

Part 2A of Form ADV: *Firm Brochure*

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This brochure provides information about the qualifications and business practices of Fidus Investment Advisors, LLC (hereinafter “FIA”). If you have any questions about the contents of this brochure, please contact Diane P. Lind, Chief Compliance Officer at 847.859.3940. 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 FIA also is available on the website of the United States Securities and Exchange Commission (“SEC”) at www.adviserinfo.sec.gov. FIA may refer to itself as “registered” or as a “registered investment advisor.” Note that such designation does not imply any particular level of skill or training.

Item 2. Summary of Material Changes

Material changes have been made to this Disclosure Brochure since the last filing and distribution. These changes include the following:

- Additional disclosure under Item 4 regarding the services FIA provides to Fidus Credit Opportunities, L.P. (“FCO”), a new private investment fund client of FIA in the formation process;
- Additional disclosure under Item 5 regarding the fees FIA expects to charge FCO;
- Changes to disclosures under Item 8 regarding FIA’s methods of analysis and investment strategies, as well as the material risks associated with the investments it recommends to its clients; and
- Changes to disclosures under Item 10 regarding the nature of conflicts presented by certain related persons of FIA.

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Item 4. Advisory Business

FIA is an independently-owned investment adviser with a principal place of business in Evanston, Illinois, and other offices in North Carolina and New York. FIA was founded in 2011. Edward H. Ross is the Chief Executive Officer of FIA and John J. Ross II is the Chair of the Board of Managers of FIA. Fidus Group Holdings, LLC, a Delaware limited liability company (“FGH”), is the parent holding company of FIA, and FGH is owned primarily by FIA’s officers, managers and employees.

FIA provides investment management and advisory services to Fidus Investment Corporation (“FIC”), a Maryland corporation and a closed-end, non-diversified management investment company electing to be treated as a business development company under the Investment Company Act of 1940 (the “Investment Company Act”), Fidus Equity Opportunities Fund, L.P., a Delaware limited partnership (“FEOF”), and Fidus Credit Opportunities, L.P., a Delaware limited partnership (“FCO”, and together with FEOF, the “Existing Funds”). FIA may provide services to additional clients in the future (such future clients, together with FIC, FEOF, and FCO, “Clients”).

FIA’s services primarily include, but are not limited to, determining the composition of the portfolio of its Clients, including: the nature and timing of changes to their portfolios and the manner of implementing such changes; assisting with determining the securities they will purchase, retain, or sell; identifying, evaluating and negotiating the structure of their investments (including performing due diligence on their prospective portfolio companies); executing, closing, and monitoring their investments; and providing other investment advisory, management, research, and related services that they may reasonably need for investment of their assets.

FIA’s leadership team has an average of over 25 years of experience per person investing in, lending to, and advising companies across various market cycles. These professionals have diverse backgrounds, with prior experience in senior management positions at investment banks, specialty finance companies, commercial banks, and privately and publicly held companies, and have extensive experience investing across all levels of the capital structure of lower middle-market companies. FIA has advised its Clients in making approximately \$2.4 billion of debt and equity investments in lower middle-market companies.

FIA seeks to assist its Clients primarily in making debt investments and minority equity investments. With its Clients that have a primary focus on making debt investments, FIA typically seeks for those Clients to also make corresponding minority equity investments (or obtain warrants to acquire equity interests) in the same portfolio company. FIA focuses on seeking investment opportunities for its Clients in industries in which its investment professionals have significant prior experience.

FIA does not typically tailor its advisory services to the individual needs of investors in its Clients nor does it typically accept individualized investment restrictions from such investors.

FIA does not participate in wrap fee programs.

FIA currently manages on a discretionary basis approximately \$883,053,058 of Clients' assets.

Item 5. Fees and Compensation

FIC

The compensation paid to FIA by FIC is provided in an investment advisory agreement (the "Advisory Agreement") between FIC and FIA and is subject to approval by FIC's board of directors. That compensation is divided into two components — a base management fee and an incentive fee.

The base management fee is calculated at an annual rate of 1.75% based on the average value of FIC's total assets (excluding cash and cash equivalents but including assets purchased with borrowed funds) at the end of the two most recently completed calendar quarters. The base management fee is payable quarterly in arrears in cash.

The incentive fee has two parts. One part, referred to as the "income incentive fee," is calculated and payable quarterly in arrears based on FIC's pre-incentive fee net investment income for the quarter.

"Pre-incentive fee net investment income" means interest income, dividend income, and any other income (including any other fee income such as commitment, origination, structuring, diligence and consulting fees or other fees that FIC receives from its portfolio companies, excluding fees for providing managerial assistance) received or accrued during the calendar quarter, minus operating expenses paid or accrued during the quarter (including the base management fee paid or payable by FIC and any expenses of FIA reimbursed or to be reimbursed by FIC, excluding the incentive fee).

Pre-incentive fee net investment income, expressed as percentage of the value of FIC's net assets (defined as total assets less indebtedness before taking into account any incentive fees payable during the period) at the end of the immediately preceding calendar quarter, is compared to a "hurdle rate" of 2.0% per quarter. This part of the incentive fee is calculated independently each calendar quarter and is not cumulative.

FIA receives an income incentive fee with respect to FIC's pre-incentive fee net investment income in each calendar quarter as follows:

- No income incentive fee in any calendar quarter in which FIC's pre-incentive fee net investment income does not exceed the hurdle rate of 2.0%;
- 100.0% of FIC's pre-incentive fee net investment income with respect to that portion of such pre-incentive fee net investment income, if any, that exceeds the hurdle rate but is less than 2.5% in any calendar quarter. This portion of pre-incentive fee net investment income (which exceeds the hurdle rate but is less than 2.5%) is the "catch-up" provision

that provides FIA with 20.0% of the pre-incentive fee net investment income as if a hurdle rate did not apply; and

- 20.0% of the amount of FIC's pre-incentive fee net investment income, if any, that exceeds 2.5% in any calendar quarter.

The second part of the incentive fee, referred to as the "capital gain incentive fee" and payable annually in arrears, equals 20.0% of realized capital gains and unrealized capital appreciation, if any, on a cumulative basis from inception of FIC through the end of the fiscal year, if any (or if the Advisory Agreement between FIA and FIC is terminated, as of the termination date), computed net of all realized capital losses and unrealized capital depreciation on a cumulative basis, less the aggregate amount of any previously paid capital gain incentive fees under the Advisory Agreement.

FIA is responsible for compensation and routine overhead expenses for all investment professionals to the extent they are engaged in providing investment advisory services to Clients. However, Clients bear all other out-of-pocket costs and expenses of FIA's operations and transactions, including, without limitation, those relating to:

- Calculating Clients' net asset values (including the cost and expenses of any independent valuation firms);
- Fees and expenses incurred by FIA to third parties, including agents, consultants or other advisors, in connection with monitoring Clients' portfolios or their other financial and legal affairs;
- Transaction expenses (please see Item 12 below for additional information on brokerage practices);
- Investments and performing due diligence on Clients' prospective portfolio companies or otherwise relating to, or associated with, evaluating and making investments;
- Investment advisory fees;
- Administration fees and expenses, if any, payable under any other agreement between FIA and a Client, such as an administration agreement, which may include payments based upon Clients' allocable portion of FIA's overhead in performing administrative services as agreed upon in an administration agreement, including rent and the allocable portion of the cost of FIA's officers, including a chief compliance officer, chief financial officer, if any, and their respective staffs;
- Custodial fees and expenses;
- Costs of preparing and filing reports or other documents required by the SEC or other regulators;

- Direct costs and expenses of administration, including for the costs of printing, mailing, copying, secretarial and other staff, independent auditors, and legal;
- Proxy voting expenses; and
- All other expenses reasonably incurred by FIA or its Clients in connection with administering Clients' businesses.

No supervised person in FIA receives compensation for selling securities or other investment products, but it is possible FIA may pay such compensation in the future.

Under the Advisory Agreement, FIA may resign at any time upon not less than 60 days' written notice, including if FIA has not engaged a replacement advisor.

Fidus Equity Opportunities Fund, L.P.

FIA serves as the manager of FEOF pursuant to FEOF's limited partnership agreement (as amended, the "FEOF Partnership Agreement") and the Management Services Agreement by and between FEOF, Fidus Equity Opportunities GP, LLC, the general partner of FEOF, and FIA (as amended, the "FEOF Management Agreement"). In consideration for the management services provided by FIA to FEOF under the FEOF Management Agreement, FIA is paid by FEOF the commitment fees and management fees owed under the FEOF Partnership Agreement.

The commitment fee is an initial one-time fee payable by the limited partners of FEOF in an amount equal to 1.00% (or such lesser percentage agreed to by the general partner of FEOF) of such limited partner's commitment. The commitment fee for each limited partner will be paid at the initial capital call of FEOF or, if later, at the closing at which such limited partner is first admitted or increases its commitment.

The management fees payable to FIA with respect to each limited partner are paid quarterly in advance in an amount equal to 0.5% (2.0% per annum), or such lesser percentage as may be agreed to by the general partner of FEOF, of such limited partner's pro rata share of FEOF's invested capital (based on the cost of investments and reduced for written-off investments). The management fees are further subject to reduction for amounts equal to 50% of fees received by FIA or the general partner in connection with certain origination, closing and monitoring of FEOF's investments (but not fees paid to Fidus Partners, LLC for its investment banking or other related services, which fees do not reduce in any amount the management fees payable to FIA from FEOF) and for amounts by which organizational expenses of FEOF and its general partner exceeded \$250,000.

FEOF was responsible for the payment of organization fees and expenses of FEOF and its general partner up to \$250,000. After the organization of FEOF and its general partner, the general partner and FIA will pay their own administrative costs and expenses, including, salaries, benefits and other compensation and their own general overhead expenses. FEOF is responsible for paying all other expenses relating to FEOF's operations, including FEOF's management fees, out-of-pocket expenses related to meetings of its investors, out-of-pocket expenses incurred in connection with actual and prospective investments of FEOF (including travel expenses related

to such actual and prospective investments and dead deal costs), and third-party expenses relating to the operations of FEOF. Such third-party expenses include, without limitation, transaction expenses such as legal, accounting and consulting fees incurred in connection with actual and prospective investments, audit and tax preparation and other professional fees for services rendered to FEOF, brokers' commissions relating to FEOF's investment activities, interest and other charges on any indebtedness incurred by FEOF, litigation expenses relating to FEOF's operations and any taxes, fees, or other governmental charges assessed against FEOF.

Additionally, FEOF pays its general partner, an affiliate of FIA, a performance based fee in the form of carried interest under the FEOF Partnership Agreement pursuant to which the general partner receives 20% of distributions after investors receive their capital contributions back (subject to a preferred return of 8% (compounded annually) for investors and a subsequent 100% catch up to the general partner until it has received 20% of the distributions made in excess of investors' capital contributions).

Fidus Credit Opportunities, L.P.

FIA will serve as the manager of FCO pursuant to FCO's limited partnership agreement (the "FCO Partnership Agreement") and a management services agreement or investment advisory agreement by and between FCO, Fidus Credit Opportunities GP, LLC, the general partner of FCO, and FIA (as amended, the "FCO Management Agreement"). In consideration for the management services to be provided by FIA to FCO under the FCO Management Agreement, FIA expects to be paid commitment fees, management fees, incentive/carried interest fees, and potentially other fees in amounts to be determined and provided in FCO's limited partnership agreement with investors.

Item 6. Performance-Based Fees and Side-By-Side Management

FIA and its affiliates are currently receiving (or expect to receive) a performance-based (incentive/carried interest) fees from its Existing Clients as described in Item 5 above. Currently, FIA does not manage accounts that are charged a performance fee alongside other accounts that are not, but it is possible that FIA may do so in the future. FIA does manage Client accounts that may invest in the same types of securities, and these accounts may bear carried interest and performance fees at different rates or make payments to FIA or its affiliates at different times. The foregoing could result in potential conflicts of interest in the allocation of investment opportunities. FIA seeks to mitigate these potential conflicts by allocating investment opportunities among Client accounts in a fair and equitable manner pursuant to an investment allocation policy (as described below), subject to any restrictions imposed on FIC under the Investment Company Act. Furthermore, the existence of performance-based fees may create an incentive for FIA to invest in riskier investments that may generate higher returns or to hold investments for periods of time than otherwise may be appropriate in order to increase the performance fees earned by FIA or an affiliate.

FIA may also form or manage additional investment vehicles with similar or overlapping investment strategies in the future. Subject to regulatory and other requirements that may be required, FIA expects to allocate investment opportunities among its Clients as follows: (i) each of FIA and any other affiliated investment advisor/manager will determine if the investment

opportunity is suitable for a Client it advises or manages; (ii) if deemed suitable, each of FIA and any other advisor/manager will submit a requested investment amount in the investment opportunity for each participating Client (the “Requested Investment Amount”); and (iii) if the aggregate Requested Investment Amount of the participating Client is greater than the aggregate amount of the investment opportunity, the investment opportunity will be allocated among the participating Clients pro rata based upon the Requested Investment Amount of each participating Client. FIA is permitted to determine the suitability of an investment opportunity and the Requested Investment Amount separately and independently for each Client, taking into account such facts and circumstances as FIA determines relevant to such determination.

Item 7. Types of Clients

FIA provides investment management and advisory services to the following Existing Clients:

- Fidus Investment Corporation, a Maryland corporation and a closed-end, non-diversified management investment company electing to be treated as a business development company under the Investment Company Act;
- Fidus Equity Opportunities Fund, L.P., a Delaware limited partnership and private investment fund; and
- Fidus Credit Opportunities, L.P., a Delaware limited partnership and private investment fund.

FIA may provide services to additional Clients in the future.

The general partners of the Existing Funds have or had the discretion to determine the minimum amount of investments made by investors in its Existing Funds. Investors in the Existing Funds must be “accredited investors” and “qualified clients” as defined under applicable federal securities laws, unless otherwise determined by the general partners of the Existing Funds.

Item 8. Methods of Analysis, Investment Strategies, and Risk of Loss

Investments

FIA seeks to create diversified investment portfolios for its Clients that primarily include debt and minority equity investments (or warrants to acquire equity interests) in accordance with their respective investment mandates and capital bases (as described below), provided that the investment mandate for FEOF primarily targets minority equity investments only. FIA seeks to provide attractive risk-adjusted returns for its investments by generating current interest income from debt investments and capital appreciation from equity investments.

While FIA seeks to create a diversified investment portfolio for each Client, FIA expects all of a particular Client’s investments to be of a similar type in accordance with its investment mandate. FIA does not seek or purport to create investment portfolios that are diversified across asset

classes (e.g., real estate, public investments, bonds, etc.) or that would constitute a complete investment program for an investor.

Senior Loans. Senior loans typically are the most senior ranking loans of a borrower, secured by assets of a borrower, and have variable or fixed interest rates. In addition, interest rates may be subject to a grid providing for various interest rates based on a company's financial performance and metrics. Senior loans typically contain principal amortization and excess cash flow payment obligations and may contain prepayment penalties. Senior loans may involve multiple tranches of loans with different relative rankings as to priority of payment and/or liens and may be in the form of term or revolving loans, provided that unitranche loans are senior loans that typically involve one loan tranche blending the risk and return profiles of both senior and subordinated loans. Nevertheless, unitranche loans may be subject to agreements among lenders creating more than one tranche with relative priorities of payment typically between first out and last out lenders.

Subordinated Loans. Subordinated loans are typically unsecured and subordinated to senior or unitranche loans, although it is possible that such loans are secured by second or junior liens on assets of a borrower. These loans typically have fixed interest rates payable in cash and/or in kind and typically do not have amortization until maturity. In addition, interest rates may be subject to a grid providing for various interest rates based on a company's financial performance and metrics.

Minority Equity Investments. Equity investments typically are minority equity investments made in connection with loans being made to the same company parties. It is also possible that equity investments take the form of warrants to acquire equity, typically with nominal exercise prices. These equity investments are often include negotiated provisions protecting a Client's rights as a minority equity holder that does not have control of the company.

FIA generally seeks to identify investment opportunities for its Clients in companies from a broad range of industries known and understood by its investment professionals, including the following:

- Business services;
- Industrial products and services;
- Value-added distribution;
- Healthcare products and services;
- Consumer products and services (including retail, food and beverage);
- Defense and aerospace;
- Transportation and logistics;
- Software and technology-enabled services;
- Infrastructure;

- Building products; and
- Niche manufacturing.

FIA generally expects to use the following criteria and guidelines in evaluating investment opportunities for its Clients. However, not all of these criteria and guidelines have been, or will be, met in connection with each investment.

Underwriting with Owner Mentality. FIA has emphasized fundamental analysis of a company's position and prospects as if it were going to own and control the company. FIA tends to focus on investment opportunities with valuations based on reasonable multiples of sustainable operating cash flow, although it does consider some investments on the basis of annual recurring revenue (particularly for companies providing software and technology-enabled services). FIA also seeks opportunities in companies with a history of profitability and positive minimum trailing twelve month EBITDA, although it has invested in some companies without positive cash flow (particularly companies providing software and technology-enabled services). FIA does not generally pursue investment in start-up companies, "turn-around" situations, or companies that it believes have unproven business plans.

Experienced Management Teams with Meaningful Equity Ownership. FIA targets companies that have management teams with significant experience and/or relevant industry experience coupled with meaningful equity ownership. FIA believes management teams with these attributes are more likely to manage the companies in a manner that protects the value of debt investments and enhances the value of equity investments.

Market Leaders with Defensible Market Positions and Growth Opportunities. FIA targets companies that are leaders with developed, defensible positions within their respective markets or market niches and are well positioned for growth opportunities. FIA favors companies that demonstrate significant competitive advantages that FIA believes will help to protect their market positions and growth opportunities.

Diversified Customer and Supplier Bases. FIA seeks investments for its Clients in companies that have diversified customer and supplier bases. Companies with a diversified customer and supplier base are generally better able to endure economic downturns, industry consolidation, and shifting customer preferences.

Significant Invested Capital and Valuation Cushions. For its Clients' debt investments, FIA believes the existence of significant underlying equity value provides important protection, and FIA targets companies with enterprise value significantly exceeding the amount of indebtedness, after giving effect to a contemplated debt investment.

Viable Exit Strategy. FIA seeks investments for its Clients in companies that it believes will provide a steady stream of cash flow to repay loans and reinvest in their respective businesses. FIA typically expects exits from investments in the following ways: (i) a sale of a company; (ii) a recapitalization of a company; or (iii) repayment of loan obligations from cash flow generated

by a company. In some investments, there may be scheduled amortization of some portion of a debt investment prior to its maturity.

Investment Process

FIA has developed the following investment process based on the experience of its investment professionals to identify investment opportunities and to structure investments with the following phases:

- Investment Generation/Origination;
- Initial Evaluation;
- Due Diligence and Underwriting;
- Documentation and Closing; and
- Portfolio Management.

Each of the phases is described in more detail below.

Origination. Investment originating efforts are focused on utilizing FIA's extensive network of relationships to source investment opportunities, including with private equity firms, middle-market lenders, financial intermediaries, and management teams.

Initial Evaluation. After identifying a suitable investment opportunity, FIA reviews the available materials to determine if it meets a Client's investment criteria and regulatory compliance requirements. If so, at least two members of FIA's investment committee, referred to as the deal team, conduct a preliminary due diligence review, taking into consideration some or all of the following factors:

- A comprehensive financial model based on quantitative analysis of historical financial performance, projections, and pro forma adjustments to determine a range of estimated internal rates of return;
- An initial call or meeting with the management team, owner, private equity sponsor, or other deal partner;
- A brief industry and market analysis, leveraging direct industry expertise from other investment professionals at FIA;
- Preliminary qualitative analysis of the management team's competencies and backgrounds; and
- Potential investment structures and pricing terms.

If a potential transaction passes this initial evaluation and is structured in a satisfactory manner, the deal team prepares a screening memorandum and makes a recommendation to FIA's investment committee to move forward with the potential investment.

If the investment committee approves the deal team's recommendation, the deal team prepares and issues a non-binding term sheet of investment terms. Upon acceptance of a term sheet by a company, FIA begins due diligence and underwriting phase.

Due Diligence and Underwriting. At this phase, FIA conducts due diligence to develop a comprehensive understanding of a company's position and prospects to make an informed decision about making an investment in a company, including the associated risk factors. This due diligence typically includes some or all of the following:

- Site visits and facility tours with management and key personnel;
- Review of the business history, operations, and strategy;
- Analysis of industry and competition;
- Analysis of key customers and suppliers, including review of any concentrations and key contracts;
- Analysis of historical and projected financial statements, including a review of at least three years of performance (annual and monthly), key financial ratios, revenue, expense and profitability drivers, and sensitivities to management's financial projections;
- Evaluation of and company management, including background checks;
- Evaluation of the equity sponsor, including its other portfolio companies and reference checks; and
- Evaluation of third-party reports about selected topics, such as quality of earnings and accounting matters.

During the due diligence process, significant attention is given to sensitivity analyses and how the company might be expected to perform in various projected scenarios, including downside, base case, and upside scenarios.

Upon completion of the due diligence review process, the deal team presents their findings and a recommendation to FIA's investment committee, which then makes a determination about whether to proceed with documenting and closing the investment.

Documentation and Closing. As the next phase, FIA works with its legal counsel to assist it with documentation and closing of the investment.

Portfolio Management. FIA actively monitors its portfolio companies as a vital part of the investment process. FIA obtains and reviews quarterly or monthly and annual financial and operating results (including to compare them to prior periods and budget) and financial projections (including cash flow and liquidity needs). FIA also seeks to meet with management at least annually and seeks to obtain board information and the right to attend or listen to board meetings. FIA reviews and monitors compliance with financial covenants in the underlying investment documents. FIA holds meetings at least quarterly with its investment professionals and investment committee members to review and evaluate its portfolio companies.

FIA seeks investments for Clients to hold to maturity but some may be sold earlier if a liquidity event occurs, such as a sale, recapitalization, or worsening of the credit quality of the portfolio company.

Investment Portfolio Diversification

FIA seeks to maintain for each Client a portfolio of investments that is diversified among companies, industries and geographic regions. FIA believes that maintaining a diversified portfolio helps mitigate the potential effects of negative events for particular companies, regions and industries. FIA does not seek or purport to create investment portfolios that are diversified across asset classes (e.g., real estate, public investments, bonds, etc.) or that would constitute a complete investment program for the typical institutional or other investor.

Investment Risks Factors

FIA depends on the investment expertise, skills, and network of business contacts of its professionals. The departure of any of these individuals could have a material adverse effect on FIA's ability to achieve its Clients' investment objectives.

Investing in lower middle-market companies involves a number of significant risks, and could result in loss of all or part of Clients' investments. Among other things, these companies:

- May have limited financial resources and may be unable to raise additional capital to support their operations, finance expansion, or meet their obligations under their debt facilities;
- May have shorter operating histories, narrower product lines, and smaller market shares, which tend to make them more vulnerable to competitors' actions and market conditions, as well as general economic downturns, as compared to larger businesses;
- Are more likely to depend on the management talents and efforts of a small group of persons and the loss of one or more of these persons could have a material adverse impact on these companies and investments; and
- Generally have less publicly available information about their businesses, operations, and financial condition, and to the extent FIA does not discover all material information about these companies, FIA may not make a fully informed investment decision.

Investments made by FIA's Clients are likely to be illiquid and in addition may be subject to legal and other restrictions on resale. The illiquidity of these investments may make it difficult to dispose of investments at a fair or desirable value when desired.

FIA's investment strategy is primarily focused on making senior and subordinated loans. Subordinated loans generally are subject to payment limitations imposed by the holders of senior loans, both before and during a bankruptcy proceeding. After repaying senior loans, portfolio companies may not have any remaining assets to use for repaying subordinated loans. FIA may make secured loans that do not have first priority liens in collateral. The holders of loans secured by first priority liens will generally control the liquidation of and be entitled to receive proceeds from any realization of the collateral to repay their obligations in full before the holders of loans with junior priority liens. There is a risk that the proceeds, if any, from the sale of the collateral will not be sufficient to satisfy the loans secured by the junior priority liens after payment in full of all loans secured by the senior priority liens. If such proceeds are not sufficient to repay amounts outstanding under the loan obligations secured by the second priority liens, to the extent the investment has not been repaid from the proceeds of the sale of the collateral, the investor will be left only with a unsecured claim against the company's remaining assets, if any.

Clients' portfolio companies may enter into bankruptcy proceedings. The bankruptcy process has a number of significant inherent risks that generally increase the risk of loss on principal. Most likely, the company's value is significantly less than its value at the time the investment was made, and a bankruptcy court may subordinate Clients' debt investment to claims made by other creditors. In addition, administrative costs in bankruptcy proceedings are frequently high and are paid from the company's assets prior to payments to creditors.

Clients' generally will not control their portfolio companies, except potentially as a result of the exercise of creditor rights and remedies in respect of debt investments. Therefore, Clients are subject to the risk that decisions will be made by portfolio companies and their owners with which FIA may not agree. Because of the lack of liquidity, Clients may not be able to dispose of their interests in its portfolio companies as readily as they would like or at a desirable valuation.

FIA generally will invest proceeds received from the repayment of its Clients' investments in accordance with their respective investment requirements, which typically have substantially lower yields or returns than the investment being repaid. In addition, any future investment of such repayment amounts in a new portfolio company may also be made at lower interest rates than the investment that was repaid.

Clients may lose money on their investments, either individually or in the aggregate. Clients' debt investments may lose value and may not be repaid in full. Clients' equity investments may not appreciate in value and may decline in value. Clients generally will depend on liquidity events, such as a sale of the business, recapitalization or public offering, for their loans to be repaid and to realize proceeds from their equity investments.

The disposition of Clients' equity investments may result in contingent liabilities. In connection with the disposition of equity investments, Client may be required to make representations about

the business and financial affairs of the portfolio company typical of those made in connection with the sale of a business. Clients may also be required to indemnify the purchasers of such investment to the extent that any such representations turn out to be inaccurate or with respect to potential liabilities. These arrangements may result in contingent liabilities that ultimately result in funding obligations that Client must pay.

Item 9. Disciplinary Information

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that are required to be disclosed to the SEC. FIA is not aware of any such events to disclose.

Item 10. Other Financial Industry Activities and Affiliations

Registered investment advisors are also required to disclose the existence of certain financial industry activities and affiliations. Except as noted below with regard to John J Ross II and John H. Grigg:

- Neither FIA nor any of its “management persons” (as defined by the SEC for purposes of this brochure) are registered, or have an application pending to register, as a broker-dealer or registered representative of a broker-dealer;
- Neither FIA nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator or commodity trading advisor;
- There is no relationship or arrangement that is material to FIA’s advisory business or to FIA’s Clients between FIA or any of its management persons and any “related party” (as defined by the SEC for purposes of this brochure) of FIA that is a broker-dealer, municipal securities dealer, government securities dealer or broker, investment company or other pooled investment vehicle, other investment adviser or financial planner, futures commission merchant, commodity pool operator, commodity trading advisor, banking or thrift institution, accountant or accounting firm, lawyer or law firm, insurance company or agency, pension consultant, real estate broker or dealer, or sponsor or syndicator of limited partnerships; and
- FIA receives compensation only directly from Clients and therefore does not have conflicts of interest with other parties arising from sources of compensation.

Each of John J. Ross II and John H. Grigg are members of FIA’s investment committee, hold equity interests in Fidus Group Holdings, LLC, a Delaware limited liability company and parent holding company of FIA (“FGH”), and are members of the Board of Managers of each of FIA and FGH. In addition, John Ross is Chair of the Board of Managers of each of FIA and FGH and is Chief Executive Officer of FGH and a member of its Executive Committee. Both John Ross and John Grigg are investment banking registered representatives and owners of Fidus Partners, LLC (“FP”), a Delaware limited liability company, and Fidus Securities, LLC (“FS”), a Delaware

limited liability company and broker dealer registered with the SEC. Each of FP and FS provide investment banking services, including financial advice on mergers, acquisitions, financial restructurings, and similar corporate finance matters.

FP and FS may provide such services to a Client or a portfolio company of a Client, including in connection with its sale or other transactions involving such portfolio company. The compensation earned by FP and/or FS from a Client or its portfolio company creates an incentive for FIA to favor FP and/or FS over other firms providing similar services, resulting in a conflict of interest. In response to this conflict of interest, neither John Ross nor John Grigg participate in advising a Client or its portfolio company with respect to its consideration of engaging FP and/or FS to provide such services. Further, if a Client or its portfolio company has engaged FP and/or FS to provide such services, neither John Ross nor John Grigg will participate in advising that Client with respect to such portfolio company until such engagement has terminated. Finally, if a company has engaged FP and/or FS and later becomes a portfolio company of a Client, neither John Ross nor John Grigg will participate in advising that Client on matters relating to that portfolio company until the engagement of FP and/or FS has terminated.

Item 11. Code of Ethics, Participation in Client Transactions, and Personal Trading

FIA has adopted a code of ethics (“Code of Ethics”) pursuant to 204A-1 under the Investment Advisers Act of 1940, as amended (the “Advisers Act”) that establishes procedures for personal investments and restricts certain personal securities transactions. Personnel subject to the Code of Ethics may invest in securities for their personal investment accounts, including securities that may be purchased or held by a Client, so long as such investments are made in accordance with the requirements of the Code of Ethics.

The Code of Ethics also includes:

- Standards of business conduct for FIA’s supervised persons regarding compliance with FIA’s fiduciary obligations;
- Provisions requiring FIA’s supervised persons to comply with applicable federal securities laws;
- Provisions requiring FIA’s supervised persons to report violations of the Code of Ethics to FIA’s Chief Compliance Officer or other designated persons; and
- Provisions requiring that each of FIA’s supervised persons be provided with the Code of Ethics and acknowledge receipt of it in writing.

Clients and prospective Clients may obtain a copy of the Code of Ethics by contacting Diane P. Lind, Chief Compliance Officer of FIA.

Item 12. Brokerage Practices

FIA expects that most of its Clients' investments will be acquired and disposed of in privately negotiated transactions not requiring the use of brokers or dealers engaged by FIA or the payment of brokerage or dealer commissions by FIA. However, as necessary with respect to transactions involving publicly traded investment securities, FIA expects to select and use brokers or dealers to execute transactions. FIA does not expect to execute transactions through any particular broker or dealer and instead expects to choose a broker or dealer for any particular transaction to obtain best net results for its Clients under the circumstances, taking into account such factors as price (including the applicable brokerage commission or dealer spread), size of order, difficulty of execution, the firm's operational facilities, and the firm's risk and skill in positioning blocks of securities. Although FIA generally expects to seek reasonably competitive trade execution costs, it may not pay the lowest spread or commission available. Subject to applicable legal requirements and consistent with Section 28(e) of the Securities Exchange Act of 1934, as amended, FIA may select a broker or dealer based upon brokerage or research services provided to FIA and its Clients and as a result could pay higher commissions than other brokers or dealers would charge without providing such services. FIA has not ever paid any such higher commission, but it could determine to do so in the future, in which case FIA would expect to pay a higher commission only when it determines that it is reasonable in relation to the services provided by the broker or dealer.

Item 13. Review of Accounts

FIA regularly monitors its Clients' accounts and reviews all holdings of its Clients' accounts at least quarterly in the context of each Client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes, including with respect to a Client's individual circumstances, markets, or the political or economic environment. In addition to any confirmations and statements that may be received from brokers, dealers or custodians, FIA provides quarterly reports summarizing account performance, balances, and holdings.

Item 14. Client Referrals and Other Compensation

FIA does not pay referral fees to independent persons or firms for introducing Clients.

Item 15. Custody

As an investment adviser registered with the SEC, FIA is subject to Rule 206(4)-2 (the "Custody Rule") of the Advisers Act, which governs the custody of advisory client funds and securities. Pursuant to the Custody Rule, FIA is deemed to have custody with respect to the funds and securities of FEOF and FCO. Accordingly, the funds and securities of FEOF and FCO are required to be held by a qualified custodian and investors are required to receive audited annual financial statements prepared by an independent public accountant that is registered with the Public Company Accounting Oversight Board. FIA complies with the foregoing requirements under the Custody Rule.

Item 16. Investment Discretion

The Existing Clients have retained FIA to provide discretionary asset management services. The extent of such discretionary authority is provided in a written agreement between a Client and FIA.

Item 17. Voting Client Securities

A Client may provide FIA with discretion to vote applicable proxies for their investment securities. If provided with that authority, FIA will vote those proxies in the best interests of the Client, as determined by FIA, and in accordance with FIA's policies and procedures in effect from time to time related to voting proxies. FIA will retain all proxy voting books and records for the requisite period of time under such policies and procedures, including a copy of each proxy statement received, a record of each vote cast, a copy of any document created by FIA that was material to making a decision about how to vote proxies, and a copy of each written request made by a Client for information on how FIA voted proxies.

Clients may request a copy of FIA's complete proxy voting policies and procedures and information about how proxies for their investments were voted from Diane P. Lind, Chief Compliance Officer of FIA. FIA will provide such information promptly upon request.

Item 18. Financial Information

Because FIA does not require or solicit payment of fees by Clients in any amount more than six months in advance of services rendered, no financial statements of FIA are included herein.

FIA is not aware of any particular financial condition that is reasonably likely to impair its ability to meet its contractual commitments to its Clients.

FIA has not been the subject of a bankruptcy petition at any time.