

Gladstone Management Corporation

FORM ADV BROCHURE

1521 Westbranch Dr., Suite 200
McLean, VA 22102
USA

Phone: (703) 287-5800

Fax: (703) 287-5901

<http://www.gladstonemanagement.com/>

This brochure was last updated on September 30, 2011

This brochure provides information about the qualifications and business practices of Gladstone Management Corporation (“Gladstone Management” or the “Adviser”). If you have any questions about the contents of this brochure, please contact us at (703) 287-5800 or send an e-mail to jack.dellafiora@gladstonecompanies.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Gladstone Management also is available on the SEC’s website at www.adviserinfo.sec.gov.

Gladstone Management is registered as an investment adviser with the SEC pursuant to the Investment Advisers Act of 1940, as amended (the “Advisers Act”). Recipients of this Brochure should be aware that registration with the SEC does not in any way constitute an endorsement by the SEC of an investment adviser’s skill or expertise. Further, registration does not imply or guarantee that a registered adviser has achieved a certain level of skill, competency, sophistication, expertise or training in providing advisory services to its clients.

ITEM 2
MATERIAL CHANGES

Not Applicable

ITEM 3
TABLE OF CONTENTS¹

ITEM 1	COVER PAGE	1
ITEM 2	MATERIAL CHANGES	2
ITEM 3	TABLE OF CONTENTS	3
ITEM 4	ADVISORY BUSINESS	4
ITEM 5	FEES AND COMPENSATION	5
ITEM 6	PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT....	6
ITEM 7	TYPES OF CLIENTS.....	7
ITEM 8	METHODS OF ANALYSIS, INV. STRAT. & RISK OF LOSS	7
ITEM 9	DISCIPLINARY INFORMATION.....	12
ITEM 10	OTHER FINANCIAL INDUSTRY ACTIVITIES & AFFILIATIONS.....	12
ITEM 11	CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING	13
ITEM 12	BROKERAGE PRACTICES	13
ITEM 13	REVIEW OF ACCOUNTS	15
ITEM 14	CLIENT REFERRALS AND OTHER COMPENSATION.....	16
ITEM 15	CUSTODY.....	16
ITEM 16	INVESTMENT DISCRETION.....	17
ITEM 17	VOTING CLIENT SECURITIES.....	17
ITEM 18	FINANCIAL INFORMATION	17

¹ A NOTE ABOUT THE FORMAT OF THIS BROCHURE: The SEC requires all investment advisers to organize their disclosure documents according to specific categories, some of which may not pertain to a particular adviser's business. Where a required category is not relevant to our business, we list the category and state that it does not apply.

ITEM 4

ADVISORY BUSINESS

Gladstone Management is a Delaware corporation established in 2002. Gladstone Management generally provides investment advisory services to its advisory clients, which include publicly-traded entities (collectively, the “Public Funds”) and privately-held funds (collectively, the “Private Funds”). Gladstone Management is 100% owned by Gladstone Holding Corporation (“Gladstone Holding”), which, in turn, is 100% owned by David Gladstone, Chief Executive Officer (“CEO”) and Chairman of Gladstone Management.

Gladstone Management specializes in acting as the sole investment advisor to business development companies (as defined in the Investment Company Act of 1940, as amended (the “1940 Act”), and public and private real estate investment trusts (“REITs”). We refer to all of the aforementioned funds and any other similar fund that might engage us in the future as our Fund Clients.

We provide services to our Fund Clients pursuant to Investment Advisory Agreements negotiated separately with each Fund Client. The services provided thereunder generally include, but are not limited to, the following:

- Identification, evaluation and negotiation of the structure of investments (including performance of certain due diligence functions on prospective portfolio investments);
- Continuous review, supervision and administration of the investment program and objectives to determine in our discretion the securities to be bought or sold and the portion of uninvested assets to be held;
- Providing for the arrangement of public and private offerings;
- Providing for the arrangement of debt financing;
- Providing regular reports and other required records to the management of our Fund Clients concerning our efforts on their behalf; and
- Closing and monitoring investments;

For our Fund Clients who have elected to be treated as business development companies (“BDCs”), we make available on their behalf, and provide if accepted, significant managerial assistance (as defined under the 1940 Act) and certain other services to their portfolio companies.

Gladstone Management’s services may be individualized to meet the needs of particular Fund Clients. Such individualization takes into consideration such factors, among others, as whether the Fund Client is a public or private entity, is mature or in the early stages of development, or is a BDC as opposed to a REIT. Individualized needs and restrictions on investments are usually dictated by the Investment Advisory Agreement between such client and Gladstone Management.

As of July 30, 2011 the amount of assets Gladstone Management managed on a discretionary basis was approximately \$984 million.

ITEM 5

FEES AND COMPENSATION

Gladstone Management is compensated for its advisory services according to the terms agreed upon in the Investment Advisory Agreement for each Fund Client. All fees pursuant to these agreements are charged in arrears on an annual basis. Fees that we currently charge pursuant to these contracts may include some or all of the following:

Base Management Fee: The base management fee is computed and payable quarterly and is assessed at an annual rate of 2.0%. For Fund Clients that are BDCs, the base management fee is computed on the basis of the value of the fund's average gross assets at the end of the two most recently completed quarters, which are total assets, including investments made with proceeds of borrowings, less any uninvested cash or cash equivalents resulting from borrowings. For Fund Clients that are REITs, the base management fee is computed on the basis of the value of the fund's stockholders' equity, less the recorded value of any preferred stock.

Incentive Fee: The base management fee is computed and payable quarterly. For Fund Clients who have elected to be treated as BDCs, the incentive fee is generally based on income in excess of an expressed hurdle rate, or a percentage of realized capital gains (computed net of realized capital losses). For Fund Clients classified as REITs, the incentive fee is based on funds from operations ("FFO").

Additional Compensation. The 1940 Act requires that our Fund Clients who have elected to be treated as BDCs make available significant managerial assistance (as defined under the 1940 Act) to their portfolio companies. We make such assistance available to the portfolio companies of our BDC clients, and provide such significant managerial assistance free of charge in the event that such portfolio companies choose to receive it. In the event that we provide certain other services to portfolio companies of our BDC clients pursuant to written agreements ("Other Clients"), a certain portion of any such fees received from such Other Clients therefore will be retained by us and a certain portion of any such fees received therefore will be retained by the relevant BDC client.

Pursuant to servicing arrangements with the senior lenders that provide lines of credit to certain of our clients, we may service loans placed in the pool of loans. Fees that we receive for servicing these loans are credited to the client and offset against the investment advisory fees due to us from the client.

Fund Clients will bear all other costs and expenses of their operations and transactions, including (without limitation) those relating to: organization and offering; calculating the Fund Clients' net asset value (including the cost and expenses of any independent valuation firm); expenses incurred by the Adviser payable to third parties, including

agents, consultants or other advisors (such as independent valuation firms, accountants and legal counsel), in monitoring financial and legal affairs for the Fund Clients and in monitoring the Fund Clients' investments and performing due diligence on its prospective investments; interest payable on debt, if any, incurred to finance the Fund Clients' investments; offerings of the Fund Clients' common stock and other securities; fees payable to third parties (including agents, consultants or other advisors) relating to, or associated with, evaluating and making investments; transfer agent and custodial fees; federal and state registration fees; all costs of registration and listing the Fund Clients' shares on any securities exchange; federal, state and local taxes; independent Directors' fees and expenses; costs of preparing and filing reports or other documents required by the Securities and Exchange Commission; costs of any reports, proxy statements or other notices to stockholders, including printing costs; the Fund Clients' allocable portion of the fidelity bond, directors and officers/errors and omissions liability insurance, and any other insurance premiums; direct costs and expenses of administration, including printing, mailing, long distance telephone, copying, secretarial and other staff, independent auditors and outside legal costs; and all other expenses incurred by the Fund Clients in connection with administering the Fund Clients' business.

GMC does not receive transaction based compensation. However, certain supervised persons of GMC are also registered representatives of GMC's affiliate Gladstone Securities, LLC, which is a registered broker-dealer. In their capacity as a registered representative, supervised persons may receive transaction based compensation for the sale of securities or other investment products to Fund Clients. Such supervised persons may have an incentive to recommend investment products based on the compensation received from the broker-dealer, rather than on the Fund Client's needs. To reduce the potential for such conflicts of interest, investment advice is given by supervised persons according to terms specified in the Investment Allocation Agreement between Gladstone Management and its Fund Clients. The Investment Allocation Agreement specifies the characteristics of investments that will be allocated to a particular Fund Client along with the procedures for allocating investments that may be suitable investments for more than one client. The Investment Allocation Agreement is approved by the Board of Directors, including the Independent Directors, of each client as well as the Board of Directors of Gladstone Management.

ITEM 6

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As mentioned in Item 5 above, Gladstone Management may be entitled to an incentive fee, which is a performance-based fee. The existence of performance-based fees may create an incentive for Gladstone Management and its supervised persons to recommend riskier investments than it would in the absence of such performance-based fees.

Gladstone Management may provide concurrent advisory services to Fund Clients that are not charged a performance-based fee. The potential to receive greater compensation from the Fund Clients that are charged performance-based fees may create a conflict of

interest for Gladstone Management and its supervised persons. Such conflicts of interest could include the incentive to allocate investment opportunities to the Fund Clients with the greatest potential return in fees.

To reduce the potential for such conflicts of interest, Gladstone Management allocates investments according to the terms specified in the Investment Allocation Agreement between Gladstone Management and its Fund Clients. The Investment Allocation Agreement specifies the characteristics of investments that will be allocated to a particular Fund Client along with the procedures for allocating investments that may be suitable investments for more than one client. The Investment Allocation Agreement is approved by the Board of Directors, including the Independent Directors, of each client as well as the Board of Directors of Gladstone Management.

ITEM 7 TYPES OF CLIENTS

Fund Clients:

As described in Item 4 above, Gladstone Management provides investment advice to BDCs and public and private REITs. In the future the Company may also provide investment advice to other private or public funds.

Other Clients:

The 1940 Act requires that our Fund Clients who have elected to be treated as BDCs make available significant managerial assistance (as defined under the 1940 Act) to their portfolio companies. We make such assistance available to the portfolio companies of our BDC clients, and provide such significant managerial assistance free of charge in the event that such portfolio companies choose to receive it. In the event that we provide certain other services to portfolio companies of our BDC clients pursuant to written agreements (each such client an “Other Client”), a certain portion of any such fees received from such Other Clients therefore will be retained by us and a certain portion of any such fees received therefore will be retained by the relevant BDC client. Such Other Clients do not receive investment advice from Gladstone Management.

ITEM 8 METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Gladstone Management’s methods of analysis and investment strategies may be individualized to meet the needs of particular Fund Clients. Such individualization takes into consideration such factors, among others, as whether the Fund Client is a public or private entity, is mature or in the early stages of development, or is a BDC as opposed to a REIT.

Methods of Analysis:

To originate investments, Gladstone Management's investment professionals use an extensive referral network comprised primarily of venture capitalists/private equity sponsors, leveraged buyout funds, investment bankers, attorneys, accountants, commercial bankers and business brokers. Gladstone Management's investment professionals review informational packages from these and other sources in search of potential financing opportunities. If a potential opportunity matches Fund Clients' investment objectives, the investment professionals will seek an initial screening of the opportunity from our Gladstone Management's Investment Committee which is composed of Messrs. David Gladstone, Terry Brubaker and George Stelljes (the "Investment Committee"). If the prospective portfolio company passes this initial screening, the investment professionals conduct a due diligence investigation and create a detailed profile summarizing the prospective portfolio company's historical financial statements, industry and management team and analyzing its conformity to the Fund Clients' general investment criteria. The investment professionals then present this profile to the Investment Committee, which must approve each investment. Further, each financing is available for review by members of the Fund Clients' Board of Directors, a majority of whom are not "interested persons" as defined in Section 2(a)(19) of the 1940 Act.

Investment Strategies:

We rely on the referral networks of Mr. David Gladstone, our chairman and chief executive officer, Mr. Terry Brubaker, our vice chairman and chief operating officer, and Mr. George Stelljes III, our president, chief investment officer and secretary, and our managing directors to identify investment opportunities. We seek investment opportunities with the following characteristics for our Fund Clients:

Value-and-Income Orientation and Positive Cash Flow. Our investment philosophy places a premium on fundamental analysis from an investor's perspective and has a distinct value-and-income orientation. In seeking value, we focus on companies in which we can invest at relatively low multiples of earnings before interest, taxes, depreciation and amortization ("EBITDA") and that have positive operating cash flow at the time of investment. In seeking income, we seek to invest in companies or, for our REIT clients, commercial properties occupied by companies that generate relatively high and stable cash flow to provide some assurance that they will be able to service their debt and pay any required distributions on preferred stock. Typically, we do not expect to invest in start-up companies or companies with speculative business plans.

Experienced Management. We seek investment opportunities in companies or, for our REIT clients, commercial properties occupied by companies that have experienced management teams. We also require the portfolio companies to have in place proper incentives to induce management to succeed and to act in concert with our Fund Clients' interests as investors, including having significant equity or other interests in the financial performance of their companies.

Strong Competitive Position in an Industry. We seek investment opportunities in target companies that have developed strong market positions within their respective markets and that we believe are well-positioned to capitalize on growth opportunities. We seek companies that demonstrate significant competitive advantages versus their competitors, which we believe will help to protect their market positions and profitability.

Diversification. We seek to diversify the portfolio of our REIT clients to avoid dependence on any one particular tenant, facility type, geographic location or tenant industry. By diversifying the portfolio, we intend to reduce the adverse effect on the portfolio of a single under-performing investment or a downturn in any particular industry or geographic region.

Property Valuation. The business prospects and the financial strength of the tenant are important aspects of the evaluation of any sale and leaseback of property, or acquisition of property subject to a net lease, particularly a property that is specifically suited to the needs of the tenant. We generally require quarterly unaudited and annual audited financial statements of the tenant in order to continuously monitor the financial performance of the property. We evaluate the financial capability of the tenant and its ability to perform per the terms of the lease. We may also examine the available operating results of prospective investment properties to determine whether or not projected rental levels are likely to be met. We may also compute the value of the property based on historical and projected operating results. In addition, each property that we propose to purchase will be appraised by an independent appraiser. These appraisals may take into consideration, among other things, the terms and conditions of the particular lease transaction, the quality of the tenant's credit and the conditions of the credit markets at the time the lease transaction is negotiated. The appraised value may be greater than the construction cost or the replacement cost of a property, and the actual sale price of a property, if we resell the property in the future, may be greater or less than its appraised value. We generally limit our property acquisition cost or value to between \$3 million and \$30 million.

Properties Important to Tenant Operations. We generally seek investment properties that are essential or important to the ongoing operations of the prospective tenant. We believe that these investment properties provide better protection in the event a tenant becomes bankrupt, as leases on properties essential or important to the operations of a bankrupt tenant are typically less likely to be rejected in the bankruptcy or otherwise terminated.

Exit Strategy. We seek investment opportunities in companies that we believe will provide a stable stream of cash flow that is sufficient to repay the loans our Fund Clients make to them while reinvesting for the growth of their respective businesses. We target such internally generated cash flow to allow the portfolio companies to pay interest on, and repay the principal of, our Fund Clients' investments. This is a major factor in our analysis of investment opportunities and

evaluation of risk. In addition, we seek investment opportunities in companies whose business models and expected future cash flows offer attractive possibilities for capital appreciation on any equity interests our Fund Clients may obtain or retain. These capital appreciation possibilities include strategic acquisitions by other industry participants or financial buyers, initial public offerings of common stock, or other capital market transactions.

Liquidation Value of Assets. The prospective liquidation value of the assets, if any, collateralizing the debt, equity, and real estate investments our Fund Clients make is an important factor in our investment analysis. We emphasize both tangible assets, such as accounts receivable, inventory, equipment, and real estate, and intangible assets, such as intellectual property, customer lists, networks, and databases, although the relative weight we place on these asset classes will vary by company and industry.

Risk of Loss:

The task of identifying investment opportunities and managing such investments can be difficult. There can be no assurance that any Fund Client will be able to make and/or realize any particular investment or generate returns. Investing involves a risk of loss that Fund Clients should be prepared to bear. Fund Clients should carefully consider, among other factors, the following material risks involved with Gladstone Management's investment strategies. Fund Clients and Other Clients are requested to refer to the governing documents of the applicable Fund or client for more complete information on investment strategies employed and the corresponding risks associated with such investment strategies.

Risks Related to the Economy. The current state of the economy and the capital markets increases the possibility of adverse effects on our Fund Clients' financial position and results of operations. Continued economic adversity could impair the portfolio companies' financial positions and operating results and affect the industries in which our Fund Clients invest, which could, in turn, harm their operating results. Continued adversity in the capital markets could impact our ability to raise capital and reduce our volume of new investments.

Risks Related to Our Management. We are dependent upon informal relationships with investment bankers, business brokers and traditional lending institutions to provide us with deal flow. If we fail to maintain our relationship with such funds or institutions, or if we fail to establish strong referral relationships with other funds, we will not be able to provide our Fund Clients with investment opportunities.

Risks Related to Operating in a Highly Competitive Market. A large number of entities compete with us and make the types of investments that we seek to refer to our Fund Clients. We compete with other advisers, public and private buyout funds, commercial and investment banks, commercial financing companies, and, to the extent they provide an alternative form of financing, hedge funds. Many of

our competitors are substantially larger and have considerably greater financial, technical and marketing resources than we do.

Risks Related to Interest Rates. Our Fund Clients anticipate using a combination of equity and long-term and short-term borrowings to finance their investment activities. As a result, a portion of their income will depend upon the difference between the rate at which they borrow funds and the rate at which they loan these funds. Higher interest rates on their borrowings will decrease the overall return on their portfolio.

Risks Related to Investing in Small and Medium-Sized Portfolio Companies. Investments in small and medium-sized portfolio companies are subject to a number of significant risks including the following:

- Small and medium-sized businesses are likely to have greater exposure to economic downturns than larger businesses.
- Small and medium-sized businesses may have limited financial resources and may not be able to repay the loans we make to them.
- Small and medium-sized businesses typically have narrower product lines and smaller market shares than large businesses.
- There is generally little or no publicly available information about these businesses.
- Small and medium-sized businesses generally have less predictable operating results.
- Small and medium-sized businesses are more likely to be dependent on one or two persons.
- Small and medium-sized businesses may have limited operating histories.

Risks Related to Investing in Non-Senior Debt Securities. Our Fund Clients invest primarily in debt securities issued by the portfolio companies. In some cases portfolio companies will be permitted to have other debt that ranks equally with, or senior to, the debt securities in which our Fund Clients invest. By their terms, such debt instruments may provide that the holders thereof are entitled to receive payment of interest and principal on or before the dates on which our Fund Clients are entitled to receive payments in respect of the debt securities in which we invest. Also, in the event of insolvency, liquidation, dissolution, reorganization, or bankruptcy of a portfolio company, holders of debt instruments ranking senior to the investment in that portfolio company would typically be entitled to receive payment in full before we receive any distribution in respect of our Fund Client's investment. After repaying such senior creditors, such portfolio company may not have any remaining assets to use for repaying its obligation to us. In the case of debt ranking equally with debt securities in which we invest, our Fund Clients would have to share on an equal basis any distributions with other creditors holding such debt in the event of an insolvency, liquidation, dissolution, reorganization, or bankruptcy of a portfolio company.

Risks Related to the Lack of Liquidity of Privately Held Investments. Our Fund Clients generally make investments in private companies whose securities are not traded in any public market. Substantially all of the investments we presently hold and the investments we expect to acquire in the future are, and will be, subject to legal and other restrictions on resale and will otherwise be less liquid than publicly traded securities. The illiquidity of our investments may make it difficult for us to quickly obtain cash equal to the value at which we record our investments if the need arises. This could cause us to miss important investment opportunities. In addition, if we are required to liquidate all or a portion of our portfolio quickly, we may record substantial realized losses upon liquidation. We may also face other restrictions on our ability to liquidate an investment in a portfolio company to the extent that we, our Adviser, or our respective officers, employees or affiliates have material non-public information regarding such portfolio company.

Due to the uncertainty inherent in valuing these securities, our determinations of fair value may differ materially from the values that could be obtained if a ready market for these securities existed. Our net asset value could be materially affected if our determinations regarding the fair value of our investments are materially different from the values that we ultimately realize upon our disposal of such securities.

Risks Related to Changes in Regulations. We, along with our Fund Clients and their portfolio companies, are subject to regulation by laws at the local, state and federal levels. These laws and regulations, as well as their interpretation, may be changed from time to time. Accordingly, any change in these laws or regulations, or their interpretation, or any failure by us, our Fund Clients or our portfolio companies to comply with these laws or regulations may adversely affect our business.

ITEM 9 DISCIPLINARY INFORMATION

Neither Gladstone Management nor any of its management persons has been the subject of any material legal or disciplinary proceedings that are material to a client's evaluation of our business or the integrity of our management.

ITEM 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Registered Broker-Dealers

Certain management persons of Gladstone Management serve as registered representatives and are involved in the business and operations of Gladstone Securities, LLC ("Gladstone Securities"), an affiliate of Gladstone Management. Such management persons may face conflicts of interest in dedicating time and resources to the management

of clients, which may have a detrimental effect on the performance of clients. Gladstone Management addresses this conflict of interest by providing in its Code of Business Conduct and Ethics (the “Code”) that all supervised persons have a duty to act in the best interests of each client.

See Item 5 above.

Relationships with Related Persons

Employees of Gladstone Management and its affiliates may serve as advisors, directors or officers for portfolio companies in which the Funds or other clients invest, or provide other services to portfolio companies. To mitigate potential conflicts, benefits received by Gladstone Management in connection with such services will be reviewed by the Independent Directors of the Fund or client and may be offset against advisory fees payable by the related Fund or client. As a result of such roles and in connection with investment activities, employees may also from time to time be given access to confidential information relating to companies in which the Funds or other clients invest. As a result, certain Funds and other clients may, under certain circumstances, be prohibited for periods of time from engaging in transactions with respect to the debt or securities of such a portfolio company, which prohibition may have an adverse effect on such Fund Clients.

Principals, officers and employees of Gladstone Management (“Covered Persons”), members of their families and related persons of Gladstone Management may participate directly or indirectly as investors in Gladstone Management’s Funds, as described in a Fund’s Governing Documents, which investments may be in privately negotiated transactions at varying prices. Gladstone Management may recommend to Fund Clients the purchase or sale of securities in which it, or a Covered Person or related person thereof, has a financial interest. In addition, Gladstone Management permits its Covered Persons to engage in personal securities transactions, subject to compliance with the Code.

For a general discussion of how we address resulting conflicts of interest, see discussion under Item 11 – “Code of Ethics” below.

ITEM 11 CODE OF ETHICS, PARTICIPATION OR INTEREST IN *CLIENT* TRANSACTIONS AND PERSONAL TRADING

Gladstone Management has adopted a Code of Ethics (the “Code”) pursuant to Rule 204A-1 under the Advisers Act that includes formal personal trading policies and procedures, generally requiring, among other things, all Covered Persons to file with Gladstone Management’s Chief Compliance Officer (“CCO”) certain reports concerning their personal securities holdings and transactions and, subject to certain exceptions, to obtain pre-clearance for purchasing and selling “covered securities.” All Covered Persons are also required to report any violations of the Code to Gladstone Management’s CCO.

The Code provides that no Covered Person may, in breach of any fiduciary duty he or she owes to the Fund Client accounts advised or managed by Gladstone Management, engage directly or indirectly in any business investment in a manner detrimental to the Fund Clients or Other Clients or use confidential information gained by reason of his or her employment by or affiliation with Gladstone Management in a manner detrimental to the Fund Clients or Other Clients. Additionally, the Code requires that before, or at the time that, a Covered Person recommends or authorizes the purchase or sale of a covered security by a Fund, he or she must disclose to the CCO: a) any beneficial ownership in such covered security that he or she has or proposes to acquire; b) any interest he or she has or proposes to acquire in any third party account in which such covered security is held; c) any beneficial interest in any other security that may benefit from such proposed purchase, sale or other action; and d) any interest in or relationship with the issuer of such covered security that he or she has or proposes to acquire.

The Code further obligates each Covered Person to:

- Conduct his or her personal securities transactions in a manner consistent with the Code and that will avoid abuse of his or her position of trust and responsibility with Gladstone Management;
- Avoid engaging in any act, practice, or course of business that is in breach of the fiduciary duty of care, loyalty, honesty and good faith that he or she and Gladstone Management owe to the Fund Clients or Other Clients; and
- Avoid engaging in any act, practice or course of business in violation of any applicable law, rule or regulation, including, without limitation, the federal securities laws.

Any client or prospective client may obtain a copy of the Code upon request.

Participation or Interest in Client Transactions; Personal Trading

As investors in certain of the Funds, Gladstone Management and its related persons have indirect beneficial interests in the securities owned by such Funds and will share in any profits and losses generated by such Funds' investments. Before Gladstone Management makes a recommendation that a Fund Client or Other Client buy or sell a security, all related persons that have beneficial ownership of such security at the time of such recommendation (not including any indirect interest by reason of their interest in a Fund) are required to disclose such interest to Gladstone Management.

Gladstone Management permits its employees and other related persons to engage in personal securities transactions, subject to compliance with its Code. Any transactions in securities or investments (or related securities or investments such as derivative securities) that are held by one or more Fund Clients or Other Clients are generally prohibited.

ITEM 12 BROKERAGE PRACTICES

The Investment Advisory Agreements (the “Agreements”) of Gladstone Management’s Fund Clients describe certain limitations on our authority with regard to the securities to be bought or sold for their investment portfolios, or the amount of such securities. Under the Agreements, we are required to exercise this discretion in accordance with the investment objectives, policies and restrictions set forth in the applicable Fund Client’s registration statements filed with the U.S. Securities and Exchange Commission, as amended from time to time, in accordance with any fundamental investment policies that the Fund Clients have adopted, and with any applicable state or federal regulations and their respective charter and bylaws documents.

With regard to selection of brokers and payment of brokerage commissions in Fund Client transactions, the Agreements also provide that we may select a broker and pay an amount in excess of what another broker would have charged if we determine in good faith, taking into account factors such as price (including the applicable brokerage commission or dealer spread), size of order, difficulty of execution, and operational facilities of the firm and the firm’s risk and skill in positioning blocks of securities, that such amount of commission is reasonable in relation to the value of the brokerage and/or research services provided by the broker, viewed in terms of either that particular transaction or its overall responsibilities with respect to the Fund Client’s portfolio, and constitutes the best net results for the Fund Client

Since our Fund Clients generally acquire and dispose of investments in privately negotiated transactions, we will infrequently use securities brokers or dealers in effecting such transactions. In the event that we execute such transactions on behalf of our Fund Clients, we will do so in accordance with the above-described terms of their Agreements. While we will seek reasonably competitive trade execution costs, we will not necessarily pay the lowest spread or commission available.

Gladstone Management does not currently participate in any soft dollar relationship with other firms for research or any other service.

Gladstone Management does not have the opportunity to aggregate nor do we aggregate the purchase or sale of securities for various clients.

ITEM 13

REVIEW OF ACCOUNTS

Fund Client investment advisory accounts are reviewed quarterly at minimum by our chief executive officer, chief operating officer, chief investment officer, and chief financial officer. There is no minimum number of accounts assigned for these reviewers. Information compiled by these reviewers is submitted in writing to the boards of directors of our Fund Clients on a quarterly basis. The review process contains each of the following elements:

- Assessment of Fund Client goals and objectives;

- Evaluation of the strategy which has been employed;
- Monitoring of the Fund Client's portfolio; and
- Evaluation of the need to rebalance the portfolio.

Account reviews may be triggered by any one or more of the following events:

- Specific client request;
- Change in Fund Client goals and objectives;
- Investment advisory agreements that require periodic review; and
- Changes in Fund Client asset allocation or policy limits.

Fund Clients will receive quarterly written reports which outline their current position, security cost basis, and current market value. Fund Clients also receive performance analysis reports, which display the time weighted rates of return realized in the Fund Clients' account.

All such reports will be given in addition to custodial statements received by the client from the clients' custodian. All clients in need of a more frequent report may request that additional service.

ITEM 14 CLIENT REFERRALS AND OTHER COMPENSATION

See *Additional Compensation* under Item 5 – Fees and Compensation for a description of other compensation. Gladstone management does not compensate for client referrals.

ITEM 15 CUSTODY

It is Gladstone Management's general policy to not have physical custody of any client assets. However, Gladstone Management may be deemed to have custody of the assets of certain Fund Clients and Other Clients because of the authority it or common control persons have over such pooled investment Fund Clients or their assets. It is Gladstone Management's policy generally to cause each Fund Client or Other Client with assets over which Gladstone Management or associated control persons are deemed to have "custody" to be audited annually by PCAOB-registered public accountant and to distribute audited financial statements, prepared in accordance with U.S. generally accepted accounting principles ("GAAP"), to investors no later than 120 days after the end of each fiscal year. In addition, upon the final liquidation of any such Fund, Gladstone Management will obtain a final audit and distribute audited financial statements prepared in accordance with GAAP with respect to such Fund to all investors promptly after completion of the audit.

Should Gladstone Management determine that it cannot for some reason comply with the annual audit exception for Fund Clients, it would be subject to the notice provisions of

Rule 206(4)-2(a)(2), the account statement provisions of Rule 206(4)-2(a)(3) and the surprise examination provisions of Rule 206(4)-2(a)(4).

ITEM 16 INVESTMENT DISCRETION

Gladstone Management has full discretionary authority with respect to investment decisions, and its advice with respect to Fund Clients is provided in accordance with the investment objectives and guidelines as set forth in their respective registration statements filed with the SEC, as amended from time to time, and/or in accordance with their applicable Investment Allocation Policies. The offering documents of the Fund Clients generally place limitations on the Gladstone Management managers regarding their management of the Gladstone Management Fund Clients including, but not limited to: (i) the number of portfolio investments that the Fund Clients may acquire; (ii) the size of portfolio investments; and (iii) the amount of leverage that the Fund Clients may use to acquire portfolio investments. Gladstone Management is delegated the authority to consummate investments on behalf of the Fund Clients by the terms of the Investment Allocation agreements entered into between the Fund Clients and Gladstone Management.

ITEM 17 VOTING CLIENT SECURITIES

Gladstone Management presently has no proxy voting authority. However, members of Gladstone Management sit on boards of our Fund Clients' privately held portfolio companies and retain voting rights. Because the portfolio companies are privately held, conflicts of interest are rare. Nonetheless and consistent with our Code of Ethics, these members are required to avoid conflicts of interests and to vote in the best interest and on behalf of our Fund Clients.

ITEM 18 FINANCIAL INFORMATION

Gladstone Management has no financial condition that impairs its ability to meet contractual commitments to clients and has not been the subject of a bankruptcy petition.