

FIDUS INVESTMENT Corp
Form 10-Q
November 05, 2015
Table of Contents

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 September 30, 2015

OR

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

For the transition period from _____ to _____

Commission file number 814-00861

Fidus Investment Corporation

(Exact Name of Registrant as Specified in its Charter)

Maryland
(State or Other Jurisdiction of

27-5017321
(I.R.S. Employer

Incorporation or Organization)

Identification No.)

1603 Orrington Avenue, Suite 1005

Evanston, Illinois
(Address of Principal Executive Offices)

60201
(Zip Code)

(847) 859-3940

(Registrant's telephone number, including area code)

n/a

(Former name, former address and former fiscal year, if changed since last report)

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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

Large accelerated filer Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

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

As of November 4, 2015, the Registrant had outstanding 16,285,128 shares of common stock, \$0.001 par value.

Table of Contents

FIDUS INVESTMENT CORPORATION

TABLE OF CONTENTS

QUARTERLY REPORT ON FORM 10-Q

PART I FINANCIAL INFORMATION

Item 1.	<u>Financial Statements.</u>	1
	<u>Consolidated Statements of Assets and Liabilities September 30, 2015 (unaudited) and December 31, 2014</u>	1
	<u>Consolidated Statements of Operations Three and Nine Months Ended September 30, 2015 (unaudited) and 2014 (unaudited)</u>	2
	<u>Consolidated Statements of Changes in Net Assets Nine Months Ended September 30, 2015 (unaudited) and 2014 (unaudited)</u>	3
	<u>Consolidated Statements of Cash Flows Nine Months Ended September 30, 2015 (unaudited) and 2014 (unaudited)</u>	4
	<u>Consolidated Schedules of Investments September 30, 2015 (unaudited) and December 31, 2014</u>	5
	<u>Notes to Consolidated Financial Statements (unaudited)</u>	11
Item 2.	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations.</u>	27
Item 3.	<u>Quantitative and Qualitative Disclosures About Market Risk.</u>	40
Item 4.	<u>Controls and Procedures.</u>	40

PART II OTHER INFORMATION

Item 1.	<u>Legal Proceedings.</u>	41
Item 1A.	<u>Risk Factors.</u>	41
Item 2.	<u>Unregistered Sales of Equity Securities and Use of Proceeds.</u>	41
Item 3.	<u>Defaults Upon Senior Securities.</u>	41
Item 4.	<u>Mine Safety Disclosures.</u>	41
Item 5.	<u>Other Information.</u>	41
Item 6.	<u>Exhibits.</u>	42
	<u>Signatures</u>	43
	<u>Exhibit Index</u>	44

Table of Contents**PART I FINANCIAL INFORMATION****Item 1. Financial Statements.****FIDUS INVESTMENT CORPORATION****Consolidated Statements of Assets and Liabilities****(In thousands, except shares and per share data)**

	September 30, 2015 (unaudited)	December 31, 2014
ASSETS		
Investments, at fair value		
Control investments (cost: \$11,217 and \$10,460, respectively)	\$ 419	\$ 4,244
Affiliate investments (cost: \$92,564 and \$81,979, respectively)	99,499	86,200
Non-control/non-affiliate investments (cost: \$327,568 and \$298,899, respectively)	328,324	305,911
Total investments, at fair value (cost: \$431,349 and \$391,338, respectively)	428,242	396,355
Cash and cash equivalents	17,708	29,318
Interest receivable	5,466	4,460
Deferred financing costs (net of accumulated amortization of \$3,524 and \$2,784, respectively)	4,577	4,567
Prepaid expenses and other assets	1,129	887
Total assets	\$ 457,122	\$ 435,587
LIABILITIES		
SBA debentures	\$ 190,200	\$ 173,500
Borrowings under credit facility	14,500	10,000
Accrued interest and fees payable	744	2,853
Due to affiliates	5,197	5,395
Taxes payable		328
Accounts payable and other liabilities	173	248
Total liabilities	210,814	192,324
Commitments and contingencies (Note 7)		
NET ASSETS		
Common stock, \$0.001 par value (100,000,000 shares authorized, 16,285,128 and 16,051,037 shares issued and outstanding at September 30, 2015 and December 31, 2014, respectively)	16	16

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Additional paid-in capital	246,856	243,008
Undistributed net investment income	12,806	12,433
Accumulated net realized (loss) gain on investments, net of taxes and distributions	(8,630)	(15,999)
Accumulated net unrealized appreciation (depreciation) on investments	(4,740)	3,805
Total net assets	246,308	243,263
Total liabilities and net assets	\$ 457,122	\$ 435,587
Net asset value per common share	\$ 15.12	\$ 15.16

See Notes to Consolidated Financial Statements (unaudited).

Table of Contents**FIDUS INVESTMENT CORPORATION****Consolidated Statements of Operations (unaudited)****(In thousands, except shares and per share data)**

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
Investment income:				
Interest income				
Control investments	\$	\$	\$ 220	\$
Affiliate investments	2,668	2,406	7,509	7,163
Non-control/non-affiliate investments	10,080	7,722	29,058	21,822
Total interest income	12,748	10,128	36,787	28,985
Dividend income				
Control investments				
Affiliate investments	262	31	336	92
Non-control/non-affiliate investments	236	576	457	1,405
Total dividend income	498	607	793	1,497
Fee income				
Control investments				
Affiliate investments	(10)			
Affiliate investments	143	10	301	398
Non-control/non-affiliate investments	155	562	1,257	1,567
Total fee income	288	572	1,558	1,965
Interest on idle funds and other income	23	17	56	17
Total investment income	13,557	11,324	39,194	32,464
Expenses:				
Interest and financing expenses				
Base management fee	2,388	1,934	6,821	5,482
Incentive fee	1,920	1,469	5,575	4,227
Administrative service expenses	1,366	1,320	4,522	3,015
Professional fees	362	496	1,077	1,289
Other general and administrative expenses	230	218	889	828
	227	228	983	981
Total expenses	6,493	5,665	19,867	15,822
Net investment income before income taxes	7,064	5,659	19,327	16,642
Income tax provision	14	32	9	62
Net investment income	7,050	5,627	19,318	16,580

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Net realized and unrealized gains (losses) on investments:

Realized gains on affiliate investments	1,531		1,531	166
Net realized gains (losses) on non-control/non-affiliate investments	86	(6,692)	5,363	(4,940)
Net change in unrealized (depreciation) appreciation on investments	(3,234)	6,366	(8,124)	318
Income tax benefit (provision) from realized gains on investments	54		54	(17)
Net gain (loss) on investments	(1,563)	(326)	(1,176)	(4,473)

Net increase in net assets resulting from operations

\$	5,487	\$	5,301	\$	18,142	\$	12,107
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Per common share data:

Net investment income per share-basic and diluted	\$	0.43	\$	0.41	\$	1.19	\$	1.20
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Net increase in net assets resulting from operations per share-basic and diluted	\$	0.34	\$	0.38	\$	1.12	\$	0.88
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Dividends declared per share	\$	0.39	\$	0.48	\$	1.17	\$	1.24
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Weighted average number of shares outstanding - basic and diluted	16,268,328	13,832,769	16,172,454	13,784,936
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See Notes to Consolidated Financial Statements (unaudited).

Table of Contents**FIDUS INVESTMENT CORPORATION****Consolidated Statements of Changes in Net Assets (unaudited)**

(In thousands, except shares)

	Common Stock Number of Shares	Par Value	Additional Paid in Capital	Undistributed Net Investment Income	Accumulated Net Realized (Loss) Gain on Investments, Appreciation of taxes and depreciation	Accumulated Net Unrealized Depreciation on Investments	Total Net Assets
Balances at							
December 31, 2013	13,755,232	\$ 14	\$ 206,123	\$ 3,221	\$ 11,212	\$ (9,445)	\$ 211,125
Public offerings of common stock, net of expenses	2,153,541	2	35,200				35,202
Shares issued under dividend reinvestment plan	34,366		645				645
Net increase in net assets resulting from operations				16,580	(4,792)	319	12,107
Dividends declared				(17,129)			(17,129)
Balances at							
September 30, 2014	15,943,139	\$ 16	\$ 241,968	\$ 2,672	\$ 6,420	\$ (9,126)	\$ 241,950
Balances at							
December 31, 2014	16,051,037	\$ 16	\$ 243,008	\$ 12,433	\$ (15,999)	\$ 3,805	\$ 243,263
Public offerings of common stock, net of expenses	190,623		3,170				3,170
Shares issued under dividend reinvestment plan, net of expenses	43,468		678				678
Net increase in net assets resulting from operations				19,318	7,369	(8,545)	18,142
Dividends declared				(18,945)			(18,945)
Balances at							
September 30, 2015	16,285,128	\$ 16	\$ 246,856	\$ 12,806	\$ (8,630)	\$ (4,740)	\$ 246,308

See Notes to Consolidated Financial Statements (unaudited).

Table of Contents

FIDUS INVESTMENT CORPORATION
Consolidated Statements of Cash Flows (unaudited)
(In thousands)

	Nine months ended September 30,	
	2015	2014
Cash Flows from Operating Activities:		
Net increase in net assets resulting from operations	\$	