

Gladstone Management Corporation

FORM ADV BROCHURE

1521 Westbranch Dr., Suite 100
McLean, VA 22102
USA

Phone: (703) 287-5800

Fax: (703) 287-5901

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

This brochure was last updated on September 28, 2015

This brochure provides information about the qualifications and business practices of Gladstone Management Corporation (“Gladstone Management” or the “Firm”). 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 (“SEC”) 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

Since its September 17, 2014 annual update to this brochure, Gladstone Management has not materially changed this brochure.

ITEM 3: TABLE OF CONTENTS¹

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

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 the Firm's business, the Firm lists the category and states that it does not apply.

ITEM 4: ADVISORY BUSINESS

Gladstone Management is a Delaware corporation established in 2002. Gladstone Management is 100% owned by Gladstone Holding Corporation (“Gladstone Holding”), which, in turn, is indirectly owned 100% by David Gladstone, Chief Executive Officer (“CEO”) and Chairman of Gladstone Management.

Gladstone Management specializes in acting as the sole investment adviser to publicly-traded management investment companies that have elected to be regulated as business development companies (“BDCs”) under the Investment Company Act of 1940, as amended (the “1940 Act”) and publicly traded companies that have elected to be treated as real estate investment trusts (“REITs”) for federal tax purposes (together the “Fund Clients”). Gladstone Management may also advise other types of pooled investment vehicles, although currently the Firm is not actively providing such services.

Gladstone Management provides investment advisory services to its Fund Clients pursuant to the terms of the Fund’s organizational and offering documents and the provisions of an investment advisory agreement that is negotiated separately with each Fund Client (“Investment Advisory Agreement”). 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 its 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 the Firm’s Fund Clients concerning its efforts on their behalf; and
- Closing and monitoring investments;

For the Firm’s BDC Fund Clients, the Firm and its affiliates make available on BDC Fund Clients’ behalf, and provide if accepted, significant managerial assistance (as defined under the 1940 Act) and certain other services to BDC Fund Client portfolio companies.

Gladstone Management’s services may be individualized to meet the needs of particular clients. Such individualization takes into consideration numerous factors, including whether the client is a public or private entity, is mature or in the early stages of development, and whether it is a BDC, a REIT, or other type of pooled investment vehicle. Individualized needs and restrictions on investments are usually dictated by the Investment Advisory Agreement between the client and Gladstone Management as well as the relevant offering and organizational documents.

As of July 30, 2015, Gladstone Management's total assets under management were approximately \$1.9 billion, all of which were managed on a discretionary basis.

ITEM 5: FEES AND COMPENSATION

Gladstone Management is compensated for its advisory services according to the terms agreed upon in the Investment Advisory Agreements that are negotiated separately with each Fund Client. All fees pursuant to these Investment Advisory Agreements are billed in arrears on a quarterly basis. Fees that the Firm currently charges pursuant to such agreements 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 up to 2.0% for Fund Clients with the exception of Gladstone Commercial Corporation (NASDAQ: GOOD), the REIT Fund Client which targets commercial/industrial and retail properties, and has its base management fee assessed at an annual rate of up to 1.5%. For BDC Fund Clients, the base management fee is computed on the basis of the value of the BDC'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 Gladstone Commercial Corporation, the base management fee is computed on the basis of the value of the adjusted total stockholders' equity (computed net of total stockholders' equity less unrealized gains and losses, one-time events and certain non-cash items). For Gladstone Land Corporation (NASDAQ: LAND), the REIT Fund Client which specializes in the acquisition of farmland, the base management fee is computed on the basis of the value of the stockholders' equity, less the recorded value of any preferred stock.

Incentive Fee: For BDC Fund Clients, 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 REIT Fund Clients, the incentive fee is based on the REIT's funds from operations ("FFO").

Additional Fees and Compensation. The 1940 Act requires that the Firm's BDC Fund Clients make available significant managerial assistance (as defined under the 1940 Act) to their portfolio companies. The Firm makes such assistance available to such portfolio companies and provides such significant managerial assistance free of charge in the event that such portfolio companies choose to receive it.

In the event that the Firm provides certain other services to portfolio companies of its BDC Fund Clients pursuant to written agreements, a certain portion of the fees paid by such portfolio companies to the Firm may be retained by the Firm and a certain portion of such fees may be credited to the relevant BDC Fund Client and used to offset the management fee due to the Firm from such BDC Fund Client. Gladstone Management does not provide investment advisory services to BDC Fund Client portfolio companies.

Pursuant to servicing arrangements with the senior lenders that provide lines of credit to certain Fund Clients, the Firm may service loans placed in the pool of loans. Fees that the Firm receives for servicing these loans are credited to the Fund Client and offset the investment advisory fees due to the Firm from the Fund Client.

In connection with the advisory services the Firm provides to REIT Fund Clients, the Firm may also earn fees from the REIT Fund Client's borrowers, tenants or other sources. This fee income, or a portion thereof, may, at the sole discretion of the Fund Client's Board of Directors, be credited against the Firm's base management fee as a rebate to the base management fee.

Fund Clients will bear all other costs and expenses of their operations and transactions, including (without limitation), to the extent applicable, those relating to: organization and offering; calculating the Fund Client's net asset value (including the cost and expenses of any independent valuation firm); expenses incurred by the Firm payable to third parties, including agents, consultants or other advisers (such as independent valuation firms, accountants and legal counsel), in connection with monitoring the Fund Client's financial and legal affairs and investments, and performing due diligence on prospective investments; interest payable on debt, if any, incurred to finance the Fund Client's investments; offerings of the Fund Client's common stock and other securities; transfer agent and custodial fees; federal and state registration fees; all costs of registration and listing the Fund Client's 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 U.S. Securities and Exchange Commission or any state securities authority; costs of any reports, proxy statements or other notices to stockholders, including printing costs; the Fund Client's 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 Client in connection with administering the Fund Client's business. The Firm's affiliate, Gladstone Administration, LLC ("Administration"), provides administrative services to each Fund Client, which may include some or all of the services identified above. Each Fund Client reimburses Administration for its allocable portion of the costs and expenses incurred by Administration in providing such services, including, but not limited to, rent and the allocable portion of the salaries and benefits expenses of Administration's employees, including but not limited to its chief financial officer and treasurer, chief compliance officer, general counsel and secretary and their respective staffs. Each Fund Client's allocable portion of expenses is generally derived by multiplying Administration's total expenses by the percentage of time that Administration's employees perform services for a Fund Client relative to time spent performing services for all companies served by Administration under contractual agreements.

As discussed in Item 12 below, the Firm's BDC Fund Clients generally acquire and dispose of investments in privately negotiated transactions in which the services of a

broker-dealer may be used. When the services of a broker-dealer are necessary or appropriate, Gladstone Management's affiliate, Gladstone Securities, LLC ("Gladstone Securities"), an SEC registered broker-dealer and FINRA member firm, may be engaged to effect Fund Client transactions. Supervised persons of Gladstone Management may have an incentive to recommend transactions to BDC Fund Clients based on the compensation received by Gladstone Securities, rather than solely on the Fund Client's needs. To reduce the potential for conflicts of interest, the Firm has procedures designed and implemented to ensure its supervised persons act in the best interests of Fund Clients. In addition, investment advice is provided by supervised persons according to terms specified in the Investment Advisory Agreement and offering and organizational documents of a Fund Client, as well as the Investment Allocation Agreement between Gladstone Management and its Fund Clients (as amended from time to time). These documents specify the investment objectives and restrictions of each Fund Client, including the types of securities in which a Fund Client may invest. The Investment Allocation Agreement also specifies the procedures for allocating investments that may be suitable investments for more than one Fund Client. The Investment Allocation Agreement, and any amendments thereto, are approved by the Board of Directors, including the Independent Directors, of each Fund Client as well as the Board of Directors of Gladstone Management. Where the services of a broker-dealer are necessary or appropriate, BDC Fund Clients may direct Gladstone Management to execute transactions through broker-dealers other than Gladstone Securities.

Please see Item 12 below for a discussion of the Firm's brokerage practices.

ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As mentioned in Item 5 above, Gladstone Management receives an incentive fee, which is a performance-based fee, from its Fund Clients. The existence of performance-based fees may create an incentive for Gladstone Management and its supervised persons to make riskier investments than those which would be made in the absence of such performance-based fee arrangements. Gladstone Management may also conceivably have an incentive to favor higher fee paying Fund Clients over other lower fee paying Fund Clients in the allocation of investment opportunities that would fit within the objectives and strategies of each such fund.

The Firm's BDC Fund Clients may have similar investment objectives and may co-invest in transactions in certain portfolio investments, provided that such co-investment transactions meet the requirements of an order (dated July 26, 2012) granted to the Firm and its BDC Fund Clients by the SEC. In certain instances, Gladstone Management may face conflicts of interest in allocating investment opportunities and in making decisions regarding the timing, structure and disposition of investments.

To reduce the potential for such conflicts of interest, Gladstone Management has procedures designed and implemented to ensure that all Fund Clients are treated fairly and equally, and to prevent the conflicts raised by performance fees and side-by-side

management from influencing the investment advice the Firm provides to its Fund Clients. 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 in which a particular Fund Client may invest along with the procedures for allocating investments among Fund Clients. The Investment Allocation Agreement, and any amendments thereto, are approved by the Board of Directors, including the Independent Directors, of each Fund 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 publicly-traded management investment companies that have elected to be regulated as BDCs under the 1940 Act, and to publicly-traded companies that have elected (or plan to elect) to be treated as REITs for federal tax purposes. Gladstone Management may also advise other types of pooled investment vehicles, although the Firm is currently not actively engaged in such activities.

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

Gladstone Management's method of analysis, investment strategies, and risk of loss are dictated to the Firm based upon the objectives of its Fund Clients. Gladstone Management customizes its methods of analysis and investment strategies to meet the needs of each Fund Client. Such individualization takes into consideration such factors, among others, as the Fund Client's investment objectives and restrictions, whether the Fund Client is mature or in the early stages of development, and whether it is a BDC or 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 and real estate 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 a Fund Client's investment objectives, the investment professionals will seek an initial screening of the opportunity from Gladstone Management's Investment Committee, which is composed of Messrs. David Gladstone, Terry Brubaker, and the president of each Fund Client (the "Investment Committee"). It should be noted that Mr. Gladstone is the president of the REIT Fund Client that targets farm investments. Therefore, the

Investment Committee making decisions for the REIT Fund Client is only comprised of Messrs. Gladstone and Brubaker.

If the opportunity is a prospective portfolio company for a BDC Fund Client and passes the initial screening, Gladstone Securities takes a primary role in conducting a due diligence investigation. A detailed profile is created summarizing the prospective portfolio company's historical financial statements, industry and management team and analyzing its conformity to the general investment criteria of the proposed BDC Fund Client. If the opportunity is real estate for a REIT Fund Client and passes the initial screening, Gladstone Management conducts a due diligence investigation and creates a detailed profile summarizing the prospective real estate features and tenant information and analyzing its conformity to the general investment criteria of the proposed REIT Fund Client. The investment professionals then present the proposed portfolio company or real estate investment 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:

The Firm employs the following strategies for its Fund Clients:

BDC Fund Clients

The Firm's BDC Fund Clients (i.e., Gladstone Capital Corporation (NASDAQ: GLAD) and Gladstone Investment Corporation (NASDAQ: GAIN)) have investment objectives and strategies that the Firm must follow in order to provide advisory services to such clients. Such investment objectives and strategies are described in the BDC Fund Clients' registration statements and annual reports on Form 10-K, as filed with the SEC. The Firm generally employs the following strategies to assist the BDC Fund Clients in meeting their investment objectives:

- The Firm generally identifies prospective small and medium sized privately-owned portfolio companies in which BDC Fund Clients may invest based on characteristics such as, but not limited to: value-and-income orientation and positive cash flow; experienced management with meaningful equity ownership in such portfolio company; strong competitive position within its industry; and liquidation value of the portfolio company.
- The Firm performs extensive due diligence investigations of prospective portfolio companies and investment opportunities by: reviewing the prospective portfolio companies' projected and historical financial information; visiting the prospective portfolio companies' business sites; interviewing the prospective portfolio companies' management, employees, customers, and vendors; reviewing loan documents and material contracts; performing background checks and a capabilities assessment on a prospective portfolio company's management team;

- and researching a prospective portfolio company's products, services, or particular industry and competitive position therein.
- Utilizing appropriate leverage and hedging strategies and flexible transaction structuring.

REIT Fund Clients

The Firm's REIT Fund Clients (i.e., Gladstone Commercial Corporation and Gladstone Land Corporation) have investment objectives and strategies that the Firm must follow in order to provide advisory services to such clients. Such investment objectives and strategies are described in the REIT Fund Clients' registration statements and annual reports on Form 10-K, as filed with the SEC. In analyzing potential acquisitions of properties and leases for its REIT Fund Clients, the Firm reviews all aspects of the potential transaction, including tenant and real estate fundamentals, to determine whether potential acquisitions and leases can be structured to satisfy the REIT Fund Clients' investment criteria. The Firm generally employs the following strategies to assist the REIT Fund Clients in meeting their investment objectives:

Gladstone Commercial Corporation (which targets commercial/industrial/retail properties)

- The Firm evaluates the creditworthiness of prospective tenants or borrowers and their ability to generate sufficient cash flow to make payments to the REIT Fund Client pursuant to a lease. The Firm generally considers various criteria when underwriting leases and mortgage loans, such as, but not limited to: a credit evaluation and business prospect/financial strength of the tenant or borrower; incorporating certain credit enhancement or rent escalation provisions in leases; and diversifying the portfolio of the REIT Fund Client to avoid dependence on any particular tenant, tenant industry, facility type, or geographic location. When appropriate, the Firm attempts to include provisions in leases that require the REIT Fund Client's consent to specified tenant activity or require the tenant to satisfy specific operating tests. These provisions are designed to protect the REIT Fund Client from changes in a tenant's operating and financial characteristics that may impact its ability to satisfy its obligations to the REIT Fund Client or that could reduce the value of the property.
- In addition to underwriting the tenant or borrower, the Firm also underwrites the real estate to be acquired. The Firm obtains an independent appraisal and performs a due diligence review with respect to each prospective property, such as evaluating the physical condition of a property, analyzing zoning and site requirements, and reviewing an environmental site assessment to ensure the property is in compliance with relevant real estate regulations and to identify potential environmental liabilities associated with the property prior to its acquisition. The Firm generally seeks to invest in properties that are important to the ongoing operations of the prospective tenant. Finally, the Firm computes a value of the property based upon historical and projected operating results.

Gladstone Land Corporation (which targets farm and farm related properties)

- The Firm generally evaluates the following characteristics of a prospective farmland acquisition: the availability of water; composition of the soil; location; and price.
- The Firm underwrites the existing or prospective tenant on a prospective farmland acquisition property as part of its due diligence process in evaluating the farmland itself, generally focusing on the following characteristics of the tenant: experience; financial strength; adherence to quality standards; lease provisions that enhance and protect value; credit enhancement; and diversification.

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 methods of analysis and investment strategies. The Firm's Fund Clients and investors in such Fund Clients are requested to refer to the offering documents of the applicable Fund Client for more complete information on the methods of analysis and investment strategies employed and the corresponding risks.

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

Risks Related to the Firm's Management. The Firm is dependent upon informal relationships with investment bankers, business brokers and traditional lending institutions to provide deal flow. If the Firm fails to maintain relationships with such individuals or institutions, or if the Firm fails to establish strong referral relationships with other individuals or institutions, it will not be able to provide its Fund Clients with investment opportunities.

Risks Related to Operating in a Highly Competitive Market. A large number of entities compete with the Firm and make the types of investments that the Firm seeks to refer to its Fund Clients. The Firm competes with other advisers, public and private buyout funds, commercial and investment banks, and commercial financing companies, among other entities. Many of the Firm's competitors are

substantially larger and have considerably greater financial, technical and marketing resources than the Firm.

Risks Related to Interest Rates. The Firm's 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 the Firm's Fund Clients 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. The Firm's Fund Clients invest primarily in debt securities issued by 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 the Firm's 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 the Firm's Fund Clients are entitled to receive payments in respect of the debt securities in which they invest. Also, in the event of insolvency, liquidation, dissolution, reorganization, or bankruptcy of a portfolio company, holders of debt instruments ranking senior to the debt securities held by a Firm's Fund Client would typically be entitled to receive payment in full before the Firm's Fund Client receives any distribution in respect of its investment. After repaying such senior creditors, such portfolio company may not have any remaining assets to use for repaying its obligation to the Fund Client. In the case of debt ranking equally with debt securities in which the Firm's Fund Clients invest, the Firm's 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. The Firm's Fund Clients generally make investments in private companies and tenants whose securities are not traded in any public market. A substantial amount of the investments that the Firm's Fund Clients presently hold and 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 these investments may make it difficult to quickly obtain cash equal to the value of the investments, if the need arises. This could cause the Firm to miss important investment opportunities. In addition, if the Firm's Fund Clients are required to liquidate all or a portion of their portfolio quickly, they may record substantial realized losses upon liquidation. The Firm's Fund Clients may also face other restrictions on their ability to liquidate an investment in a portfolio company to the extent that the Firm, or its respective officers, employees or affiliates have material non-public information regarding such portfolio company.

Due to the uncertainty inherent in valuing these investments, the determinations of fair value may differ materially from the values that could be obtained if a ready market for these investments existed. The net asset value could be materially affected if the Firm's Fund Clients' determinations regarding the fair value of their investments are materially different from the values that are ultimately realized upon disposal of such investments.

Risks Related to Changes in Regulations. The Firm, along with its Fund Clients and their portfolio companies or tenants, is 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 the Firm, its Fund Clients or the Fund Clients' portfolio companies or tenants to comply with these laws or regulations may adversely affect the Firm's business.

ITEM 9: DISCIPLINARY INFORMATION

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

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Registered Broker-Dealers

Certain employees of Gladstone Management serve as registered representatives of the Firm's affiliate, Gladstone Securities, an SEC registered broker-dealer and a FINRA member firm. Gladstone Securities may receive compensation from BDC Fund Clients' portfolio companies for investment banking activities. From April 2010 through March 2015, Gladstone Securities also acted as the dealer manager for Gladstone Commercial Corporation's registered offering of its senior common stock. Gladstone Commercial Corporation and Gladstone Securities also entered into an agreement in June 2013 whereby Gladstone Securities will act as Gladstone Commercial Corporation's non-exclusive agent to assist it with arranging mortgage financing for the properties it owns. Such employees may face conflicts of interest in dedicating time and resources to the management of Fund Clients' portfolios, which may have a detrimental effect on the performance of such 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 and Item 12 below for additional information.

Relationships with Related Persons

Employees of Gladstone Management and its affiliates may serve as directors or officers for portfolio companies in which the BDC Fund Clients invest, or provide other services to portfolio companies. To mitigate potential conflicts, benefits received by Gladstone Management or its employees in connection with such services will be reviewed by the Independent Directors of the BDC Fund Clients and may be offset against advisory fees payable by the relevant BDC Fund 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 portfolio companies in which the Fund Clients invest. As a result, certain BDC Fund 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 the Fund Clients that Gladstone Management advises, as described in the relevant Fund Client's offering documents, which investments may be in privately negotiated transactions at varying prices. Gladstone Management may invest in securities on behalf of its Fund Clients in which it, or a Covered Person or related person thereof, has a financial interest.

The Firm's affiliate, Gladstone Administration, LLC, provides administrative services to the Firm's Fund Clients. Please see Item 5 for additional information.

For a general discussion of how the Firm addresses 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 a client of the Firm, engage directly or indirectly in any business investment in a manner detrimental to the client or use confidential information gained by reason of his or her employment by or affiliation with Gladstone Management in a manner detrimental to the client. Additionally, the Code requires that before a Covered Person recommends or authorizes the purchase or sale of a covered security by a Fund Client, 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

Gladstone Management’s supervised persons and affiliates may be invested in certain of the Fund Clients the Firm advises. These related persons have indirect beneficial interests in the securities owned by such Fund Clients and will share indirectly in any profits and losses generated by such Fund Clients’ investments.

Before Gladstone Management invests on behalf of a Fund Client in any security in which a related person has a beneficial ownership interest (not including any indirect interest by reason of their interest in a Fund), such related persons are required to disclose their ownership interest to the CCO.

Gladstone Management permits its employees and other related persons to engage in personal securities transactions, subject to compliance with its Code. Any transactions in Fund Client securities, or securities or investments (or related securities or investments such as derivative securities) that are held by one or more Fund Clients must be pre-approved by the CCO.

ITEM 12: BROKERAGE PRACTICES

The Firm's BDC Fund Clients generally acquire and dispose of investments in privately negotiated transactions for which the services of securities brokers or dealers may be used. In the event that the Firm executes such transactions on behalf of its Fund Clients, it will do so in accordance with the terms of the Investment Advisory Agreement between the Firm and the Fund Client. Such agreements typically provide the Firm with discretionary authority to select the broker-dealer to be used for the client's securities transaction. In making such decisions, the Firm's primary objective is to obtain best execution for the Fund Client. The Investment Advisory Agreements also permit the Firm to select a broker and pay an amount in excess of what another broker would have charged if the Firm determines 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 broker-dealer and its 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-dealer, 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. In selecting broker-dealers for Fund Client transactions, the Firm does not consider whether it or any of its related persons receive client referrals from the broker-dealer or any third-party. While the Firm will seek reasonably competitive trade execution costs, it will not necessarily pay the lowest spread or commission available.

Certain supervised persons of Gladstone Management may also be registered representatives of Gladstone Securities, an SEC registered broker-dealer and FINRA member firm and an affiliate of Gladstone Management. Where the services of a broker-dealer are necessary or appropriate, Gladstone Management may select Gladstone Securities to effect the transaction for a BDC Fund Client, although the BDC Fund Client may direct the Firm to use another broker-dealer of its choosing. Please see Items 5 and 10 for additional information.

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 the purchase or sale of securities for various clients.

ITEM 13: REVIEW OF ACCOUNTS

Fund Client investment advisory accounts are reviewed at least quarterly by the Firm's 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 the 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 also 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 more frequent 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, current market value, and the fees charged to the Fund Client and, to the extent applicable, its portfolio companies. Each Fund Client also receives performance analysis reports which display the time weighted rate of return realized in its account.

In addition to the Firm's quarterly reports, Fund Clients may also receive custodial statements directly from their custodians. Fund Clients in need of a more frequent report may request that additional service.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

Other than the compensation discussed in Item 5 above, Gladstone Management does not have any oral or written arrangements where it receives any economic benefits for providing investment advice or other advisory services to its clients.

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 because of the authority that the Firm or a related person has over such Fund Client's assets.

Where Gladstone Management has custody over a Fund Client's assets, it is the Firm's policy generally to cause such Fund Client to be audited annually by a 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 the Fund Client's fiscal year. In addition, upon the final liquidation of any such Fund Client, Gladstone Management will obtain a final audit of the Fund Client and distribute the audited financial statements prepared in accordance with GAAP 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 any of its Fund Clients, to the extent applicable the Firm will instead comply with the notice provisions of Advisers Act 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). Fund Clients may receive account statements directly from their qualified custodians. Fund Clients should carefully review those statements and compare them with the quarterly reports they receive from the Firm.

ITEM 16: INVESTMENT DISCRETION

Gladstone Management has full discretionary authority with respect to the investment decisions of its Fund Clients. The Firm's advice with respect to Fund Clients is provided in accordance with the investment objectives, guidelines and restrictions as set forth in their respective registration statements filed with the SEC, as amended from time to time, and/or in accordance with their organizational documents and applicable Investment Advisory Agreement and Investment Allocation Agreement with the Firm. These documents generally place limitations on Gladstone Management's investment decisions for 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 relevant Investment Advisory Agreement entered into between the Fund Client and Gladstone Management.

ITEM 17: VOTING CLIENT SECURITIES

Gladstone Management does not regularly vote proxies on behalf of its clients. However, the Firm's BDC clients may own voting securities in certain of their portfolio companies and the Firm may accept authority to decide how the BDC Fund Clients vote their shares. Gladstone Management has adopted proxy voting policies and procedures to address how the Firm will exercise voting authority, if applicable, with respect to any Fund Client's portfolio companies. If a conflict of interest arises between the interests of such a Fund Client and the interests of Gladstone Management with respect to any vote, the Firm's proxy voting policies and procedures are designed to ensure the vote is not improperly influenced by the conflict. Gladstone Management's policy is to vote in the best interests of its Fund Clients, taking into account such factors as the Firm deems relevant in its sole discretion.

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. The Firm does not require or solicit prepayment of fees from clients.