$ 0.18
Fiscal 2013			\$ 1.36
Fiscal 2014			\$ 1.42
Fiscal 2015			\$ 1.36
Fiscal 2016			\$ 1.36
Fiscal 2017	Various		\$ 1.36
Fiscal 2018			\$ 1.36
Fiscal 2019			\$ 1.36
Fiscal 2020			\$ 1.15
Fiscal 2021			\$ 1.14
Fiscal 2022			\$ 1.30
Fiscal 2023			\$ 1.60
Fiscal 2024			
January 13, 2024	January 31, 2024	February 15, 2024	\$ 0.1333
January 13, 2024	February 29, 2024	March 15, 2024	\$ 0.1333
January 13, 2024	March 29, 2024	April 15, 2024	\$ 0.1333
Total			\$ 15.35

(1) Distributions for fiscal years 2012 through 2023 are shown in aggregate amounts.

The Company has adopted an "opt out" dividend reinvestment plan ("DRIP") pursuant to which a stockholder whose shares are held in his own name will receive distributions in shares of the Company's common stock under the Company's DRIP unless it elects to receive distributions in cash. Stockholders whose shares are held in the name of a broker or the nominee of a broker may have distributions reinvested only if such service is provided by the broker or the nominee, or if the broker of the nominee permits participation in the Company's DRIP.

Although distributions paid in the form of additional shares of the Company's common stock will generally be subject to U.S. federal, state and local taxes in the same manner as cash distributions, investors participating in the Company's DRIP will not receive any corresponding cash distributions with which to pay any such applicable taxes. Any distributions reinvested through the issuance of shares

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through the Company's DRIP will increase the Company's gross assets on which the base management fee and the incentive fee are determined and paid to Stellus Capital. The Company did not issue shares through the DRIP during either of the three months ended March 31, 2024 or 2023.

NOTE 4 — EQUITY OFFERINGS AND RELATED EXPENSES

The table below illustrates the number of common stock shares the Company issued since Inception through various equity offerings and pursuant to the Company's DRIP.

Issuance of Common Stock	Number of Shares	Gross Proceeds⁽¹⁾⁽²⁾	Underwriting fees	Offering Expenses	Fees Covered by Advisor	Net Proceeds⁽³⁾	Average Offering Price
Year ended December 31, 2012	12,035,023	\$180,522,093	\$ 4,959,720	\$ 835,500	\$ —	\$174,726,873	\$ 14.90
Year ended December 31, 2013	63,998	899,964	—	—	—	899,964	14.06
Year ended December 31, 2014	380,936	5,485,780	75,510	29,904	—	5,380,366	14.47
Year ended December 31, 2017	3,465,922	48,741,406	1,358,880	307,021	—	47,075,505	14.06
Year ended December 31, 2018	7,931	93,737	—	—	—	93,737	11.85
Year ended December 31, 2019	3,177,936	45,862,995	1,015,127	559,261	37,546	44,326,153	14.43
Year ended December 31, 2020	354,257	5,023,843	5,680	84,592	66,423	4,999,994	14.40
Year ended December 31, 2021	31,592	449,515	6,744	53,327	4,255	393,699	14.23
Year ended December 31, 2022	149,174	2,070,935	31,066	530,842	87,605	1,596,632	13.88
Year ended December 31, 2023	4,458,873	62,871,349	943,248	247,701	477,088	62,157,488	14.10
Total	24,125,642	\$352,021,617	\$ 8,395,975	\$ 2,648,148	\$ 672,917	\$341,650,411	

(1) Net of partial share transactions. Such share transactions impacted gross proceeds by (\$94), \$757, (\$1,051), (\$142), (\$31) and (\$29) in 2020, 2019, 2018, 2017, 2016 and 2015, respectively.

(2) Includes common shares issued under the DRIP of \$228,943 and \$94,788 during the years ended December 31, 2020 and 2018, respectively; \$0 for the three months ended March 31, 2024 and years ended 2023, 2022, 2021, 2019, 2017, 2016 and 2015, and \$390,505, \$938,385, and \$113,000 for the years ended 2014, 2013, and 2012, respectively.

(3) Total Net Proceeds per this equity table will differ from the Consolidated Statements of Assets and Liabilities as of March 31, 2024 and December 31, 2023 in the amount of \$5,707,371, which represents a cumulative tax reclassification of stockholders' equity in accordance with U.S. GAAP. This reclassification reduces paid-in capital and increases (decreases) distributable earnings (loss) (by increasing (decreasing) accumulated undistributed gain (deficit)).

On November 16, 2021, the Company entered into an equity distribution agreement, as amended and restated on August 29, 2022 (the "2021 Equity Distribution Agreement") with Keefe Bruyette & Woods, Inc. and Raymond James & Associates, Inc., as sales agents and/or principal thereunder. Under the Equity Distribution Agreement, the Company was permitted to issue and sell, from time to time, up to \$50,000,000 in aggregate offering price of shares of common stock, par value \$ 0.001 per share, with the intention to use the net proceeds from this at-the-market sales program to repay certain outstanding indebtedness and make investments in portfolio companies in accordance with its investment objective and strategies.

On August 11, 2023, the Company entered into an equity distribution agreement (the "2023 Equity Distribution Agreement" and together with the 2021 Equity Distribution Agreement, the "Equity Distribution Agreements") with Keefe Bruyette & Woods, Inc. and Raymond James & Associates, Inc., as sales agents and/or principal thereunder. Under the 2023 Equity Distribution Agreement, the Company may issue and sell, from time to time, up to \$100,000,000 in aggregate offering price of shares of common stock, par value \$0.001 per share, with the intention to use the net proceeds from this at-the-market sales program to repay certain outstanding indebtedness and make investments in portfolio companies in accordance with its investment objective and strategies. Upon execution of the 2023 Equity Distribution Agreement, the Company no longer sold any shares under the 2021 Equity Distribution Agreement. The Company refers to its issuance and sale of shares under the Equity Distribution Agreements as the "ATM Program".

The Company issued 581,614 shares during the three months ended March 31, 2023 under the ATM Program, for gross proceeds of \$8,418,160 and underwriting fees and other expenses of \$196,558. The average per share offering price of shares issued in the ATM

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Program during the three months ended March 31, 2023 was \$14.47. The Advisor agreed to reimburse the Company for underwriting fees and expenses to the extent the per share price of the shares to the public, less underwriting fees, was less than net asset value per share. For the three months ended March 31, 2023, the Advisor reimbursed the Company \$68,967, which resulted in net proceeds of \$8,290,569, or \$14.38 per share, excluding the impact of offering expenses. The Company did not issue any shares during the three months ended March 31, 2024 under the ATM Program.

The Company did not issue shares of common stock through the DRIP for both the three months ended March 31, 2024 and 2023.

NOTE 5 — NET INCREASE IN NET ASSETS PER COMMON SHARE

The following information sets forth the computation of net increase in net assets resulting from operations per common share for the three months ended March 31, 2024 and 2023.

	For the three months ended	
	March 31, 2024	March 31, 2023
Net increase in net assets resulting from operations	\$ 13,148,460	\$ 4,736,147
Weighted average common shares	24,125,642	19,779,988
Net increase in net assets resulting from operations per share	<u><u>\$ 0.54</u></u>	<u><u>\$ 0.24</u></u>

NOTE 6 — PORTFOLIO INVESTMENTS AND FAIR VALUE

In accordance with the authoritative guidance on fair value measurements and disclosures under U.S. GAAP, the Company discloses the fair value of its investments in a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The guidance establishes three levels of the fair value hierarchy as follows:

Level 1 — Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 — Quoted prices in markets that are not considered to be active or financial instruments for which significant inputs are observable, either directly or indirectly;

Level 3 — Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

The level of an asset or liability within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by management.

The Company considers whether the volume and level of activity for the asset or liability have significantly decreased and identifies transactions that are not orderly in determining fair value. Accordingly, if the Company determines that either the volume and/or level of activity for an asset or liability has significantly decreased (from normal conditions for that asset or liability) or price quotations or observable inputs are not associated with orderly transactions, increased analysis and management judgment will be required to estimate fair value. Valuation techniques such as an income approach might be appropriate to supplement or replace a market approach in those circumstances.

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At March 31, 2024, the Company had investments in 94 portfolio companies. The composition of our investments as of March 31, 2024 is as follows:

	Cost	Fair Value
Senior Secured – First Lien ⁽¹⁾	\$ 801,208,004	\$ 782,845,785
Senior Secured – Second Lien	12,044,047	11,948,850
Unsecured Debt	6,310,491	6,210,612
Equity	60,591,169	74,878,899
Total Investments	\$ 880,153,711	\$ 875,884,146

(1) Includes unitranche investments, which may combine characteristics of first lien senior secured, as well as second lien and/or subordinated loans. Our unitranche loans may expose us to certain risk associated with second lien and subordinated loans to the extent we invest in the "last-out" portion of the unitranche loans which account for 4.5% of our portfolio at fair value.

At December 31, 2023, the Company had investments in 93 portfolio companies. The composition of our investments as of December 31, 2023 was as follows:

	Cost	Fair Value
Senior Secured – First Lien ⁽¹⁾	\$ 793,819,152	\$ 774,789,320
Senior Secured – Second Lien	42,269,568	21,957,500
Unsecured Debt	6,138,183	5,956,280
Equity	59,916,647	71,757,583
Total Investments	\$ 902,143,550	\$ 874,460,683

(1) Includes unitranche investments, which may combine characteristics of first lien senior secured, as well as second lien and/or subordinated loans. Our unitranche loans may expose us to certain risk associated with second lien and subordinated loans to the extent we invest in the "last-out" portion of the unitranche loans which account for 4.5% of our portfolio at fair value.

The Company's investment portfolio may contain loans that are in the form of lines of credit or revolving credit facilities, which require the Company to provide funding when requested by portfolio companies in accordance with the terms of the underlying loan agreements. As of March 31, 2024 and December 31, 2023, the Company had 56 and 57 of such investments with aggregate unfunded commitments of \$34,404,328 and \$37,021,242, respectively. The Company maintains sufficient liquidity (through cash on hand and available borrowings under the Credit Facility) to fund such unfunded loan commitments should the need arise.

The aggregate gross unrealized appreciation and depreciation and the aggregate cost and fair value of the Company's portfolio company securities as of March 31, 2024 and December 31, 2023 were as follows:

	March 31, 2024	December 31, 2023
Aggregate cost of portfolio company securities	\$ 880,153,711	\$ 902,143,550
Gross unrealized appreciation of portfolio company securities	42,426,157	38,379,839
Gross unrealized depreciation of portfolio company securities	(45,790,275)	(65,262,547)
Gross unrealized appreciation on foreign currency translations of portfolio company securities	8,198	11,142
Gross unrealized depreciation on foreign currency translations of portfolio company securities	(913,645)	(811,301)
Aggregate fair value of portfolio company securities	\$ 875,884,146	\$ 874,460,683

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The fair values of our investments disaggregated into the three levels of the fair value hierarchy based upon the lowest level of significant input used in the valuation as of March 31, 2024 are as follows:

	Quoted Prices in Active Markets for Identical Securities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Senior Secured – First Lien	\$ —	\$ —	\$ 782,845,785	\$ 782,845,785
Senior Secured – Second Lien	—	—	11,948,850	11,948,850
Unsecured Debt	—	—	6,210,612	6,210,612
Equity	—	—	74,878,899	74,878,899
Total Investments	\$ —	\$ —	\$ 875,884,146	\$ 875,884,146

The fair values of our investments disaggregated into the three levels of the fair value hierarchy based upon the lowest level of significant input used in the valuation as of December 31, 2023 are as follows:

	Quoted Prices in Active Markets for Identical Securities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Senior Secured – First Lien	\$ —	\$ —	\$ 774,789,320	\$ 774,789,320
Senior Secured – Second Lien	—	—	21,957,500	21,957,500
Unsecured Debt	—	—	5,956,280	5,956,280
Equity	—	—	71,757,583	71,757,583
Total Investments	\$ —	\$ —	\$ 874,460,683	\$ 874,460,683

The change in aggregate values of Level 3 portfolio investments during the three months ended March 31, 2024 are as follows:

	Senior Secured Loans-First Lien	Senior Secured Loans-Second Lien	Unsecured Debt	Equity	Total
Fair value at beginning of period	\$ 774,789,320	\$ 21,957,500	\$ 5,956,280	\$ 71,757,583	\$ 874,460,683
Purchases of investments	27,776,073	—	13,290	727,067	28,516,430
Payment-in-kind interest	595,228	—	154,826	—	750,054
Sales and redemptions	(21,648,975)	(9,782,348)	—	(52,543)	(31,483,866)
Realized losses	—	(20,475,000)	—	—	(20,475,000)
Change in unrealized appreciation included in earnings ⁽¹⁾	769,881	20,216,870	82,238	2,449,601	23,518,590
Change in unrealized depreciation on foreign currency included in earnings	(102,267)	—	(212)	(2,809)	(105,288)
Amortization of premium and accretion of discount, net	666,525	31,828	4,190	—	702,543
Fair value at end of period	\$ 782,845,785	\$ 11,948,850	\$ 6,210,612	\$ 74,878,899	\$ 875,884,146

(1) Includes reversal of positions during the three months ended March 31, 2024.

There were no Level 3 transfers during the three months ended March 31, 2024.

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The change in aggregate values of Level 3 portfolio investments during the year ended December 31, 2023 are as follows:

	Senior Secured Loans-First Lien	Senior Secured Loans-Second Lien	Unsecured Debt	Equity	Total
Fair value at beginning of period	\$ 735,555,508	\$ 45,304,300	\$ 4,823,898	\$ 59,049,932	\$ 844,733,638
Purchases of investments	174,156,432	—	62,086	13,251,090	187,469,608
Payment-in-kind interest	3,185,845	—	613,998	—	3,799,843
Sales and redemptions	(125,442,776)	(9,882,105)	(211,627)	(2,280,087)	(137,816,595)
Realized losses	(11,200,184)	(17,979,749)	—	(702,093)	(29,882,026)
Change in unrealized (depreciation) appreciation included in earnings ⁽¹⁾	(4,667,866)	4,373,111	651,997	2,434,910	2,792,152
Change in unrealized appreciation on foreign currency included in earnings	610,523	—	166	3,831	614,520
Amortization of premium and accretion of discount, net	2,591,838	141,943	15,762	—	2,749,543
Fair value at end of period	\$ 774,789,320	\$ 21,957,500	\$ 5,956,280	\$ 71,757,583	\$ 874,460,683

(1) Includes reversal of positions during the year ended December 31, 2023.

There were no Level 3 transfers during the year ended December 31, 2023.

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The following is a summary of geographical concentration of our investment portfolio as of March 31, 2024:

	Cost	Fair Value	% of Total Investments at Fair Value
Texas	\$ 182,450,677	\$ 174,944,018	19.98 %
California	177,062,291	171,421,469	19.58 %
Florida	92,637,917	91,343,527	10.43 %
Illinois	60,045,881	50,894,890	5.81 %
Pennsylvania	50,132,639	50,390,758	5.75 %
Arizona	42,028,750	44,744,792	5.11 %
Ohio	30,822,781	33,646,988	3.84 %
Colorado	31,513,532	31,206,672	3.56 %
Wisconsin	27,435,035	26,522,115	3.03 %
New York	23,422,998	23,674,222	2.70 %
Georgia	8,980,584	18,852,732	2.15 %
Maryland	16,642,379	16,673,384	1.90 %
District of Columbia	12,977,879	14,593,727	1.67 %
Indiana	14,248,007	14,574,345	1.66 %
North Carolina	13,874,098	14,574,288	1.66 %
Canada	12,918,902	13,073,546	1.49 %
New Jersey	10,367,749	11,209,346	1.28 %
Michigan	10,648,342	10,737,806	1.23 %
Massachusetts	10,136,009	10,524,233	1.20 %
Tennessee	9,374,549	9,472,333	1.08 %
Missouri	8,841,548	8,869,635	1.01 %
Idaho	8,409,110	8,470,065	0.97 %
Washington	8,276,815	8,307,038	0.95 %
Minnesota	6,131,212	6,147,514	0.70 %
Louisiana	5,400,699	5,488,625	0.63 %
South Carolina	4,938,543	5,079,139	0.58 %
United Kingdom	434,785	446,939	0.05 %
	<u>\$ 880,153,711</u>	<u>\$ 875,884,146</u>	<u>100.00 %</u>

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The following is a summary of geographical concentration of our investment portfolio as of December 31, 2023:

	Cost	Fair Value	% of Total Investments at Fair Value
Texas	\$ 182,531,256	\$ 175,311,724	20.04 %
California	175,207,692	167,713,589	19.18 %
Florida	93,155,844	92,297,574	10.55 %
Pennsylvania	49,939,315	50,188,102	5.74 %
Illinois	58,633,617	49,834,429	5.70 %
Arizona	42,136,322	44,558,279	5.10 %
Ohio	31,805,370	34,370,277	3.93 %
Colorado	31,525,420	30,971,079	3.54 %
Wisconsin	27,452,444	26,190,771	3.00 %
Washington	24,321,085	24,540,695	2.81 %
Georgia	9,100,050	18,885,409	2.16 %
Maryland	16,676,194	16,718,728	1.91 %
New York	14,692,043	14,931,263	1.71 %
Indiana	14,235,403	14,488,700	1.66 %
North Carolina	13,891,930	14,532,532	1.66 %
District of Columbia	13,030,899	14,006,563	1.60 %
New Jersey	10,461,226	11,191,295	1.28 %
Michigan	10,664,100	10,736,783	1.23 %
Massachusetts	10,151,621	10,515,487	1.20 %
Tennessee	9,390,657	9,379,311	1.07 %
Missouri	8,862,512	8,850,162	1.01 %
Canada	8,700,383	8,813,132	1.01 %
Idaho	8,405,946	8,470,065	0.97 %
Minnesota	5,976,818	5,907,639	0.68 %
Louisiana	5,538,823	5,536,231	0.63 %
South Carolina	4,946,375	5,083,862	0.58 %
United Kingdom	20,710,205	437,002	0.05 %
	<u>\$ 902,143,550</u>	<u>\$ 874,460,683</u>	<u>100.00 %</u>

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The following is a summary of industry concentration of our investment portfolio as of March 31, 2024:

	<u>Cost</u>	<u>Fair Value</u>	<u>% of Total Investments at Fair Value</u>
Services: Business	\$ 197,937,690	\$ 209,619,236	23.94 %
Healthcare & Pharmaceuticals	108,417,180	110,328,971	12.61 %
High Tech Industries	71,603,900	72,553,276	8.28 %
Media: Advertising, Printing & Publishing	62,240,408	63,533,613	7.25 %
Consumer Goods: Non-Durable	63,003,175	52,686,261	6.02 %
Beverage, Food, & Tobacco	42,350,360	46,034,041	5.26 %
Consumer Goods: Durable	48,514,565	43,572,505	4.97 %
Capital Equipment	40,632,591	42,389,663	4.84 %
Services: Consumer	27,947,881	26,392,967	3.01 %
Aerospace & Defense	27,195,732	25,280,263	2.89 %
Environmental Industries	25,011,083	24,001,700	2.74 %
Chemicals, Plastics, & Rubber	18,306,671	18,043,304	2.06 %
Transportation & Logistics	17,209,566	17,616,857	2.01 %
Metals & Mining	16,548,784	16,581,249	1.89 %
Construction & Building	15,903,214	15,957,856	1.82 %
Containers, Packaging, & Glass	17,435,678	15,784,005	1.80 %
Media: Broadcasting & Subscription	13,145,742	15,597,841	1.78 %
Retail	14,835,204	14,707,696	1.68 %
Energy: Oil & Gas	11,387,780	10,197,892	1.16 %
Education	10,318,849	8,077,149	0.92 %
FIRE: Real Estate	17,934,808	7,362,234	0.84 %
Hotel, Gaming, & Leisure	5,933,802	6,847,793	0.78 %
Finance	557,135	6,825,990	0.78 %
Media: Diversified & Production	5,781,913	5,891,784	0.67 %
Total	<u>\$ 880,153,711</u>	<u>\$ 875,884,146</u>	<u>100.00 %</u>

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The following is a summary of industry concentration of our investment portfolio as of December 31, 2023:

	Cost	Fair Value	% of Total Investments at Fair Value
Services: Business	\$ 198,018,290	\$ 207,963,749	23.78 %
Healthcare & Pharmaceuticals	100,724,952	102,915,887	11.77 %
High Tech Industries	90,795,799	91,992,012	10.52 %
Media: Advertising, Printing & Publishing	57,640,321	58,741,061	6.72 %
Consumer Goods: Non-Durable	63,145,301	52,938,611	6.05 %
Beverage, Food, & Tobacco	42,554,582	45,074,817	5.15 %
Consumer Goods: Durable	49,046,730	43,725,324	5.00 %
Capital Equipment	32,517,673	33,879,801	3.87 %
Services: Consumer	33,976,976	33,260,111	3.80 %
Construction & Building	30,319,119	30,486,411	3.49 %
Aerospace & Defense	46,745,104	24,541,921	2.81 %
Environmental Industries	24,219,811	22,997,844	2.63 %
Media: Broadcasting & Subscription	17,952,103	20,760,920	2.37 %
Transportation & Logistics	17,235,150	17,661,859	2.02 %
Chemicals, Plastics, & Rubber	18,338,366	17,569,176	2.01 %
Metals & Mining	16,580,562	16,625,000	1.90 %
Containers, Packaging, & Glass	17,432,252	15,539,555	1.78 %
Utilities: Oil & Gas	9,943,041	10,000,000	1.14 %
Education	10,251,179	8,367,469	0.96 %
FIRE: Real Estate	17,285,138	6,175,994	0.71 %
Media: Diversified & Production	5,662,174	5,763,247	0.66 %
Finance	569,039	5,736,868	0.66 %
Hotel, Gaming, & Leisure	—	890,968	0.10 %
Energy: Oil & Gas	1,189,888	852,078	0.10 %
	<u>\$ 902,143,550</u>	<u>\$ 874,460,683</u>	<u>100.00 %</u>

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The following provides quantitative information about Level 3 fair value measurements as of March 31, 2024:

Description:	Fair Value	Valuation Technique	Unobservable Inputs	Range (Average)⁽¹⁾⁽³⁾
First lien debt	\$ 782,845,785	Income/Market approach ⁽²⁾	HY credit spreads, Risk free rates Market multiples	-4.12% to 6.99% (-0.67%) -2.73% to 2.59% (0.46%) 5.2x to 22.5x (11.0x) ⁽⁴⁾
Second lien debt	\$ 11,948,850	Income/Market approach ⁽²⁾	HY credit spreads, Risk free rates Market multiples	-1.45% to -0.77% (-1.11%) 0.05% to 0.07% (0.06%) 6.5x to 8.7x (7.6x) ⁽⁴⁾
Unsecured debt	\$ 6,210,612	Income/Market approach ⁽²⁾	HY credit spreads, Risk free rates Market multiples	-0.55% to -0.55% (-0.55%) 0.04% to 0.04% (0.04%) 9.5x to 9.5x (9.5x) ⁽⁴⁾
Equity investments	\$ 74,878,899	Market approach ⁽⁵⁾	Underwriting multiple/ EBITDA multiple	3.6x to 23.4x (12.3x)
Total Long Term Level 3 Investments	\$ 875,884,146			

(1) Weighted average based on fair value as of March 31, 2024.

(2) Included but not limited to (a) the market approach, which is used to determine sufficient enterprise value, and (b) the income approach which is based on discounting future cash flows using an appropriate market yield.

(3) The Company calculates the price of the loan by discounting future cash flows, which include forecasted future BSBY, SOFR, or SONIA rates based on the published forward curve at the valuation date, using an appropriate yield calculated as of the valuation date. This yield is calculated based on the loan's yield at the original investment and is adjusted as of the valuation date based on: changes in comparable credit spreads, changes in risk free interest rates (per swap rates), and changes in credit quality (via an estimated shadow rating). Significant movements in any of these factors could result in a significantly lower or higher fair value measurement. As an example, the "Range (Average)" for first lien debt instruments in the table above indicates that the change in the HY spreads between the date a loan closed and the valuation date ranged from -4.12% (-412 basis points) to 6.99% (699 basis points). The average of all changes was -0.67% (-67 basis points).

(4) Median of LTM (last twelve months) EBITDA multiples of comparable companies.

(5) The primary significant unobservable input used in the fair value measurement of the Company's equity investments is the EBITDA multiple (the "Multiple"). Significant increases (decreases) in the Multiple in isolation could result in a significantly higher (lower) fair value measurement. To determine the Multiple for the market approach, the Company considers current market trading and/or transaction multiple, portfolio company performance (financial ratios) relative to public and private peer companies and leverage levels, among other factors. Changes in one or more of these factors can have a similar directional change on other factors in determining the appropriate Multiple to use in the market approach.

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The following provides quantitative information about Level 3 fair value measurements as of December 31, 2023:

Description:	Fair Value	Valuation Technique	Unobservable Inputs	Range (Average) ⁽¹⁾⁽³⁾
First lien debt	\$ 774,789,320	Income/Market approach ⁽²⁾	HY credit spreads, Risk free rates Market multiples	-3.00% to 8.11% (-0.23%) -1.62% to 2.03% (0.04%) 5.2x to 22.5x (11.0x) ⁽⁴⁾
Second lien debt	\$ 21,957,500	Income/Market approach ⁽²⁾	HY credit spreads, Risk free rates Market multiples	-0.97% to -0.33% (-0.63%) -0.51% to 0.31% (-0.23%) 6.5x to 17.5x (10.9x) ⁽⁴⁾
Unsecured debt	\$ 5,956,280	Income/Market approach ⁽²⁾	HY credit spreads, Risk free rates Market multiples	4.98% to 4.98% (4.98%) 4.47% to 4.47% (4.47%) 9.5x to 9.5x (9.5x) ⁽⁴⁾
Equity investments	\$ 71,757,583	Market approach ⁽⁵⁾	Underwriting multiple/ EBITDA multiple	
Total Long Term Level 3 Investments	\$ 874,460,683			3.5x to 23.2x (12.1x)

(1) Weighted average based on fair value as of December 31, 2023.

(2) Inclusive of but not limited to (a) the market approach, which is used to determine sufficient enterprise value, and (b) the income approach which is based on discounting future cash flows using an appropriate market yield.

(3) The Company calculates the price of the loan by discounting future cash flows, which include forecasted future LIBOR rates based on the published forward LIBOR curve at the valuation date, using an appropriate yield calculated as of the valuation date. This yield is calculated based on the loan's yield at the original investment and is adjusted as of the valuation date based on: changes in comparable credit spreads, changes in risk free interest rates (per swap rates), and changes in credit quality (via an estimated shadow rating). Significant movements in any of these factors would result in a significantly lower or higher fair value measurement. As an example, the "Range (Average)" for a first lien debt instruments in the table above indicates that the change in the HY spreads between the date a loan closed and the valuation date ranged from -3.00% (-300 basis points) to 8.11% (811 basis points). The average of all changes was -0.23% (-23 basis points).

(4) Median of LTM (last twelve months) EBITDA multiples of comparable companies.

(5) The primary significant unobservable input used in the fair value measurement of the Company's equity investments is the EBITDA multiple (the "Multiple"). Significant increases (decreases) in the Multiple in isolation would result in a significantly higher (lower) fair value measurement. To determine the Multiple for the market approach, the Company considers current market trading and/or transaction multiple, portfolio company performance (financial ratios) relative to public and private peer companies and leverage levels, among other factors. Changes in one or more of these factors can have a similar directional change on other factors in determining the appropriate Multiple to use in the market approach.

NOTE 7 — COMMITMENTS AND CONTINGENCIES

The Company is currently not subject to any material legal proceedings, nor, to our knowledge, is any material legal proceeding threatened against us. From time to time, we may be a party to certain legal proceedings in the ordinary course of business, including proceedings relating to the enforcement of our rights under contracts with our portfolio companies. While the outcome of these legal proceedings cannot be predicted with certainty, we do not expect that these proceedings will have a material effect upon our business, financial condition or results of operations.

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As of March 31, 2024, the Company had \$ 34,106,016 in unfunded debt commitments and \$ 298,312 in unfunded equity commitments to 56 existing portfolio companies. As of December 31, 2023, the Company had \$ 36,722,930 in unfunded debt commitments and \$ 298,312 in unfunded equity commitments to 57 existing portfolio companies. As of March 31, 2024, the Company had sufficient liquidity (through cash on hand and available borrowings under the Credit Facility) to fund such unfunded loan commitments should the need arise.

NOTE 8—FINANCIAL HIGHLIGHTS

	For the three months ended	
	March 31, 2024 (unaudited)	March 31, 2023 (unaudited)
Per Share Data:⁽¹⁾		
Net asset value at beginning of period	\$ 13.26	\$ 14.02
Net investment income	0.42	0.46
Change in unrealized appreciation (depreciation) on investments	0.98	(0.21)
Net realized loss	(0.85)	—
Provision for taxes on net unrealized appreciation on investments	(0.01)	(0.01)
Total from operations	\$ 0.54	\$ 0.24
Sales load	—	(0.01)
Stockholder distributions from:		
Net investment income	(0.40)	(0.40)
Accretive effect of stock offerings (issuing shares above net asset value per share)	—	0.01
Other ⁽⁶⁾	0.01	0.01
Net asset value at end of period	\$ 13.41	\$ 13.87
Per share market value at end of period	\$ 13.08	\$ 14.09
Total return based on market value ⁽²⁾	3.7 %	8.2 %
Weighted average shares outstanding for the period	24,125,642	19,779,988
Ratio/Supplemental Data:⁽¹⁾		
Net assets at end of period	\$ 323,440,404	\$ 280,852,045
Weighted average net assets	\$ 319,978,256	\$ 277,747,062
Annualized ratio of gross operating expenses to net assets ⁽⁵⁾	20.07 %	21.94 %
Annualized ratio of net operating expenses to net assets ⁽⁵⁾⁽⁶⁾	19.82 %	21.94 %
Annualized ratio of interest expense and other fees to net assets	9.74 %	11.52 %
Annualized ratio of net investment income before fee waiver to net assets ⁽⁵⁾	12.57 %	13.24 %
Annualized ratio of net investment income to net assets ⁽⁵⁾	12.83 %	13.24 %
Portfolio turnover ⁽³⁾	13.07 %	2.77 %
Notes payable	\$ 100,000,000	\$ 100,000,000
Credit Facility payable	\$ 184,650,119	\$ 198,277,831
SBA-guaranteed debentures	\$ 325,000,000	\$ 313,600,000
Asset coverage ratio ⁽⁴⁾	2.14 x	1.94 x

(1) Based on weighted average shares of common stock outstanding for the period.

(2) Total return on market value is based on the change in market price per share since the end of the prior year and assumes enrollment in the Company's DRIP. The total returns are not annualized.

(3) Portfolio turnover is calculated as the lesser of purchases or sales and repayments of investments divided by average portfolio balance and is not annualized.

(4) Asset coverage ratio is equal to total assets less all liabilities and indebtedness not represented by senior securities over the aggregate amount of the senior securities. SBA-guaranteed debentures are excluded from the numerator and denominator.

(5) These ratios include the impact of income tax provision on net unrealized appreciation in Taxable Subsidiaries of \$ 192,607 and \$78,760 for the three months ended March 31, 2024 and 2023, respectively, which are not reflected in total operating expenses or net investment income. The impact of the tax provision on net unrealized appreciation to weighted average net assets for the three months ended March 31, 2024 and 2023 is (0.24%) and (0.12%), respectively.

(6) Includes the impact of different share amounts as a result of calculating certain per share data based on weighted average shares outstanding during the period and certain per share data based on shares outstanding as of the period end.

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NOTE 9—CREDIT FACILITY

On October 11, 2017, we entered into a senior secured revolving credit agreement, as amended, dated as of October 10, 2017, that was amended and restated on December 21, 2021, February 28, 2022, May 13, 2022 and November 21, 2023, with Zions Bancorporation, N.A., dba Amegy Bank and various other lenders (the “Credit Facility”).

The Credit Facility provides for borrowings up to a maximum of \$ 260,000,000 on a committed basis with an accordion feature that allows the Company to increase the aggregate commitments up to \$350,000,000, subject to new or existing lenders agreeing to participate in the increase and other customary conditions.

Pursuant to the Fourth Amendment to Amended and Restated Senior Secured Revolving Credit Agreement, the Credit Facility will bear interest, subject to the Company's election, on a per annum basis equal to (i) term SOFR plus 2.50% (or 2.75% during certain periods in which the Company's asset coverage ratio is equal to or below 1.90 to 1.00) plus a SOFR credit spread adjustment (0.10% for one-month term SOFR and 0.15% for three-month term SOFR), with a 0.25% SOFR floor, or (ii) 1.50% (or 1.75% during certain periods in which the Company's asset coverage ratio is equal to or below 1.90 to 1.00) plus an alternate base rate based on the highest of the prime rate (subject to a 3% floor), Federal Funds Rate plus 0.50% and one-month term SOFR plus 1.00%. The Company pays unused commitment fees of 0.50% per annum on the unused lender commitments under the Credit Facility. Interest is payable monthly or quarterly in arrears. The commitment to fund the revolver expires on November 21, 2027, after which the Company may no longer borrow under the Credit Facility and must begin repaying principal equal to 1/12 of the aggregate amount outstanding under the Credit Facility each month. Any amounts borrowed under the Credit Facility will mature, and all accrued and unpaid interest thereunder will be due and payable, on November 21, 2028.

The Company's obligations to the lenders are secured by a first priority security interest in its portfolio of securities and cash not held at the SBIC subsidiaries, but excluding short term investments. The Credit Facility contains certain covenants, including but not limited to: (i) maintaining a minimum liquidity test of at least \$10,000,000, including cash, liquid investments and undrawn availability, (ii) maintaining an asset coverage ratio of at least 1.67 to 1.00, (iii) maintaining a minimum stockholder's equity, and (iv) maintaining a minimum interest coverage ratio of at least 1.75 to 1.00. As of March 31, 2024 and December 31, 2023, the Company was in compliance with these covenants.

As of March 31, 2024 and December 31, 2023, \$ 184,650,119 and \$160,085,705, respectively, was outstanding under the Credit Facility. The carrying amount of the amount outstanding under the Credit Facility approximates its fair value. The fair value of the Credit Facility is determined in accordance with ASC 820, which defines fair value in terms of the price that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. The fair value of the Credit Facility is estimated based upon market interest rates for our own borrowings or entities with similar credit risk, adjusted for nonperformance risk, if any. The Company has incurred costs of \$6,630,390 in connection with the current Credit Facility, which are being amortized over the life of the facility. Additionally, \$341,979 of costs from a prior credit facility will continue to be amortized over the life of the Credit Facility. As of March 31, 2024 and December 31, 2023, \$3,306,190 and \$3,520,929 of such prepaid loan structure fees and administration fees had yet to be amortized, respectively. These prepaid loan fees are presented on our Consolidated Statements of Assets and Liabilities as a deduction from the debt liability.

The following is a summary of the Credit Facility, net of prepaid loan structure fees:

	March 31, 2024	December 31, 2023
Credit Facility payable	\$ 184,650,119	\$ 160,085,705
Prepaid loan structure fees	(3,306,190)	(3,520,929)
Credit Facility payable, net of prepaid loan structure fees	\$ 181,343,929	\$ 156,564,776

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Interest is paid monthly or quarterly in arrears. The following table summarizes the interest expense and amortized loan fees on the Credit Facility for the three months ended March 31, 2024 and 2023:

	For the three months ended	
	March 31, 2024	March 31, 2023
Interest expense	\$ 3,238,636	\$ 3,695,476
Loan fee amortization	264,707	143,822
Total interest and financing expenses	\$ 3,503,343	\$ 3,839,298
Weighted average interest rate	8.5 %	7.3 %
Effective interest rate (including fee amortization)	9.1 %	7.6 %
Average debt outstanding	\$ 154,110,158	\$ 204,426,259
Cash paid for interest and unused fees	\$ 3,180,209	\$ 3,633,518

NOTE 10 — SBA-GUARANTEED DEBENTURES

Due to the SBIC subsidiaries' status as licensed SBICs, the Company has the ability to issue debentures guaranteed by the SBA at favorable interest rates. Under the regulations applicable to SBIC funds, a single licensee can have outstanding debentures guaranteed by the SBA subject to a regulatory leverage limit, up to two times the amount of "regulatory capital", as such term is defined by the SBA. As of both March 31, 2024 and December 31, 2023, the SBIC subsidiary had \$75,000,000 in regulatory capital, as such term is defined by the SBA, and \$150,000,000 of SBA-guaranteed debentures outstanding.

As of both March 31, 2024 and December 31, 2023, the SBIC II subsidiary had \$ 87,500,000 in regulatory capital. As of both March 31, 2024 and December 31, 2023, the SBIC II subsidiary had \$175,000,000 of SBA-guaranteed debentures outstanding.

On August 12, 2014, the Company obtained exemptive relief from the SEC to permit it to exclude the debt of the SBIC subsidiaries guaranteed by the SBA from its asset coverage test under the 1940 Act. The exemptive relief provides the Company with increased flexibility under the asset coverage test by permitting it to borrow up to \$325,000,000 more than it would otherwise be able to absent the receipt of this exemptive relief.

On a stand-alone basis, the SBIC subsidiaries held \$ 498,485,510 and \$485,152,670 in assets at March 31, 2024 and December 31, 2023, respectively, which accounted for approximately 53.3% and 53.4% of the Company's total consolidated assets, respectively.

Debentures guaranteed by the SBA have fixed interest rates that equal prevailing 10-year U.S. Treasury Note rates plus a market spread and have a maturity of ten years with interest payable semi-annually. The principal amount of the debentures is not required to be paid before maturity, but may be pre-paid at any time with no prepayment penalty. SBA-guaranteed debentures drawn before October 1, 2019 incur upfront fees of 3.425%, which consists of a 1.00% commitment fee and a 2.425% issuance discount, which are amortized over the life of the SBA-guaranteed debentures. SBA-guaranteed debentures drawn after October 1, 2019 incur upfront fees of 3.435%, which consists of a 1.00% commitment fee and a 2.435% issuance discount, which are amortized over the life of the SBA-guaranteed debentures. Once pooled, which occurs in March and September of each applicable year, the SBA-guaranteed debentures bear interest at a fixed rate that is set to the current 10-year treasury rate plus a spread at each pooling date.

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The following table summarizes the SBIC subsidiaries' aggregate SBA-guaranteed debentures outstanding as of March 31, 2024:

Issuance Date	Licensee	Maturity Date	Debenture Amount	Interest Rate	SBA Annual Charge
October 14, 2014	SBIC I	March 1, 2025	\$ 6,500,000	2.52 %	0.36 %
October 17, 2014	SBIC I	March 1, 2025	6,500,000	2.52 %	0.36 %
December 24, 2014	SBIC I	March 1, 2025	3,250,000	2.52 %	0.36 %
June 29, 2015	SBIC I	September 1, 2025	9,750,000	2.83 %	0.36 %
October 22, 2015	SBIC I	March 1, 2026	6,500,000	2.51 %	0.36 %
October 22, 2015	SBIC I	March 1, 2026	1,500,000	2.51 %	0.74 %
November 10, 2015	SBIC I	March 1, 2026	8,800,000	2.51 %	0.74 %
November 18, 2015	SBIC I	March 1, 2026	1,500,000	2.51 %	0.74 %
November 25, 2015	SBIC I	March 1, 2026	8,800,000	2.51 %	0.74 %
December 16, 2015	SBIC I	March 1, 2026	2,200,000	2.51 %	0.74 %
December 29, 2015	SBIC I	March 1, 2026	9,700,000	2.51 %	0.74 %
November 28, 2017	SBIC I	March 1, 2028	25,000,000	3.19 %	0.22 %
April 27, 2018	SBIC I	September 1, 2028	40,000,000	3.55 %	0.22 %
July 30, 2018	SBIC I	September 1, 2028	17,500,000	3.55 %	0.22 %
September 25, 2018	SBIC I	March 1, 2029	<u>2,500,000</u>	3.11 %	0.22 %
Total SBIC I Subsidiary SBA-guaranteed Debentures			\$ 150,000,000		
Issuance Date	Licensee	Maturity Date	Debenture Amount	Interest Rate	SBA Annual Charge
October 17, 2019	SBIC II	March 1, 2030	\$ 6,000,000	2.08 %	0.09 %
November 15, 2019	SBIC II	March 1, 2030	5,000,000	2.08 %	0.09 %
December 17, 2020	SBIC II	March 1, 2031	9,000,000	1.67 %	0.09 %
December 17, 2020	SBIC II	March 1, 2031	6,500,000	1.67 %	0.27 %
February 16, 2021	SBIC II	March 1, 2031	13,500,000	1.67 %	0.27 %
February 26, 2021	SBIC II	March 1, 2031	10,000,000	1.67 %	0.27 %
March 2, 2021	SBIC II	March 1, 2031	10,000,000	1.67 %	0.27 %
April 21, 2021	SBIC II	September 1, 2031	10,000,000	1.30 %	0.27 %
May 14, 2021	SBIC II	September 1, 2031	6,700,000	1.30 %	0.27 %
May 28, 2021	SBIC II	September 1, 2031	7,300,000	1.30 %	0.27 %
July 23, 2021	SBIC II	September 1, 2031	16,000,000	1.30 %	0.27 %
February 25, 2022	SBIC II	March 1, 2032	10,000,000	2.94 %	0.27 %
March 29, 2022	SBIC II	September 1, 2032	10,000,000	4.26 %	0.27 %
April 1, 2022	SBIC II	September 1, 2032	6,670,000	4.26 %	0.27 %
April 12, 2022	SBIC II	September 1, 2032	6,665,000	4.26 %	0.27 %
April 21, 2022	SBIC II	September 1, 2032	6,665,000	4.26 %	0.27 %
June 30, 2022	SBIC II	September 1, 2032	3,600,000	4.26 %	0.27 %
July 28, 2022	SBIC II	September 1, 2032	6,400,000	4.26 %	0.27 %
September 9, 2022	SBIC II	March 1, 2033	6,000,000	5.17 %	0.27 %
November 9, 2022	SBIC II	March 1, 2033	7,600,000	5.17 %	0.27 %
August 8, 2023	SBIC II	September 1, 2033	9,120,000	5.69 %	0.27 %
September 19, 2023	SBIC II	March 1, 2034	<u>2,280,000</u>	5.04 %	0.27 %
Total SBIC II Subsidiary SBA-guaranteed Debentures			\$ 175,000,000		
Total SBA-guaranteed Debentures			<u>\$ 325,000,000</u>		

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As of March 31, 2024 and December 31, 2023, the SBA-guaranteed debentures would be deemed to be Level 3, as defined in Note 6.

As of both March 31, 2024 and December 31, 2023, the Company has incurred \$ 11,148,750 in financing costs related to the SBA-guaranteed debentures since receiving its licenses, which were recorded as prepaid loan fees. As of March 31, 2024 and December 31, 2023, \$4,412,588 and \$4,726,642 of prepaid financing costs had yet to be amortized, respectively. These prepaid loan fees are presented on the Consolidated Statements of Assets and Liabilities as a deduction from the debt liability.

The following is a summary of the SBA-guaranteed debentures, net of prepaid loan fees:

	March 31, 2024	December 31, 2023
SBA-guaranteed Debentures payable	\$ 325,000,000	\$ 325,000,000
Prepaid loan fees	(4,412,588)	(4,726,642)
SBA-guaranteed Debentures, net of prepaid loan fees	\$ 320,587,412	\$ 320,273,358

The following table summarizes the interest expense and amortized fees on the SBA-guaranteed debentures for the three months ended March 31, 2024 and 2023:

	For the three months ended	
	March 31, 2024	March 31, 2023
Interest expense	\$ 2,614,051	\$ 2,400,718
Debenture fee amortization	314,055	317,508
Total interest and financing expenses	\$ 2,928,106	\$ 2,718,226
Weighted average interest rate	3.2 %	3.1 %
Effective interest rate (including fee amortization)	3.6 %	3.5 %
Average debt outstanding	\$ 325,000,000	\$ 313,600,000
Cash paid for interest	\$ 5,201,848	\$ 4,680,999

NOTE 11—NOTES

On January 14, 2021, the Company issued \$ 100,000,000 in aggregate principal amount of 4.875% fixed-rate notes due 2026 (the “Notes Payable”). The Notes Payable will mature on March 30, 2026 and may be redeemed in whole or in part at any time or from time to time at our option on or after December 31, 2025, at a redemption price equal to 100% of the outstanding principal, plus accrued and unpaid interest. Interest on the Notes Payable is payable semi-annually beginning September 30, 2021. As of both March 31, 2024 and December 31, 2023, the aggregate carrying amount of the Notes Payable was approximately \$100,000,000. The Notes Payable are institutional, non-traded notes.

In connection with the issuance and maintenance of the Notes Payable, the Company incurred \$ 2,327,835 of fees, which are being amortized over the term of the Notes Payable. As of March 31, 2024 and December 31, 2023, \$892,214 and \$1,003,588 of prepaid financing costs had yet to be amortized, respectively. These financing costs are presented on the Consolidated Statements of Assets and Liabilities as a deduction from the debt liability.

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The following table summarizes the interest expense and deferred financing costs on the Notes Payable for the three months ended March 31, 2024 and 2023:

	For the three months ended	
	March 31, 2024	March 31, 2023
Interest expense	\$ 1,224,750	\$ 1,218,750
Deferred financing costs	111,374	110,150
Total interest and financing expenses	<u>\$ 1,336,124</u>	<u>\$ 1,328,900</u>
Weighted average interest rate	4.9 %	4.9 %
Effective interest rate (including fee amortization)	5.4 %	5.4 %
Average debt outstanding	\$ 100,000,000	\$ 100,000,000
Cash paid for interest	\$ 2,443,500	\$ 2,437,500

The following is a summary of the Notes Payable, net of deferred financing costs:

	March 31, 2024	December 31, 2023
Notes Payable	\$ 100,000,000	\$ 100,000,000
Deferred financing costs	(892,214)	(1,003,588)
Notes Payable, net of deferred financing costs	<u>\$ 99,107,786</u>	<u>\$ 98,996,412</u>

The indenture and supplements thereto relating to the Notes Payable contain certain covenants, including but not limited to (i) a requirement that the Company comply with the asset coverage requirements of the 1940 Act or any successor provisions, and (ii) a requirement to provide financial information to the holders of the notes and the trustee under the indenture if the Company should no longer be subject to the reporting requirements under the Exchange Act. As of March 31, 2024 and 2023, the Company was in compliance with these covenants.

NOTE 12 — SUBSEQUENT EVENTS

The Company's management has evaluated subsequent events through the date of issuance of the financial statements included herein. There have been no subsequent events that require recognition or disclosure in these financial statements except for the following described below.

Investment Portfolio

The Company invested in the following portfolio companies subsequent to March 31, 2024:

Activity Type	Date	Company Name	Company Description	Investment Amount	Instrument Type
New Investment	April 1, 2024	FairWave Holdings, LLC	Specialty coffee platform	\$ 7,615,265	Senior Secured – First Lien
				\$ 2,665,343	Delayed Draw Term Loan Commitment
				\$ 1,142,290	Revolver Commitment
				\$ 285,572	Equity
New Investment	April 11, 2024	WER Holdings, LLC	Regional provider of commercial landscaping services	\$ 2,704,164	Senior Secured – First Lien
				\$ 1,338,695	Delayed Draw Term Loan Commitment
				\$ 401,609	Revolver Commitment
				\$ 180,300	Equity
Add-On Investment	April 16, 2024	Impact Home Services LLC*	Residential garage door, electrical, and plumbing services provider	\$ 8,932	Equity
				\$ 90,773	Senior Secured – First Lien
Add-On Investment	April 22, 2024	Exacta Land Surveyors, LLC*	Provider of land survey and field management services to facilitate real estate transactions	\$ 2,164	Equity

* Existing portfolio company

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The Company realized the following portfolio company investment subsequent to March 31, 2024:

Activity Type	Date	Company Name	Company Description	Proceeds Received	Realized Gain	Instrument Type
Full Repayment	May 1, 2024	Nutritional Medicinals, LLC*	Manufacturer and distributor of organic whole food, plant-based feeding tube formulas and meal replacement kits.	\$ 11,421,291	\$ -	Senior Secured – First Lien
				\$ 2,950,929	\$ 1,978,126	Equity

* Existing portfolio company

Credit Facility

The outstanding balance under the Credit Facility as of May 9, 2024 was \$ 172,500,000.

Dividends Declared

On April 3, 2024, the Board declared a regular monthly dividend for each of April 2024, May 2024, and June 2024 as follows:

Declared	Ex-Dividend Date	Record Date	Payment Date	Amount per Share
4/3/2024	4/29/2024	4/30/2024	5/15/2024	\$ 0.1333
4/3/2024	5/31/2024	5/31/2024	6/14/2024	\$ 0.1333
4/3/2024	6/28/2024	6/28/2024	7/15/2024	\$ 0.1333

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

Some of the statements in this quarterly report on Form 10-Q constitute forward-looking statements, which relate to future events or Stellus Capital Investment Corporation's ("we", "us", "our" and the "Company") future performance or financial condition. The forward-looking statements contained in this quarterly report on Form 10-Q involve risks and uncertainties, including statements as to:

- our future operating results;
- our business prospects and the prospects of our portfolio companies;
- the effect of investments that we expect to make;
- our contractual arrangements and relationships with third parties;
- actual and potential conflicts of interest with Stellus Capital Management, LLC ("Stellus Capital" or the "Advisor");
- the dependence of our future success on the general economy and its effect on the industries in which we invest;
- the impact of interest rate volatility on our business and our portfolio companies;
- the ability of our portfolio companies to achieve their objectives;
- the use of borrowed money to finance a portion of our investments;
- the adequacy of our financing sources and working capital;
- the timing of cash flows, if any, from the operations of our portfolio companies;
- the ability of Stellus Capital to locate suitable investments for us and to monitor and administer our investments;
- the ability of Stellus Capital to attract and retain highly talented professionals;
- our ability to maintain our qualification as a regulated investment company ("RIC") and as a business development company ("BDC"); and
- the effect of future changes in laws or regulations (including the interpretation of these laws and regulations by regulatory authorities) and conditions in our operating areas, particularly with respect to BDC or RICs.

Such forward-looking statements may include statements preceded by, followed by or that otherwise include the words "may," "might," "will," "intend," "should," "could," "can," "would," "expect," "believe," "estimate," "anticipate," "predict," "potential," "plan" or similar words.

We have based the forward-looking statements included in this quarterly report on Form 10-Q on information available to us on the date of this quarterly report on Form 10-Q. Actual results could differ materially from those anticipated in our forward-looking statements, and future results could differ materially from historical performance. We undertake no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by law or U.S. Securities and Exchange Commission ("SEC") rule or regulation. You are advised to consult any additional disclosures that we may make directly to you or through reports that we in the future may file with the SEC, including annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K.

Overview

We were organized as a Maryland corporation on May 18, 2012, and formally commenced operations on November 7, 2012. Our investment objective is to maximize the total return to our stockholders in the form of current income and capital appreciation through debt and related equity investments in middle-market companies.

We are an externally managed, non-diversified, closed-end investment company that has elected to be regulated as a BDC under the Investment Company Act of 1940, as amended (the "1940 Act"). Our investment activities are managed by our investment adviser, Stellus Capital.

As a BDC, we are required to comply with certain regulatory requirements. For instance, as a BDC, we must not acquire any assets other than "qualifying assets" specified in the 1940 Act unless, at the time the acquisition is made, at least 70% of our total assets are qualifying assets. Qualifying assets include investments in "eligible portfolio companies." (as defined in the 1940 Act). Under the relevant SEC rules, the term "eligible portfolio company" includes all private operating companies, operating companies whose securities are not listed on a national securities exchange, and certain public operating companies that have listed their securities on a national securities exchange and have a market capitalization of less than \$250 million, in each case organized and with their principal place of business in the United States.

We have elected, qualified, and intend to continue to qualify annually to be treated for tax purposes as a RIC under Subchapter M of the Internal Revenue Code of 1986, as amended (the "Code"). To maintain our qualification as a RIC, we must, among other things, meet certain source-of-income and asset diversification requirements. As of March 31, 2024, we were in compliance with the RIC requirements. As a RIC, we generally will not have to pay corporate-level U.S. federal income taxes on any income we distribute to our stockholders.

On March 23, 2018, the Small Business Credit Availability Act (the "SBCAA") was signed into law, which included various changes to regulations under the federal securities laws that impact BDCs. The SBCAA included changes to the 1940 Act to allow BDCs to decrease their asset coverage requirement to 150% from 200% subject to certain circumstances.

On April 4, 2018, the board of directors of the Company (the "Board"), including a "required majority" (as such term is defined in Section 57(o) of the 1940 Act) of the Board, approved the application of the modified asset coverage requirements set forth in Section 61(a)(2) of the 1940 Act. At our 2018 annual meeting of stockholders our stockholders also approved the application of the modified asset coverage requirements set forth in Section 61(a)(2) of the 1940 Act. As a result, the asset coverage ratio applicable to us was decreased from 200% to 150%, effective June 29, 2018, which effectively increased the amount of leverage we may incur. As of March 31, 2024, our asset coverage ratio was 214%. The amount of leverage that we employ at any time depends on our assessment of the market and other factors at the time of any proposed borrowing.

Economic Developments

Economic activity has continued to accelerate across sectors and regions. Nonetheless, we have observed and continue to observe supply chain interruptions, labor resource shortages, commodity inflation, rising interest rates, bank impairments and failures, economic sanctions in response to international conflicts and instances of geopolitical, economic and financial market instability in the United States and abroad. One or more of these factors may contribute to increased market volatility and may have long- and short-term effects in the United States and worldwide financial markets.

Portfolio Composition and Investment Activity

Portfolio Composition

We originate and invest primarily in privately-held middle-market companies (typically those with \$5.0 million to \$50.0 million of EBITDA (earnings before interest, taxes, depreciation and amortization)) through first lien (including unitranche), second lien, and unsecured debt financing, often times with a corresponding equity investment.

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As of March 31, 2024, we had \$875.9 million (at fair value) invested in 94 portfolio companies. As of March 31, 2024, our portfolio included approximately 90% of first lien debt, 1% of second lien debt, 1% of unsecured debt and 8% of equity investments at fair value. The composition of our investments at cost and fair value as of March 31, 2024 was as follows:

	Cost	Fair Value
Senior Secured – First Lien ⁽¹⁾	\$ 801,208,004	\$ 782,845,785
Senior Secured – Second Lien	12,044,047	11,948,850
Unsecured Debt	6,310,491	6,210,612
Equity	60,591,169	74,878,899
Total Investments	\$ 880,153,711	\$ 875,884,146

(1) Includes unitranche investments, which may combine characteristics of first lien senior secured, as well as second lien and/or subordinated loans. Our unitranche loans may expose us to certain risk associated with second lien and subordinated loans to the extent we invest in the "last-out" portion of the unitranche loans which account for 4.5% of our portfolio at fair value.

As of December 31, 2023, we had \$874.5 million (at fair value) invested in 93 portfolio companies. As of December 31, 2023, our portfolio included approximately 89% of first lien debt, 2% of second lien debt, 1% of unsecured debt and 8% of equity investments at fair value. The composition of our investments at cost and fair value as of December 31, 2023 was as follows:

	Cost	Fair Value
Senior Secured – First Lien ⁽¹⁾	\$ 793,819,152	\$ 774,789,320
Senior Secured – Second Lien	42,269,568	21,957,500
Unsecured Debt	6,138,183	5,956,280
Equity	59,916,647	71,757,583
Total Investments	\$ 902,143,550	\$ 874,460,683

(1) Includes unitranche investments, which may combine characteristics of first lien senior secured, as well as second lien and/or subordinated loans. Our unitranche loans may expose us to certain risk associated with second lien and subordinated loans to the extent we invest in the "last-out" portion of the unitranche loans which account for 4.5% of our portfolio at fair value.

Our investment portfolio may contain loans that are in the form of lines of credit or revolving credit facilities, which require us to provide funding when requested by portfolio companies in accordance with the terms and conditions of the underlying loan agreements. As of March 31, 2024 and December 31, 2023, we had unfunded commitments of \$34.4 million and \$37.0 million, respectively, to provide financing to 56 and 57 portfolio companies, respectively. As of March 31, 2024, we had sufficient liquidity (through cash on hand and available borrowings under the Credit Facility (as defined below)) to fund such unfunded commitments should the need arise.

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The following is a summary of geographical concentration of our investment portfolio as of March 31, 2024:

	<u>Cost</u>	<u>Fair Value</u>	<u>% of Total Investments at Fair Value</u>
Texas	\$ 182,450,677	\$ 174,944,018	19.98 %
California	177,062,291	171,421,469	19.58 %
Florida	92,637,917	91,343,527	10.43 %
Illinois	60,045,881	50,894,890	5.81 %
Pennsylvania	50,132,639	50,390,758	5.75 %
Arizona	42,028,750	44,744,792	5.11 %
Ohio	30,822,781	33,646,988	3.84 %
Colorado	31,513,532	31,206,672	3.56 %
Wisconsin	27,435,035	26,522,115	3.03 %
New York	23,422,998	23,674,222	2.70 %
Georgia	8,980,584	18,852,732	2.15 %
Maryland	16,642,379	16,673,384	1.90 %
District of Columbia	12,977,879	14,593,727	1.67 %
Indiana	14,248,007	14,574,345	1.66 %
North Carolina	13,874,098	14,574,288	1.66 %
Canada	12,918,902	13,073,546	1.49 %
New Jersey	10,367,749	11,209,346	1.28 %
Michigan	10,648,342	10,737,806	1.23 %
Massachusetts	10,136,009	10,524,233	1.20 %
Tennessee	9,374,549	9,472,333	1.08 %
Missouri	8,841,548	8,869,635	1.01 %
Idaho	8,409,110	8,470,065	0.97 %
Washington	8,276,815	8,307,038	0.95 %
Minnesota	6,131,212	6,147,514	0.70 %
Louisiana	5,400,699	5,488,625	0.63 %
South Carolina	4,938,543	5,079,139	0.58 %
United Kingdom	434,785	446,939	0.05 %
	<u>\$ 880,153,711</u>	<u>\$ 875,884,146</u>	<u>100.00 %</u>

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The following is a summary of geographical concentration of our investment portfolio as of December 31, 2023:

	Cost	Fair Value	% of Total Investments at Fair Value
Texas	\$ 182,531,256	\$ 175,311,724	20.04 %
California	175,207,692	167,713,589	19.18 %
Florida	93,155,844	92,297,574	10.55 %
Pennsylvania	49,939,315	50,188,102	5.74 %
Illinois	58,633,617	49,834,429	5.70 %
Arizona	42,136,322	44,558,279	5.10 %
Ohio	31,805,370	34,370,277	3.93 %
Colorado	31,525,420	30,971,079	3.54 %
Wisconsin	27,452,444	26,190,771	3.00 %
Washington	24,321,085	24,540,695	2.81 %
Georgia	9,100,050	18,885,409	2.16 %
Maryland	16,676,194	16,718,728	1.91 %
New York	14,692,043	14,931,263	1.71 %
Indiana	14,235,403	14,488,700	1.66 %
North Carolina	13,891,930	14,532,532	1.66 %
District of Columbia	13,030,899	14,006,563	1.60 %
New Jersey	10,461,226	11,191,295	1.28 %
Michigan	10,664,100	10,736,783	1.23 %
Massachusetts	10,151,621	10,515,487	1.20 %
Tennessee	9,390,657	9,379,311	1.07 %
Missouri	8,862,512	8,850,162	1.01 %
Canada	8,700,383	8,813,132	1.01 %
Idaho	8,405,946	8,470,065	0.97 %
Minnesota	5,976,818	5,907,639	0.68 %
Louisiana	5,538,823	5,536,231	0.63 %
South Carolina	4,946,375	5,083,862	0.58 %
United Kingdom	20,710,205	437,002	0.05 %
	<u>\$ 902,143,550</u>	<u>\$ 874,460,683</u>	<u>100.00 %</u>

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The following is a summary of industry concentration of our investment portfolio as of March 31, 2024:

	Cost	Fair Value	% of Total Investments at Fair Value
Services: Business	\$ 197,937,690	\$ 209,619,236	23.94 %
Healthcare & Pharmaceuticals	108,417,180	110,328,971	12.61 %
High Tech Industries	71,603,900	72,553,276	8.28 %
Media: Advertising, Printing & Publishing	62,240,408	63,533,613	7.25 %
Consumer Goods: Non-Durable	63,003,175	52,686,261	6.02 %
Beverage, Food, & Tobacco	42,350,360	46,034,041	5.26 %
Consumer Goods: Durable	48,514,565	43,572,505	4.97 %
Capital Equipment	40,632,591	42,389,663	4.84 %
Services: Consumer	27,947,881	26,392,967	3.01 %
Aerospace & Defense	27,195,732	25,280,263	2.89 %
Environmental Industries	25,011,083	24,001,700	2.74 %
Chemicals, Plastics, & Rubber	18,306,671	18,043,304	2.06 %
Transportation & Logistics	17,209,566	17,616,857	2.01 %
Metals & Mining	16,548,784	16,581,249	1.89 %
Construction & Building	15,903,214	15,957,856	1.82 %
Containers, Packaging, & Glass	17,435,678	15,784,005	1.80 %
Media: Broadcasting & Subscription	13,145,742	15,597,841	1.78 %
Retail	14,835,204	14,707,696	1.68 %
Energy: Oil & Gas	11,387,780	10,197,892	1.16 %
Education	10,318,849	8,077,149	0.92 %
FIRE: Real Estate	17,934,808	7,362,234	0.84 %
Hotel, Gaming, & Leisure	5,933,802	6,847,793	0.78 %
Finance	557,135	6,825,990	0.78 %
Media: Diversified & Production	5,781,913	5,891,784	0.67 %
Total	\$ 880,153,711	\$ 875,884,146	100.00 %

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The following is a summary of industry concentration of our investment portfolio as of December 31, 2023:

	Cost	Fair Value	% of Total Investments at Fair Value
Services: Business	\$ 198,018,290	\$ 207,963,749	23.78 %
Healthcare & Pharmaceuticals	100,724,952	102,915,887	11.77 %
High Tech Industries	90,795,799	91,992,012	10.52 %
Media: Advertising, Printing & Publishing	57,640,321	58,741,061	6.72 %
Consumer Goods: Non-Durable	63,145,301	52,938,611	6.05 %
Beverage, Food, & Tobacco	42,554,582	45,074,817	5.15 %
Consumer Goods: Durable	49,046,730	43,725,324	5.00 %
Capital Equipment	32,517,673	33,879,801	3.87 %
Services: Consumer	33,976,976	33,260,111	3.80 %
Construction & Building	30,319,119	30,486,411	3.49 %
Aerospace & Defense	46,745,104	24,541,921	2.81 %
Environmental Industries	24,219,811	22,997,844	2.63 %
Media: Broadcasting & Subscription	17,952,103	20,760,920	2.37 %
Transportation & Logistics	17,235,150	17,661,859	2.02 %
Chemicals, Plastics, & Rubber	18,338,366	17,569,176	2.01 %
Metals & Mining	16,580,562	16,625,000	1.90 %
Containers, Packaging, & Glass	17,432,252	15,539,555	1.78 %
Utilities: Oil & Gas	9,943,041	10,000,000	1.14 %
Education	10,251,179	8,367,469	0.96 %
FIRE: Real Estate	17,285,138	6,175,994	0.71 %
Media: Diversified & Production	5,662,174	5,763,247	0.66 %
Finance	569,039	5,736,868	0.66 %
Hotel, Gaming, & Leisure	—	890,968	0.10 %
Energy: Oil & Gas	1,189,888	852,078	0.10 %
	\$ 902,143,550	\$ 874,460,683	100.00 %

At March 31, 2024, our average portfolio company investment at amortized cost and fair value was approximately \$9.2 million and \$9.2 million, respectively, and our largest portfolio company investment at amortized cost and fair value was \$22.0 million and \$19.5 million, respectively. At December 31, 2023, our average portfolio company investment at amortized cost and fair value was approximately \$9.7 million and \$9.4 million, respectively, and our largest portfolio company investment at amortized cost and fair value was approximately \$21.7 million and \$18.9 million, respectively.

At both March 31, 2024 and December 31, 2023, 98% of our debt investments bore interest based on floating rates (subject to interest rate floors) and 2% bore interest at fixed rates.

The weighted average yield on all of our debt investments as of both March 31, 2024 and December 31, 2023 was approximately 11.9%. The weighted average yield on all of our investments, including non-income producing equity positions, as of both March 31, 2024 and December 31, 2023 was approximately 11.1%. The weighted average yield was computed using the effective interest rates for all of our debt investments, including accretion of original issue discount. The weighted average yield of our debt investments is not the same as a return on investment for our stockholders, but rather relates to a portion of our investment portfolio and is calculated before the payment of all of our subsidiaries' fees and expenses.

As of March 31, 2024 and December 31, 2023, we had cash and cash equivalents of \$48.8 million and \$26.1 million, respectively.

Investment Activity

During the three months ended March 31, 2024, we made an aggregate of \$28.5 million of investments in three new portfolio companies and eight existing portfolio companies. During the three months ended March 31, 2024, we received an aggregate of \$31.2 million in proceeds from repayments of our investments.

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

Asset Quality

In addition to various risk management and monitoring tools, Stellus Capital uses an investment rating system to characterize and monitor the credit profile and expected level of returns on each investment in our portfolio. This investment rating system uses a five-level numeric scale. The following is a description of the conditions associated with each investment category:

- Investment Category 1 is used for investments that are performing above expectations, and whose risks remain favorable compared to the expected risk at the time of the original investment.
- Investment Category 2 is used for investments that are performing within expectations and whose risks remain neutral compared to the expected risk at the time of the original investment. All new loans are initially rated 2.
- Investment Category 3 is used for investments that are performing below expectations and that require closer monitoring, but where no loss of return or principal is expected. Portfolio companies with a rating of 3 may be out of compliance with financial covenants.
- Investment Category 4 is used for investments that are performing substantially below expectations and whose risks have increased substantially since the original investment. These investments are often in work out. Investments with a rating of 4 are those for which some loss of return but no loss of principal is expected.
- Investment Category 5 is used for investments that are performing substantially below expectations and whose risks have increased substantially since the original investment. These investments are almost always in work out. Investments with a rating of 5 are those for which some loss of return and principal is expected.

Investment Category	As of March 31, 2024 (dollars in millions)			As of December 31, 2023 (dollars in millions)		
	Fair Value	% of Total Portfolio	Number of Portfolio Companies ⁽¹⁾	Fair Value	% of Total Portfolio	Number of Portfolio Companies ⁽¹⁾
1	\$ 222.9	25 %	23	\$ 214.1	24 %	22
2	495.5	57 %	52	535.3	62 %	54
3	137.6	15 %	14	107.2	12 %	11
4	14.9	2 %	2	11.1	1 %	1
5	5.0	1 %	4	6.8	1 %	6
Total	\$ 875.9	100 %	95	\$ 874.5	100 %	94

(1) One portfolio company appears in two categories as of both March 31, 2024 and December 31, 2023.

Loans and Debt Securities on Non-Accrual Status

We will not accrue interest on loans and debt securities if we have reason to doubt our ability to collect such interest. As of March 31, 2024, we had loans to four portfolio companies that were on non-accrual status, which represented approximately 3.7% of our loan portfolio at cost and 2.1% at fair value. As of December 31, 2023, we had loans to four portfolio companies that were on non-accrual status, which represented approximately 5.2% of our loan portfolio at cost and 2.3% at fair value. As of March 31, 2024 and December 31, 2023, \$3.0 million and \$7.5 million of income from investments on non-accrual had not been accrued, respectively.

Results of Operations

An important measure of our financial performance is net increase (decrease) in net assets resulting from operations, which includes net investment income (loss), net realized gain (loss) and net unrealized appreciation (depreciation). Net investment income (loss) is the

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difference between our income from interest, dividends, fees and other investment income and our operating expenses, including interest on borrowed funds. Net realized gain (loss) on investments is the difference between the proceeds received from dispositions of portfolio investments and their amortized cost. Net unrealized appreciation (depreciation) on investments is the net change in the fair value of our investment portfolio.

Comparison of the three months ended March 31, 2024 and 2023

Revenues

We generate revenue in the form of interest income on debt investments and capital gains and distributions, if any, on investment securities that we may acquire in portfolio companies. Our debt investments typically have a term of five to seven years and bear interest primarily at floating rates. Interest on our debt securities is generally payable quarterly. Payments of principal on our debt investments may be amortized over the stated term of the investment, deferred for several years or due entirely at maturity. In some cases, our debt investments may pay interest in-kind, or PIK interest. Any outstanding principal amount of our debt securities and any accrued but unpaid interest will generally become due at the maturity date. The level of interest income we receive is directly related to the balance of interest-bearing investments multiplied by the weighted average yield of our investments. We expect that the total dollar amount of interest and any dividend income that we earn will increase as the size of our investment portfolio increases. In addition, we may generate revenue in the form of prepayment fees, commitment, loan origination, structuring or due diligence fees, fees for providing significant managerial assistance and consulting fees.

The following shows the breakdown of investment income for the three months ended March 31, 2024 and 2023 (in millions).

	For the three months ended	
	March 31, 2024	March 31, 2023
Interest income ⁽¹⁾	\$ 23.8	\$ 22.6
PIK interest	0.8	0.8
Miscellaneous fees ⁽¹⁾	1.5	0.7
Total	\$ 26.0	\$ 24.1

(1) For the three months ended March 31, 2024 and 2023, we recognized \$0.8 million and \$0.1 million, respectively, of non-recurring income related to early repayments and amendments to specific loan positions.

The increase in investment income from the respective periods was due primarily to growth in the overall investment portfolio and rising interest rates.

Expenses

Our primary operating expenses include the payment of fees to Stellus Capital under the investment advisory agreement, our allocable portion of overhead expenses under the administration agreement and other operating costs described below. We bear all other out-of-pocket costs and expenses of our operations and transactions, which may include:

- organization and offering costs;
- valuing our assets and calculating our net asset value (including the cost and expenses of any independent valuation firm);
- fees and expenses payable to third parties, including agents, consultants or other advisors, in monitoring financial and legal affairs for us and in monitoring our investments and performing due diligence on our prospective portfolio companies or otherwise relating to, or associated with, evaluating and making investments;
- interest payable on debt, if any, incurred to finance our investments and expenses related to unsuccessful portfolio acquisition efforts;
- offerings of our commons stock and other securities;

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- base management and incentive fees;
- administration fees and expenses, if any, payable under the administration agreement (including our allocable portion of Stellus Capital's overhead in performing its obligations under the administration agreement, including rent and the allocable portion of the cost of our chief financial officer and chief compliance officer and their respective staffs);
- transfer agent and custodial fees and expenses;
- U.S. federal and state registration fees;
- all costs of registration and listing our securities on any securities exchange;
- U.S. federal, state and local taxes;
- independent directors' fees and expenses;
- costs of preparing and filing reports or other documents required by the SEC or other regulators;
- costs of any reports, proxy statements or other notices to stockholders, including printing costs;
- costs and fees associated with any fidelity bond, directors and officers/errors and omissions liability insurance, and any other insurance premiums;
- direct costs and expenses of administration and operation, including printing, mailing, long distance telephone, copying, secretarial and other staff, independent auditors and outside legal costs;
- proxy voting expenses; and
- all other expenses incurred by us or Stellus Capital in connection with administering our business.

The following shows the breakdown of operating expenses for the three months ended March 31, 2024 and 2023 (in millions).

	For the three months ended	
	March 31, 2024	March 31, 2023
Operating Expenses		
Management fees	\$ 3.9	\$ 3.7
Valuation fees	0.2	0.2
Administrative services expenses	0.5	0.5
Income incentive fees	2.5	2.1
Capital gains incentive fee	—	(0.6)
Professional fees	0.3	0.4
Directors' fees	0.1	0.1
Insurance expense	0.1	0.1
Interest expense and other fees	7.8	7.9
Income tax expense	0.4	0.4
Other general and administrative expenses	0.2	0.2
Total Operating Expenses	\$ 16.0	\$ 15.0
Income incentive fee waiver	(0.2)	—
Total Operating Expenses, net of fee waivers	\$ 15.8	\$ 15.0

The increase in operating expenses for the three months ended March 31, 2024 as compared to the three months ended March 31, 2023 was due to (1) higher management fees due to a larger investment portfolio and (2) higher incentive fees due to portfolio performance, offset by the Income Incentive Fee Waiver.

Net Investment Income

For the three months ended March 31, 2024, net investment income was \$10.2 million, or \$0.42 per common share (based on 24,125,642 weighted average shares outstanding for the three months ended March 31, 2024).

For the three months ended March 31, 2023, net investment income was \$9.1 million, or \$0.46 per common share (based on 19,779,988 weighted average shares outstanding for the three months ended March 31, 2023).

The increase in net investment income over the respective periods was due to higher investment income as a result of a larger investment portfolio and rising interest rates, offset by the increase in expenses as explained in the "Expenses" section above.

Net Realized Gains and Losses

We measure net realized gains or losses by the difference between the net proceeds from the repayment, sale or other disposition and the amortized cost basis of the investment, using the specific identification method, without regard to unrealized appreciation or depreciation previously recognized.

Proceeds from repayments of investments and amortization of certain other investments for the three months ended March 31, 2024 totaled \$30.7 million and net realized losses totaled \$20.4 million.

Proceeds from repayments of investments and amortization of certain other investments for the three months ended March 31, 2023 totaled \$5.9 million and net realized gains totaled \$0.0 million.

Net Change in Unrealized Appreciation (Depreciation) of Investments

Net change in unrealized appreciation (depreciation) primarily reflects the change in portfolio investment values during the reporting period, including the reversal of previously recorded appreciation or depreciation when gains or losses are realized.

Net change in unrealized appreciation (depreciation) on investments and cash equivalents for the three months ended March 31, 2024 and 2023 totaled \$23.5 million and (\$4.2) million, respectively.

The change in unrealized appreciation (depreciation) over the respective periods was due to reversals of previous write-downs that were realized and company-specific investment write-downs, offset by company-specific write-ups.

Provision for Taxes on Unrealized Appreciation on Investments

We have direct wholly owned subsidiaries that have elected to be taxable entities (the "Taxable Subsidiaries"). The Taxable Subsidiaries permit us to hold equity investments in portfolio companies which are "pass through" entities for U.S. federal income tax purposes and continue to comply with the "source income" requirements contained in RIC tax provisions of the Code. The Taxable Subsidiaries are not consolidated with us for U.S. federal income tax purposes and may generate U.S. federal income tax expense, benefit, and the related tax assets and liabilities, as a result of their ownership of certain portfolio investments. The U.S. federal income tax expense, or benefit, if any, and related tax assets and liabilities are reflected in our consolidated financial statements. For the three months ended March 31, 2024 and 2023, we recognized a provision for income tax on unrealized investments of \$0.2 million and \$0.1 million for the Taxable Subsidiaries, respectively. As of March 31, 2024 and December 31, 2023, there was \$0.4 million and \$0.2 million of deferred tax liabilities on the Consolidated Statements of Assets and Liabilities, respectively.

Net Increase in Net Assets Resulting from Operations

For the three months ended March 31, 2024, net increase in net assets resulting from operations totaled \$13.1 million, or \$0.54 per common share (based on 24,125,642 weighted average shares outstanding for the three months ended March 31, 2024).

For the three months ended March 31, 2023, net increase in net assets resulting from operations totaled \$4.7 million, or \$0.24 per common share (based on 19,779,988 weighted average shares outstanding for the three months ended March 31, 2023).

The net increase in net assets between the respective periods was due to higher unrealized appreciation, offset by increased net realized losses in the current year.

Financial Condition, Liquidity and Capital Resources

Cash Flows from Operating and Financing Activities

Our operating activities provided net cash of \$4.5 million for the three months ended March 31, 2024, primarily in connection with sales and repayments of portfolio investments, offset by the purchase of portfolio investments. Our financing activities for the three months ended March 31, 2024 provided cash of \$18.2 million primarily from proceeds from net borrowings on our Credit Facility for the purchase of portfolio investments.

Our operating activities used net cash of \$32.0 million for the three months ended March 31, 2023, primarily in connection with the purchase of portfolio investments, offset by sales and repayments of portfolio investments. Our financing activities for the three months ended March 31, 2023 provided cash of \$1.9 million primarily from proceeds from the issuance of common stock, offset by stockholder distributions and net paydowns on our Credit Facility.

Liquidity and Capital Resources

Our liquidity and capital resources are derived from the Credit Facility, Notes Payable, SBA-guaranteed debentures and cash flows from operations, including investment sales and repayments, the ATM Program (as defined below), and income earned. Our primary use of funds from operations includes investments in portfolio companies and other operating expenses we incur, as well as the payment of dividends to the holders of our common stock. We used, and expect to continue to use, these capital resources as well as proceeds from turnover within our portfolio and from public and private offerings of securities to finance our investment activities.

Although we expect to fund the growth of our investment portfolio through the net proceeds from future public and private equity offerings and issuances of senior securities or future borrowings to the extent permitted by the 1940 Act, our plans to raise capital may not be successful. In this regard, if our common stock trades at a price below our then-current net asset value per share, we may be limited in our ability to raise equity capital given that we cannot sell our common stock at a price below net asset value per share unless our stockholders approve such a sale and our Board makes certain determinations in connection therewith. A proposal, approved by our stockholders at our 2023 annual stockholders meeting, authorizes us to sell up to 25% of our outstanding common shares at a price equal to or below the then current net asset value per share in one or more offerings. This authorization will expire on the earlier of June 22, 2024, the one-year anniversary of our 2023 annual stockholders meeting or the date of our 2024 annual stockholder meeting. We would need similar future approval from our stockholders to issue shares below the then current net asset value per share any time after the expiration of the current approval. In addition, we intend to distribute between 90% and 100% of our taxable income to our stockholders in order to satisfy the requirements applicable to RICs under Subchapter M of the Code. Consequently, we may not have the funds or the ability to fund new investments, to make additional investments in our portfolio companies, to fund our unfunded commitments to portfolio companies or to repay borrowings. In addition, the illiquidity of our portfolio investments may make it difficult for us to sell these investments when desired and, if we are required to sell these investments, we may realize significantly less than their recorded value.

Also, as a BDC, we generally are required to meet an asset coverage ratio of total assets, less liabilities and indebtedness not represented by senior securities, over the aggregate amount of the senior securities, which include all of our borrowings and any outstanding preferred stock, of at least 150% effective June 29, 2018 (at least 200% prior to June 29, 2018). This requirement limits the amount that we may borrow. We have received exemptive relief from the SEC to permit us to exclude the debt of the Stellus Capital SBIC, LP (the "SBIC subsidiary") and Stellus Capital SBIC II, LP (the "SBIC II subsidiary") (collectively, the "SBIC subsidiaries") guaranteed by the U.S. Small Business Administration ("SBA") from the definition of senior securities in the asset coverage test under the 1940 Act. We were in compliance with the asset coverage ratios at all times. As of March 31, 2024 and December 31, 2023, our asset coverage ratio was 214% and 223%, respectively. The amount of leverage that we employ will depend on our assessment of market conditions and other factors at the time of any proposed borrowing, such as the maturity, covenant package and rate structure of the proposed borrowings, our ability to raise funds through the issuance of shares of our common stock and the risks of such borrowings within the context of our investment outlook. Ultimately, we only intend to use leverage if the expected returns from borrowing to make investments will exceed the cost of such borrowing. As of March 31, 2024 and December 31, 2023, we had cash and cash equivalents of \$48.8 million and \$26.1 million, respectively.

Credit Facility

On October 11, 2017, we entered into a senior secured revolving credit agreement, as amended, dated as of October 10, 2017, that was amended and restated on December 21, 2021, February 28, 2022, May 13, 2022 and November 21, 2023, with Zions Bancorporation, N.A., dba Amegy Bank and various other lenders (the "Credit Facility").

The Credit Facility provides for borrowings up to a maximum of \$260.0 million on a committed basis with an accordion feature that allows us to increase the aggregate commitments up to \$350.0 million, subject to new or existing lenders agreeing to participate in the increase and other customary conditions.

Pursuant to the Fourth Amendment to the Amended and Restated Senior Secured Revolving Credit Agreement, the Credit Facility will bear interest, subject to our election, on a per annum basis equal to (i) term SOFR plus 2.50% (or 2.75% during certain periods in which our asset coverage ratio is equal to or below 1.90 to 1.00) plus a SOFR credit spread adjustment (0.10% for one-month term SOFR and 0.15% for three-month term SOFR), with a 0.25% SOFR floor, or (ii) 1.50% (or 1.75% during certain periods in which the our asset coverage ratio is equal to or below 1.90 to 1.00) plus an alternate base rate based on the highest of the prime rate (subject to a 3% floor), Federal Funds Rate plus 0.50% and one-month term SOFR plus 1.00%. We pay unused commitment fees of 0.50% per annum on the unused lender commitments under the Credit Facility. Interest is payable monthly or quarterly in arrears. The commitment to fund the revolver expires on November 21, 2027, after which we may no longer borrow under the Credit Facility and must begin repaying principal equal to 1/12 of the aggregate amount outstanding under the Credit Facility each month. Any amounts borrowed under the Credit Facility will mature, and all accrued and unpaid interest thereunder will be due and payable, on November 21, 2028.

Our obligations to the lenders are secured by a first priority security interest in our portfolio of securities and cash not held at the SBIC subsidiaries, but excluding short term investments. The Credit Facility contains certain covenants, including but not limited to:

(i) maintaining a minimum liquidity test of at least \$10.0 million, including cash, liquid investments and undrawn availability, (ii) maintaining an asset coverage ratio of at least 1.67 to 1.0, and (iii) maintaining a minimum stockholder's equity, and (iv) maintaining a minimum interest coverage ratio of at least 1.75 to 1.00. As of March 31, 2024 and December 31, 2023, we were in compliance with these covenants.

As of March 31, 2024 and December 31, 2023, \$184.7 million and \$160.1 million, respectively, was outstanding under the Credit Facility. The carrying amount of the amount outstanding under the Credit Facility approximates its fair value. The fair values of the Credit Facility is determined in accordance with Accounting Standards Codification ("ASC") Topic 820, *Fair Value Measurements and Disclosures* ("ASC 820"), which defines fair value in terms of the price that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. The fair value of the Credit Facility is estimated based upon market interest rates for our own borrowings or entities with similar credit risk, adjusted for nonperformance risk, if any. We incurred costs of \$6.6 million in connection with the current Credit Facility, which are being amortized over the life of the facility. Additionally, \$0.3 million of costs from a prior credit facility will continue to be amortized over the remaining life of the Credit Facility. As of March 31, 2024 and December 31, 2023, \$3.5 million and \$3.3 million of such prepaid loan structure fees and administration fees had yet to be amortized, respectively. These prepaid loan fees are presented on the Consolidated Statements of Assets and Liabilities as a deduction from the debt liability.

Interest is paid quarterly in arrears. The following table summarizes the interest expense and amortized loan fees on the Credit Facility for the three months ended March 31, 2024 and 2023 (dollars in millions):

	For the three months ended	
	March 31, 2024	March 31, 2023
Interest expense	\$ 3.2	\$ 3.7
Loan fee amortization	0.3	0.1
Total interest and financing expenses	\$ 3.5	\$ 3.8
Weighted average interest rate	8.5 %	7.3 %
Effective interest rate (including fee amortization)	9.1 %	7.6 %
Average debt outstanding	\$ 154.1	\$ 204.4
Cash paid for interest and unused fees	\$ 3.2	\$ 3.6

SBA-Guaranteed Debentures

Due to the SBIC subsidiaries' status as Small Business Investment Companies ("SBICs"), we have the ability to issue debentures guaranteed by the SBA at favorable interest rates ("SBA-guaranteed debentures"). Under the regulations applicable to SBIC funds, a single licensee can have outstanding SBA-guaranteed debentures, subject to a regulatory leverage limit, up to two times the amount of regulatory capital. As of both March 31, 2024 and December 31, 2023, the SBIC subsidiary had \$75.0 million in "regulatory capital", as such term is defined by the SBA, and \$150.0 million of SBA-guaranteed debentures outstanding.

As of both March 31, 2024 and December 31, 2023, the SBIC II subsidiary had \$87.5 million in regulatory capital. As of both March 31, 2024 and December 31, 2023, the SBIC II subsidiary had \$175.0 million of SBA-guaranteed debentures outstanding.

On August 12, 2014, we obtained exemptive relief from the SEC to permit us to exclude the debt of the SBIC subsidiaries guaranteed by the SBA from our 150% asset coverage test under the 1940 Act. The exemptive relief provides us with increased flexibility under the 150% asset coverage test by permitting us to borrow up to \$325.0 million more than we would otherwise be able to absent the receipt of this exemptive relief.

On a stand-alone basis, the SBIC subsidiaries held \$498.5 million and \$485.2 million in assets at March 31, 2024 and December 31, 2023, respectively, which accounted for approximately 53.3% and 52.4% of our total consolidated assets, respectively.

SBA-guaranteed debentures have fixed interest rates that equal prevailing 10-year U.S. Treasury Note rates plus a market spread and have a maturity of ten years with interest payable semi-annually. The principal amount of the debentures is not required to be paid before maturity but may be pre-paid at any time with no prepayment penalty. SBA-guaranteed debentures drawn before October 1, 2019 incur upfront fees of 3.425%, which consists of a 1.00% commitment fee and a 2.425% issuance discount, which are amortized over the life of the SBA-guaranteed debentures. SBA-guaranteed debentures drawn after October 1, 2019 incur upfront fees of 3.435%, which consists of a 1.00% commitment fee and a 2.435% issuance discount, which are amortized over the life of the SBA-guaranteed debentures. Once pooled, which occurs in March and September of each applicable year, the SBA-guaranteed debentures bear interest at a fixed rate that is set to the current 10-year treasury rate plus a spread at each pooling date.

The fair values of the SBA-guaranteed debentures are determined in accordance with ASC 820, which defines fair value in terms of the price that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. The fair value of the SBA-guaranteed debentures is estimated based upon market interest rates for our own borrowings or entities with similar credit risk, adjusted for nonperformance risk, if any. At March 31, 2024 and December 31, 2023, the SBA-guaranteed debentures would be deemed to be Level 3, as defined in Note 6 to the Consolidated Financial Statements.

As of March 31, 2024, we have incurred \$11.1 million in financing costs related to the SBA-guaranteed debentures since the SBIC subsidiaries received their licenses, which were recorded as prepaid loan fees. As of March 31, 2024 and December 31, 2023, \$4.4 million and \$4.7 million of prepaid financing costs had yet to be amortized, respectively. These prepaid loan fees are presented on the Consolidated Statements of Assets and Liabilities as a deduction from the debt liability.

The following table summarizes the interest expense and amortized fees on the SBA-guaranteed debentures for the three months ended March 31, 2024 and 2023 (dollars in millions):

	For the three months ended	
	March 31, 2024	March 31, 2023
Interest expense	\$ 2.6	\$ 2.4
Debenture fee amortization	0.3	0.3
Total interest and financing expenses	\$ 2.9	\$ 2.7
Weighted average interest rate	3.2 %	3.1 %
Effective interest rate (including fee amortization)	3.6 %	3.5 %
Average debt outstanding	\$ 325.0	\$ 313.6
Cash paid for interest	\$ 5.2	\$ 4.7

Notes Offering

On January 14, 2021, we issued \$100.0 million in aggregate principal amount of 4.875% fixed-rate notes due 2026 (the "Notes Payable"). The Notes Payable will mature on March 30, 2026 and may be redeemed in whole or in part at any time or from time to time at our option on or after December 31, 2025 at a redemption price equal to 100% of the outstanding principal, plus accrued and unpaid interest. Interest is payable semi-annually beginning September 30, 2021.

As of both March 31, 2024 and December 31, 2023, the aggregate carrying amount of the Notes Payable were approximately \$100.0 million. The Notes Payable are institutional, non-traded notes.

In connection with the issuance of the Notes Payable, we have incurred \$2.3 million of fees which are being amortized over the term of the Notes Payable, of which \$0.9 million and \$1.0 million remains to be amortized as of March 31, 2024 and December 31, 2023, respectively. These financing costs are presented on the Consolidated Statements of Assets and Liabilities as a deduction from the debt liability.

The following table summarizes the interest expense and deferred financing costs on the Notes Payable for the three months ended March 31, 2024 and 2023 (dollars in millions):

	For the three months ended	
	March 31, 2024	March 31, 2023
Interest expense	\$ 1.2	\$ 1.2
Deferred financing costs	0.1	0.1
Total interest and financing expenses	<u>\$ 1.3</u>	<u>\$ 1.3</u>
Weighted average interest rate	4.9 %	4.9 %
Effective interest rate (including fee amortization)	5.4 %	5.4 %
Average debt outstanding	\$ 100.0	\$ 100.0
Cash paid for interest	\$ 2.4	\$ 2.4

ATM Program

On August 11, 2023, we entered into an equity distribution agreement (the "Equity Distribution Agreement") with Keefe Bruyette & Woods, Inc. and Raymond James & Associates, Inc., as sales agents and/or principal thereunder. Under the Equity Distribution Agreement, we may issue and sell, from time to time, up to \$100,000,000 in aggregate offering price of shares of our common stock, par value \$0.001 per share, with the intention to use the net proceeds from this at-the-market sales program to repay certain outstanding indebtedness and make investments in portfolio companies in accordance with its investment objective and strategies. We refer to our issuance and sale of shares under the Equity Distribution Agreement as the "ATM Program."

We issued 581,614 shares during the three months ended March 31, 2023 under the ATM Program, for gross proceeds of \$8.4 million and underwriting fees and other expenses of \$0.2 million. The average per share offering price of shares issued in the ATM Program during the three months ended March 31, 2023 was \$14.47. The Advisor agreed to reimburse us for underwriting fees and expenses to the extent the per share price of the shares to the public, less underwriting fees, was less than net asset value per share. For the three months ended March 31, 2023, the Advisor reimbursed us \$0.1 million, which resulted in net proceeds of \$8.3 million, or \$14.38 per share, excluding the impact of offering expenses. We did not issue any shares during the three months ended March 31, 2024 under the ATM Program.

Off-Balance Sheet Arrangements

We may be a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financial needs of our portfolio companies. As of March 31, 2024, we had \$34.1 million in unfunded debt commitments and \$0.3 million in unfunded equity commitments to 56 existing portfolio companies. As of December 31, 2023, we had \$36.7 million in unfunded debt commitments and \$0.3 million in unfunded equity commitments to 57 existing portfolio companies. As of March 31, 2024, we had sufficient liquidity (through cash on hand and available borrowings under the Credit Facility) to fund such unfunded loan commitments should the need arise.

Regulated Investment Company Status and Dividends

We have elected, have qualified, and intend to qualify annually to be treated for U.S. federal income tax purposes as a RIC under Subchapter M of the Code. So long as we maintain our qualification as a RIC, we will not be taxed on our investment company taxable income or realized net capital gains, to the extent that such taxable income or gains are distributed, or deemed to be distributed, to stockholders as dividends on a timely basis.

Taxable income generally differs from net income for financial reporting purposes due to temporary and permanent differences in the recognition of income and expenses, and generally excludes net unrealized appreciation or depreciation until realized. Distributions declared and paid by us in a year may differ from taxable income for that year as such dividends may include the distribution of current year taxable income or the distribution of prior year taxable income carried forward into and distributed in the current year. Distributions also may include returns of capital.

To qualify for RIC tax treatment, we must, among other things, distribute, with respect to each taxable year, at least 90% of our investment company net taxable income (i.e., our net ordinary income and our realized net short-term capital gains in excess of realized net long-term capital losses, if any). If we maintain our qualification as a RIC, we must also satisfy certain distribution requirements each calendar year in order to avoid a federal excise tax on our undistributed earnings of a RIC. As of December 31, 2023, we had \$37.0 million of undistributed taxable income that will be carried forward toward distributions paid during the year ending December 31, 2024.

We intend to distribute to our stockholders between 90% and 100% of our annual taxable income (which includes our taxable interest and fee income). However, the covenants contained in the Credit Facility may prohibit us from making distributions to our stockholders, and, as a result, could hinder our ability to satisfy the distribution requirement. In addition, we may retain for investment some or all of our net taxable capital gains (i.e., realized net long-term capital gains in excess of realized net short-term capital losses) and treat such amounts as deemed distributions to our stockholders. If we do this, our stockholders will be treated as if they received actual distributions of the capital gains we retained and then reinvested the net after-tax proceeds in our common stock. Our stockholders also may be eligible to claim tax credits (or, in certain circumstances, tax refunds) equal to their allocable share of the tax we paid on the capital gains deemed distributed to them. To the extent our taxable earnings for a fiscal taxable year fall below the total amount of our dividends for that fiscal year, a portion of those dividend distributions may be deemed a return of capital to our stockholders.

We may not be able to achieve operating results that will allow us to make distributions at a specific level or to increase the amount of these distributions from time to time. In addition, we may be limited in our ability to make distributions due to the asset coverage test for borrowings applicable to us as a business development company under the 1940 Act and due to provisions in Credit Facility. We cannot assure stockholders that they will receive any distributions or distributions at a particular level.

In accordance with certain applicable U.S. Treasury regulations and private letter rulings issued by the Internal Revenue Service (the "IRS"), a RIC may treat a distribution of its own stock as fulfilling its RIC distribution requirements if each stockholder may elect to receive his or her entire distribution in either cash or stock of the RIC, subject to a limitation that the aggregate amount of cash to be distributed to all stockholders must be at least 20% of the aggregate declared distribution. If too many stockholders elect to receive cash, each stockholder electing to receive cash must receive a pro rata amount of cash (with the balance of the distribution paid in stock). In no event will any stockholder, electing to receive cash, receive less than 20% of his or her entire distribution in cash.

If these and certain other requirements are met, for U.S. federal income tax purposes, the amount of the dividend paid in stock will be equal to the amount of cash that could have been received instead of stock. We have no current intention of paying dividends in shares of our stock in accordance with these U.S. Treasury regulations or private letter rulings. However, we continue to monitor the Company's liquidity position and the overall economy and will continue to assess whether it would be in our and our shareholders best interest to take advantage of the IRS rulings.

Recent Accounting Pronouncements

See Note 1 to the consolidated financial statements contained herein for a description of recent accounting pronouncements, if any, including the expected dates of adoption and the anticipated impact on the financial statements.

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Critical Accounting Policies

See Note 1 to the consolidated financial statements contained herein for a description of critical accounting policies.

Subsequent Events

The Company's management has evaluated subsequent events through the date of issuance of the financial statements included herein. There have been no subsequent events that require recognition or disclosure in these financial statements except for the following described below.

Investment Portfolio

The Company invested in the following portfolio companies subsequent to March 31, 2024:

Activity Type	Date	Company Name	Company Description	Investment Amount	Instrument Type
New Investment	April 1, 2024	FairWave Holdings, LLC	Specialty coffee platform	\$ 7,615,265	Senior Secured – First Lien
				\$ 2,665,343	Delayed Draw Term Loan Commitment
				\$ 1,142,290	Revolver Commitment
				\$ 285,572	Equity
New Investment	April 11, 2024	WER Holdings, LLC	Regional provider of commercial landscaping services	\$ 2,704,164	Senior Secured – First Lien
				\$ 1,338,695	Delayed Draw Term Loan Commitment
				\$ 401,609	Revolver Commitment
				\$ 180,300	Equity
Add-On Investment	April 16, 2024	Impact Home Services LLC*	Residential garage door, electrical, and plumbing services provider	\$ 8,932	Equity
Add-On Investment	April 22, 2024	Exacta Land Surveyors, LLC*	Provider of land survey and field management services to facilitate real estate transactions	\$ 90,773	Senior Secured – First Lien
				\$ 2,164	Equity

* Existing portfolio company

The Company realized the following portfolio company investment subsequent to March 31, 2024:

Activity Type	Date	Company Name	Company Description	Proceeds Received	Realized Gain	Instrument Type
Full Repayment	May 1, 2024	Nutritional Medicinals, LLC*	Manufacturer and distributor of organic whole food, plant-based feeding tube formulas and meal replacement kits.	\$ 11,421,291	\$ -	Senior Secured – First Lien

* Existing portfolio company

Credit Facility

The outstanding balance under the Credit Facility as of May 9, 2024 was \$172.5 million.

Dividend Declared

On April 3, 2024, the Board declared a regular monthly dividend for each of April 2024, May 2024, and June 2024 as follows:

Declared	Ex-Dividend Date	Record Date	Payment Date	Amount per Share
4/3/2024	4/29/2024	4/30/2024	5/15/2024	\$ 0.1333
4/3/2024	5/31/2024	5/31/2024	6/14/2024	\$ 0.1333
4/3/2024	6/28/2024	6/28/2024	7/15/2024	\$ 0.1333

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are subject to financial market risks, including changes in interest rates. In connection with the COVID-19 pandemic, the U.S. Federal Reserve (the "Federal Reserve") and other central banks had reduced certain interest rates. However, in March 2022, the Federal Reserve raised interest rates for the first time since December 2018, and subsequently raised interest rates several times, most recently in July 2023, bringing the target for the federal funds rate to 5.25% - 5.50%, the highest since January 2001. As of both March 31, 2024 and December 31, 2023, 98% of the loans in our portfolio bore interest at a floating rate. These floating rate loans typically bear interest in reference to SOFR, which is indexed to 30-day or 90-day SOFR rates, subject to an interest rate floor. As of March 31, 2024 and December 31, 2023, the weighted average interest rate floor on our floating rate loans was 1.32% and 1.26%, respectively.

Assuming that the Consolidated Statements of Assets and Liabilities as of March 31, 2024 were to remain constant and no actions were taken to alter the existing interest rate sensitivity, the following table shows the annual impact on net income of changes in interest rates:

Change in Basis Points ⁽²⁾	(\$ in millions)		
	Interest Income	Interest Expense ⁽³⁾	Net Interest Income ⁽¹⁾
Up 200 basis points	\$ 15.8	\$ (3.7)	\$ 12.1
Up 150 basis points	11.9	(2.8)	9.1
Up 100 basis points	7.9	(1.8)	6.1
Up 50 basis points	4.0	(0.9)	3.1
Down 50 basis points	(4.0)	0.9	(3.1)
Down 100 basis points	(7.9)	1.8	(6.1)
Down 150 basis points	(11.9)	2.8	(9.1)
Down 200 basis points	(15.8)	3.7	(12.1)

(1) Excludes the impact of incentive fees based on pre-incentive fee net investment income. See Note 2 to our Consolidated Financial Statements for more information on the incentive fee.

(2) At March 31, 2024, the three month SOFR rate was 530 basis points. This table assumes floating rates would not fall below zero.

(3) Includes the impact of the 25 bps SOFR floor in place on the Credit Facility.

Although we believe that this measure is indicative of our sensitivity to interest rate changes, it does not adjust for potential changes in credit quality, size and composition of the assets on the balance sheet and other business developments that could affect net increase in net assets resulting from operations. Accordingly, no assurances can be given that actual results would not differ materially from the potential outcome simulated by this estimate. We may hedge against interest rate fluctuations by using standard hedging instruments such as futures, options and forward contacts subject to the requirements of the 1940 Act. While hedging activities may insulate us against adverse changes in interest rates, they may also limit our ability to participate in the benefits of lower interest rates with respect to our portfolio of investments. For the three months ended March 31, 2024 and 2023, we did not engage in hedging activities.

Item 4. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

The Company's management, under the supervision and with the participation of various members of management, including its Chief Executive Officer and its Chief Financial Officer, has evaluated the effectiveness of its disclosure controls and procedures (as defined in Rule 13a-15(e) or Rule 15d-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") as of the end of the period covered by this report. Based upon that evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures are effective as of the end of the period covered by this report.

(b) Changes in Internal Control Over Financial Reporting

The Company's management did not identify any change in the Company's internal control over financial reporting that occurred during the quarter ended March 31, 2024 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings

We are not currently subject to any material legal proceedings, nor, to our knowledge, is any material legal proceeding threatened against us or our subsidiaries. From time to time, we may be a party to certain legal proceedings in the ordinary course of business, including proceedings relating to the enforcement of our rights under contracts with our portfolio companies. While the outcome of these legal proceedings cannot be predicted with certainty, we do not expect that these proceedings will have a material effect upon our financial condition or results of operations.

Item 1A. Risk Factors

Investing in our securities involves a number of significant risks. In addition to the other information set forth in this quarterly report on Form 10-Q, you should carefully consider the risk factors discussed in "Item 1A. Risk Factors" of Annual Report on Form 10-K filed with the SEC on March 4, 2024, all of which could materially affect our business, financial condition and/or results of operations. Although the risks described in our other SEC filings referenced above represent the principal risks associated with an investment in us, they are not the only risks we face. Additional risks and uncertainties not currently known to us, or that we currently deem to be immaterial, might materially and adversely affect our business, financial condition and/or results of operations.

During the three months ended March 31, 2024, there have been no material changes to the risk factors discussed in our SEC filings referenced above.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

We did not engage in unregistered sales of equity securities during the three months ended March 31, 2024.

No shares were issued under the distribution reinvestment program during either of the three months ended March 31, 2024 and 2023.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Rule 10b5-1 Trading Plans

During the fiscal quarter ended March 31, 2024, none of the Company's directors or executive officers adopted or terminated any contract, instruction or written plan for the purchase or sale of Company securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement."

Item 6. Exhibits.

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

Exhibit Number	Description
3.1	Articles of Amendment and Restatement (Incorporated by reference to Exhibit (a)(1) to the Registrant's Registration Statement on Form N-2 (File No. 333-184195), filed on October 23, 2012).
3.2	Bylaws (Incorporated by reference to Exhibit (b)(1) to the Registrant's Registration Statement on Form N-2 (File No. 333-184195), filed on October 23, 2012).
4.1	Form of Stock Certificate (Incorporated by reference to Exhibit (d) to the Registrant's Registration Statement on Form N-2 (File No. 333-184195), filed on October 23, 2012).
10.1	Equity Distribution Agreement, dated August 11, 2023, by and among Stellus Capital Investment Corporation and Stellus Capital Management, LLC, on the one hand, and Keefe, Bruyette & Woods, Inc. and Raymond James & Associates, Inc. on the other hand (Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (File No. 814-00971), filed on August 14, 2023).
31.1	Chief Executive Officer Certification pursuant to Exchange Act Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*
31.2	Chief Financial Officer Certification pursuant to Exchange Act Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*
32.1	Chief Executive Officer Certification pursuant to 18 U.S.C Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*
32.2	Chief Financial Officer Certification pursuant to 18 U.S.C Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*
101.INS*	XBRL Instance Document — the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File — The cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document

* Filed herewith

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: May 9, 2024

STELLUS CAPITAL INVESTMENT CORPORATION

By: /s/ Robert T. Ladd

Name: Robert T. Ladd

Title: Chief Executive Officer and President

By: /s/ W. Todd Huskinson

Name: W. Todd Huskinson

Title: Chief Financial Officer

Exhibit 31.1

I, Robert T. Ladd, Chief Executive Officer of Stellus Capital Investment Corporation certify that:

1. I have reviewed this quarterly report on Form 10-Q of Stellus Capital Investment Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated this 9th day of May 2024.

By: /s/ Robert T. Ladd
Robert T. Ladd
Chief Executive Officer

Exhibit 31.2

I, W. Todd Huskinson, Chief Financial Officer of Stellus Capital Investment Corporation certify that:

1. I have reviewed this quarterly report on Form 10-Q of Stellus Capital Investment Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated this 9th day of May 2024.

By: /s/ W. Todd Huskinson
W. Todd Huskinson
Chief Financial Officer

**Certification of Chief Executive Officer
Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350)**

In connection with this Quarterly report on Form 10-Q (the "Report") of Stellus Capital Investment Corporation (the "Registrant"), as filed with the Securities and Exchange Commission on the date hereof, I, Robert T. Ladd, the Chief Executive Officer of the Registrant, hereby certify, to the best of my knowledge, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ Robert T. Ladd
Name: Robert T. Ladd
Date: May 9, 2024

**Certification of Chief Financial Officer
Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350)**

In connection with this Quarterly report on Form 10-Q (the "Report") of Stellus Capital Investment Corporation (the "Registrant"), as filed with the Securities and Exchange Commission on the date hereof, I, W. Todd Huskinson, the Chief Financial Officer of the Registrant, hereby certify, to the best of my knowledge, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ W. Todd Huskinson
Name:W. Todd Huskinson
Date: May 9, 2024
