UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

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

For The Quarterly Period Ended March 31, 2019

OR

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

Commission File Number: 814-00702

HERCULES CAPITAL, INC.
(Exact Name of Registrant as Specified in its Charter)

Maryland **(State or Jurisdiction of Incorporation or Organization)**	**74-3113410** **(IRS Employer Identification Number)**
400 Hamilton Ave., Suite 310 **Palo Alto, California** **(Address of Principal Executive Offices)**	**94301** **(Zip Code)**

(650) 289-3060
(Registrant's Telephone Number, Including Area Code)

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

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

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

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

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

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Shares, par value $0.001 per share	HTGC	New York Stock Exchange
5.25% Notes due 2025	HCXZ	New York Stock Exchange
6.25% Notes due 2033	HCXY	New York Stock Exchange

On April 29, 2019, there were 97,208,899 shares outstanding of the Registrant's common stock, $0.001 par value.

HERCULES CAPITAL, INC.

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PART I: FINANCIAL INFORMATION

In this Quarterly Report, the "Company," "Hercules," "we," "us" and "our" refer to Hercules Capital, Inc. and its wholly owned subsidiaries and its affiliated securitization trusts on or after February 25, 2016 and "Hercules Technology Growth Capital, Inc." and its wholly owned subsidiaries and its affiliated securitization trusts prior to February 25, 2016, unless the context otherwise requires.

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

HERCULES CAPITAL, INC.
CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES
(unaudited)
(in thousands, except per share data)

		March 31, 2019		December 31, 2018
Assets				
Investments:				
Non-control/Non-affiliate investments (cost of $2,000,508 and $1,830,725, respectively)	$	2,003,062	$	1,801,258
Control investments (cost of $64,968 and $64,799, respectively)		54,913		57,619
Affiliate investments (cost of $87,787 and $85,000, respectively)		23,067		21,496
Total investments in securities, at value (cost of $2,153,263 and $1,980,524, respectively)		2,081,042		1,880,373
Cash and cash equivalents		16,465		34,212
Restricted cash		10,149		11,645
Interest receivable		18,366		16,959
Right of use asset (1)		8,856		—
Other assets		3,753		2,002
Total assets	$	2,138,631	$	1,945,191
Liabilities				
Accounts payable and accrued liabilities	$	18,256	$	25,961
Operating lease liability (1)		8,856		—
SBA Debentures, net (principal of $149,000 and $149,000, respectively)		147,783		147,655
2022 Notes, net (principal of $150,000 and $150,000, respectively) (2)		148,121		147,990
2024 Notes, net (principal of $0 and $83,510, respectively) (2)		—		81,852
2025 Notes, net (principal of $75,000 and $75,000, respectively) (2)		72,685		72,590
2033 Notes, net (principal of $40,000 and $40,000, respectively) (2)		38,420		38,427
2027 Asset-Backed Notes, net (principal of $200,000 and $200,000, respectively) (2)		197,102		197,265
2028 Asset-Backed Notes, net (principal of $250,000 and $0, respectively) (2)		247,352		—
2022 Convertible Notes, net (principal of $230,000 and $230,000, respectively) (2)		225,441		225,051
Credit Facilities		44,266		52,956
Total liabilities	$	1,148,282	$	989,747
Net assets consist of:				
Common stock, par value		96		96
Capital in excess of par value		1,051,427		1,052,269
Total distributable earnings (loss) (3)		(61,174)		(92,859)
Treasury Stock, at cost, no shares as of March 31, 2019 and 376,466 shares as of December 31, 2018		—		(4,062)
Total net assets	$	990,349	$	955,444
Total liabilities and net assets	$	2,138,631	$	1,945,191
Shares of common stock outstanding ($0.001 par value and 200,000,000 authorized)		96,543		96,501
Net asset value per share	$	10.26	$	9.90

(1) See "Note 2 – Summary of Significant Accounting Policies" for a description of Right of use asset and Operating lease liability.

(2) The Company's SBA debentures, 2022 Notes, 2024 Notes, 2025 Notes, 2033 Notes, 2027 Asset-Backed Notes, 2028 Asset-Backed Notes, and 2022 Convertible Notes, as each term is defined herein, are presented net of the associated debt issuance costs for each instrument. See "Note 4 – Borrowings".

(3) Certain prior year numbers have been adjusted to conform with the SEC final rules on disclosure updates and simplification effective November 5, 2018. See Note 2.

See notes to consolidated financial statements.

The following table presents the assets and liabilities of our consolidated securitization trusts for the 2027 Asset-Backed Notes and the 2028 Asset-Backed Notes (see Note 4), which are variable interest entities, or VIEs. The assets of our securitization VIEs can only be used to settle obligations of our consolidated securitization VIEs, these liabilities are only the obligations of our consolidated securitization VIEs, and the creditors (or beneficial interest holders) do not have recourse to our general credit. These assets and liabilities are included in the Consolidated Statement of Assets and Liabilities above.

(Dollars in thousands)	March 31, 2019	December 31, 2018
Assets		
Restricted Cash	$ 10,149	$ 11,645
2027 Asset-Backed Notes, investments in securities, at value (cost of $290,242 and $279,373, respectively)	289,556	277,781
2028 Asset-Backed Notes, investments in securities, at value (cost of $356,677 and $0, respectively)	357,416	—
Total assets	$ 657,121	$ 289,426
Liabilities		
2027 Asset-Backed Notes, net (principal of $200,000 and $200,000, respectively) [1]	$ 197,102	$ 197,265
2028 Asset-Backed Notes, net (principal of $250,000 and $0, respectively) [1]	247,352	—
Total liabilities	$ 444,454	$ 197,265

(1) The Company's 2027 Asset-Backed Notes and the 2028 Asset-Backed Notes are presented net of the associated debt issuance costs. See "Note 4 – Borrowings".

HERCULES CAPITAL, INC.
CONSOLIDATED STATEMENT OF OPERATIONS
(unaudited)
(in thousands, except per share data)

	Three Months Ended March 31,	
	2019	**2018**
Investment income:		
Interest income		
Non-control/Non-affiliate investments	$ 53,941	$ 41,834
Control investments	1,024	586
Affiliate investments	508	561
Total interest income	55,473	42,981
Fee income		
Commitment, facility and loan fee income:		
Non-control/Non-affiliate investments	2,450	2,440
Control investments	4	—
Affiliate investments	88	108
Total commitment, facility and loan fee income	2,542	2,548
One-time fee income:		
Non-control/Non-affiliate investments	780	3,171
Total one-time fee income	780	3,171
Total fee income	3,322	5,719
Total investment income	58,795	48,700
Operating expenses:		
Interest	12,555	9,386
Loan fees	3,009	1,175
General and administrative	4,153	4,009
Employee compensation:		
Compensation and benefits	6,623	5,758
Stock-based compensation	3,422	2,309
Total employee compensation	10,045	8,067
Total operating expenses	29,762	22,637
Net investment income	29,033	26,063
Net realized gain (loss) on investments		
Non-control/Non-affiliate investments	4,555	(3,512)
Control investments	—	(1,408)
Total net realized gain (loss) on investments	4,555	(4,920)
Net change in unrealized appreciation (depreciation) on investments		
Non-control/Non-affiliate investments	32,091	(14,340)
Control investments	(2,875)	(620)
Affiliate investments	(1,219)	(237)
Total net unrealized appreciation (depreciation) on investments	27,997	(15,197)
Total net realized and unrealized gain (loss)	32,552	(20,117)
Net increase (decrease) in net assets resulting from operations	$ 61,585	$ 5,946
Net investment income before investment gains and losses per common share:		
Basic	$ 0.30	$ 0.31
Change in net assets resulting from operations per common share:		
Basic	$ 0.64	$ 0.07
Diluted	$ 0.64	$ 0.07
Weighted average shares outstanding		
Basic	96,218	84,596
Diluted	96,508	84,666
Distributions paid per common share:		
Basic	$ 0.31	$ 0.31

See notes to consolidated financial statements.

HERCULES CAPITAL, INC.
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
(unaudited)
(dollars and shares in thousands)

	Common Stock		Capital in excess	Distributable Earnings	Treasury	Net
	Shares	Par Value	of par value	(loss)[2]	Stock	Assets
Balance at December 31, 2017	84,424	$ 85	$ 908,501	$ (67,619)	$ —	$ 840,967
Net increase (decrease) in net assets resulting from operations	—	—	—	5,946	—	5,946
Public offering, net of offering expenses	478	—	5,952	—	—	5,952
Issuance of common stock due to stock option exercises	38	—	432	—	—	432
Retired shares from net issuance	(36)	—	(446)	—	—	(446)
Issuance of common stock under restricted stock plan	336	—	—	—	—	—
Retired shares for restricted stock vesting	(36)	—	(446)	—	—	(446)
Distributions reinvested in common stock	35	—	426	—	—	426
Distributions	—	—	—	(26,419)	—	(26,419)
Stock-based compensation [1]	—	—	2,319	—	—	2,319
Balance at March 31, 2018	85,239	$ 85	$ 916,738	$ (88,092)	$ —	$ 828,731
Balance at December 31, 2018	96,501	$ 96	$ 1,052,269	$ (92,859)	$ (4,062)	$ 955,444
Net increase (decrease) in net assets resulting from operations	—	—	—	61,585	—	61,585
Public offering, net of offering expenses	—	—	(21)	—	—	(21)
Issuance of common stock due to stock option exercises	13	—	154	—	—	154
Retired shares from net issuance	(11)	—	(159)	—	—	(159)
Issuance of common stock under restricted stock plan	48	—	—	—	—	—
Retirement of common stock under repurchase plan	—	—	(4,062)	—	4,062	—
Retired shares for restricted stock vesting	(55)	—	(691)	—	—	(691)
Distributions reinvested in common stock	47	—	632	—	—	632
Distributions	—	—	—	(29,900)	—	(29,900)
Stock-based compensation [1]	—	—	3,305	—	—	3,305
Balance at March 31, 2019	96,543	$ 96	$ 1,051,427	$ (61,174)	$ —	$ 990,349

(1) Stock-based compensation includes $7 and $10 of restricted stock and option expense related to director compensation for the three months ended March 31, 2019 and 2018, respectively.

(2) Certain prior year numbers have been adjusted to conform with the SEC final rules on disclosure updates and simplification effective November 5, 2018. See Note 2.

See notes to consolidated financial statements.

HERCULES CAPITAL, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
(unaudited)
(dollars in thousands)

	For the Three Months Ended March 31, 2019	For the Three Months Ended March 31, 2018
Cash flows from operating activities:		
Net increase (decrease) in net assets resulting from operations	$ 61,585	$ 5,946
Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by (used in) operating activities:		
Purchase of investments	(239,702)	(236,285)
Principal and fee payments received on investments	65,845	280,181
Proceeds from the sale of investments	9,830	1,582
Net unrealized depreciation (appreciation) on investments	(27,997)	15,197
Net realized loss (gain) on investments	(4,555)	4,920
Accretion of paid-in-kind principal	(2,099)	(2,507)
Accretion of loan discounts	(737)	(763)
Accretion of loan discount on convertible notes	168	168
Accretion of loan exit fees	(5,199)	(4,407)
Change in deferred loan origination revenue	3,754	631
Unearned fees related to unfunded commitments	992	321
Amortization of debt fees and issuance costs	2,653	840
Depreciation	51	46
Stock-based compensation and amortization of restricted stock grants (1)	3,305	2,319
Change in operating assets and liabilities:		
Interest and fees receivable	(1,407)	1,175
Prepaid expenses and other assets	(9,272)	1,870
Accounts payable	(198)	(194)
Accrued liabilities	1,417	(8,025)
Net cash provided by (used in) operating activities	(141,566)	63,015
Cash flows from investing activities:		
Purchases of capital equipment	(83)	(72)
Net cash provided by (used in) investing activities	(83)	(72)
Cash flows from financing activities:		
Issuance of common stock, net	(43)	5,952
Retirement of employee shares	(676)	(460)
Distributions paid	(29,268)	(25,993)
Issuance of 2028 Asset-Backed Notes	250,000	—
Repayments of 2024 Notes	(83,510)	—
Repayments of 2021 Asset-Backed Notes	—	(15,577)
Borrowings of credit facilities	110,834	—
Repayments of credit facilities	(119,523)	—
Cash paid for debt issuance costs	(2,965)	—
Fees paid for credit facilities and debentures	(2,443)	—
Net cash provided by (used in) financing activities	122,406	(36,078)
Net increase (decrease) in cash, cash equivalents and restricted cash	(19,243)	26,865
Cash, cash equivalents and restricted cash at beginning of period	45,857	94,995
Cash, cash equivalents and restricted cash at end of period	$ 26,614	$ 121,860
Supplemental non-cash investing and financing activities:		
Distributions reinvested	632	426

(1) Stock-based compensation includes $7 and $10 of restricted stock and option expense related to director compensation for the three months ended March 31, 2019 and 2018, respectively.

See notes to consolidated financial statements.

The following table presents a reconciliation of cash, cash equivalents and restricted cash reported within the Consolidated Statement of Assets and Liabilities that sum to the total of the same such amounts in the Consolidated Statement of Cash Flows:

	For the Three Months Ended March 31,	
(Dollars in thousands)	**2019**	**2018**
Cash and cash equivalents	$ 16,465	$ 118,228
Restricted cash	10,149	3,632
Total cash, cash equivalents and restricted cash presented in the Consolidated Statements of Cash Flows	$ 26,614	$ 121,860

See “Note 2 – Summary of Significant Accounting Policies” for a description of restricted cash and cash equivalents.

HERCULES CAPITAL, INC.
CONSOLIDATED SCHEDULE OF INVESTMENTS
March 31, 2019
(unaudited)
(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment (1)	Maturity Date	Interest Rate and Floor (2)	Principal Amount	Cost (3)	Value (4)
Debt Investments							
Biotechnology Tools							
Under 1 Year Maturity							
Exicure, Inc. (11)	Biotechnology Tools	Senior Secured	March 2020	Interest rate PRIME + 6.45% or Floor rate of 9.95%, 5.52% Exit Fee	$ 4,999	$ 5,146	$ 5,146
Subtotal: Under 1 Year Maturity						5,146	5,146
Subtotal: Biotechnology Tools (0.52%)*						**5,146**	**5,146**
Consumer & Business Products							
1-5 Years Maturity							
WHOOP, INC. (12)	Consumer & Business Products	Senior Secured	July 2021	Interest rate PRIME + 3.75% or Floor rate of 8.50%, 6.95% Exit Fee	$ 6,000	6,083	6,097
Subtotal: 1-5 Years Maturity						6,083	6,097
Subtotal: Consumer & Business Products (0.62%)*						**6,083**	**6,097**
Diversified Financial Services							
1-5 Years Maturity							
Gibraltar Business Capital, LLC (7)	Diversified Financial Services	Unsecured	March 2023	Interest rate FIXED 14.50%	$ 15,000	14,741	14,903
Subtotal: 1-5 Years Maturity						14,741	14,903
Subtotal: Diversified Financial Services (1.50%)*						**14,741**	**14,903**
Drug Delivery							
Under 1 Year Maturity							
AcelRx Pharmaceuticals, Inc. (11)	Drug Delivery	Senior Secured	March 2020	Interest rate PRIME + 6.05% or Floor rate of 9.55%, 11.69% Exit Fee	$ 8,872	9,982	9,982
Subtotal: Under 1 Year Maturity						9,982	9,982
1-5 Years Maturity							
Antares Pharma Inc. (10)(11)(15)	Drug Delivery	Senior Secured	July 2022	Interest rate PRIME + 4.50% or Floor rate of 9.50%, 4.25% Exit Fee	$ 25,000	25,393	25,390
Subtotal: 1-5 Years Maturity						25,393	25,390
Subtotal: Drug Delivery (3.57%)*						**35,375**	**35,372**

HERCULES CAPITAL, INC.
CONSOLIDATED SCHEDULE OF INVESTMENTS
March 31, 2019
(unaudited)
(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment (1)	Maturity Date	Interest Rate and Floor (2)	Principal Amount	Cost (3)	Value (4)
Drug Discovery & Development							
Under 1 Year Maturity							
Brickell Biotech, Inc.	Drug Discovery & Development	Senior Secured	September 2019	Interest rate PRIME + 5.70% or Floor rate of 9.20%, 7.82% Exit Fee	$ 4,013	$ 4,536	$ 3,195
Subtotal: Under 1 Year Maturity						4,536	3,195
1-5 Years Maturity							
Acacia Pharma Inc. (5)(10)(11)	Drug Discovery & Development	Senior Secured	January 2022	Interest rate PRIME + 4.50% or Floor rate of 9.25%, 3.95% Exit Fee	$ 10,000	9,929	9,938
Aveo Pharmaceuticals, Inc. (11)	Drug Discovery & Development	Senior Secured	July 2021	Interest rate PRIME + 4.70% or Floor rate of 9.45%, 5.40% Exit Fee	$ 10,000	10,164	10,135
	Drug Discovery & Development	Senior Secured	July 2021	Interest rate PRIME + 4.70% or Floor rate of 9.45%, 3.00% Exit Fee	$ 10,000	10,289	10,279
Total Aveo Pharmaceuticals, Inc.					$ 20,000	20,453	20,414
Axovant Gene Therapies Ltd. (p.k.a. Axovant Sciences Ltd.) (5)(10)(11)	Drug Discovery & Development	Senior Secured	March 2021	Interest rate PRIME + 6.80% or Floor rate of 10.55%	$ 45,293	44,700	44,627
BridgeBio Pharma LLC (13)(16)	Drug Discovery & Development	Senior Secured	July 2022	Interest rate PRIME + 4.35% or Floor rate of 9.35%, 6.35% Exit Fee	$ 35,000	35,220	35,704
	Drug Discovery & Development	Senior Secured	July 2022	Interest rate PRIME + 3.35% or Floor rate of 9.10%, 5.75% Exit Fee	$ 20,000	19,999	19,999
Total BridgeBio Pharma LLC					$ 55,000	55,219	55,703
Chemocentryx, Inc. (10)(15)	Drug Discovery & Development	Senior Secured	December 2022	Interest rate PRIME + 3.30% or Floor rate of 8.05%, 6.25% Exit Fee	$ 20,000	20,054	20,379
Constellation Pharmaceuticals, Inc. (17)	Drug Discovery & Development	Senior Secured	April 2023	Interest rate PRIME + 2.55% or Floor rate of 8.55%, 6.35% Exit Fee	$ 20,000	19,847	19,847
Genocea Biosciences, Inc. (11)	Drug Discovery & Development	Senior Secured	May 2021	Interest rate PRIME + 2.75% or Floor rate of 7.75%, 10.12% Exit Fee	$ 14,000	14,235	14,189
Merrimack Pharmaceuticals, Inc. (11)	Drug Discovery & Development	Senior Secured	August 2021	Interest rate PRIME + 4.00% or Floor rate of 9.25%, 5.55% Exit Fee	$ 15,000	15,122	15,073
Mesoblast (5)(10)(11)(16)	Drug Discovery & Development	Senior Secured	March 2022	Interest rate PRIME + 4.95% or Floor rate of 9.45%, 6.95% Exit Fee	$ 50,000	50,385	50,204
Metuchen Pharmaceuticals LLC (14)	Drug Discovery & Development	Senior Secured	October 2020	Interest rate PRIME + 7.25% or Floor rate of 10.75%, PIK Interest 1.35%, 2.25% Exit Fee	$ 17,187	17,948	17,885
Motif BioSciences Inc. (5)(10)(11)(15)	Drug Discovery & Development	Senior Secured	September 2021	Interest rate PRIME + 5.50% or Floor rate of 10.00%, 2.15% Exit Fee	$ 7,599	7,713	7,562
Myovant Sciences, Ltd. (5)(10)(11)	Drug Discovery & Development	Senior Secured	November 2021	Interest rate PRIME + 4.00% or Floor rate of 8.25%, 6.55% Exit Fee	$ 40,000	40,592	40,453
Nabriva Therapeutics (5)(10)(11)	Drug Discovery & Development	Senior Secured	June 2023	Interest rate PRIME + 4.30% or Floor rate of 9.80%, 6.95% Exit Fee	$ 25,000	24,886	24,886
Paratek Pharmaceuticals, Inc. (10)(11)(15)(16)	Drug Discovery & Development	Senior Secured	September 2021	Interest rate PRIME + 2.75% or Floor rate of 8.50%, 4.50% Exit Fee	$ 40,000	41,011	40,905
	Drug Discovery & Development	Senior Secured	September 2021	Interest rate PRIME + 2.75% or Floor rate of 8.50%, 4.50% Exit Fee	$ 10,000	10,280	10,243
	Drug Discovery & Development	Senior Secured	September 2021	Interest rate PRIME + 2.75% or Floor rate of 8.50%, 2.25% Exit Fee	$ 10,000	10,104	10,042
	Drug Discovery & Development	Senior Secured	August 2022	Interest rate PRIME + 2.10% or Floor rate of 7.85%, 6.95% Exit Fee	$ 10,000	10,070	9,975
Total Paratek Pharmaceuticals, Inc.					$ 70,000	71,465	71,165
Stealth Bio Therapeutics Corp. (5)(10)(11)	Drug Discovery & Development	Senior Secured	January 2021	Interest rate PRIME + 5.50% or Floor rate of 9.50%, 6.68% Exit Fee	$ 17,220	17,746	17,783
TG Therapeutics, Inc. (10)(13)	Drug Discovery & Development	Senior Secured	March 2022	Interest rate PRIME + 5.50% or Floor rate of 10.25%, 3.25% Exit Fee	$ 30,000	29,148	29,148
Tricida, Inc. (11)(15)(17)	Drug Discovery & Development	Senior Secured	April 2023	Interest rate PRIME + 2.35% or Floor rate of 8.35%, 14.10% Exit Fee	$ 40,000	39,564	39,558
uniQure B.V. (5)(10)(11)	Drug Discovery & Development	Senior Secured	June 2023	Interest rate PRIME + 3.35% or Floor rate of 8.85%, 7.72% Exit Fee	$ 35,000	35,677	35,486
Urovant Sciences, Ltd. (10)(13)(17)	Drug Discovery & Development	Senior Secured	March 2022	Interest rate PRIME + 4.65% or Floor rate of 10.15%, 4.25% Exit Fee	$ 15,000	14,743	14,743
Verastem, Inc. (11)	Drug Discovery & Development	Senior Secured	December 2020	Interest rate PRIME + 6.00% or Floor rate of 10.50%, 4.50% Exit Fee	$ 5,000	5,092	5,121
	Drug Discovery & Development	Senior Secured	December 2020	Interest rate PRIME + 6.00% or Floor rate of 10.50%, 4.50% Exit Fee	$ 5,000	5,105	5,125
	Drug Discovery & Development	Senior Secured	December 2020	Interest rate PRIME + 6.00% or Floor rate of 10.50%, 4.50% Exit Fee	$ 5,000	5,084	5,103
	Drug Discovery & Development	Senior Secured	December 2020	Interest rate PRIME + 6.00% or Floor rate of 10.50%, 4.50% Exit Fee	$ 10,000	10,100	10,088
Total Verastem, Inc.					$ 25,000	25,381	25,437
X4 Pharmaceuticals, Inc. (11)	Drug Discovery & Development	Senior Secured	November 2021	Interest rate PRIME + 4.25% or Floor rate of 9.50%, 7.95% Exit Fee	$ 10,000	9,828	9,828
Subtotal: 1-5 Years Maturity						584,635	584,308
Subtotal: Drug Discovery & Development (59.32%)*						**589,171**	**587,503**

See notes to consolidated financial statements.

HERCULES CAPITAL, INC.
CONSOLIDATED SCHEDULE OF INVESTMENTS
March 31, 2019
(unaudited)
(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment (1)	Maturity Date	Interest Rate and Floor (2)	Principal Amount	Cost (3)	Value (4)
Electronics & Computer Hardware							
1-5 Years Maturity							
908 DEVICES INC. (15)	Electronics & Computer Hardware	Senior Secured	September 2020	Interest rate PRIME + 4.00% or Floor rate of 8.25%, 4.25% Exit Fee	$ 10,000	$ 10,211	$ 10,270
Glo AB (5)(10)(14)	Electronics & Computer Hardware	Senior Secured	February 2021	Interest rate PRIME + 6.20% or Floor rate of 10.45%, PIK Interest 1.75%, 2.95% Exit Fee	$ 11,389	11,518	6,547
Subtotal: 1-5 Years Maturity						21,729	16,817
Subtotal: Electronics & Computer Hardware (1.70%)*						**21,729**	**16,817**
Healthcare Services, Other							
1-5 Years Maturity							
Oak Street Health (11)	Healthcare Services, Other	Senior Secured	September 2021	Interest rate PRIME + 5.00% or Floor rate of 9.75%, 5.95% Exit Fee	$ 30,000	30,656	30,689
PH Group Holdings (13)	Healthcare Services, Other	Senior Secured	September 2020	Interest rate PRIME + 7.45% or Floor rate of 10.95%	$ 20,000	19,916	19,904
	Healthcare Services, Other	Senior Secured	September 2020	Interest rate PRIME + 7.45% or Floor rate of 10.95%	$ 10,000	9,952	9,946
Total PH Group Holdings					$ 30,000	29,868	29,850
Subtotal: 1-5 Years Maturity						60,524	60,539
Subtotal: Healthcare Services, Other (6.11%)*						**60,524**	**60,539**
Information Services							
1-5 Years Maturity							
MDX Medical, Inc. (14)(15)(19)	Information Services	Senior Secured	December 2020	Interest rate PRIME + 4.00% or Floor rate of 8.25%, PIK Interest 1.70%	$ 15,353	15,152	15,187
Subtotal: 1-5 Years Maturity						15,152	15,187
Subtotal: Information Services (1.53%)*						**15,152**	**15,187**

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Portfolio Company	Sub-Industry	Type of Investment (1)	Maturity Date	Interest Rate and Floor (2)	Principal Amount	Cost (3)	Value (4)
Internet Consumer & Business Services							
Under 1 Year Maturity							
LogicSource (12)	Internet Consumer & Business Services	Senior Secured	October 2019	Interest rate PRIME + 6.25% or Floor rate of 9.75%, 5.00% Exit Fee	$ 2,201	$ 2,607	$ 2,607
Subtotal: Under 1 Year Maturity						2,607	2,607
1-5 Years Maturity							
AppDirect, Inc. (11)(19)	Internet Consumer & Business Services	Senior Secured	January 2022	Interest rate PRIME + 5.70% or Floor rate of 9.95%, 3.45% Exit Fee	$ 20,000	20,081	20,188
Arctic Wolf Networks, Inc. (17)(19)	Internet Consumer & Business Services	Senior Secured	April 2023	Interest rate 3-month LIBOR + 7.75% or Floor rate of 10.10%, 7.55% Exit Fee	$ 20,000	19,791	19,791
Cloudpay, Inc. (5)(10)(11)	Internet Consumer & Business Services	Senior Secured	April 2022	Interest rate PRIME + 4.05% or Floor rate of 8.55%, 6.95% Exit Fee	$ 11,000	11,085	11,182
Contentful, Inc. (5)(10)(11)(14)	Internet Consumer & Business Services	Senior Secured	July 2022	Interest rate PRIME + 2.95% or Floor rate of 7.95%, PIK Interest 1.25%, 3.55% Exit Fee	$ 3,758	3,713	3,713
Convercent, Inc. (14)(15)(17)	Internet Consumer & Business Services	Senior Secured	July 2022	Interest rate PRIME + 2.55% or Floor rate of 7.80%, PIK Interest 2.95%, 1.00% Exit Fee	$ 7,547	7,479	7,479
EverFi, Inc. (11)(14)(16)	Internet Consumer & Business Services	Senior Secured	May 2022	Interest rate PRIME + 3.90% or Floor rate of 8.65%, PIK Interest 2.30%	$ 61,079	61,040	61,662
Fastly, Inc. (11)(17)(19)	Internet Consumer & Business Services	Senior Secured	December 2021	Interest rate PRIME + 4.25%, 1.50% Exit Fee	$ 6,667	6,578	6,578
First Insight, Inc. (15)	Internet Consumer & Business Services	Senior Secured	November 2021	Interest rate PRIME + 6.25% or Floor rate of 11.25%	$ 10,000	9,828	9,882
Greenphire, Inc. (17)	Internet Consumer & Business Services	Senior Secured	January 2021	Interest rate 3-month LIBOR + 8.00% or Floor rate of 9.00%	$ 2,427	2,427	2,440
	Internet Consumer & Business Services	Senior Secured	January 2021	Interest rate PRIME + 3.75% or Floor rate of 7.00%	$ 1,500	1,500	1,500
Total Greenphire, Inc.					$ 3,927	3,927	3,940
Intent (p.k.a. Intent Media, Inc.) (12)(17)	Internet Consumer & Business Services	Senior Secured	September 2021	Interest rate PRIME + 5.13% or Floor rate of 10.13%, 2.00% Exit Fee	$ 12,200	12,229	12,255
Interactions Corporation (11)(19)	Internet Consumer & Business Services	Senior Secured	March 2021	Interest rate 3-month LIBOR + 8.60% or Floor rate of 9.85%, 1.75% Exit Fee	$ 25,000	25,114	25,281
Lendio, Inc. (17)(19)	Internet Consumer & Business Services	Senior Secured	April 2023	Interest rate PRIME + 4.45% or Floor rate of 9.95%, 5.25% Exit Fee	$ 5,000	4,902	4,902
Postmates, Inc. (19)	Internet Consumer & Business Services	Senior Secured	September 2022	Interest rate PRIME + 3.85% or Floor rate of 8.85%, 8.05% Exit Fee	$ 20,000	19,817	19,942
RumbleON, Inc. (11)	Internet Consumer & Business Services	Senior Secured	May 2021	Interest rate PRIME + 5.75% or Floor rate of 10.25%, 4.55% Exit Fee	$ 5,000	5,050	5,045
	Internet Consumer & Business Services	Senior Secured	October 2021	Interest rate PRIME + 5.75% or Floor rate of 10.25%, 2.95% Exit Fee	$ 5,000	4,968	4,968
Total RumbleON, Inc.					$ 10,000	10,018	10,013
Snagajob.com, Inc. (13)(14)	Internet Consumer & Business Services	Senior Secured	August 2020	Interest rate PRIME + 5.15% or Floor rate of 9.15%, PIK Interest 1.95%, 2.55% Exit Fee	$ 42,045	42,290	42,419
	Internet Consumer & Business Services	Senior Secured	August 2020	Interest rate PRIME + 5.65% or Floor rate of 10.65%, PIK Interest 1.95%, 2.55% Exit Fee	$ 5,058	4,921	4,937
Total Snagajob.com, Inc.					$ 47,103	47,211	47,356
Tectura Corporation (7)(8)(9)(14)	Internet Consumer & Business Services	Senior Secured	June 2021	Interest rate FIXED 6.00%, PIK Interest 3.00%	$ 21,081	21,081	10,260
	Internet Consumer & Business Services	Senior Secured	June 2021	PIK Interest 8.00%	$ 10,680	240	—
Total Tectura Corporation					$ 31,761	21,321	10,260
Thumbtack, Inc. (13)(14)	Internet Consumer & Business Services	Senior Secured	May 2022	Interest rate PRIME + 3.45% or Floor rate of 7.95%, PIK Interest 1.50%, 2.95% Exit Fee	$ 25,000	24,631	24,631
Wheels Up Partners LLC (11)	Internet Consumer & Business Services	Senior Secured	July 2022	Interest rate 3-month LIBOR + 8.55% or Floor rate of 9.55%	$ 19,486	19,337	19,349
Xometry, Inc. (13)(17)(19)	Internet Consumer & Business Services	Senior Secured	November 2021	Interest rate PRIME + 3.95% or Floor rate of 8.45%, 7.09% Exit Fee	$ 11,000	11,078	11,194
Subtotal: 1-5 Years Maturity						339,180	329,598
Subtotal: Internet Consumer & Business Services (33.54%)*						**341,787**	**332,205**

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Media/Content/Info							
1-5 Years Maturity							
Bustle (14)(15)	Media/Content/Info	Senior Secured	June 2021	Interest rate PRIME + 4.10% or Floor rate of 8.35%, PIK Interest 1.95%, 3.12% Exit Fee	$ 15,390	$ 15,457	$ 15,675
Subtotal: 1-5 Years Maturity						15,457	15,675
Subtotal: Media/Content/Info (1.58%)*						**15,457**	**15,675**
Medical Devices & Equipment							
Under 1 Year Maturity							
Micell Technologies, Inc. (8)	Medical Devices & Equipment	Senior Secured	August 2019	Interest rate PRIME + 7.25% or Floor rate of 10.50%, 5.00% Exit Fee	$ 1,762	2,174	496
Quanterix Corporation (11)	Medical Devices & Equipment	Senior Secured	March 2020	Interest rate PRIME + 2.75% or Floor rate of 8.00%, 0.58% Exit Fee	$ 7,688	7,678	7,678
Subtotal: Under 1 Year Maturity						9,852	8,174
1-5 Years Maturity							
Flowonix Medical Incorporated (11)(14)	Medical Devices & Equipment	Senior Secured	October 2021	Interest rate PRIME + 4.00% or Floor rate of 9.00%, PIK Interest 0.5%, 7.95% Exit Fee	$ 15,024	14,875	14,929
Intuity Medical, Inc. (11)(15)	Medical Devices & Equipment	Senior Secured	June 2021	Interest rate PRIME + 5.00% or Floor rate of 9.25%, 5.95% Exit Fee	$ 17,500	17,680	17,675
Quanta Fluid Solutions (5)(10)	Medical Devices & Equipment	Senior Secured	April 2020	Interest rate PRIME + 8.05% or Floor rate of 11.55%, 5.00% Exit Fee	$ 4,722	5,274	5,393
Rapid Micro Biosystems, Inc. (11)(15)	Medical Devices & Equipment	Senior Secured	April 2022	Interest rate PRIME + 5.15% or Floor rate of 9.65%, 7.25% Exit Fee	$ 18,000	18,253	18,290
Sebacia, Inc. (11)(15)	Medical Devices & Equipment	Senior Secured	January 2021	Interest rate PRIME + 4.35% or Floor rate of 8.85%, 6.05% Exit Fee	$ 11,000	11,242	11,197
Transenterix, Inc. (10)(11)	Medical Devices & Equipment	Senior Secured	June 2022	Interest rate PRIME + 4.55% or Floor rate of 9.55%, 6.95% Exit Fee	$ 30,000	30,138	29,972
Subtotal: 1-5 Years Maturity						97,462	97,456
Subtotal: Medical Devices & Equipment (10.67%)*						**107,314**	**105,630**
Semiconductors							
1-5 Years Maturity							
Elenion Technologies LLC (13)(14)	Semiconductors	Senior Secured	February 2022	Interest rate PRIME + 4.25% or Floor rate of 9.75%, PIK Interest 2.25%, 5.00% Exit Fee	$ 10,013	9,927	9,927
Subtotal: 1-5 Years Maturity						9,927	9,927
Subtotal: Semiconductors (1.00%)*						**9,927**	**9,927**
Software							
Under 1 Year Maturity							
Signpost, Inc. (11)(14)	Software	Senior Secured	February 2020	Interest rate PRIME + 4.15% or Floor rate of 8.15%, PIK Interest 1.75%, 5.75% Exit Fee	$ 15,856	16,477	16,477
Subtotal: Under 1 Year Maturity						16,477	16,477

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Portfolio Company	Sub-Industry	Type of Investment [1]	Maturity Date	Interest Rate and Floor [2]	Principal Amount	Cost [3]	Value [4]
1-5 Years Maturity							
Abrigo [18]	Software	Senior Secured	March 2023	Interest rate 3-month LIBOR + 7.88% or Floor rate of 7.88%	$ 39,601	$ 38,813	$ 38,744
Businessolver.com, Inc. [11][16][17]	Software	Senior Secured	May 2023	Interest rate 3-month LIBOR + 7.50% or Floor rate of 7.50%	$ 53,933	53,011	53,407
	Software	Senior Secured	May 2023	Interest rate 3-month LIBOR + 7.50% or Floor rate of 7.50%	$ 1,275	1,275	1,275
Total Businessolver.com, Inc.					$ 55,208	54,286	54,682
Clarabridge, Inc. [12][14][17]	Software	Senior Secured	April 2022	Interest rate PRIME + 4.80% or Floor rate of 8.55%, PIK Interest 2.25%	$ 42,511	42,088	42,715
Cloudian, Inc. [11]	Software	Senior Secured	November 2022	Interest rate PRIME + 3.25% or Floor rate of 8.25%, 9.75% Exit Fee	$ 15,000	14,933	14,933
Couchbase, Inc. [15][19]	Software	Senior Secured	September 2021	Interest rate PRIME + 5.25% or Floor rate of 10.75%	$ 35,000	34,812	34,699
Credible Behavioral Health, Inc. [11][14][17]	Software	Senior Secured	September 2021	Interest rate PRIME + 3.20% or Floor rate of 7.95%, PIK Interest 3.30%	$ 7,636	7,565	7,662
Dashlane, Inc. [14][19]	Software	Senior Secured	April 2022	Interest rate PRIME + 4.05% or Floor rate of 8.55%, PIK Interest 1.10%, 9.25% Exit Fee	$ 10,095	10,195	10,346
	Software	Senior Secured	March 2023	Interest rate PRIME + 4.05% or Floor rate of 8.55%, PIK Interest 1.10%, 4.95% Exit Fee	$ 10,000	9,692	9,692
Total Dashlane, Inc.					$ 20,095	19,887	20,038
DocuTAP, Inc. [11][17]	Software	Senior Secured	October 2023	Interest rate 3-month LIBOR + 8.00% or Floor rate of 8.00%	$ 14,000	13,625	13,625
Emma, Inc. [13][17][18]	Software	Senior Secured	September 2022	Interest rate 3-month LIBOR + 8.39% or Floor rate of 8.39%	$ 36,944	35,824	35,841
	Software	Senior Secured	September 2022	Interest rate 3-month LIBOR + 8.18% or Floor rate of 8.18%	$ 6,000	5,837	5,837
Total Emma, Inc.					$ 42,944	41,661	41,678
Evernote Corporation [11][14][15][19]	Software	Senior Secured	October 2020	Interest rate PRIME + 5.45% or Floor rate of 8.95%	$ 5,549	5,400	5,395
	Software	Senior Secured	July 2021	Interest rate PRIME + 6.00% or Floor rate of 9.50%, PIK Interest 1.25%	$ 4,087	3,956	3,956
	Software	Senior Secured	July 2022	Interest rate PRIME + 6.00% or Floor rate of 9.50%, PIK Interest 1.25%	$ 5,029	4,936	5,065
Total Evernote Corporation					$ 14,665	14,292	14,416
Fuze, Inc. [13][14][15][16][19]	Software	Senior Secured	July 2021	Interest rate PRIME + 3.70% or Floor rate of 7.95%, PIK Interest 1.55%, 3.55% Exit Fee	$ 51,328	51,660	52,722
Imperva, Inc. [19]	Software	Senior Secured	January 2027	Interest rate 3-month LIBOR + 7.75% or Floor rate of 7.75%	$ 20,000	19,791	19,791
Insurance Technologies Corporation [11][17][18]	Software	Senior Secured	March 2023	Interest rate 3-month LIBOR + 7.82% or Floor rate of 8.75%	$ 12,500	12,270	12,395
Lightbend, Inc. [14][15]	Software	Senior Secured	February 2022	Interest rate PRIME + 4.25% or Floor rate of 8.50%, PIK Interest 2.00%	$ 16,259	15,968	16,009
Lithium Technologies, Inc. [11][16][17]	Software	Senior Secured	October 2022	Interest rate 1-month LIBOR + 8.00% or Floor rate of 9.00%	$ 12,000	11,797	11,797
	Software	Senior Secured	October 2022	Interest rate 1-month LIBOR + 8.00% or Floor rate of 9.00%	$ 43,000	42,062	42,062
Total Lithium Technologies, Inc.					$ 55,000	53,859	53,859
Microsystems Holding Company, LLC [11][19]	Software	Senior Secured	July 2022	Interest rate 3-month LIBOR + 8.25% or Floor rate of 9.25%	$ 12,000	11,863	11,983
Nuvolo Technologies Corporation [19]	Software	Senior Secured	April 2022	Interest rate PRIME + 6.25% or Floor rate of 11.75%	$ 10,000	9,812	9,812
Pollen, Inc. [15]	Software	Senior Secured	October 2020	Interest rate PRIME + 4.25% or Floor rate of 8.50%, 5.95% Exit Fee	$ 7,000	7,268	7,203
Quid, Inc. [14][15]	Software	Senior Secured	February 2021	Interest rate PRIME + 4.75% or Floor rate of 8.25%, PIK Interest 2.25%, 4.60% Exit Fee	$ 8,542	8,715	8,702

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Portfolio Company	Sub-Industry	Type of Investment [1]	Maturity Date	Interest Rate and Floor [2]	Principal Amount	Cost [3]	Value [4]
Regent Education [14]	Software	Senior Secured	January 2022	Interest rate FIXED 10.00%, PIK Interest 2.00%, 7.94% Exit Fee	$ 3,107	$ 3,139	$ 1,585
Salsa Labs, Inc. [11][17]	Software	Senior Secured	April 2023	Interest rate 3-month LIBOR + 8.15% or Floor rate of 9.15%	$ 6,000	5,899	6,004
ThreatConnect, Inc. [14][15][19]	Software	Senior Secured	October 2022	Interest rate PRIME + 4.95% or Floor rate of 9.95%, PIK Interest 1.05%, 2.20% Exit Fee	$ 7,539	7,483	7,541
Vela Trading Technologies [11][18]	Software	Senior Secured	July 2022	Interest rate 3-month LIBOR + 9.50% or Floor rate of 10.50%	$ 19,625	19,246	19,443
YouEarnedIt, Inc. [11][18]	Software	Senior Secured	July 2023	Interest rate 1-month LIBOR + 8.66%	$ 8,955	8,723	8,723
ZocDoc [11][19]	Software	Senior Secured	August 2021	Interest rate PRIME + 6.20% or Floor rate of 10.95%, 2.00% Exit Fee	$ 30,000	30,053	30,213
Subtotal: 1-5 Years Maturity						547,711	549,177
Subtotal: Software (57.12%)*						**564,188**	**565,654**
Sustainable and Renewable Technology							
Under 1 Year Maturity							
Solar Spectrum Holdings LLC (p.k.a. Sungevity, Inc.) [6][14][19]	Sustainable and Renewable Technology	Senior Secured	August 2019	Interest rate PRIME + 8.70% or Floor rate of 12.95%, 5.00% Exit Fee	$ 10,000	10,286	10,287
	Sustainable and Renewable Technology	Senior Secured	June 2019	PIK Interest 10.00%	$ 666	666	666
	Sustainable and Renewable Technology	Senior Secured	June 2019	Interest rate PRIME + 10.70% or Floor rate of 15.70%, PIK Interest 2.00%	$ 1,609	1,609	1,609
Total Solar Spectrum Holdings LLC (p.k.a. Sungevity, Inc.)					$ 12,275	12,561	12,562
Subtotal: Under 1 Year Maturity						12,561	12,562
1-5 Years Maturity							
FuelCell Energy, Inc. [12]	Sustainable and Renewable Technology	Senior Secured	April 2020	Interest rate PRIME + 5.40% or Floor rate of 9.90%, 6.68% Exit Fee	$ 13,091	13,310	13,304
	Sustainable and Renewable Technology	Senior Secured	April 2020	Interest rate PRIME + 5.40% or Floor rate of 9.90%, 14.27% Exit Fee	$ 11,909	11,692	11,688
Total FuelCell Energy, Inc.					$ 25,000	25,002	24,992
Impossible Foods, Inc. [12][16]	Sustainable and Renewable Technology	Senior Secured	January 2022	Interest rate PRIME + 3.95% or Floor rate of 8.95%, 9.00% Exit Fee	$ 50,000	50,102	49,875
Metalysis Limited [5][10][11]	Sustainable and Renewable Technology	Senior Secured	March 2021	Interest rate PRIME + 5.00% or Floor rate of 9.25%, 6.95% Exit Fee	$ 6,498	6,718	6,324
Proterra, Inc. [11][14]	Sustainable and Renewable Technology	Senior Secured	November 2020	Interest rate PRIME + 3.70% or Floor rate of 7.95%, PIK Interest 1.75%, 5.95% Exit Fee	$ 25,596	26,968	27,198
	Sustainable and Renewable Technology	Senior Secured	November 2020	Interest rate PRIME + 3.70% or Floor rate of 7.95%, PIK Interest 1.75%, 5.95% Exit Fee	$ 5,119	5,433	5,458
Total Proterra, Inc.					$ 30,715	32,401	32,656
Subtotal: 1-5 Years Maturity						114,223	113,847
Subtotal: Sustainable and Renewable Technology (12.76%)*						**126,784**	**126,409**
Total: Debt Investments (191.56%)*						**1,913,378**	**1,897,064**

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Portfolio Company	Sub-Industry	Type of Investment [1]	Series	Shares	Cost [3]	Value [4]
Equity Investments						
Communications & Networking						
GlowPoint, Inc. [4]	Communications & Networking	Equity	Common Stock	114,192	$ 102	$ 16
Peerless Network Holdings, Inc.	Communications & Networking	Equity	Preferred Series A	1,135,000	1,229	4,609
Subtotal: Communications & Networking (0.47%)*					**1,331**	**4,625**
Diagnostic						
Singulex, Inc.	Diagnostic	Equity	Common Stock	937,998	750	533
Subtotal: Diagnostic (0.05%)*					**750**	**533**
Diversified Financial Services						
Gibraltar Business Capital, LLC [7]	Diversified Financial Services	Equity	Common Stock	830,000	1,884	2,002
	Diversified Financial Services	Equity	Preferred Series A	10,602,752	26,122	27,748
Total Gibraltar Business Capital, LLC				11,432,752	28,006	29,750
Subtotal: Diversified Financial Services (3.00%)*					**28,006**	**29,750**
Drug Delivery						
AcelRx Pharmaceuticals, Inc. [4]	Drug Delivery	Equity	Common Stock	176,730	1,329	557
BioQ Pharma Incorporated [15]	Drug Delivery	Equity	Preferred Series D	165,000	500	740
Neos Therapeutics, Inc. [4][15]	Drug Delivery	Equity	Common Stock	125,000	1,500	326
PDS Biotechnology Corporation (p.k.a. Edge Therapeutics, Inc.) [4]	Drug Delivery	Equity	Common Stock	2,498	309	18
Subtotal: Drug Delivery (0.17%)*					**3,638**	**1,641**
Drug Discovery & Development						
Aveo Pharmaceuticals, Inc. [4][15]	Drug Discovery & Development	Equity	Common Stock	1,901,791	1,715	1,559
Axovant Gene Therapies Ltd. (p.k.a. Axovant Sciences Ltd.) [4][5][10]	Drug Discovery & Development	Equity	Common Stock	129,827	1,269	173
BridgeBio Pharma LLC [16]	Drug Discovery & Development	Equity	Preferred Series D	1,008,929	2,000	2,121
Cerecor, Inc. [4]	Drug Discovery & Development	Equity	Common Stock	119,087	1,000	695
Concert Pharmaceuticals, Inc. [4][10]	Drug Discovery & Development	Equity	Common Stock	70,796	1,367	695
Dare Biosciences, Inc. [4]	Drug Discovery & Development	Equity	Common Stock	13,550	1,000	19
Dicerna Pharmaceuticals, Inc. [4]	Drug Discovery & Development	Equity	Common Stock	142,858	1,000	2,094
Dynavax Technologies [4][10]	Drug Discovery & Development	Equity	Common Stock	20,000	550	146
Eidos Therapeutics, Inc. [4][10]	Drug Discovery & Development	Equity	Common Stock	15,000	255	352
Genocea Biosciences, Inc. [4]	Drug Discovery & Development	Equity	Common Stock	223,463	2,000	132
Insmed, Incorporated [4]	Drug Discovery & Development	Equity	Common Stock	70,771	1,000	1,930
Melinta Therapeutics [4]	Drug Discovery & Development	Equity	Common Stock	10,364	2,000	36
Paratek Pharmaceuticals, Inc. [4][10][16]	Drug Discovery & Development	Equity	Common Stock	76,362	2,744	410
Rocket Pharmaceuticals, Ltd. [4]	Drug Discovery & Development	Equity	Common Stock	944	1,500	17
Tricida, Inc. [4]	Drug Discovery & Development	Equity	Common Stock	105,260	2,000	4,065
uniQure B.V. [4][5][10]	Drug Discovery & Development	Equity	Common Stock	37,175	718	1,845
Subtotal: Drug Discovery & Development (1.64%)*					**22,118**	**16,289**
Electronics & Computer Hardware						
Identiv, Inc. [4]	Electronics & Computer Hardware	Equity	Common Stock	6,700	34	34
Subtotal: Electronics & Computer Hardware (0.00%)*					**34**	**34**
Healthcare Services, Other						
23andMe, Inc.	Healthcare Services, Other	Equity	Common Stock	360,000	5,094	5,094
Subtotal: Healthcare Services, Other (0.51%)*					**5,094**	**5,094**
Information Services						
DocuSign, Inc. [4]	Information Services	Equity	Common Stock	385,000	6,081	17,942
Subtotal: Information Services (1.81%)*					**6,081**	**17,942**

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Internet Consumer & Business Services						
Blurb, Inc.	Internet Consumer & Business Services	Equity	Preferred Series B	220,653	$ 175	$ 46
Brigade Group, Inc.	Internet Consumer & Business Services	Equity	Common Stock	9,023	93	—
Contentful, Inc. (5)(10)	Internet Consumer & Business Services	Equity	Preferred Series D	217	500	524
DoorDash, Inc.	Internet Consumer & Business Services	Equity	Common Stock	105,000	6,051	8,925
Lightspeed POS, Inc. (4)(5)(10)	Internet Consumer & Business Services	Equity	Common Stock	107,177	500	1,655
Lyft, Inc. (4)	Internet Consumer & Business Services	Equity	Common Stock	200,738	10,487	15,715
Nextdoor.com, Inc.	Internet Consumer & Business Services	Equity	Common Stock	328,190	4,854	4,945
OfferUp, Inc.	Internet Consumer & Business Services	Equity	Preferred Series A	286,080	1,663	1,992
	Internet Consumer & Business Services	Equity	Preferred Series A-1	108,710	632	757
Total OfferUp, Inc.				394,790	2,295	2,749
Oportun	Internet Consumer & Business Services	Equity	Preferred Series G	218,351	250	757
	Internet Consumer & Business Services	Equity	Preferred Series H	87,802	250	332
Total Oportun				306,153	500	1,089
Tectura Corporation (7)	Internet Consumer & Business Services	Equity	Common Stock	414,994,863	900	—
	Internet Consumer & Business Services	Equity	Preferred Series BB	1,000,000	—	—
Total Tectura Corporation				415,994,863	900	—
Subtotal: Internet Consumer & Business Services (3.60%)*					**26,355**	**35,648**
Media/Content/Info						
Pinterest, Inc.	Media/Content/Info	Equity	Preferred Series Seed	206,666	4,085	3,307
Subtotal: Media/Content/Info (0.33%)*					**4,085**	**3,307**
Medical Devices & Equipment						
AtriCure, Inc. (4)(15)	Medical Devices & Equipment	Equity	Common Stock	10,119	266	270
Flowonix Medical Incorporated	Medical Devices & Equipment	Equity	Preferred Series AA	221,893	1,500	32
Gelesis, Inc.	Medical Devices & Equipment	Equity	Common Stock	198,202	—	871
	Medical Devices & Equipment	Equity	Preferred Series A-1	191,210	425	936
	Medical Devices & Equipment	Equity	Preferred Series A-2	191,626	500	886
Total Gelesis, Inc.				581,038	925	2,693
Medrobotics Corporation (15)	Medical Devices & Equipment	Equity	Preferred Series E	136,798	250	—
	Medical Devices & Equipment	Equity	Preferred Series F	73,971	155	—
	Medical Devices & Equipment	Equity	Preferred Series G	163,934	500	—
Total Medrobotics Corporation				374,703	905	—
Optiscan Biomedical, Corp. (6)	Medical Devices & Equipment	Equity	Preferred Series B	61,855	3,000	427
	Medical Devices & Equipment	Equity	Preferred Series C	19,273	655	123
	Medical Devices & Equipment	Equity	Preferred Series D	551,038	5,257	3,628
	Medical Devices & Equipment	Equity	Preferred Series E	507,103	4,240	4,265
Total Optiscan Biomedical, Corp.				1,139,269	13,152	8,443
Outset Medical, Inc.	Medical Devices & Equipment	Equity	Preferred Series B	232,061	527	518
Quanterix Corporation (4)	Medical Devices & Equipment	Equity	Common Stock	84,778	1,000	2,191
Subtotal: Medical Devices & Equipment (1.43%)*					**18,275**	**14,147**
Software						
CapLinked, Inc.	Software	Equity	Preferred Series A-3	53,614	51	99
Docker, Inc.	Software	Equity	Common Stock	200,000	4,284	4,284
Druva Holdings, Inc. (p.k.a. Druva, Inc.)	Software	Equity	Preferred Series 2	458,841	1,000	2,231
	Software	Equity	Preferred Series 3	93,620	300	481
Total Druva Holdings, Inc. (p.k.a. Druva, Inc.)				552,461	1,300	2,712
HighRoads, Inc.	Software	Equity	Common Stock	190	307	—
Palantir Technologies	Software	Equity	Preferred Series D	9,535	47	47
	Software	Equity	Preferred Series E	1,749,089	10,489	8,661
	Software	Equity	Preferred Series G	326,797	2,211	1,618
Total Palantir Technologies				2,085,421	12,747	10,326
Sprinklr, Inc.	Software	Equity	Common Stock	700,000	3,749	4,602
WildTangent, Inc.	Software	Equity	Preferred Series 3	100,000	402	184
Subtotal: Software (2.24%)*					**22,840**	**22,207**

See notes to consolidated financial statements.

HERCULES CAPITAL, INC.
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Portfolio Company	Sub-Industry	Type of Investment (1)	Series	Shares	Cost (3)	Value (4)
Surgical Devices						
Gynesonics, Inc. (15)	Surgical Devices	Equity	Preferred Series B	219,298	$ 250	$ 10
	Surgical Devices	Equity	Preferred Series C	656,538	282	31
	Surgical Devices	Equity	Preferred Series D	1,991,157	712	96
	Surgical Devices	Equity	Preferred Series E	2,786,367	429	150
	Surgical Devices	Equity	Preferred Series F	1,523,693	118	133
	Surgical Devices	Equity	Preferred Series F-1	2,418,125	150	191
Total Gynesonics, Inc.				9,595,178	1,941	611
Transmedics, Inc.	Surgical Devices	Equity	Preferred Series B	88,961	1,100	416
	Surgical Devices	Equity	Preferred Series C	119,999	300	561
	Surgical Devices	Equity	Preferred Series D	260,000	650	1,216
	Surgical Devices	Equity	Preferred Series F	100,200	500	469
Total Transmedics, Inc.				569,160	2,550	2,662
Subtotal: Surgical Devices (0.33%)*					**4,491**	**3,273**
Sustainable and Renewable Technology						
Modumetal, Inc.	Sustainable and Renewable Technology	Equity	Preferred Series C	3,107,520	500	328
Proterra, Inc.	Sustainable and Renewable Technology	Equity	Preferred Series 5	99,280	500	452
Solar Spectrum Holdings LLC (p.k.a. Sungevity, Inc.) (6)	Sustainable and Renewable Technology	Equity	Common Stock	380	61,502	1,775
Subtotal: Sustainable and Renewable Technology (0.26%)*					**62,502**	**2,555**
Total: Equity Investments (15.86%)*					**205,600**	**157,045**

See notes to consolidated financial statements.

HERCULES CAPITAL, INC.
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Portfolio Company	Sub-Industry	Type of Investment (1)	Series	Shares	Cost (3)	Value (4)
Warrant Investments						
Communications & Networking						
Peerless Network Holdings, Inc.	Communications & Networking	Warrant	Common Stock	3,328	$ —	$ 10
Spring Mobile Solutions, Inc.	Communications & Networking	Warrant	Common Stock	2,834,375	418	—
Subtotal: Communications & Networking (0.00%)*					**418**	**10**
Consumer & Business Products						
Gadget Guard (15)	Consumer & Business Products	Warrant	Common Stock	1,662,441	228	—
Intelligent Beauty, Inc.	Consumer & Business Products	Warrant	Preferred Series B	190,234	230	255
The Neat Company	Consumer & Business Products	Warrant	Common Stock	54,054	365	—
WHOOP, INC.	Consumer & Business Products	Warrant	Preferred Series C	68,627	18	6
Subtotal: Consumer & Business Products (0.03%)*					**841**	**261**
Drug Delivery						
Agile Therapeutics, Inc. (4)	Drug Delivery	Warrant	Common Stock	180,274	730	47
BioQ Pharma Incorporated	Drug Delivery	Warrant	Common Stock	459,183	1	846
Dance Biopharm, Inc. (15)	Drug Delivery	Warrant	Common Stock	110,882	74	—
Kaleo, Inc.	Drug Delivery	Warrant	Preferred Series B	82,500	594	3,449
Neos Therapeutics, Inc. (4)(15)	Drug Delivery	Warrant	Common Stock	70,833	285	1
PDS Biotechnology Corporation (p.k.a. Edge Therapeutics, Inc.) (4)	Drug Delivery	Warrant	Common Stock	3,929	390	—
Pulmatrix Inc. (4)	Drug Delivery	Warrant	Common Stock	2,515	116	—
ZP Opco, Inc. (4)	Drug Delivery	Warrant	Common Stock	3,618	266	—
Subtotal: Drug Delivery (0.44%)*					**2,456**	**4,343**

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Portfolio Company	Sub-Industry	Type of Investment[1]	Series	Shares	Cost[3]	Value[4]
Drug Discovery & Development						
Acacia Pharma Inc. [4][5][10]	Drug Discovery & Development	Warrant	Common Stock	201,330	$ 303	$ 124
ADMA Biologics, Inc. [4]	Drug Discovery & Development	Warrant	Common Stock	89,750	295	31
Brickell Biotech, Inc.	Drug Discovery & Development	Warrant	Preferred Series C	26,086	119	—
Cerecor, Inc. [4]	Drug Discovery & Development	Warrant	Common Stock	22,328	70	25
Concert Pharmaceuticals, Inc. [4][10][15]	Drug Discovery & Development	Warrant	Common Stock	61,273	178	117
CTI BioPharma Corp. [4]	Drug Discovery & Development	Warrant	Common Stock	29,239	165	—
CytRx Corporation [4][15]	Drug Discovery & Development	Warrant	Common Stock	105,694	160	—
Dare Biosciences, Inc. [4]	Drug Discovery & Development	Warrant	Common Stock	17,190	369	—
Dicerna Pharmaceuticals, Inc. [4]	Drug Discovery & Development	Warrant	Common Stock	200	28	—
Evofem Biosciences, Inc. [4][15]	Drug Discovery & Development	Warrant	Common Stock	7,806	266	11
Fortress Biotech, Inc. [4]	Drug Discovery & Development	Warrant	Common Stock	73,009	142	11
Genocea Biosciences, Inc. [4]	Drug Discovery & Development	Warrant	Common Stock	403,136	431	101
Immune Pharmaceuticals [4]	Drug Discovery & Development	Warrant	Common Stock	10,742	164	—
Melinta Therapeutics [4]	Drug Discovery & Development	Warrant	Common Stock	8,109	626	—
Motif BioSciences Inc. [4][5][10][15]	Drug Discovery & Development	Warrant	Common Stock	73,452	282	38
Myovant Sciences, Ltd. [4][5][10]	Drug Discovery & Development	Warrant	Common Stock	73,710	460	871
Neuralstem, Inc. [4][15]	Drug Discovery & Development	Warrant	Common Stock	5,783	77	—
Ology Bioservices, Inc. [15]	Drug Discovery & Development	Warrant	Common Stock	171,389	838	—
Paratek Pharmaceuticals, Inc. [4][10][15][16]	Drug Discovery & Development	Warrant	Common Stock	94,841	204	20
Savara Inc. [4][15]	Drug Discovery & Development	Warrant	Common Stock	32,467	203	50
Sorrento Therapeutics, Inc. [4][10]	Drug Discovery & Development	Warrant	Common Stock	306,748	889	624
Stealth Bio Therapeutics Corp. [4][5][10]	Drug Discovery & Development	Warrant	American Depositary Shares	41,667	158	113
TG Therapeutics, Inc. [4][10]	Drug Discovery & Development	Warrant	Common Stock	147,058	564	637
Tricida, Inc. [4][15]	Drug Discovery & Development	Warrant	Common Stock	123,637	978	2,677
Urovant Sciences, Ltd. [4][10]	Drug Discovery & Development	Warrant	Common Stock	33,259	143	133
X4 Pharmaceuticals, Inc. [4]	Drug Discovery & Development	Warrant	Common Stock	25,000	314	149
XOMA Corporation [4][10][15]	Drug Discovery & Development	Warrant	Common Stock	9,063	279	1
Subtotal: Drug Discovery & Development (0.58%)*					**8,705**	**5,733**
Electronics & Computer Hardware						
908 DEVICES INC. [15]	Electronics & Computer Hardware	Warrant	Preferred Series D	79,856	101	51
Subtotal: Electronics & Computer Hardware (0.01%)*					**101**	**51**
Healthcare Services, Other						
Chromadex Corporation [4]	Healthcare Services, Other	Warrant	Common Stock	139,673	157	157
Subtotal: Healthcare Services, Other (0.02%)*					**157**	**157**
Information Services						
INMOBI Inc. [5][10]	Information Services	Warrant	Common Stock	65,587	82	—
MDX Medical, Inc. [15]	Information Services	Warrant	Common Stock	2,812,500	283	200
Netbase Solutions, Inc.	Information Services	Warrant	Preferred Series 1	60,000	356	418
RichRelevance, Inc.	Information Services	Warrant	Preferred Series E	112,612	98	—
Subtotal: Information Services (0.06%)*					**819**	**618**

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Portfolio Company	Sub-Industry	Type of Investment (1)	Series	Shares	Cost (3)	Value (4)
Internet Consumer & Business Services						
Aria Systems, Inc.	Internet Consumer & Business Services	Warrant	Preferred Series G	231,535	$ 73	$ —
Blurb, Inc. (15)	Internet Consumer & Business Services	Warrant	Preferred Series C	234,280	636	14
Cloudpay, Inc. (5)(10)	Internet Consumer & Business Services	Warrant	Preferred Series B	4,960	45	12
Contentful, Inc. (5)(10)	Internet Consumer & Business Services	Warrant	Preferred Series C	82	1	50
Fastly, Inc.	Internet Consumer & Business Services	Warrant	Preferred Series F	152,195	71	80
First Insight, Inc. (15)	Internet Consumer & Business Services	Warrant	Preferred Series B	75,917	96	105
Intent (p.k.a. Intent Media, Inc.)	Internet Consumer & Business Services	Warrant	Common Stock	140,077	168	112
Interactions Corporation	Internet Consumer & Business Services	Warrant	Preferred Series G-3	68,187	204	441
Just Fabulous, Inc.	Internet Consumer & Business Services	Warrant	Preferred Series B	206,184	1,102	2,703
Lendio, Inc.	Internet Consumer & Business Services	Warrant	Preferred Series D	127,032	39	39
Lightspeed POS, Inc. (4)(5)(10)	Internet Consumer & Business Services	Warrant	Common Stock	61,402	20	528
LogicSource	Internet Consumer & Business Services	Warrant	Preferred Series C	79,625	30	60
Oportun	Internet Consumer & Business Services	Warrant	Preferred Series G	174,562	78	419
Postmates, Inc.	Internet Consumer & Business Services	Warrant	Common Stock	189,865	317	338
RumbleON, Inc. (4)	Internet Consumer & Business Services	Warrant	Common Stock	102,768	87	55
ShareThis, Inc.	Internet Consumer & Business Services	Warrant	Preferred Series C	493,502	547	—
Snagajob.com, Inc.	Internet Consumer & Business Services	Warrant	Preferred Series A	1,800,000	782	104
	Internet Consumer & Business Services	Warrant	Preferred Series B	173,076	8	6
Total Snagajob.com, Inc.				1,973,076	790	110
Tapjoy, Inc.	Internet Consumer & Business Services	Warrant	Preferred Series D	748,670	316	7
The Faction Group LLC	Internet Consumer & Business Services	Warrant	Preferred Series A	8,703	234	324
Thumbtack, Inc.	Internet Consumer & Business Services	Warrant	Common Stock	102,821	124	97
Xometry, Inc.	Internet Consumer & Business Services	Warrant	Preferred Series B	87,784	47	90
Subtotal: Internet Consumer & Business Services (0.56%)*					**5,025**	**5,584**
Media/Content/Info						
Machine Zone, Inc.	Media/Content/Info	Warrant	Common Stock	1,552,710	1,960	2,003
Napster	Media/Content/Info	Warrant	Common Stock	715,755	383	110
WP Technology, Inc. (Wattpad, Inc.) (5)(10)	Media/Content/Info	Warrant	Common Stock	255,818	4	4
Zoom Media Group, Inc.	Media/Content/Info	Warrant	Preferred Series A	1,204	348	26
Subtotal: Media/Content/Info (0.22%)*					**2,695**	**2,143**
Medical Devices & Equipment						
Aspire Bariatrics, Inc. (15)	Medical Devices & Equipment	Warrant	Preferred Series B-1	112,858	455	—
Avedro, Inc. (4)(15)	Medical Devices & Equipment	Warrant	Common Stock	67,415	401	407
Flowonix Medical Incorporated	Medical Devices & Equipment	Warrant	Preferred Series AA	155,325	362	3
	Medical Devices & Equipment	Warrant	Preferred Series BB	725,806	351	409
Total Flowonix Medical Incorporated				881,131	713	412
Gelesis, Inc.	Medical Devices & Equipment	Warrant	Preferred Series A-1	74,784	78	203
InspireMD, Inc. (4)(5)(10)	Medical Devices & Equipment	Warrant	Common Stock	1,105	—	—
Intuity Medical, Inc. (15)	Medical Devices & Equipment	Warrant	Preferred Series 4	1,819,078	294	390
Medrobotics Corporation (15)	Medical Devices & Equipment	Warrant	Preferred Series E	455,539	370	—
Micell Technologies, Inc.	Medical Devices & Equipment	Warrant	Preferred Series D-2	84,955	262	—
NinePoint Medical, Inc.	Medical Devices & Equipment	Warrant	Preferred Series A-1	587,840	170	144
Optiscan Biomedical, Corp. (6)	Medical Devices & Equipment	Warrant	Preferred Series E	74,424	573	287
Outset Medical, Inc.	Medical Devices & Equipment	Warrant	Preferred Series A	500,000	402	250
Quanterix Corporation (4)	Medical Devices & Equipment	Warrant	Common Stock	66,039	204	754
Sebacia, Inc.	Medical Devices & Equipment	Warrant	Preferred Series D	778,301	133	157
Sintx Technologies, Inc. (4)(15)	Medical Devices & Equipment	Warrant	Common Stock	8,603	459	—
SonaCare Medical, LLC	Medical Devices & Equipment	Warrant	Preferred Series A	6,464	188	—
Tela Bio, Inc.	Medical Devices & Equipment	Warrant	Preferred Series B	387,930	61	46
ViewRay, Inc. (4)(15)	Medical Devices & Equipment	Warrant	Common Stock	128,231	333	243
Subtotal: Medical Devices & Equipment (0.33%)*					**5,096**	**3,293**
Semiconductors						
Achronix Semiconductor Corporation	Semiconductors	Warrant	Preferred Series C	360,000	160	242
	Semiconductors	Warrant	Preferred Series D-2	750,000	99	433
Total Achronix Semiconductor Corporation				1,110,000	259	675
Aquantia Corp. (4)	Semiconductors	Warrant	Common Stock	19,683	4	3
Elenion Technologies Corporation	Semiconductors	Warrant	Preferred Series C	225	8	12
Subtotal: Semiconductors (0.07%)*					**271**	**690**

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Portfolio Company	Sub-Industry	Type of Investment [(1)]	Series	Shares	Cost [(3)]	Value [(4)]
Software						
Actifio, Inc.	Software	Warrant	Common Stock	73,584	$ 249	$ 79
	Software	Warrant	Preferred Series F	31,673	343	89
Total Actifio, Inc.				105,257	592	168
CareCloud Corporation [(15)]	Software	Warrant	Preferred Series B	413,433	258	15
Clickfox, Inc. [(15)]	Software	Warrant	Preferred Series B	539,818	167	3
	Software	Warrant	Preferred Series C	592,019	729	6
	Software	Warrant	Preferred Series C-A	2,218,214	231	88
Total Clickfox, Inc.				3,350,051	1,127	97
Cloudian, Inc.	Software	Warrant	Common Stock	477,454	72	67
Dashlane, Inc.	Software	Warrant	Common Stock	239,852	219	224
DNAnexus, Inc.	Software	Warrant	Preferred Series C	909,091	97	116
Evernote Corporation	Software	Warrant	Common Stock	62,500	106	75
Fuze, Inc. [(15)(16)]	Software	Warrant	Series F Preferred	256,158	89	—
Lightbend, Inc. [(15)]	Software	Warrant	Preferred Series C-1	712,323	109	95
Message Systems, Inc. [(15)]	Software	Warrant	Preferred Series C	503,718	333	796
Neos, Inc.	Software	Warrant	Common Stock	221,150	22	—
Nuvolo Technologies Corporation	Software	Warrant	Common Stock	30,000	43	44
OneLogin, Inc. [(15)]	Software	Warrant	Common Stock	381,620	304	600
Poplicus, Inc.	Software	Warrant	Common Stock	132,168	—	—
Quid, Inc. [(15)]	Software	Warrant	Preferred Series D	71,576	1	2
RapidMiner, Inc.	Software	Warrant	Preferred Series C-1	4,982	24	18
RedSeal Inc. [(15)]	Software	Warrant	Preferred Series C-Prime	640,603	66	21
Signpost, Inc.	Software	Warrant	Preferred Series C	324,005	314	44
ThreatConnect, Inc. [(15)]	Software	Warrant	Preferred Series B	134,086	26	27
Subtotal: Software (0.24%)*					**3,802**	**2,409**
Specialty Pharmaceuticals						
Alimera Sciences, Inc. [(4)]	Specialty Pharmaceuticals	Warrant	Common Stock	1,717,709	861	156
Subtotal: Specialty Pharmaceuticals (0.02%)*					**861**	**156**
Surgical Devices						
Gynesonics, Inc. [(15)]	Surgical Devices	Warrant	Preferred Series C	180,480	74	7
	Surgical Devices	Warrant	Preferred Series D	1,575,965	321	31
Total Gynesonics, Inc.				1,756,445	395	38
Transmedics, Inc.	Surgical Devices	Warrant	Preferred Series D	175,000	100	382
	Surgical Devices	Warrant	Preferred Series F	50,544	38	—
Total Transmedics, Inc.				225,544	138	382
Subtotal: Surgical Devices (0.04%)*					**533**	**420**

See notes to consolidated financial statements.

HERCULES CAPITAL, INC.
CONSOLIDATED SCHEDULE OF INVESTMENTS
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(unaudited)
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Portfolio Company	Sub-Industry	Type of Investment[(1)]	Series	Shares	Cost[(3)]	Value[(4)]
Sustainable and Renewable Technology						
Agrivida, Inc.	Sustainable and Renewable Technology	Warrant	Preferred Series D	471,327	$ 120	$ —
American Superconductor Corporation [(4)]	Sustainable and Renewable Technology	Warrant	Common Stock	58,823	39	272
Calera, Inc.	Sustainable and Renewable Technology	Warrant	Preferred Series C	44,529	513	—
Fluidic, Inc.	Sustainable and Renewable Technology	Warrant	Preferred Series D	61,804	102	—
Fulcrum Bioenergy, Inc.	Sustainable and Renewable Technology	Warrant	Preferred Series C-1	280,897	274	435
GreatPoint Energy, Inc. [(15)]	Sustainable and Renewable Technology	Warrant	Preferred Series D-1	393,212	548	—
Kinestral Technologies, Inc.	Sustainable and Renewable Technology	Warrant	Preferred Series A	325,000	155	157
	Sustainable and Renewable Technology	Warrant	Preferred Series B	131,883	63	50
Total Kinestral Technologies, Inc.				456,883	218	207
Polyera Corporation [(15)]	Sustainable and Renewable Technology	Warrant	Preferred Series C	311,609	338	—
Proterra, Inc.	Sustainable and Renewable Technology	Warrant	Preferred Series 4	477,517	41	150
Rive Technology, Inc. [(15)]	Sustainable and Renewable Technology	Warrant	Preferred Series E	234,477	13	1
Solar Spectrum Holdings LLC (p.k.a. Sungevity, Inc.) [(6)]	Sustainable and Renewable Technology	Warrant	Class A Units	0.69	—	—
TAS Energy, Inc.	Sustainable and Renewable Technology	Warrant	Preferred Series AA	428,571	299	—
Subtotal: Sustainable and Renewable Technology (0.11%)*					**2,505**	**1,065**
Total: Warrant Investments (2.72%)*					**34,285**	**26,933**
Total Investments in Securities (210.13%)*					**$ 2,153,263**	**$ 2,081,042**

* Value as a percent of net assets
(1) Preferred and common stock, warrants, and equity interests are generally non-income producing.
(2) Interest rate PRIME represents 5.50% at March 31, 2019. Daily LIBOR, 1-month LIBOR, 3-month LIBOR and 12-month LIBOR represent 2.39%, 2.50%, 2.59% and 2.69%, respectively, at March 31, 2019.
(3) Gross unrealized appreciation, gross unrealized depreciation, and net unrealized depreciation for federal income tax purposes totaled $63.5 million, $153.0 million and $89.4 million respectively. The tax cost of investments is $2.2 billion.
(4) Except for warrants in 41 publicly traded companies and common stock in 25 publicly traded companies, all investments are restricted at March 31, 2019 and were valued at fair value using Level 3 significant unobservable inputs as determined in good faith by the Company's board of directors (the "Board of Directors"). No unrestricted securities of the same issuer are outstanding. The Company uses the Standard Industrial Code for classifying the industry grouping of its portfolio companies.
(5) Non-U.S. company or the company's principal place of business is outside the United States.
(6) Affiliate investment as defined under the Investment Company Act of 1940, as amended, (the "1940 Act") in which Hercules owns at least 5% but generally less than 25% of the company's voting securities.
(7) Control investment as defined under the 1940 Act in which Hercules owns at least 25% of the company's voting securities or has greater than 50% representation on its board.
(8) Debt is on non-accrual status at March 31, 2019, and is therefore considered non-income producing. Note that at March 31, 2019, only the $10.7 million PIK, or payment-in-kind, loan is on non-accrual for the Company's debt investment in Tectura Corporation.
(9) Denotes that all or a portion of the debt investment is convertible debt.
(10) Indicates assets that the Company deems not "qualifying assets" under section 55(a) of 1940 Act. Qualifying assets must represent at least 70% of the Company's total assets at the time of acquisition of any additional non-qualifying assets.
(11) Denotes that all or a portion of the debt investment secures the notes offered in the Debt Securitization (as defined in Note 4).
(12) Denotes that all or a portion of the debt investment is pledged as collateral under the Wells Facility (as defined in Note 4).
(13) Denotes that all or a portion of the debt investment is pledged as collateral under the Union Bank Facility (as defined in Note 4).
(14) Denotes that all or a portion of the debt investment principal includes accumulated PIK interest and is net of repayments.
(15) Denotes that all or a portion of the investment in this portfolio company is held by Hercules Technology III, L.P., or HT III, the Company's wholly owned small business investment company, or SBIC, subsidiary.
(16) Denotes that the fair value of the Company's total investments in this portfolio company represent greater than 5% of the Company's total assets at March 31, 2019.
(17) Denotes that there is an unfunded contractual commitment available at the request of this portfolio company at March 31, 2019. Refer to Note 10.
(18) Denotes unitranche debt with first lien "last-out" senior secured position and security interest in all assets of the portfolio company whereby the "last-out" portion will be subordinated to the "first-out" portion in a liquidation, sale or other disposition.
(19) Denotes second lien senior secured debt.

HERCULES CAPITAL, INC.

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Portfolio Company	Sub-Industry	Type of Investment[1]	Maturity Date	Interest Rate and Floor[2]	Principal Amount	Cost[3]	Value[4]
Debt Investments							
Biotechnology Tools							
Under 1 Year Maturity							
Exicure, Inc. [11]	Biotechnology Tools	Senior Secured	September 2019	Interest rate PRIME + 6.45% or Floor rate of 9.95%, 3.85% Exit Fee	$ 4,999	$ 5,165	$ 5,165
Subtotal: Under 1 Year Maturity						5,165	5,165
Subtotal: Biotechnology Tools (0.54%)*						**5,165**	**5,165**
Consumer & Business Products							
1-5 Years Maturity							
WHOOP, INC. [12]	Consumer & Business Products	Senior Secured	July 2021	Interest rate PRIME + 3.75% or Floor rate of 8.50%, 6.95% Exit Fee	$ 6,000	6,026	5,983
Subtotal: 1-5 Years Maturity						6,026	5,983
Subtotal: Consumer & Business Products (0.63%)*						**6,026**	**5,983**
Diversified Financial Services							
1-5 Years Maturity							
Gibraltar Business Capital, LLC. [7]	Diversified Financial Services	Unsecured	March 2023	Interest rate FIXED 14.50%	$ 15,000	14,729	14,401
Subtotal: 1-5 Years Maturity						14,729	14,401
Subtotal: Diversified Financial Services (1.51%)*						**14,729**	**14,401**
Drug Delivery							
1-5 Years Maturity							
AcelRx Pharmaceuticals, Inc. [11]	Drug Delivery	Senior Secured	March 2020	Interest rate PRIME + 6.05% or Floor rate of 9.55%, 11.69% Exit Fee	$ 10,936	11,926	11,842
Antares Pharma Inc. [10][11][15]	Drug Delivery	Senior Secured	July 2022	Interest rate PRIME + 4.50% or Floor rate of 9.25%, 4.25% Exit Fee	$ 25,000	25,313	25,081
Subtotal: 1-5 Years Maturity						37,239	36,923
Subtotal: Drug Delivery (3.86%)*						**37,239**	**36,923**

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Portfolio Company	Sub-Industry	Type of Investment(1)	Maturity Date	Interest Rate and Floor(2)	Principal Amount	Cost(3)	Value(4)
Drug Discovery & Development							
Under 1 Year Maturity							
Auris Medical Holding, AG (5)(10)	Drug Discovery & Development	Senior Secured	February 2019	Interest rate PRIME + 6.05% or Floor rate of 9.55%, 5.75% Exit Fee	$ 757	$ 1,471	$ 1,471
Brickell Biotech, Inc. (12)	Drug Discovery & Development	Senior Secured	September 2019	Interest rate PRIME + 5.70% or Floor rate of 9.20%, 7.82% Exit Fee	$ 4,808	5,281	5,281
Epirus Biopharmaceuticals, Inc. (8)	Drug Discovery & Development	Senior Secured	June 2019	Interest rate PRIME + 4.70% or Floor rate of 7.95%, 3.00% Exit Fee	$ 2,203	2,487	—
Subtotal: Under 1 Year Maturity						9,239	6,752
1-5 Years Maturity							
Acacia Pharma Inc. (10)(11)	Drug Discovery & Development	Senior Secured	January 2022	Interest rate PRIME + 4.50% or Floor rate of 9.25%, 3.95% Exit Fee	$ 10,000	9,871	9,819
Aveo Pharmaceuticals, Inc. (11)	Drug Discovery & Development	Senior Secured	July 2021	Interest rate PRIME + 4.70% or Floor rate of 9.45%, 5.40% Exit Fee	$ 10,000	10,111	10,042
	Drug Discovery & Development	Senior Secured	July 2021	Interest rate PRIME + 4.70% or Floor rate of 9.45%, 3.00% Exit Fee	$ 10,000	10,220	10,157
Total Aveo Pharmaceuticals, Inc.					$ 20,000	20,331	20,199
Axovant Sciences Ltd. (5)(10)(11)(16)	Drug Discovery & Development	Senior Secured	March 2021	Interest rate PRIME + 6.80% or Floor rate of 10.55%	$ 50,219	49,485	49,286
BridgeBio Pharma LLC (13)(16)	Drug Discovery & Development	Senior Secured	July 2022	Interest rate PRIME + 4.35% or Floor rate of 9.35%, 6.35% Exit Fee	$ 35,000	35,054	35,263
	Drug Discovery & Development	Senior Secured	July 2022	Interest rate PRIME + 3.35% or Floor rate of 9.10%, 5.75% Exit Fee	$ 20,000	19,904	19,904
Total BridgeBio Pharma LLC					$ 55,000	54,958	55,167
Chemocentryx, Inc. (10)(15)	Drug Discovery & Development	Senior Secured	December 2022	Interest rate PRIME + 3.30% or Floor rate of 8.05%, 6.25% Exit Fee	$ 20,000	19,957	20,104
Genocea Biosciences, Inc. (11)	Drug Discovery & Development	Senior Secured	May 2021	Interest rate PRIME + 2.75% or Floor rate of 7.75%, 10.12% Exit Fee	$ 14,000	14,937	14,788
Merrimack Pharmaceuticals, Inc. (12)	Drug Discovery & Development	Senior Secured	August 2021	Interest rate PRIME + 4.00% or Floor rate of 9.25%, 5.55% Exit Fee	$ 15,000	15,024	15,024
Mesoblast (5)(10)(11)	Drug Discovery & Development	Senior Secured	March 2022	Interest rate PRIME + 4.95% or Floor rate of 9.45%, 6.95% Exit Fee	$ 35,000	35,346	35,190
Metuchen Pharmaceuticals LLC (14)	Drug Discovery & Development	Senior Secured	October 2020	Interest rate PRIME + 7.25% or Floor rate of 10.75%, PIK Interest 1.35%, 2.25% Exit Fee	$ 18,569	19,256	19,122
Motif BioSciences Inc. (5)(10)(11)(15)	Drug Discovery & Development	Senior Secured	September 2021	Interest rate PRIME + 5.50% or Floor rate of 10.00%, 2.15% Exit Fee	$ 15,000	14,907	14,786
Myovant Sciences, Ltd. (5)(10)(11)	Drug Discovery & Development	Senior Secured	November 2021	Interest rate PRIME + 4.00% or Floor rate of 8.25%, 6.55% Exit Fee	$ 40,000	40,320	40,151

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Nabriva Therapeutics [5][10]	Drug Discovery & Development	Senior Secured	June 2023	Interest rate PRIME + 4.30% or Floor rate of 9.80%, 6.95% Exit Fee	$ 25,000	$ 24,750	$ 24,750
Paratek Pharmaceuticals, Inc. (p.k.a. Transcept Pharmaceuticals, Inc.) [10][11][15][16]	Drug Discovery & Development	Senior Secured	September 2020	Interest rate PRIME + 2.75% or Floor rate of 8.50%, 4.50% Exit Fee	$ 40,000	40,882	40,472
	Drug Discovery & Development	Senior Secured	September 2021	Interest rate PRIME + 2.75% or Floor rate of 8.50%, 4.50% Exit Fee	$ 10,000	10,240	10,137
	Drug Discovery & Development	Senior Secured	September 2021	Interest rate PRIME + 2.75% or Floor rate of 8.50%, 2.25% Exit Fee	$ 10,000	10,084	9,925
	Drug Discovery & Development	Senior Secured	August 2022	Interest rate PRIME + 2.10% or Floor rate of 7.85%, 6.95% Exit Fee	$ 10,000	10,014	10,014
Total Paratek Pharmaceuticals, Inc. (p.k.a. Transcept Pharmaceuticals, Inc.)					$ 70,000	71,220	70,548
Stealth Bio Therapeutics Corp. [5][10][11]	Drug Discovery & Development	Senior Secured	January 2021	Interest rate PRIME + 5.50% or Floor rate of 9.50%, 6.25% Exit Fee	$ 19,313	19,740	19,597
Tricida, Inc. [11][15]	Drug Discovery & Development	Senior Secured	March 2022	Interest rate PRIME + 3.35% or Floor rate of 8.85%, 8.19% Exit Fee	$ 40,000	39,622	39,794
uniQure B.V. [5][10][11]	Drug Discovery & Development	Senior Secured	June 2023	Interest rate PRIME + 3.35% or Floor rate of 8.85%, 7.72% Exit Fee	$ 35,000	35,538	35,386
Verastem, Inc. [11]	Drug Discovery & Development	Senior Secured	December 2020	Interest rate PRIME + 6.00% or Floor rate of 10.50%, 4.50% Exit Fee	$ 5,000	5,058	5,059
	Drug Discovery & Development	Senior Secured	December 2020	Interest rate PRIME + 6.00% or Floor rate of 10.50%, 4.50% Exit Fee	$ 5,000	5,082	5,083
	Drug Discovery & Development	Senior Secured	December 2020	Interest rate PRIME + 6.00% or Floor rate of 10.50%, 4.50% Exit Fee	$ 5,000	5,057	5,057
	Drug Discovery & Development	Senior Secured	December 2020	Interest rate PRIME + 6.00% or Floor rate of 10.50%, 4.50% Exit Fee	$ 10,000	10,033	9,976
Total Verastem, Inc.					$ 25,000	25,230	25,175
X4 Pharmaceuticals Inc.	Drug Discovery & Development	Senior Secured	November 2021	Interest rate PRIME + 4.25% or Floor rate of 9.50%, 7.95% Exit Fee	$ 10,000	9,746	9,746
Subtotal: 1-5 Years Maturity						520,238	518,632
Subtotal: Drug Discovery & Development (54.99%)*						**529,477**	**525,384**

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Portfolio Company	Sub-Industry	Type of Investment(1)	Maturity Date	Interest Rate and Floor(2)	Principal Amount	Cost(3)	Value(4)
Electronics & Computer Hardware							
1-5 Years Maturity							
908 DEVICES INC. (15)	Electronics & Computer Hardware	Senior Secured	September 2020	Interest rate PRIME + 4.00% or Floor rate of 8.25%, 4.25% Exit Fee	$ 10,000	$ 10,145	$ 10,155
Glo AB (5)(10)(13)(14)	Electronics & Computer Hardware	Senior Secured	February 2021	Interest rate PRIME + 6.20% or Floor rate of 10.45%, PIK Interest 1.75%, 2.95% Exit Fee	$ 12,192	12,265	5,556
Subtotal: 1-5 Years Maturity						22,410	15,711
Subtotal: Electronics & Computer Hardware (1.64%)*						**22,410**	**15,711**
Healthcare Services, Other							
1-5 Years Maturity							
Oak Street Health (12)	Healthcare Services, Other	Senior Secured	September 2021	Interest rate PRIME + 5.00% or Floor rate of 9.75%, 5.95% Exit Fee	$ 30,000	30,486	30,338
PH Group Holdings (13)(17)	Healthcare Services, Other	Senior Secured	September 2020	Interest rate PRIME + 7.45% or Floor rate of 10.95%	$ 20,000	19,889	19,806
	Healthcare Services, Other	Senior Secured	September 2020	Interest rate PRIME + 7.45% or Floor rate of 10.95%	$ 10,000	9,938	9,896
Total PH Group Holdings					$ 30,000	29,827	29,702
Subtotal: 1-5 Years Maturity						60,313	60,040
Subtotal: Healthcare Services, Other (6.28%)*						**60,313**	**60,040**
Information Services							
1-5 Years Maturity							
MDX Medical, Inc. (14)(15)(19)	Information Services	Senior Secured	December 2020	Interest rate PRIME + 4.00% or Floor rate of 8.25%, PIK Interest 1.70%	$ 15,288	15,037	14,987
Subtotal: 1-5 Years Maturity						15,037	14,987
Subtotal: Information Services (1.57%)*						**15,037**	**14,987**

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Portfolio Company	Sub-Industry	Type of Investment[1]	Maturity Date	Interest Rate and Floor[2]	Principal Amount	Cost[3]	Value[4]
Internet Consumer & Business Services							
Under 1 Year Maturity							
LogicSource	Internet Consumer & Business Services	Senior Secured	October 2019	Interest rate PRIME + 6.25% or Floor rate of 9.75%, 5.00% Exit Fee	$ 3,099	$ 3,486	$ 3,486
The Faction Group LLC [11]	Internet Consumer & Business Services	Senior Secured	January 2019	Interest rate PRIME + 4.75% or Floor rate of 8.25%	$ 2,000	2,000	2,000
Subtotal: Under 1 Year Maturity						5,486	5,486
1-5 Years Maturity							
AppDirect, Inc. [11][19]	Internet Consumer & Business Services	Senior Secured	January 2022	Interest rate PRIME + 5.70% or Floor rate of 9.95%, 3.45% Exit Fee	$ 20,000	20,006	19,941
Art.com, Inc. [12][14][15]	Internet Consumer & Business Services	Senior Secured	April 2021	Interest rate PRIME + 5.40% or Floor rate of 10.15%, PIK Interest 1.70%, 1.50% Exit Fee	$ 10,117	10,020	10,028
Cloudpay, Inc. [5][10]	Internet Consumer & Business Services	Senior Secured	April 2022	Interest rate PRIME + 4.05% or Floor rate of 8.55%, 6.95% Exit Fee	$ 11,000	11,017	11,020
Contentful, Inc. [5][10][14]	Internet Consumer & Business Services	Senior Secured	July 2022	Interest rate PRIME + 2.95% or Floor rate of 7.95%, PIK Interest 1.25%	$ 3,750	3,692	3,692
Convercent, Inc. [14][15][17]	Internet Consumer & Business Services	Senior Secured	July 2022	Interest rate PRIME + 2.55% or Floor rate of 7.80%, PIK Interest 2.95%, 1.00% Exit Fee	$ 7,500	7,419	7,419
EverFi, Inc. [11][14][16]	Internet Consumer & Business Services	Senior Secured	May 2022	Interest rate PRIME + 3.90% or Floor rate of 8.65%, PIK Interest 2.30%	$ 60,729	60,687	60,408
Fastly, Inc. [17][19]	Internet Consumer & Business Services	Senior Secured	December 2021	Interest rate PRIME + 4.25%, 1.50% Exit Fee	$ 6,667	6,563	6,563
First Insight, Inc. [15]	Internet Consumer & Business Services	Senior Secured	November 2021	Interest rate PRIME + 6.25% or Floor rate of 11.25%	$ 7,500	7,368	7,375
Greenphire, Inc. [17]	Internet Consumer & Business Services	Senior Secured	January 2021	Interest rate 3-month LIBOR + 8.00% or Floor rate of 9.00%	$ 2,776	2,776	2,785
	Internet Consumer & Business Services	Senior Secured	January 2021	Interest rate PRIME + 3.75% or Floor rate of 7.00%	$ 1,500	1,500	1,498
Total Greenphire, Inc.					$ 4,276	4,276	4,283
Intent Media, Inc. [12][17]	Internet Consumer & Business Services	Senior Secured	September 2021	Interest rate PRIME + 5.13% or Floor rate of 10.125%, 2.00% Exit Fee	$ 12,200	12,210	12,147
Interactions Corporation [11][19]	Internet Consumer & Business Services	Senior Secured	March 2021	Interest rate 3-month LIBOR + 8.60% or Floor rate of 9.85%, 1.75% Exit Fee	$ 25,000	25,092	24,987
Postmates, Inc. [17][19]	Internet Consumer & Business Services	Senior Secured	September 2022	Interest rate PRIME + 3.85% or Floor rate of 8.85%, 8.05% Exit Fee	$ 20,000	19,666	19,666
RumbleON, Inc.	Internet Consumer & Business Services	Senior Secured	May 2021	Interest rate PRIME + 5.75% or Floor rate of 10.25%, 4.55% Exit Fee	$ 5,000	5,018	4,984
	Internet Consumer & Business Services	Senior Secured	October 2021	Interest rate PRIME + 5.75% or Floor rate of 10.25%, 2.95% Exit Fee	$ 5,000	4,941	4,941
Total RumbleON, Inc.					$ 10,000	9,959	9,925
Snagajob.com, Inc. [13][14]	Internet Consumer & Business Services	Senior Secured	July 2020	Interest rate PRIME + 5.15% or Floor rate of 9.15%, PIK Interest 1.95%, 2.55% Exit Fee	$ 41,841	42,139	42,075
	Internet Consumer & Business Services	Senior Secured	July 2020	Interest rate PRIME + 5.65% or Floor rate of 10.65%, PIK Interest 1.95%, 2.55% Exit Fee	$ 5,033	4,867	4,867
Total Snagajob.com, Inc.					$ 46,874	47,006	46,942
Tectura Corporation [7][8][9][14]	Internet Consumer & Business Services	Senior Secured	June 2021	Interest rate FIXED 6.00%, PIK Interest 3.00%	$ 20,924	20,924	18,128
	Internet Consumer & Business Services	Senior Secured	June 2021	PIK Interest 8.00%	$ 10,680	240	—
Total Tectura Corporation					$ 31,604	21,164	18,128
The Faction Group LLC [11]	Internet Consumer & Business Services	Senior Secured	January 2021	Interest rate 3-month LIBOR + 9.25% or Floor rate of 10.25%	$ 6,667	6,667	6,653
Wheels Up Partners LLC [11]	Internet Consumer & Business Services	Senior Secured	July 2022	Interest rate 3-month LIBOR + 8.55% or Floor rate of 9.55%	$ 20,241	20,076	19,921
Xometry, Inc. [13][17][19]	Internet Consumer & Business Services	Senior Secured	November 2021	Interest rate PRIME + 3.95% or Floor rate of 8.45%, 7.09% Exit Fee	$ 11,000	10,997	10,995
Subtotal: 1-5 Years Maturity						303,885	300,093
Subtotal: Internet Consumer & Business Services (31.98%)*						**309,371**	**305,579**

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Media/Content/Info							
1-5 Years Maturity							
Bustle (14)(15)	Media/Content/Info	Senior Secured	June 2021	Interest rate PRIME + 4.10% or Floor rate of 8.35%, PIK Interest 1.95%, 3.12% Exit Fee	$ 15,315	$ 15,336	$ 15,453
Subtotal: 1-5 Years Maturity						15,336	15,453
Subtotal: Media/Content/Info (1.62%)*						**15,336**	**15,453**
Medical Devices & Equipment							
Under 1 Year Maturity							
Micell Technologies, Inc. (11)	Medical Devices & Equipment	Senior Secured	August 2019	Interest rate PRIME + 7.25% or Floor rate of 10.50%, 5.00% Exit Fee	$ 2,323	2,724	2,405
Subtotal: Under 1 Year Maturity						2,724	2,405
1-5 Years Maturity							
Flowonix Medical, Inc. (11)(14)	Medical Devices & Equipment	Senior Secured	October 2021	Interest rate PRIME + 4.00% or Floor rate of 9.00%, PIK Interest 0.5%, 7.95% Exit Fee	$ 15,007	14,673	14,673
Intuity Medical, Inc. (11)(15)	Medical Devices & Equipment	Senior Secured	June 2021	Interest rate PRIME + 5.00% or Floor rate of 9.25%, 5.95% Exit Fee	$ 17,500	17,504	17,417
Quanta Fluid Solutions (5)(10)	Medical Devices & Equipment	Senior Secured	April 2020	Interest rate PRIME + 8.05% or Floor rate of 11.55%, 5.00% Exit Fee	$ 5,806	6,324	6,344
Quanterix Corporation (11)	Medical Devices & Equipment	Senior Secured	March 2020	Interest rate PRIME + 2.75% or Floor rate of 8.00%, 0.58% Exit Fee	$ 7,688	7,656	7,577
Rapid Micro Biosystems, Inc. (11)(15)	Medical Devices & Equipment	Senior Secured	April 2022	Interest rate PRIME + 5.15% or Floor rate of 9.65%, 7.25% Exit Fee	$ 18,000	18,143	18,013
Sebacia, Inc. (11)(15)	Medical Devices & Equipment	Senior Secured	January 2021	Interest rate PRIME + 4.35% or Floor rate of 8.85%, 6.05% Exit Fee	$ 11,000	11,151	11,071
Transenterix, Inc. (10)(11)	Medical Devices & Equipment	Senior Secured	June 2022	Interest rate PRIME + 4.55% or Floor rate of 9.55%, 6.95% Exit Fee	$ 30,000	29,972	29,852
Subtotal: 1-5 Years Maturity						105,423	104,947
Subtotal: Medical Devices & Equipment (11.24%)*						**108,147**	**107,352**
Software							
Under 1 Year Maturity							
Pollen, Inc. (15)	Software	Senior Secured	April 2019	Interest rate PRIME + 4.25% or Floor rate of 8.50%, 4.00% Exit Fee	$ 7,000	7,214	7,214
Subtotal: Under 1 Year Maturity						7,214	7,214

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1-5 Years Maturity							
Abrigo (p.k.a. Banker's Toolbox, Inc.) [13][18]	Software	Senior Secured	March 2023	Interest rate 3-month LIBOR + 7.88% or Floor rate of 7.88%	$ 39,701	$ 38,871	$ 38,617
Businessolver.com, Inc. [16][17]	Software	Senior Secured	May 2023	Interest rate 3-month LIBOR + 7.50% or Floor rate of 7.50%	$ 52,913	51,958	51,417
	Software	Senior Secured	May 2023	Interest rate 3-month LIBOR + 7.50% or Floor rate of 7.50%	$ 2,550	2,551	2,550
Total Businessolver.com, Inc.					$ 55,463	54,509	53,967
Clarabridge, Inc. [12][14][17]	Software	Senior Secured	April 2022	Interest rate PRIME + 4.80% or Floor rate of 8.55%, PIK Interest 2.25%	$ 42,300	41,843	41,921
Cloudian, Inc.	Software	Senior Secured	November 2022	Interest rate PRIME + 3.25% or Floor rate of 8.25%, 9.75% Exit Fee	$ 15,000	14,814	14,814
Couchbase, Inc. [15][17][19]	Software	Senior Secured	September 2021	Interest rate PRIME + 5.25% or Floor rate of 10.75%	$ 15,000	14,921	14,921
Credible Behavioral Health, Inc. [14][17]	Software	Senior Secured	September 2021	Interest rate PRIME + 3.20% or Floor rate of 7.95%, PIK Interest 3.30%	$ 7,573	7,493	7,493
Dashlane, Inc. [14][19]	Software	Senior Secured	April 2022	Interest rate PRIME + 4.05% or Floor rate of 8.55%, PIK Interest 1.10%, 9.25% Exit Fee	$ 10,067	10,107	10,137
DocuTAP, Inc. [17]	Software	Senior Secured	October 2023	Interest rate 3-month LIBOR + 8.00% or Floor rate of 8.00%	$ 14,000	13,609	13,609
Emma, Inc. [17][18]	Software	Senior Secured	September 2022	Interest rate 3-month LIBOR + 8.39% or Floor rate of 8.39%	$ 37,037	35,858	35,251
	Software	Senior Secured	September 2022	Interest rate 3-month LIBOR + 8.18% or Floor rate of 8.18%	$ 6,000	5,827	5,826
Total Emma, Inc.					$ 43,037	41,685	41,077
Evernote Corporation [14][15][17][19]	Software	Senior Secured	October 2020	Interest rate PRIME + 5.45% or Floor rate of 8.95%	$ 5,549	5,537	5,592
	Software	Senior Secured	July 2021	Interest rate PRIME + 6.00% or Floor rate of 9.50%, PIK Interest 1.25%	$ 4,074	4,058	4,074
	Software	Senior Secured	July 2022	Interest rate PRIME + 6.00% or Floor rate of 9.50%, PIK Interest 1.25%	$ 5,015	4,982	4,993
Total Evernote Corporation					$ 14,638	14,577	14,659
Fuze, Inc. [13][14][15][16][19]	Software	Senior Secured	July 2021	Interest rate PRIME + 3.70% or Floor rate of 7.95%, PIK Interest 1.55%, 3.55% Exit Fee	$ 51,129	51,284	51,943
Impact Radius Holdings, Inc. [11][14]	Software	Senior Secured	December 2020	Interest rate PRIME + 4.25% or Floor rate of 8.75%, PIK Interest 1.55%, 1.75% Exit Fee	$ 10,191	10,271	10,237
	Software	Senior Secured	December 2020	Interest rate PRIME + 4.25% or Floor rate of 8.75%, PIK Interest 1.55%	$ 2,014	2,014	2,008
Total Impact Radius Holdings, Inc.					$ 12,205	12,285	12,245
Insurance Technologies Corporation [17][18]	Software	Senior Secured	March 2023	Interest rate 3-month LIBOR + 7.82% or Floor rate of 8.75%	$ 12,500	12,258	12,071
Lightbend, Inc. [14][15]	Software	Senior Secured	February 2022	Interest rate PRIME + 4.25% or Floor rate of 8.50%, PIK Interest 2.00%	$ 16,179	15,850	15,741
Lithium Technologies, Inc. [11][16][17]	Software	Senior Secured	October 2022	Interest rate 1-month LIBOR + 8.00% or Floor rate of 9.00%	$ 12,000	11,785	11,659
	Software	Senior Secured	October 2022	Interest rate 1-month LIBOR + 8.00% or Floor rate of 9.00%	$ 43,000	42,047	42,047
Total Lithium Technologies, Inc.					$ 55,000	53,832	53,706
Microsystems Holding Company, LLC [13][19]	Software	Senior Secured	July 2022	Interest rate 3-month LIBOR + 8.25% or Floor rate of 9.25%	$ 12,000	11,854	11,842
Quid, Inc. [14][15]	Software	Senior Secured	February 2021	Interest rate PRIME + 4.75% or Floor rate of 8.25%, PIK Interest 2.25%, 3.00% Exit Fee	$ 8,494	8,632	8,619

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RapidMiner, Inc. [12][14]	Software	Senior Secured	December 2020	Interest rate PRIME + 5.50% or Floor rate of 9.75%, PIK Interest 1.65%	$ 7,119	$ 7,018	$ 6,965
Regent Education [14]	Software	Senior Secured	January 2021	Interest rate FIXED 10.00%, PIK Interest 2.00%, 6.35% Exit Fee	$ 3,092	3,115	1,579
Salsa Labs, Inc. [11][17]	Software	Senior Secured	April 2023	Interest rate 3-month LIBOR + 8.15% or Floor rate of 9.15%	$ 6,000	5,894	5,823
Signpost, Inc. [11][14]	Software	Senior Secured	February 2020	Interest rate PRIME + 4.15% or Floor rate of 8.15%, PIK Interest 1.75%, 5.75% Exit Fee	$ 15,787	16,293	16,267
ThreatConnect, Inc. [14][15][19]	Software	Senior Secured	October 2022	Interest rate PRIME + 4.95% or Floor rate of 9.95%, PIK Interest 1.05%, 2.20% Exit Fee	$ 7,519	7,443	7,443
Vela Trading Technologies [11][18]	Software	Senior Secured	July 2022	Interest rate 3-month LIBOR + 9.50% or Floor rate of 10.50%	$ 19,750	19,345	19,309
YouEarnedIt, Inc. [18]	Software	Senior Secured	July 2023	Interest rate 1-month LIBOR + 8.66%	$ 8,978	8,735	8,735
ZocDoc [11][19]	Software	Senior Secured	August 2021	Interest rate PRIME + 6.20% or Floor rate of 10.95%, 2.00% Exit Fee	$ 30,000	30,003	29,875
Subtotal: 1-5 Years Maturity						516,270	513,378
Subtotal: Software (54.49%)*						**523,484**	**520,592**
Sustainable and Renewable Technology							
Under 1 Year Maturity							
Solar Spectrum Holdings LLC (p.k.a. Sungevity, Inc.) [6][14][19]	Sustainable and Renewable Technology	Senior Secured	August 2019	Interest rate PRIME + 8.70% or Floor rate of 12.95%, 5.00% Exit Fee	$ 10,000	10,151	10,151
	Sustainable and Renewable Technology	Senior Secured	February 2019	PIK Interest 10.00%	$ 649	650	650
	Sustainable and Renewable Technology	Senior Secured	February 2019	Interest rate PRIME + 10.70% or Floor rate of 15.70%, PIK Interest 2.00%	$ 603	603	603
Total Solar Spectrum LLC					$ 11,252	11,404	11,404
Subtotal: Under 1 Year Maturity						11,404	11,404
1-5 Years Maturity							
FuelCell Energy, Inc. [12]	Sustainable and Renewable Technology	Senior Secured	April 2020	Interest rate PRIME + 5.40% or Floor rate of 9.90%, 6.68% Exit Fee	$ 13,091	13,362	13,330
	Sustainable and Renewable Technology	Senior Secured	April 2020	Interest rate PRIME + 5.40% or Floor rate of 9.90%, 8.50% Exit Fee	$ 11,909	11,908	11,874
Total FuelCell Energy, Inc.					$ 25,000	$ 25,270	$ 25,204
Impossible Foods, Inc. [12][17]	Sustainable and Renewable Technology	Senior Secured	January 2022	Interest rate PRIME + 3.95% or Floor rate of 8.95%, 9.00% Exit Fee	$ 30,000	29,981	29,680
Metalysis Limited [5][10][11]	Sustainable and Renewable Technology	Senior Secured	March 2021	Interest rate PRIME + 5.00% or Floor rate of 9.25%, 6.95% Exit Fee	$ 7,254	7,400	7,360
Proterra, Inc. [11][14]	Sustainable and Renewable Technology	Senior Secured	November 2020	Interest rate PRIME + 3.70% or Floor rate of 7.95%, PIK Interest 1.75%, 5.95% Exit Fee	$ 25,484	26,775	26,888
	Sustainable and Renewable Technology	Senior Secured	November 2020	Interest rate PRIME + 3.70% or Floor rate of 7.95%, PIK Interest 1.75%, 7.00% Exit Fee	$ 5,097	5,381	5,386
Total Proterra, Inc.					$ 30,581	32,156	32,274
Subtotal: 1-5 Years Maturity						94,807	94,518
Subtotal: Sustainable and Renewable Technology (11.09%)*						**106,211**	**105,922**
Total: Debt Investments (181.43%)*						**1,752,945**	**1,733,492**

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Portfolio Company	Sub-Industry	Type of Investment[1]	Series	Shares	Cost[3]	Value[4]
Equity Investments						
Communications & Networking						
GlowPoint, Inc. [4]	Communications & Networking	Equity	Common Stock	114,192	$ 102	$ 14
Peerless Network Holdings, Inc.	Communications & Networking	Equity	Preferred Series A	1,135,000	1,229	4,847
Subtotal: Communications & Networking (0.51%)*					**1,331**	**4,861**
Diagnostic						
Singulex, Inc.	Diagnostic	Equity	Common Stock	937,998	750	348
Subtotal: Diagnostic (0.04%)*					**750**	**348**
Diversified Financial Services						
Gibraltar Business Capital, LLC. [7]	Diversified Financial Services	Equity	Common Stock	830,000	1,884	1,688
	Diversified Financial Services	Equity	Preferred Series A	10,602,752	26,122	23,402
Total Gibraltar Business Capital, LLC				11,432,752	28,006	25,090
Subtotal: Diversified Financial Services (2.63%)*					**28,006**	**25,090**
Drug Delivery						
AcelRx Pharmaceuticals, Inc. [4]	Drug Delivery	Equity	Common Stock	176,730	1,329	318
BioQ Pharma Incorporated [15]	Drug Delivery	Equity	Preferred Series D	165,000	500	599
Edge Therapeutics, Inc. [4]	Drug Delivery	Equity	Common Stock	49,965	309	16
Neos Therapeutics, Inc. [4][15]	Drug Delivery	Equity	Common Stock	125,000	1,500	206
Subtotal: Drug Delivery (0.12%)*					**3,638**	**1,139**
Drug Discovery & Development						
Aveo Pharmaceuticals, Inc. [4][15]	Drug Discovery & Development	Equity	Common Stock	1,901,791	1,715	3,112
Axovant Sciences Ltd. [4][5][10][16]	Drug Discovery & Development	Equity	Common Stock	129,827	1,269	129
BridgeBio Pharma LLC [16]	Drug Discovery & Development	Equity	Preferred Series D	1,008,929	2,000	1,819
Cerecor, Inc. [4]	Drug Discovery & Development	Equity	Common Stock	119,087	1,000	385
Dare Biosciences, Inc. (p.k.a. Cerulean Pharma, Inc.) [4]	Drug Discovery & Development	Equity	Common Stock	13,550	1,000	10
Dicerna Pharmaceuticals, Inc. [4]	Drug Discovery & Development	Equity	Common Stock	142,858	1,000	1,527
Dynavax Technologies [4][10]	Drug Discovery & Development	Equity	Common Stock	20,000	550	183
Eidos Therapeutics, Inc. [4][10]	Drug Discovery & Development	Equity	Common Stock	15,000	255	206
Genocea Biosciences, Inc. [4]	Drug Discovery & Development	Equity	Common Stock	223,463	2,000	64
Insmed, Incorporated [4]	Drug Discovery & Development	Equity	Common Stock	70,771	1,000	929
Melinta Therapeutics [4]	Drug Discovery & Development	Equity	Common Stock	51,821	2,000	42
Paratek Pharmaceuticals, Inc. (p.k.a. Transcept Pharmaceuticals, Inc.) [4][10][16]	Drug Discovery & Development	Equity	Common Stock	76,362	2,744	392
Rocket Pharmaceuticals, Ltd (p.k.a. Inotek Pharmaceuticals Corporation) [4]	Drug Discovery & Development	Equity	Common Stock	944	1,500	14
Tricida, Inc. [4]	Drug Discovery & Development	Equity	Common Stock	105,260	2,000	2,481
Subtotal: Drug Discovery & Development (1.18%)*					**20,033**	**11,293**
Electronics & Computer Hardware						
Identiv, Inc. [4]	Electronics & Computer Hardware	Equity	Common Stock	6,700	34	24
Subtotal: Electronics & Computer Hardware (0.00%)*					**34**	**24**
Information Services						
DocuSign, Inc. [4]	Information Services	Equity	Common Stock	385,000	6,081	15,431
Subtotal: Information Services (1.62%)*					**6,081**	**15,431**

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Portfolio Company	Sub-Industry	Type of Investment[1]	Series	Shares	Cost[3]	Value[4]
Internet Consumer & Business Services						
Blurb, Inc.	Internet Consumer & Business Services	Equity	Preferred Series B	220,653	$ 175	$ 44
Brigade Group, Inc. (p.k.a. Philotic, Inc.)	Internet Consumer & Business Services	Equity	Common Stock	9,023	93	—
Contentful, Inc. [5][10]	Internet Consumer & Business Services	Equity	Preferred Series D	217	500	504
DoorDash, Inc.	Internet Consumer & Business Services	Equity	Common Stock	105,000	6,051	6,051
Lightspeed POS, Inc. [5][10]	Internet Consumer & Business Services	Equity	Preferred Series C	230,030	250	363
	Internet Consumer & Business Services	Equity	Preferred Series D	198,677	250	326
Total Lightspeed POS, Inc.				428,707	500	689
Lyft, Inc.	Internet Consumer & Business Services	Equity	Preferred Series F	91,648	4,819	4,819
Nextdoor.com, Inc.	Internet Consumer & Business Services	Equity	Common Stock	328,190	4,854	4,854
OfferUp, Inc.	Internet Consumer & Business Services	Equity	Preferred Series A	286,080	1,663	1,565
	Internet Consumer & Business Services	Equity	Preferred Series A-1	108,710	632	595
Total OfferUp, Inc.				394,790	2,295	2,160
Oportun (p.k.a. Progress Financial)	Internet Consumer & Business Services	Equity	Preferred Series G	218,351	250	537
	Internet Consumer & Business Services	Equity	Preferred Series H	87,802	250	279
Total Oportun (p.k.a. Progress Financial)				306,153	500	816
Tectura Corporation [7]	Internet Consumer & Business Services	Equity	Common Stock	414,994,863	900	—
	Internet Consumer & Business Services	Equity	Preferred Series BB	1,000,000	—	—
Total Tectura Corporation				415,994,863	900	—
Subtotal: Internet Consumer & Business Services (2.09%)*					**20,687**	**19,937**
Media/Content/Info						
Pinterest, Inc.	Media/Content/Info	Equity	Preferred Series Seed	620,000	4,085	3,787
Subtotal: Media/Content/Info (0.40%)*					**4,085**	**3,787**
Medical Devices & Equipment						
AtriCure, Inc. [4][15]	Medical Devices & Equipment	Equity	Common Stock	10,119	266	310
Flowonix Medical Incorporated	Medical Devices & Equipment	Equity	Preferred Series AA	221,893	1,500	27
Gelesis, Inc.	Medical Devices & Equipment	Equity	Common Stock	198,202	—	677
	Medical Devices & Equipment	Equity	Preferred Series A-1	191,210	425	729
	Medical Devices & Equipment	Equity	Preferred Series A-2	191,626	500	691
Total Gelesis, Inc.				581,038	925	2,097
Medrobotics Corporation [15]	Medical Devices & Equipment	Equity	Preferred Series E	136,798	250	24
	Medical Devices & Equipment	Equity	Preferred Series F	73,971	155	26
	Medical Devices & Equipment	Equity	Preferred Series G	163,934	500	87
Total Medrobotics Corporation				374,703	905	137
Optiscan Biomedical, Corp. [6]	Medical Devices & Equipment	Equity	Preferred Series B	61,855	3,000	393
	Medical Devices & Equipment	Equity	Preferred Series C	19,273	655	111
	Medical Devices & Equipment	Equity	Preferred Series D	551,038	5,257	3,524
	Medical Devices & Equipment	Equity	Preferred Series E	311,989	2,609	2,771
Total Optiscan Biomedical, Corp.				944,155	11,521	6,799
Outset Medical, Inc. (p.k.a. Home Dialysis Plus, Inc.)	Medical Devices & Equipment	Equity	Preferred Series B	232,061	527	473
Quanterix Corporation [4]	Medical Devices & Equipment	Equity	Common Stock	84,778	1,000	1,553
Subtotal: Medical Devices & Equipment (1.19%)*					**16,644**	**11,396**
Software						
CapLinked, Inc.	Software	Equity	Preferred Series A-3	53,614	51	87
Docker, Inc.	Software	Equity	Common Stock	200,000	4,284	4,284
Druva, Inc.	Software	Equity	Preferred Series 2	458,841	1,000	1,972
	Software	Equity	Preferred Series 3	93,620	300	433
Total Druva, Inc.				552,461	1,300	2,405
HighRoads, Inc.	Software	Equity	Common Stock	190	307	—
Palantir Technologies	Software	Equity	Preferred Series D	9,535	47	47
	Software	Equity	Preferred Series E	1,749,089	10,489	8,662
	Software	Equity	Preferred Series G	326,797	2,211	1,618
Total Palantir Technologies				2,085,421	12,747	10,327
Sprinklr, Inc.	Software	Equity	Common Stock	700,000	3,749	3,226
WildTangent, Inc.	Software	Equity	Preferred Series 3	100,000	402	176
Subtotal: Software (2.15%)*					**22,840**	**20,505**

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Surgical Devices						
Gynesonics, Inc. [15]	Surgical Devices	Equity	Preferred Series B	219,298	$ 250	$ 8
	Surgical Devices	Equity	Preferred Series C	656,538	282	25
	Surgical Devices	Equity	Preferred Series D	1,991,157	712	79
	Surgical Devices	Equity	Preferred Series E	2,786,367	429	125
	Surgical Devices	Equity	Preferred Series F	1,523,693	118	117
	Surgical Devices	Equity	Preferred Series F-1	2,418,125	150	167
Total Gynesonics, Inc.				9,595,178	1,941	521
Transmedics, Inc.	Surgical Devices	Equity	Preferred Series B	88,961	1,100	356
	Surgical Devices	Equity	Preferred Series C	119,999	300	479
	Surgical Devices	Equity	Preferred Series D	260,000	650	1,040
	Surgical Devices	Equity	Preferred Series F	100,200	500	401
Total Transmedics, Inc.				569,160	2,550	2,276
Subtotal: Surgical Devices (0.29%)*					**4,491**	**2,797**
Sustainable and Renewable Technology						
Flywheel Building Intelligence, Inc. (p.k.a. SCIEnergy, Inc.)	Sustainable and Renewable Technology	Equity	Common Stock	192	761	—
Modumetal, Inc.	Sustainable and Renewable Technology	Equity	Preferred Series C	3,107,520	500	40
Proterra, Inc.	Sustainable and Renewable Technology	Equity	Preferred Series 5	99,280	500	449
Solar Spectrum Holdings LLC (p.k.a. Sungevity, Inc.) [6]	Sustainable and Renewable Technology	Equity	Common Stock	380	61,502	3,115
Subtotal: Sustainable and Renewable Technology (0.38%)*					**63,263**	**3,604**
Total: Equity Investments (12.58%)*					**191,883**	**120,212**

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Portfolio Company	Sub-Industry	Type of Investment(1)	Series	Shares	Cost(3)	Value(4)
Warrant Investments						
Biotechnology Tools						
Labcyte, Inc.	Biotechnology Tools	Warrant	Preferred Series C	1,127,624	$ 323	$ 1,114
Subtotal: Biotechnology Tools (0.12%)*					**323**	**1,114**
Communications & Networking						
Peerless Network Holdings, Inc.	Communications & Networking	Warrant	Common Stock	3,328	—	10
Spring Mobile Solutions, Inc.	Communications & Networking	Warrant	Common Stock	2,834,375	418	—
Subtotal: Communications & Networking (0.00%)*					**418**	**10**
Consumer & Business Products						
Gadget Guard (p.k.a Antenna79) (15)	Consumer & Business Products	Warrant	Common Stock	1,662,441	228	—
Intelligent Beauty, Inc.	Consumer & Business Products	Warrant	Preferred Series B	190,234	230	191
The Neat Company	Consumer & Business Products	Warrant	Preferred Series C-1	540,540	365	—
WHOOP, INC.	Consumer & Business Products	Warrant	Preferred Series C	68,627	18	5
Subtotal: Consumer & Business Products (0.02%)*					**841**	**196**
Drug Delivery						
Agile Therapeutics, Inc. (4)	Drug Delivery	Warrant	Common Stock	180,274	730	6
BioQ Pharma Incorporated	Drug Delivery	Warrant	Common Stock	459,183	1	525
Dance Biopharm, Inc. (15)	Drug Delivery	Warrant	Common Stock	110,882	74	—
Edge Therapeutics, Inc. (4)	Drug Delivery	Warrant	Common Stock	78,595	390	3
Kaleo, Inc. (p.k.a. Intelliject, Inc.)	Drug Delivery	Warrant	Preferred Series B	82,500	593	1,923
Neos Therapeutics, Inc. (4)(15)	Drug Delivery	Warrant	Common Stock	70,833	285	—
Pulmatrix Inc. (4)	Drug Delivery	Warrant	Common Stock	25,150	116	—
ZP Opco, Inc. (p.k.a. Zosano Pharma) (4)	Drug Delivery	Warrant	Common Stock	3,618	266	—
Subtotal: Drug Delivery (0.26%)*					**2,455**	**2,457**

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Portfolio Company	Sub-Industry	Type of Investment[1]	Series	Shares	Cost[3]	Value[4]
Drug Discovery & Development						
Acacia Pharma Inc. [4][10]	Drug Discovery & Development	Warrant	Common Stock	201,330	$ 304	$ 52
ADMA Biologics, Inc. [4]	Drug Discovery & Development	Warrant	Common Stock	89,750	295	5
Auris Medical Holding, AG [4][5][10]	Drug Discovery & Development	Warrant	Common Stock	15,672	249	—
Brickell Biotech, Inc.	Drug Discovery & Development	Warrant	Preferred Series C	26,086	119	48
Cerecor, Inc. [4]	Drug Discovery & Development	Warrant	Common Stock	22,328	70	8
Chroma Therapeutics, Ltd. [5][10]	Drug Discovery & Development	Warrant	Preferred Series D	325,261	490	—
Concert Pharmaceuticals, Inc. [4][10][15]	Drug Discovery & Development	Warrant	Common Stock	132,069	545	289
CTI BioPharma Corp. (p.k.a. Cell Therapeutics, Inc.) [4]	Drug Discovery & Development	Warrant	Common Stock	29,239	165	—
CytRx Corporation [4][15]	Drug Discovery & Development	Warrant	Common Stock	105,694	160	—
Dare Biosciences, Inc. (p.k.a. Cerulean Pharma, Inc.) [4]	Drug Discovery & Development	Warrant	Common Stock	17,190	369	—
Dicerna Pharmaceuticals, Inc. [4]	Drug Discovery & Development	Warrant	Common Stock	200	28	—
Evofem Biosciences, Inc. (p.k.a Neothetics, Inc.) [4][15]	Drug Discovery & Development	Warrant	Common Stock	7,806	266	15
Fortress Biotech, Inc. (p.k.a. Coronado Biosciences, Inc.) [4]	Drug Discovery & Development	Warrant	Common Stock	73,009	142	—
Genocea Biosciences, Inc. [4]	Drug Discovery & Development	Warrant	Common Stock	403,136	431	40
Immune Pharmaceuticals [4]	Drug Discovery & Development	Warrant	Common Stock	10,742	164	—
Melinta Therapeutics [4]	Drug Discovery & Development	Warrant	Common Stock	40,545	626	—
Motif BioSciences Inc. [4][5][10][15]	Drug Discovery & Development	Warrant	Common Stock	73,452	282	78
Myovant Sciences, Ltd. [4][5][10]	Drug Discovery & Development	Warrant	Common Stock	73,710	460	502
Neuralstem, Inc. [4][15]	Drug Discovery & Development	Warrant	Common Stock	5,783	77	—
Ology Bioservices, Inc. (p.k.a. Nanotherapeutics, Inc.) [15]	Drug Discovery & Development	Warrant	Common Stock	171,389	838	—
Paratek Pharmaceuticals, Inc. (p.k.a. Transcept Pharmaceuticals, Inc.) [4][10][15][16]	Drug Discovery & Development	Warrant	Common Stock	94,841	204	20
Savara Inc. (p.k.a. Mast Therapeutics, Inc.) [4][15]	Drug Discovery & Development	Warrant	Common Stock	32,467	203	52
Sorrento Therapeutics, Inc. [4][10]	Drug Discovery & Development	Warrant	Common Stock	306,748	889	192
Stealth Bio Therapeutics Corp. [5][10]	Drug Discovery & Development	Warrant	Preferred Series A	216,666	158	55
Tricida, Inc. [4][15]	Drug Discovery & Development	Warrant	Common Stock	106,916	863	1,268
uniQure B.V. [4][5][10]	Drug Discovery & Development	Warrant	Common Stock	37,174	218	468
X4 Pharmaceuticals, Inc.	Drug Discovery & Development	Warrant	Preferred Series B	210,638	270	206
XOMA Corporation [4][10][15]	Drug Discovery & Development	Warrant	Common Stock	9,063	279	2
Subtotal: Drug Discovery & Development (0.35%)*					**9,164**	**3,300**
Electronics & Computer Hardware						
908 DEVICES INC. [15]	Electronics & Computer Hardware	Warrant	Preferred Series D	79,856	101	28
Subtotal: Electronics & Computer Hardware (0.00%)*					**101**	**28**
Healthcare Services, Other						
Chromadex Corporation [4]	Healthcare Services, Other	Warrant	Common Stock	139,673	157	102
Subtotal: Healthcare Services, Other (0.01%)*					**157**	**102**
Information Services						
INMOBI Inc. [5][10]	Information Services	Warrant	Common Stock	65,587	82	—
MDX Medical, Inc. [15]	Information Services	Warrant	Common Stock	2,812,500	283	144
Netbase Solutions, Inc.	Information Services	Warrant	Preferred Series 1	60,000	356	378
RichRelevance, Inc.	Information Services	Warrant	Preferred Series E	112,612	98	—
Subtotal: Information Services (0.05%)*					**819**	**522**

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Internet Consumer & Business Services						
Aria Systems, Inc.	Internet Consumer & Business Services	Warrant	Preferred Series G	231,535	$ 73	$ —
Art.com, Inc. [15]	Internet Consumer & Business Services	Warrant	Preferred Series B	311,005	66	—
Blurb, Inc. [15]	Internet Consumer & Business Services	Warrant	Preferred Series C	234,280	636	13
ClearObject, Inc. (p.k.a. CloudOne, Inc.)	Internet Consumer & Business Services	Warrant	Preferred Series E	968,992	19	27
Cloudpay, Inc. [5][10]	Internet Consumer & Business Services	Warrant	Preferred Series B	4,960	45	11
Contentful, Inc. [5][10]	Internet Consumer & Business Services	Warrant	Preferred Series C	82	1	41
Fastly, Inc.	Internet Consumer & Business Services	Warrant	Preferred Series F	152,195	71	72
First Insight, Inc. [15]	Internet Consumer & Business Services	Warrant	Preferred Series B	56,938	70	55
Intent Media, Inc.	Internet Consumer & Business Services	Warrant	Common Stock	140,077	168	168
Interactions Corporation	Internet Consumer & Business Services	Warrant	Preferred Series G-3	68,187	204	401
Just Fabulous, Inc.	Internet Consumer & Business Services	Warrant	Preferred Series B	206,184	1,101	1,877
Lightspeed POS, Inc. [5][10]	Internet Consumer & Business Services	Warrant	Preferred Series C	245,610	20	165
LogicSource	Internet Consumer & Business Services	Warrant	Preferred Series C	79,625	30	26
Oportun (p.k.a. Progress Financial)	Internet Consumer & Business Services	Warrant	Preferred Series G	174,562	78	247
Postmates, Inc.	Internet Consumer & Business Services	Warrant	Common Stock	189,865	317	239
RumbleON, Inc. [4]	Internet Consumer & Business Services	Warrant	Common Stock	102,768	87	89
ShareThis, Inc.	Internet Consumer & Business Services	Warrant	Preferred Series C	493,502	547	—
Snagajob.com, Inc.	Internet Consumer & Business Services	Warrant	Preferred Series A	1,800,000	782	121
	Internet Consumer & Business Services	Warrant	Preferred Series B	173,076	8	7
Total Snagajob.com, Inc.				1,973,076	790	128
Tapjoy, Inc.	Internet Consumer & Business Services	Warrant	Preferred Series D	748,670	316	12
The Faction Group LLC	Internet Consumer & Business Services	Warrant	Preferred Series A	8,703	234	260
Thumbtack, Inc.	Internet Consumer & Business Services	Warrant	Common Stock	102,821	124	102
Xometry, Inc.	Internet Consumer & Business Services	Warrant	Preferred Series B	87,784	47	63
Subtotal: Internet Consumer & Business Services (0.42%)*					**5,044**	**3,996**
Media/Content/Info						
Machine Zone, Inc.	Media/Content/Info	Warrant	Common Stock	1,552,710	1,960	2,361
Napster (p.k.a. Rhapsody International, Inc.)	Media/Content/Info	Warrant	Common Stock	715,755	383	38
WP Technology, Inc. (Wattpad, Inc.) [5][10]	Media/Content/Info	Warrant	Common Stock	255,818	4	5
Zoom Media Group, Inc.	Media/Content/Info	Warrant	Preferred Series A	1,204	348	22
Subtotal: Media/Content/Info (0.25%)*					**2,695**	**2,426**
Medical Devices & Equipment						
SINTX Technologies, Inc. (p.k.a. Amedica Corporation) [4][15]	Medical Devices & Equipment	Warrant	Common Stock	8,603	459	—
Aspire Bariatrics, Inc. [15]	Medical Devices & Equipment	Warrant	Preferred Series B-1	112,858	455	—
Avedro, Inc. [15]	Medical Devices & Equipment	Warrant	Preferred Series AA	300,000	401	367
Flowonix Medical Incorporated	Medical Devices & Equipment	Warrant	Preferred Series AA	155,325	362	—
	Medical Devices & Equipment	Warrant	Preferred Series BB	725,806	351	351
Total Flowonix Medical Incorporated				881,131	713	351
Gelesis, Inc.	Medical Devices & Equipment	Warrant	Preferred Series A-1	74,784	78	158
InspireMD, Inc. [4][5][10]	Medical Devices & Equipment	Warrant	Common Stock	1,105	—	—
Intuity Medical, Inc. [15]	Medical Devices & Equipment	Warrant	Preferred Series 4	1,819,078	294	508
Medrobotics Corporation [15]	Medical Devices & Equipment	Warrant	Preferred Series E	455,539	370	25
Micell Technologies, Inc.	Medical Devices & Equipment	Warrant	Preferred Series D-2	84,955	262	—
NinePoint Medical, Inc.	Medical Devices & Equipment	Warrant	Preferred Series A-1	587,840	170	90
Optiscan Biomedical, Corp. [6]	Medical Devices & Equipment	Warrant	Preferred Series E	74,424	573	178
Outset Medical, Inc. (p.k.a. Home Dialysis Plus, Inc.)	Medical Devices & Equipment	Warrant	Preferred Series A	500,000	402	184
Quanterix Corporation [4]	Medical Devices & Equipment	Warrant	Common Stock	66,039	204	394
Sebacia, Inc.	Medical Devices & Equipment	Warrant	Preferred Series D	778,301	133	186
SonaCare Medical, LLC (p.k.a. US HIFU, LLC)	Medical Devices & Equipment	Warrant	Preferred Series A	6,464	188	—
Tela Bio, Inc.	Medical Devices & Equipment	Warrant	Preferred Series B	387,930	61	55
ViewRay, Inc. [4][15]	Medical Devices & Equipment	Warrant	Common Stock	128,231	333	176
Subtotal: Medical Devices & Equipment (0.28%)*					**5,096**	**2,672**
Semiconductors						
Achronix Semiconductor Corporation	Semiconductors	Warrant	Preferred Series C	360,000	160	354
	Semiconductors	Warrant	Preferred Series D-2	750,000	99	543
Total Achronix Semiconductor Corporation				1,110,000	259	897
Aquantia Corp. [4]	Semiconductors	Warrant	Common Stock	19,683	4	2
Subtotal: Semiconductors (0.09%)*					**263**	**899**

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CONSOLIDATED SCHEDULE OF INVESTMENTS
December 31, 2018
(unaudited)
(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment[1]	Series	Shares	Cost[3]	Value[4]
Software						
Actifio, Inc.	Software	Warrant	Common Stock	73,584	$ 249	$ 77
	Software	Warrant	Preferred Series F	31,673	343	90
Total Actifio, Inc.				105,257	592	167
CareCloud Corporation [15]	Software	Warrant	Preferred Series B	413,433	257	25
Clickfox, Inc. [15]	Software	Warrant	Preferred Series B	539,818	167	5
	Software	Warrant	Preferred Series C	592,019	730	9
	Software	Warrant	Preferred Series C-A	2,218,214	231	133
Total Clickfox, Inc.				3,350,051	1,128	147
Cloudian, Inc.	Software	Warrant	Common Stock	477,454	72	57
DNAnexus, Inc.	Software	Warrant	Preferred Series C	909,091	97	126
Evernote Corporation	Software	Warrant	Common Stock	62,500	106	100
Fuze, Inc. [15][16]	Software	Warrant	Preferred Series F	256,158	89	—
Lightbend, Inc. [15]	Software	Warrant	Preferred Series C-1	712,323	109	49
Message Systems, Inc. [15]	Software	Warrant	Preferred Series C	503,718	334	499
Neos, Inc.	Software	Warrant	Common Stock	221,150	22	—
OneLogin, Inc. [15]	Software	Warrant	Common Stock	381,620	304	401
Poplicus, Inc.	Software	Warrant	Common Stock	132,168	—	—
Quid, Inc. [15]	Software	Warrant	Preferred Series D	71,576	1	3
RapidMiner, Inc.	Software	Warrant	Preferred Series C-1	4,982	24	17
RedSeal Inc. [15]	Software	Warrant	Preferred Series C-Prime	640,603	66	28
Signpost, Inc.	Software	Warrant	Preferred Series C	324,005	314	187
ThreatConnect, Inc. [15]	Software	Warrant	Preferred Series B	134,086	26	25
Wrike, Inc.	Software	Warrant	Common Stock	698,760	461	6,024
Subtotal: Software (0.82%)*					**4,002**	**7,855**
Specialty Pharmaceuticals						
Alimera Sciences, Inc. [4]	Specialty Pharmaceuticals	Warrant	Common Stock	1,717,709	861	24
Subtotal: Specialty Pharmaceuticals (0.00%)*					**861**	**24**
Surgical Devices						
Gynesonics, Inc. [15]	Surgical Devices	Warrant	Preferred Series C	180,480	74	4
	Surgical Devices	Warrant	Preferred Series D	1,575,965	321	24
Total Gynesonics, Inc.				1,756,445	395	28
Transmedics, Inc.	Surgical Devices	Warrant	Preferred Series D	175,000	100	263
	Surgical Devices	Warrant	Preferred Series F	50,544	38	—
Total Transmedics, Inc.				225,544	138	263
Subtotal: Surgical Devices (0.03%)*					**533**	**291**

See notes to consolidated financial statements.

HERCULES CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS
December 31, 2018
(unaudited)
(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment[1]	Series	Shares	Cost[3]	Value[4]
Sustainable and Renewable Technology						
Agrivida, Inc.	Sustainable and Renewable Technology	Warrant	Preferred Series D	471,327	$ 120	$ —
American Superconductor Corporation [4]	Sustainable and Renewable Technology	Warrant	Common Stock	58,823	39	208
Calera, Inc.	Sustainable and Renewable Technology	Warrant	Preferred Series C	44,529	513	—
Fluidic, Inc.	Sustainable and Renewable Technology	Warrant	Preferred Series D	61,804	102	—
Flywheel Building Intelligence, Inc. (p.k.a. SCIEnergy, Inc.)	Sustainable and Renewable Technology	Warrant	Common Stock	5,310	181	—
	Sustainable and Renewable Technology	Warrant	Preferred Series 2-A	63	50	—
Total Flywheel Building Intelligence, Inc. (p.k.a. SCIEnergy, Inc.)				5,373	231	—
Fulcrum Bioenergy, Inc.	Sustainable and Renewable Technology	Warrant	Preferred Series C-1	280,897	274	365
GreatPoint Energy, Inc. [15]	Sustainable and Renewable Technology	Warrant	Preferred Series D-1	393,212	547	—
Kinestral Technologies, Inc.	Sustainable and Renewable Technology	Warrant	Preferred Series A	325,000	155	45
	Sustainable and Renewable Technology	Warrant	Preferred Series B	131,883	63	13
Total Kinestral Technologies, Inc.				456,883	218	58
Polyera Corporation [15]	Sustainable and Renewable Technology	Warrant	Preferred Series C	311,609	338	—
Proterra, Inc.	Sustainable and Renewable Technology	Warrant	Preferred Series 4	477,517	41	138
Rive Technology, Inc. [15]	Sustainable and Renewable Technology	Warrant	Preferred Series E	234,477	13	8
Solar Spectrum Holdings LLC (p.k.a. Sungevity, Inc.) [6]	Sustainable and Renewable Technology	Warrant	Class A Units	0.69	—	—
TAS Energy, Inc.	Sustainable and Renewable Technology	Warrant	Preferred Series AA	428,571	299	—
Tendril Networks	Sustainable and Renewable Technology	Warrant	Preferred Series 3-A	1,019,793	189	—
Subtotal: Sustainable and Renewable Technology (0.08%)*					**2,924**	**777**
Total: Warrant Investments (2.79%)*					**35,696**	**26,669**
Total Investments in Securities (196.81%)*					**$ 1,980,524**	**$ 1,880,373**

* Value as a percent of net assets
(1) Preferred and common stock, warrants, and equity interests are generally non-income producing.
(2) Interest rate PRIME represents 5.50% at December 31, 2018. Daily LIBOR, 1-month LIBOR, 3-month LIBOR and 12-month LIBOR represent 2.39%, 2.52%, 2.80% and 3.01%, respectively, at December 31, 2018.
(3) Gross unrealized appreciation, gross unrealized depreciation, and net unrealized depreciation for federal income tax purposes totaled $39.6 million, $158.7 million and $119.1 million, respectively. The tax cost of investments is $2.0 billion.
(4) Except for warrants in 37 publicly traded companies and common stock in 21 publicly traded companies, all investments are restricted at December 31, 2018 and were valued at fair value using Level 3 significant unobservable inputs as determined in good faith by the Board of Directors. No unrestricted securities of the same issuer are outstanding. The Company uses the Standard Industrial Code for classifying the industry grouping of its portfolio companies.
(5) Non-U.S. company or the company's principal place of business is outside the United States.
(6) Affiliate investment as defined under the 1940 Act in which Hercules owns at least 5% but generally less than 25% of the company's voting securities.
(7) Control investment as defined under the 1940 Act in which Hercules owns at least 25% of the company's voting securities or has greater than 50% representation on its board.
(8) Debt is on non-accrual status at December 31, 2018, and is therefore considered non-income producing. Note that at December 31, 2018, only the $11.0 million PIK loan is on non-accrual for the Company's debt investment in Tectura Corporation.
(9) Denotes that all or a portion of the debt investment is convertible debt.
(10) Indicates assets that the Company deems not "qualifying assets" under section 55(a) of 1940 Act. Qualifying assets must represent at least 70% of the Company's total assets at the time of acquisition of any additional non-qualifying assets.
(11) Denotes that all or a portion of the debt investment secures the notes offered in the Debt Securitization (as defined in Note 4).
(12) Denotes that all or a portion of the debt investment is pledged as collateral under the Wells Facility (as defined in Note 4).
(13) Denotes that all or a portion of the debt investment is pledged as collateral under the Union Bank Facility (as defined in Note 4).
(14) Denotes that all or a portion of the debt investment principal includes accumulated PIK interest and is net of repayments.
(15) Denotes that all or a portion of the investment in this portfolio company is held by HT III, the Company's wholly owned SBIC subsidiary.
(16) Denotes that the fair value of the Company's total investments in this portfolio company represent greater than 5% of the Company's total assets at December 31, 2018.
(17) Denotes that there is an unfunded contractual commitment available at the request of this portfolio company at December 31, 2018. Refer to Note 10.
(18) Denotes unitranche debt with first lien "last-out" senior secured position and security interest in all assets of the portfolio company whereby the "last-out" portion will be subordinated to the "first-out" portion in a liquidation, sale or other disposition.
(19) Denotes second lien senior secured debt.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

1. Description of Business and Basis of Presentation

Hercules Capital, Inc. (the "Company") is a specialty finance company focused on providing senior secured loans to high-growth, innovative venture capital-backed companies in a variety of technology, life sciences, and sustainable and renewable technology industries. The Company sources its investments through its principal office located in Palo Alto, CA, as well as through its additional offices in Boston, MA, New York, NY, Washington, DC, Hartford, CT, Westport, CT, Chicago, IL, and San Diego, CA. The Company was incorporated under the General Corporation Law of the State of Maryland in December 2003.

The Company is an internally managed, non-diversified closed-end investment company that has elected to be regulated as a business development company ("BDC") under the Investment Company Act of 1940, as amended (the "1940 Act"). From incorporation through December 31, 2005, the Company was subject to tax as a corporation under Subchapter C of the Internal Revenue Code of 1986, as amended (the "Code"). Effective January 1, 2006, the Company elected to be treated for tax purposes as a regulated investment company, or RIC, under Subchapter M of the Code (see Note 5). As an investment company, the Company follows accounting and reporting guidance as set forth in Topic 946 ("Financial Services – Investment Companies") of the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification, as amended ("ASC").

Hercules Technology II, L.P. ("HT II"), Hercules Technology III, L.P. ("HT III"), and Hercules Technology IV, L.P. ("HT IV"), are Delaware limited partnerships that were formed in January 2005, September 2009 and December 2010, respectively. HT II and HT III were licensed to operate as small business investment companies ("SBICs") under the authority of the Small Business Administration ("SBA") on September 27, 2006 and May 26, 2010, respectively. On July 13, 2018, the Company completed repayment of the remaining outstanding HT II debentures and subsequently surrendered the SBA license with respect to HT II.

As an SBIC, HT III is subject to a variety of regulations concerning, among other things, the size and nature of the companies in which it may invest and the structure of those investments. HT IV was formed in anticipation of receiving an additional SBIC license; however, the Company has not received such license, and HT IV currently has no material assets or liabilities. The Company also formed Hercules Technology SBIC Management, LLC ("HTM"), a limited liability company, in November 2003. HTM is a wholly owned subsidiary of the Company and serves as the limited partner and general partner of HT II and HT III (see Note 4 to the Company's consolidated financial statements).

HT III holds approximately $314.5 million in assets which accounts for approximately 13.1% of the Company's total assets prior to consolidation at March 31, 2019.

The Company also established wholly owned subsidiaries, all of which are structured as Delaware corporations and limited liability companies, to hold portfolio companies organized as limited liability companies, or LLCs (or other forms of pass-through entities). By investing through these wholly owned subsidiaries, the Company is able to benefit from the tax treatment of these entities and create a tax structure that is more advantageous with respect to the Company's RIC status. These taxable subsidiaries are consolidated for financial reporting purposes and in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"), and the portfolio investments held by these taxable subsidiaries are included in the Company's consolidated financial statements and recorded at fair value. These taxable subsidiaries are not consolidated with Hercules for income tax purposes and may generate income tax expense, or benefit, and tax assets and liabilities as a result of their ownership of certain portfolio investments.

The consolidated financial statements include the accounts of the Company, its subsidiaries and its consolidated securitization VIE. All significant inter-company accounts and transactions have been eliminated in consolidation. As provided under Regulation S-X and ASC 946, the Company will not consolidate its investment in a portfolio company other than an investment company subsidiary or a controlled operating company whose business consists of providing services to the Company. Rather, an investment company's interest in portfolio companies that are not investment companies should be measured at fair value in accordance with ASC Topic 946.

The accompanying consolidated interim financial statements have been prepared in conformity with U.S. GAAP for interim financial information, and pursuant to the requirements for reporting on Form 10-Q and Articles 6 and 10 of Regulation S-X. Accordingly, certain disclosures accompanying annual consolidated financial statements prepared in accordance with U.S. GAAP are omitted. In the opinion of management, all adjustments consisting solely of normal recurring accruals considered necessary for the fair presentation of consolidated financial statements for the interim periods have been included. The current period's results of operations are not necessarily indicative of results that ultimately may be achieved for the full fiscal year. Therefore, the interim unaudited consolidated financial statements and notes should be read in conjunction with the audited consolidated financial statements and notes thereto for the period ended December 31, 2018. The year-end Consolidated Statement of Assets and Liabilities data was derived from audited financial statements, but does not include all disclosures required by U.S. GAAP.

Financial statements prepared on a U.S. GAAP basis require management to make estimates and assumptions that affect the amounts and disclosures reported in the consolidated financial statements and accompanying notes. Such estimates and assumptions could change in the future as more information becomes known, which could impact the amounts reported and disclosed herein.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The Consolidated Financial Statements include the accounts of the Company and its subsidiaries and all VIEs of which the Company is the primary beneficiary. All intercompany accounts and transactions have been eliminated in consolidation.

A VIE is an entity that either (i) has insufficient equity to permit the entity to finance its activities without additional subordinated financial support or (ii) has equity investors who lack the characteristics of a controlling financial interest. The primary beneficiary of a VIE is the party with both the power to direct the activities of the VIE that most significantly impact the VIE's economic performance and the obligation to absorb the losses or the right to receive benefits that could be significant to the VIE.

To assess whether the Company has the power to direct the activities of a VIE that most significantly impact its economic performance, the Company considers all the facts and circumstances including its role in establishing the VIE and its ongoing rights and responsibilities. This assessment includes identifying the activities that most significantly impact the VIE's economic performance and identifying which party, if any, has power over those activities. In general, the party that makes the most significant decisions affecting the VIE is determined to have the power to direct the activities of a VIE. To assess whether the Company has the obligation to absorb the losses or the right to receive benefits that could potentially be significant to the VIE, the Company considers all of its economic interests, including debt and equity interests, servicing rights and fee arrangements, and any other variable interests in the VIE. If the Company determines that it is the party with the power to make the most significant decisions affecting the VIE, and the Company has a potentially significant interest in the VIE, then it consolidates the VIE.

The Company performs periodic reassessments, usually quarterly, of whether it is the primary beneficiary of a VIE. The reassessment process considers whether the Company has acquired or divested the power to direct the activities of the VIE through changes in governing documents or other circumstances. The Company also reconsiders whether entities previously determined not to be VIEs have become VIEs, based on certain events, and therefore are subject to the VIE consolidation framework.

As of the date of this report, the VIEs consolidated by the Company are its securitization VIEs formed in conjunction with the issuance of the 2027 Asset-Backed Notes and the 2028 Asset-Backed Notes (as defined herein). See "Note 4 – Borrowings".

Valuation of Investments

The most significant estimate inherent in the preparation of the Company's consolidated financial statements is the valuation of investments and the related amounts of unrealized appreciation and depreciation of investments recorded.

At March 31, 2019, approximately 97.3% of the Company's total assets represented investments in portfolio companies whose fair value is determined in good faith by the Board of Directors. Value, as defined in Section 2(a)(41) of the 1940 Act, is (i) the market price for those securities for which a market quotation is readily available and (ii) for all other securities and assets, fair value is as determined in good faith by the Board of Directors. The Company's investments are carried at fair value in accordance with the 1940 Act and ASC Topic 946 and measured in accordance with ASC Topic 820 ("Fair Value Measurements"). The Company's debt securities are primarily invested in venture capital-backed companies in technology-related industries including technology, drug discovery and development, biotechnology, life sciences, healthcare, and sustainable and renewable technology at all stages of development. Given the nature of lending to these types of businesses, substantially all of the Company's investments in these portfolio companies are considered Level 3 assets under ASC Topic 820 because there is no known or accessible market or market indexes for these investment securities to be traded or exchanged. As such, the Company values substantially all of its investments at fair value as determined in good faith pursuant to a consistent valuation policy by the Board of Directors in accordance with the provisions of ASC Topic 820 and the 1940 Act. Due to the inherent uncertainty in determining the fair value of investments that do not have a readily available market value, the fair value of the Company's investments determined in good faith by its Board of Directors may differ significantly from the value that would have been used had a readily available market existed for such investments, and the differences could be material.

The Company may from time to time engage an independent valuation firm to provide the Company with valuation assistance with respect to certain portfolio investments. The Company engages independent valuation firms on a discretionary basis. Specifically, on a quarterly basis, the Company will identify portfolio investments with respect to which an independent valuation firm will assist in valuing. The Company selects these portfolio investments based on a number of factors, including, but not limited to, the potential for material fluctuations in valuation results, size, credit quality and the time lapse since the last valuation of the portfolio investment by an independent valuation firm.

The Company intends to continue to engage an independent valuation firm to provide management with assistance regarding the Company’s determination of the fair value of selected portfolio investments each quarter unless directed by the Board of Directors to cancel such valuation services. The scope of services rendered by an independent valuation firm is at the discretion of the Board of Directors. The Board of Directors are ultimately, and solely, responsible for determining the fair value of the Company’s investments in good faith.

With respect to investments for which market quotations are not readily available or when such market quotations are deemed not to represent fair value, the Board of Directors have approved a multi-step valuation process each quarter, as described below:

(1) the Company’s quarterly valuation process begins with each portfolio company being initially valued by the investment professionals responsible for the portfolio investment;

(2) preliminary valuation conclusions are then documented and business based assumptions are discussed with the Company’s investment committee;

(3) the Audit Committee of the Board of Directors reviews the preliminary valuation of the investments in the portfolio as provided by the investment committee, which incorporates the results of the independent valuation firm as appropriate; and

(4) the Board of Directors, upon the recommendation of the Audit Committee, discusses valuations and determines the fair value of each investment in the Company’s portfolio in good faith based on the input of, where applicable, the respective independent valuation firm and the investment committee.

ASC Topic 820 establishes a framework for measuring the fair value of assets and liabilities and outlines a fair value hierarchy which prioritizes the inputs used to measure fair value and the effect of fair value measures on earnings. ASC Topic 820 also requires disclosure for fair value measurements based on the level within the hierarchy of the information used in the valuation. ASC Topic 820 applies whenever other standards require (or permit) assets or liabilities to be measured at fair value. ASC Topic 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company has categorized all investments recorded at fair value in accordance with ASC Topic 820 based upon the level of judgment associated with the inputs used to measure their fair value. Hierarchical levels, defined by ASC Topic 820 and directly related to the amount of subjectivity associated with the inputs to fair valuation of these assets and liabilities, are as follows:

Level 1—Inputs are unadjusted, quoted prices in active markets for identical assets at the measurement date. The types of assets carried at Level 1 fair value generally are equities listed in active markets.

Level 2—Inputs (other than quoted prices included in Level 1) are either directly or indirectly observable for the asset in connection with market data at the measurement date and for the extent of the instrument’s anticipated life. Fair valued assets that are generally included in this category are publicly held debt investments and warrants held in a public company.

Level 3—Inputs reflect management’s best estimate of what market participants would use in pricing the asset at the measurement date. It includes prices or valuations that require inputs that are both significant to the fair value measurement and unobservable. Generally, assets carried at fair value and included in this category are the debt investments and warrants and equities held in a private company.

Investments measured at fair value on a recurring basis are categorized in the tables below based upon the lowest level of significant input to the valuations as of March 31, 2019 and as of December 31, 2018. The Company transfers investments in and out of Level 1, 2 and 3 as of the beginning of the period, based on changes in the use of observable and unobservable inputs utilized to perform the valuation for the period. During the three months ended March 31, 2019, transfers out of Level 2 and into Level 1 due to exercise of public warrants into public equity included Uniqure B.V. ($468,000) and Concert Pharmaceuticals, Inc. ($139,000). There were no other transfers between Levels 1 or 2.

(in thousands) Description	**Balance March 31, 2019**	**Quoted Prices In Active Markets For Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Senior Secured Debt	$ 1,882,161	$ —	$ —	$ 1,882,161
Unsecured Debt	14,903	—	—	14,903
Preferred Stock	71,124	—	—	71,124
Common Stock	85,921	52,891	—	33,030
Warrants	26,933	—	8,356	18,577
Escrow Receivable	982	—	—	982
Total	$ 2,082,024	$ 52,891	$ 8,356	$ 2,020,777

(in thousands) Description	**Balance December 31, 2018**	**Quoted Prices In Active Markets For Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Senior Secured Debt	$ 1,719,091	$ —	$ —	$ 1,719,091
Unsecured Debt	14,401	—	—	14,401
Preferred Stock	68,625	—	—	68,625
Common Stock	51,587	27,346	—	24,241
Warrants	26,669	—	3,996	22,673
Escrow Receivable	970	—	—	970
Total	$ 1,881,343	$ 27,346	$ 3,996	$ 1,850,001

The table below presents a reconciliation for all financial assets and liabilities measured at fair value on a recurring basis, excluding accrued interest components, using significant unobservable inputs (Level 3) for the three months ended March 31, 2019 and the year ended December 31, 2018.

(in thousands)	Balance January 1, 2019	Net Realized Gains (Losses) (1)	Net Change in Unrealized Appreciation (Depreciation) (2)	Purchases (5)	Sales	Repayments (6)	Gross Transfers into Level 3 (3)	Gross Transfers out of Level 3 (3)	Balance March 31, 2019
Senior Debt	$ 1,719,091	$ (2,487)	$ 2,649	$ 230,058	$ —	$ (67,150)	$ —	$ —	$ 1,882,161
Unsecured Debt	14,401	—	490	12	—	—	—	—	14,903
Preferred Stock	68,625	(760)	7,135	1,631	—	—	—	(5,507)	71,124
Common Stock	24,241	—	3,695	5,094	—	—	—	—	33,030
Warrants	22,673	6,476	(1,860)	335	(8,255)	—	—	(792)	18,577
Escrow Receivable	970	—	—	19	(7)	—	—	—	982
Total	$ 1,850,001	$ 3,229	$ 12,109	$ 237,149	$ (8,262)	$ (67,150)	$ —	$ (6,299)	$ 2,020,777

(in thousands)	Balance January 1, 2018	Net Realized Gains (Losses) (1)	Net Change in Unrealized Appreciation (Depreciation) (2)	Purchases (5)	Sales	Repayments (6)	Gross Transfers into Level 3 (4)	Gross Transfers out of Level 3 (4)	Balance December 31, 2018
Senior Debt	$ 1,415,984	$ (14,066)	$ 4,947	$ 896,831	$ —	$ (584,605)	$ —	$ —	$ 1,719,091
Unsecured Debt	—	—	(328)	20,583	—	(5,671)	—	(183)	14,401
Preferred Stock	40,683	2,540	(11,068)	39,993	(3,706)	—	183	—	68,625
Common Stock	25,853	(3,299)	(7,583)	17,950	(301)	—	—	(8,379)	24,241
Warrants	31,205	(982)	(2,982)	2,050	(6,402)	—	—	(216)	22,673
Escrow Receivable	752	1	(143)	892	(532)	—	—	—	970
Total	$ 1,514,477	$ (15,806)	$ (17,157)	$ 978,299	$(10,941)	$ (590,276)	$ 183	$ (8,778)	$ 1,850,001

(1) Included in net realized gains or losses in the accompanying Consolidated Statement of Operations.
(2) Included in net change in unrealized appreciation (depreciation) in the accompanying Consolidated Statement of Operations.
(3) Transfers out of Level 3 during the three months ended March 31, 2019 relate to the initial public offerings of Lightspeed POS, Inc., Lyft, Inc., Avedro, Inc., Stealth Bio Therapeutics Corp., and X4 Pharmaceuticals, Inc.
(4) Transfers out of Level 3 during the year ended December 31, 2018 relate to the initial public offerings of DocuSign, Inc. and Tricida, Inc. and the conversion of our debt investment in Gynesonics, Inc. to preferred stock. Transfers into Level 3 for the year ended December 31, 2018 relate to the conversion of our debt investment in Gynesonics, Inc. to preferred stock.
(5) Amounts listed above are inclusive of loan origination fees received at the inception of the loan which are deferred and amortized into fee income as well as the accretion of existing loan discounts and fees during the period. Escrow receivable purchases may include additions due to proceeds held in escrow from the liquidation of level 3 investments.
(6) Amounts listed above include the acceleration and payment of loan discounts and loan fees due to early payoffs or restructures along with regularly scheduled amortization.

For the three months ended March 31, 2019, approximately $6.4 million and $3.7 million in net unrealized appreciation was recorded for preferred stock and common stock Level 3 investments, respectively, relating to assets still held at the reporting date. For the same period, approximately $470,000 and $3.5 million in net unrealized appreciation was recorded for debt and warrant Level 3 investments, respectively, relating to assets still held at the reporting date.

For the year ended December 31, 2018, approximately $10.5 million and $10.9 million in net unrealized depreciation was recorded for preferred stock and common stock Level 3 investments, respectively, relating to assets still held at the reporting date. For the same period, approximately $14.5 million and $294,000 in net unrealized depreciation was recorded for debt and warrant Level 3 investments, respectively, relating to assets still held at the reporting date.

The following tables provide quantitative information about the Company's Level 3 fair value measurements as of March 31, 2019 and December 31, 2018. In addition to the techniques and inputs noted in the tables below, according to the Company's valuation policy the Company may also use other valuation techniques and methodologies when determining the Company's fair value measurements. The tables below are not intended to be all-inclusive, but rather provide information on the significant Level 3 inputs as they relate to the Company's fair value measurements.

The significant unobservable input used in the fair value measurement of the Company's escrow receivables is the amount recoverable at the contractual maturity date of the escrow receivable.

Investment Type - Level Three Debt Investments	Fair Value at March 31, 2019 (in thousands)	Valuation Techniques/Methodologies	Unobservable Input (1)	Range	Weighted Average (2)
Pharmaceuticals	$ 54,713	Originated Within 4-6 Months	Origination Yield	11.66% - 16.25%	12.93%
	495,707	Market Comparable Companies	Hypothetical Market Yield	9.83% - 16.44%	12.92%
			Premium/(Discount)	(0.25%) - 1.00%	
	3,195	Liquidation (3)	Probability weighting of alternative outcomes	50.00%	
Technology	90,294	Originated Within 4-6 Months	Origination Yield	11.29% - 13.73%	12.16%
	675,953	Market Comparable Companies	Hypothetical Market Yield	11.01% - 18.87%	12.55%
			Premium/(Discount)	(0.25%) - 0.75%	
	1,585	Liquidation (3)	Probability weighting of alternative outcomes	40.00% - 60.00%	
Sustainable and Renewable Technology	68,843	Market Comparable Companies	Hypothetical Market Yield	11.18% - 20.99%	14.14%
			Premium/(Discount)	(0.25%) - 0.00%	
	12,871	Liquidation (3)	Probability weighting of alternative outcomes	20.00% - 50.00%	
Medical Devices	122,846	Market Comparable Companies	Hypothetical Market Yield	11.03% - 21.81%	13.71%
			Premium/(Discount)	0.00% - 0.75%	
	496	Liquidation (3)	Probability weighting of alternative outcomes	15.00% - 85.00%	
Lower Middle Market	4,968	Originated Within 4-6 Months	Origination Yield	14.17%	14.17%
	134,667	Market Comparable Companies	Hypothetical Market Yield	9.23% - 15.80%	13.86%
			Premium/(Discount)	(0.25%) - 0.00%	
	10,260	Liquidation (3)	Probability weighting of alternative outcomes	10.00% - 80.00%	
		Debt Investments Where Fair Value Approximates Cost			
	152,592	Debt Investments originated within 3 months			
	30,102	Imminent Payoffs (4)			
	37,972	Debt Investments Maturing in Less than One Year			
	$ 1,897,064	**Total Level Three Debt Investments**			

(1) The significant unobservable inputs used in the fair value measurement of the Company's debt securities are hypothetical market yields and premiums/(discounts). The hypothetical market yield is defined as the exit price of an investment in a hypothetical market to hypothetical market participants where buyers and sellers are willing participants. The premiums/(discounts) relate to company specific characteristics such as underlying investment performance, security liens, and other characteristics of the investment. Significant increases (decreases) in the inputs in isolation may result in a significantly lower (higher) fair value measurement, depending on the materiality of the investment. Debt investments in the industries noted in the Company's Consolidated Schedule of Investments are included in the industries noted above as follows:

- Pharmaceuticals, above, is comprised of debt investments in the Healthcare Services - Other, Drug Discovery & Development, Drug Delivery and Biotechnology Tools industries in the Consolidated Schedule of Investments.
- Technology, above, is comprised of debt investments in the Software, Electronics & Computer Hardware, Media/Content/Info, Internet Consumer & Business Services, Consumer & Business Products, Semiconductors, and Information Services industries in the Consolidated Schedule of Investments.
- Sustainable and Renewable Technology, above, is comprised of debt investments in the Sustainable and Renewable Technology, Internet Consumer & Business Services, and Electronics & Computer Hardware industries in the Consolidated Schedule of Investments.
- Medical Devices, above, is comprised of debt investments in the Drug Delivery, and Medical Devices & Equipment industries in the Consolidated Schedule of Investments.
- Lower Middle Market, above, is comprised of debt investments in the Healthcare Services - Other, Internet Consumer & Business Services, Diversified Financial Services, Sustainable and Renewable Technology, and Software industries in the Consolidated Schedule of Investments.

(2) The weighted averages are calculated based on the fair market value of each investment.

(3) The significant unobservable input used in the fair value measurement of impaired debt securities is the probability weighting of alternative outcomes.

(4) Imminent payoffs represent debt investments that the Company expects to be fully repaid within the next three months, prior to their scheduled maturity date.

Investment Type - Level Three Debt Investments	Fair Value at December 31, 2018 (in thousands)	Valuation Techniques/Methodologies	Unobservable Input [(1)]	Range	Weighted Average [(2)]
Pharmaceuticals	$ 25,039	Originated Within 4-6 Months	Origination Yield	10.50% - 12.47%	11.68%
	480,737	Market Comparable Companies	Hypothetical Market Yield	10.25% - 16.86%	13.33%
			Premium/(Discount)	(0.25%) - 0.50%	
Technology	63,125	Originated Within 4-6 Months	Origination Yield	11.71% - 19.94%	13.02%
	618,141	Market Comparable Companies	Hypothetical Market Yield	10.73% - 16.13%	13.08%
			Premium/(Discount)	0.00% - 0.75%	
	1,579	Liquidation [(3)]	Probability weighting of alternative outcomes	40.00% - 60.00%	
Sustainable and Renewable Technology	75,834	Market Comparable Companies	Hypothetical Market Yield	11.90% - 17.48%	13.47%
			Premium/(Discount)	(0.25%) - 0.25%	
	5,556	Liquidation [(3)]	Probability weighting of alternative outcomes	20.00% - 50.00%	
Medical Devices	14,673	Originated Within 4-6 Months	Origination Yield	15.15%	15.15%
	115,355	Market Comparable Companies	Hypothetical Market Yield	10.99% - 22.38%	13.77%
			Premium/(Discount)	0.00% - 0.75%	
	2,405	Liquidation [(3)]	Probability weighting of alternative outcomes	50.00%	
Lower Middle Market	123,589	Market Comparable Companies	Hypothetical Market Yield	9.74% - 17.25%	14.24%
			Premium/(Discount)	(0.25%) - 0.00%	
	18,128	Liquidation [(3)]	Probability weighting of alternative outcomes	30.00% - 70.00%	
		Debt Investments Where Fair Value Approximates Cost			
	153,312	Debt Investments originated within 3 months			
	36,019	Debt Investments Maturing in Less than One Year			
	$ 1,733,492	**Total Level Three Debt Investments**			

(1) The significant unobservable inputs used in the fair value measurement of the Company’s debt securities are hypothetical market yields and premiums/(discounts). The hypothetical market yield is defined as the exit price of an investment in a hypothetical market to hypothetical market participants where buyers and sellers are willing participants. The premiums/(discounts) relate to company specific characteristics such as underlying investment performance, security liens, and other characteristics of the investment. Significant increases (decreases) in the inputs in isolation may result in a significantly lower (higher) fair value measurement, depending on the materiality of the investment. Debt investments in the industries noted in the Company’s Consolidated Schedule of Investments are included in the industries noted above as follows:

- Pharmaceuticals, above, is comprised of debt investments in the Healthcare Services - Other, Drug Discovery & Development, Drug Delivery and Biotechnology Tools industries in the Consolidated Schedule of Investments.
- Technology, above, is comprised of debt investments in the Software, Electronics & Computer Hardware, Media/Content/Info, Internet Consumer & Business Services, Consumer & Business Products, and Information Services industries in the Consolidated Schedule of Investments.
- Sustainable and Renewable Technology, above, is comprised of debt investments in the Sustainable and Renewable Technology, Internet Consumer & Business Services, and Electronics & Computer Hardware industries in the Consolidated Schedule of Investments.
- Medical Devices, above, is comprised of debt investments in the Drug Delivery, and Medical Devices & Equipment industries in the Consolidated Schedule of Investments.
- Lower Middle Market, above, is comprised of debt investments in the Healthcare Services - Other, Internet Consumer & Business Services, Diversified Financial Services, Sustainable and Renewable Technology, and Software industries in the Consolidated Schedule of Investments.

(2) The weighted averages are calculated based on the fair market value of each investment.

(3) The significant unobservable input used in the fair value measurement of impaired debt securities is the probability weighting of alternative outcomes.

Investment Type - Level Three Equity and Warrant Investments	Fair Value at March 31, 2019 (in thousands)	Valuation Techniques/ Methodologies	Unobservable Input [1]	Range	Weighted Average [6]
Equity Investments	$ 38,422	Market Comparable Companies	EBITDA Multiple [2]	8.5x - 13.9x	8.5x
			Revenue Multiple [2]	0.5x - 13.7x	3.9x
			Discount for Lack of Marketability [3]	14.09% - 33.42%	14.91%
			Average Industry Volatility [4]	43.74% - 98.2%	60.12%
			Risk-Free Interest Rate	2.21% - 2.41%	2.41%
			Estimated Time to Exit (in months)	11 - 41	11
	19,724	Market Adjusted OPM Backsolve	Market Equity Adjustment [5]	(50.31%) - 38.84%	3.62%
			Average Industry Volatility [4]	30.41% - 106.3%	88.46%
			Risk-Free Interest Rate	1.04% - 2.84%	2.21%
			Estimated Time to Exit (in months)	11 - 41	17
	1,775	Liquidation	EBITDA Multiple [2]	16.3x	16.3x
			Revenue Multiple [2]	1.9x - 2.1x	2.0x
	44,233	Other [7]			
Warrant Investments	13,914	Market Comparable Companies	EBITDA Multiple [2]	6.7x - 15.3x	9.8x
			Revenue Multiple [2]	0.5x - 9x	4.2x
			Discount for Lack of Marketability [3]	12.77% - 33.42%	18.19%
			Average Industry Volatility [4]	41.71% - 105.41%	68.15%
			Risk-Free Interest Rate	2.21% - 2.41%	2.38%
			Estimated Time to Exit (in months)	11 - 48	15
	4,663	Market Adjusted OPM Backsolve	Market Equity Adjustment [5]	(39.3%) - 26.53%	8.14%
			Average Industry Volatility [4]	30.41% - 106.3%	69.32%
			Risk-Free Interest Rate	1.08% - 2.84%	2.10%
			Estimated Time to Exit (in months)	11 - 44	18
Total Level Three Warrant and Equity Investments	$ 122,731				

(1) The significant unobservable inputs used in the fair value measurement of the Company's warrant and equity-related securities are revenue and/or EBITDA multiples, market equity adjustment factors, and discounts for lack of marketability. Additional inputs used in the Black Scholes option pricing model ("OPM") include industry volatility, risk free interest rate and estimated time to exit. Significant increases (decreases) in the inputs in isolation would result in a significantly higher (lower) fair value measurement, depending on the materiality of the investment. For some investments, additional consideration may be given to data from the last round of financing or merger/acquisition events near the measurement date. The significant unobservable input used in the fair value measurement of impaired equity securities is the probability weighting of alternative outcomes.
(2) Represents amounts used when the Company has determined that market participants would use such multiples when pricing the investments.
(3) Represents amounts used when the Company has determined market participants would take into account these discounts when pricing the investments.
(4) Represents the range of industry volatility used by market participants when pricing the investment.
(5) Represents the range of changes in industry valuations since the portfolio company's last external valuation event.
(6) Weighted averages are calculated based on the fair market value of each investment.
(7) The fair market value of these investments is derived based on recent private market and merger and acquisition transaction prices.

Investment Type - Level Three Equity and Warrant Investments	Fair Value at December 31, 2018 (in thousands)	Valuation Techniques/ Methodologies	Unobservable Input [1]	Range	Weighted Average [6]
Equity Investments	$ 34,204	Market Comparable Companies	EBITDA Multiple [2]	6.3x - 14.7x	8.4x
			Revenue Multiple [2]	0.4x - 11.8x	3.9x
			Discount for Lack of Marketability [3]	12.53% - 22.68%	15.79%
			Average Industry Volatility [4]	40.19% - 88.21%	60.37%
			Risk-Free Interest Rate	2.61%	2.61%
			Estimated Time to Exit (in months)	10 - 14	12
	16,040	Market Adjusted OPM Backsolve	Market Equity Adjustment [5]	(95.22%) - 12.81%	(3.45%)
			Average Industry Volatility [4]	34.1% - 100.56%	76.79%
			Risk-Free Interest Rate	1.00% - 2.84%	2.16%
			Estimated Time to Exit (in months)	10 - 43	16
	3,115	Liquidation	EBITDA Multiple [2]	11.3x	11.3x
			Revenue Multiple [2]	1.5x - 1.7x	1.6x
	39,507	Other [7]			
Warrant Investments	11,267	Market Comparable Companies	EBITDA Multiple [2]	6.3x - 13.8x	9.3x
			Revenue Multiple [2]	0.2x - 7.7x	4.0x
			Discount for Lack of Marketability [3]	12.53% - 32.2%	17.14%
			Average Industry Volatility [4]	33.76% - 100.71%	63.71%
			Risk-Free Interest Rate	2.46% - 2.63%	2.59%
			Estimated Time to Exit (in months)	10 - 48	14
	4,243	Market Adjusted OPM Backsolve	Market Equity Adjustment [5]	(69.28%) - 22.02%	(7.75%)
			Average Industry Volatility [4]	34.1% - 109.24%	74.15%
			Risk-Free Interest Rate	1.04% - 2.97%	2.27%
			Estimated Time to Exit (in months)	4 - 47	23
	7,163	Other [7]			
Total Level Three Warrant and Equity Investments	$ 115,539				

(1) The significant unobservable inputs used in the fair value measurement of the Company’s warrant and equity-related securities are revenue and/or EBITDA multiples, market equity adjustment factors, and discounts for lack of marketability. Additional inputs used in the Black Scholes OPM include industry volatility, risk free interest rate and estimated time to exit. Significant increases (decreases) in the inputs in isolation would result in a significantly higher (lower) fair value measurement, depending on the materiality of the investment. For some investments, additional consideration may be given to data from the last round of financing or merger/acquisition events near the measurement date.

(2) Represents amounts used when the Company has determined that market participants would use such multiples when pricing the investments.

(3) Represents amounts used when the Company has determined market participants would take into account these discounts when pricing the investments.

(4) Represents the range of industry volatility used by market participants when pricing the investment.

(5) Represents the range of changes in industry valuations since the portfolio company's last external valuation event.

(6) Weighted averages are calculated based on the fair market value of each investment.

(7) The fair market value of these investments is derived based on recent private market and merger and acquisition transaction prices.

Debt Investments

The Company follows the guidance set forth in ASC Topic 820 which establishes a framework for measuring the fair value of assets and liabilities and outlines a fair value hierarchy, which prioritizes the inputs used to measure fair value and the effect of fair value measures on earnings. The Company’s debt securities are primarily invested in venture capital-backed companies in technology-related industries including technology, drug discovery and development, biotechnology, life sciences, healthcare, and sustainable and renewable technology at all stages of development. Given the nature of lending to these types of businesses, substantially all of the Company’s investments in these portfolio companies are considered Level 3 assets under ASC Topic 820 because there is no known or accessible market or market indexes for debt instruments for these investment securities to be traded or exchanged. In addition, the Company may, from time to time, invest in public debt of companies that meet the Company’s investment objectives. These investments are considered Level 2 assets.

In making a good faith determination of the value of the Company’s investments, the Company generally starts with the cost basis of the investment, which includes the value attributed to the original issue discount (“OID”), if any, and payment-in-kind (“PIK”) interest or other receivables which have been accrued as earned. The Company then applies the valuation methods as set forth below.

The Company applies a procedure for debt investments that assumes the sale of each investment in a hypothetical market to a hypothetical market participant where buyers and sellers are willing participants. The hypothetical market does not include scenarios where the underlying security was simply repaid or extinguished, but includes an exit concept. The Company determines the yield at inception for each debt investment. The Company then uses senior secured, leveraged loan yields provided by third party providers to determine the change in market yields between inception of the debt investment and the measurement date. Industry specific indices and other relevant market data are used to benchmark and assess market-based movements.

Under this process, the Company also evaluates the collateral for recoverability of the debt investments. The Company considers each portfolio company’s credit rating, security liens and other characteristics of the investment to adjust the baseline yield to derive a credit adjusted hypothetical yield for each investment as of the measurement date. The anticipated future cash flows from each investment are then discounted at the hypothetical yield to estimate each investment’s fair value as of the measurement date.

The Company's process includes an analysis of, among other things, the underlying investment performance, the current portfolio company's financial condition and market changing events that impact valuation, estimated remaining life, current market yield and interest rate spreads of similar securities as of the measurement date. The Company values its syndicated debt investments using broker quotes and bond indices amongst other factors. If there is a significant deterioration of the credit quality of a debt investment, the Company may consider other factors to estimate fair value, including the proceeds that would be received in a liquidation analysis.

The Company records unrealized depreciation on investments when it believes that an investment has decreased in value, including where collection of a debt investment is doubtful or, if under the in-exchange premise, when the value of a debt investment is less than amortized cost of the investment. Conversely, where appropriate, the Company records unrealized appreciation if it believes that the underlying portfolio company has appreciated in value and, therefore, that its investment has also appreciated in value or, if under the in-exchange premise, the value of a debt investment is greater than amortized cost.

When originating a debt instrument, the Company generally receives warrants or other equity-related securities from the borrower. The Company determines the cost basis of the warrants or other equity-related securities received based upon their respective fair values on the date of receipt in proportion to the total fair value of the debt and warrants or other equity-related securities received. Any resulting discount on the debt investments from recordation of the warrant or other equity instruments is accreted into interest income over the life of the debt investment.

Debt investments that are traded on a public exchange are valued at the prevailing market price as of the valuation date.

Equity-Related Securities and Warrants

Securities that are traded in the over-the-counter markets or on a stock exchange will be valued at the prevailing bid price at period end. The Company has a limited amount of equity securities in public companies. In accordance with the 1940 Act, unrestricted publicly traded securities for which market quotations are readily available are valued at the closing market quote on the measurement date.

The Company estimates the fair value of warrants using a Black Scholes OPM. At each reporting date, privately held warrant and equity-related securities are valued based on an analysis of various factors including, but not limited to, the portfolio company's operating performance and financial condition and general market conditions, price to enterprise value or price to equity ratios, discounted cash flow, valuation comparisons to comparable public companies or other industry benchmarks. When an external event occurs, such as a purchase transaction, public offering, or subsequent equity sale, the pricing indicated by that external event is utilized to corroborate the Company's valuation of the warrant and equity-related securities. The Company periodically reviews the valuation of its portfolio companies that have not been involved in a qualifying external event to determine if the enterprise value of the portfolio company may have increased or decreased since the last valuation measurement date.

Escrow Receivables

Escrow receivables are collected in accordance with the terms and conditions of the escrow agreement. Escrow balances are typically distributed over a period greater than one year and may accrue interest during the escrow period. Escrow balances are measured for collectability on at least a quarterly basis and fair value is determined based on the amount of the estimated recoverable balances and the contractual maturity date. As of March 31, 2019, there were no material past due escrow receivables.

Leases

The Company determines if an arrangement is a lease at inception. Operating leases are included in right-of-use ("ROU") assets, and operating lease liability obligations in our Consolidated Statement of Assets and Liabilities. The Company recognizes a ROU asset and an operating lease liability for all leases, with the exception of short-term leases which have a term of 12 months or less. ROU assets represent the right to use an underlying asset for the lease term and operating lease liability obligations represent the obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at lease commencement date based on the present value of lease payments over the lease term. The Company has lease agreements with lease and non-lease components and has separated these components when determining the ROU assets and the related lease liabilities. As most of the Company's leases do not provide an implicit rate, the Company estimated its incremental borrowing rate based on the information available at the lease commencement date in determining the present value of lease payments. The Company uses the implicit rate when readily determinable. The ROU asset also includes any lease payments made and excludes lease incentives and lease direct costs. The Company's lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Lease expense is recognized on a straight-line basis over the lease term. See "Note 11 – Recent Accounting Pronouncements" and "Note 10 – Commitments and Contingencies".

Portfolio Composition

As required by the 1940 Act, the Company classifies its investments by level of control. "Control investments" are defined in the 1940 Act as investments in those companies that the Company is deemed to "control". Under the 1940 Act, the Company is generally deemed to "control" a company in which it has invested if it owns 25% or more of the voting securities of such company or has greater than 50% representation on its board. "Affiliate investments" are investments in those companies that are "affiliated companies" of the Company, as defined in the 1940 Act, which are not control investments. The Company is deemed to be an "affiliate" of a company in which it has invested if it owns 5% or more, but generally less than 25%, of the voting securities of such company. "Non-control/non-affiliate investments" are investments that are neither control investments nor affiliate investments.

The following table summarizes the Company's realized gains and losses and changes in unrealized appreciation and depreciation on control and affiliate investments for the three months ended March 31, 2019 and 2018.

(in thousands)			For the Three Months Ended March 31, 2019			
Portfolio Company	Type	Fair Value at March 31, 2019	Interest Income	Fee Income	Net Change in Unrealized (Depreciation)/ Appreciation	Realized Gain/(Loss)
Control Investments						
Gibraltar Business Capital, LLC	Control	$ 44,653	$ 551	$ 4	$ 5,150	$ —
Tectura Corporation	Control	10,260	473	—	(8,025)	—
Total Control Investments		$ 54,913	$ 1,024	$ 4	$ (2,875)	$ —
Affiliate Investments						
Optiscan BioMedical, Corp.	Affiliate	$ 8,730	$ —	$ —	$ 121	$ —
Solar Spectrum Holdings LLC (p.k.a. Sungevity, Inc.)	Affiliate	14,337	508	88	(1,340)	—
Total Affiliate Investments		$ 23,067	$ 508	$ 88	$ (1,219)	$ —
Total Control & Affiliate Investments		$ 77,980	$ 1,532	$ 92	$ (4,094)	$ —

(in thousands)			For the Three Months Ended March 31, 2018			
Portfolio Company	Type	Fair Value at March 31, 2018	Interest Income	Fee Income	Net Change in Unrealized (Depreciation)/ Appreciation	Realized Gain/(Loss)
Control Investments						
Achilles Technology Management Co II, Inc.	Control	$ 117	$ —	$ —	$ (125)	$ —
Gibraltar Business Capital, LLC	Control	37,201	127	—	—	—
Second Time Around (Simplify Holdings, LLC)	Control	—	—	—	1,781	(1,743)
Tectura Corporation	Control	17,095	459	—	(2,276)	335
Total Control Investments		$ 54,413	$ 586	$ —	$ (620)	$ (1,408)
Affiliate Investments						
Optiscan BioMedical, Corp.	Affiliate	$ 6,527	$ —	$ —	$ (1,065)	$ —
Solar Spectrum Holdings LLC (p.k.a. Sungevity, Inc.)	Affiliate	23,998	561	108	828	—
Stion Corporation	Affiliate	—	—	—	—	—
Total Affiliate Investments		$ 30,525	$ 561	$ 108	$ (237)	$ —
Total Control & Affiliate Investments		$ 84,938	$ 1,147	$ 108	$ (857)	$ (1,408)

In March 2018, the Company acquired 100% ownership in Gibraltar Business Capital LLC and classified it as a control investment in accordance with the requirements of the 1940 Act. Gibraltar Business Capital LLC is focused on providing asset-based and other secured financing solutions.

In April 2017, the Company's investment in Solar Spectrum Holdings LLC (p.k.a. Sungevity, Inc.) became classified as a control investment as a result of obtaining more than 25% of the portfolio company's voting securities. In April 2017, under Section 363 of the Bankruptcy Code, Sungevity, Inc. entered into a $50.0 million asset purchase agreement and DIP financing facility with a group of investors, led by Northern Pacific Group and including the Company. On April 7, 2017, the U.S. Bankruptcy Court approved the DIP financing facility and on April 17, 2017, the U.S. Bankruptcy Court approved the asset purchase agreement. On April 26, 2017, Solar Spectrum Holdings LLC, a new company backed by the investment group, announced that it had acquired certain assets of Sungevity, Inc. as part of the bankruptcy court-approved sale. As a result, the cost basis of the Company's debt investment in Sungevity, Inc. was converted to an equity position in Solar Spectrum Holdings LLC and the Company's warrant and equity positions in Sungevity, Inc. were written off for a realized loss. In August 2017, the Company's ownership in Solar Spectrum Holdings LLC was diluted below 25% as a result of additional equity contributions by other investors to fund the acquisition of Horizon Solar Power, Inc. by Solar Spectrum Holdings LLC. The Company made a $15.0 million debt investment to fund the acquisition. Accordingly, the Company's equity and new debt investment in Solar Spectrum Holdings LLC became classified as affiliate investments as of September 30, 2017.

In January 2017, the Company's investment in Tectura Corporation became classified as a control investment as a result of obtaining more than 50% representation on the portfolio company's board. In March 2017, the Company's warrants in Tectura Corporation expired and were written off for a realized loss. In May 2018, the Company purchased common shares, thereby obtaining greater than 25% of voting securities of Tectura.

The following table shows the fair value of the Company's portfolio of investments by asset class as of March 31, 2019 and December 31, 2018:

(in thousands)	March 31, 2019 Investments at Fair Value	March 31, 2019 Percentage of Total Portfolio	December 31, 2018 Investments at Fair Value	December 31, 2018 Percentage of Total Portfolio
Senior Secured Debt with Warrants	$ 763,069	36.7%	$ 716,505	38.1%
Senior Secured Debt	1,146,025	55.1%	1,029,255	54.8%
Unsecured Debt	14,903	0.7%	14,401	0.8%
Preferred Stock	71,124	3.4%	68,625	3.6%
Common Stock	85,921	4.1%	51,587	2.7%
Total	$ 2,081,042	100.0%	$ 1,880,373	100.0%

The increase in senior secured debt and the decrease in senior secured debt with warrants during the period is primarily due to an increase in new debt investments that do not include detachable equity enhancement features.

A summary of the Company's investment portfolio, at value, by geographic location as of March 31, 2019 and December 31, 2018 is shown as follows:

(in thousands)	March 31, 2019 Investments at Fair Value	March 31, 2019 Percentage of Total Portfolio	December 31, 2018 Investments at Fair Value	December 31, 2018 Percentage of Total Portfolio
United States	$ 1,811,009	87.0%	$ 1,668,027	88.8%
United Kingdom	126,696	6.1%	89,016	4.7%
Australia	50,204	2.4%	35,190	1.9%
Netherlands	37,331	1.8%	35,854	1.9%
Ireland	24,886	1.2%	24,750	1.3%
Cayman Islands	17,896	0.9%	19,650	1.0%
Sweden	6,547	0.3%	5,556	0.3%
Germany	4,287	0.2%	—	0.0%
Canada	2,186	0.1%	859	0.0%
Switzerland	—	0.0%	1,471	0.1%
Total	$ 2,081,042	100.0%	$ 1,880,373	100.0%

The following table shows the fair value of the Company's portfolio by industry sector at March 31, 2019 and December 31, 2018:

(in thousands)	March 31, 2019 Investments at Fair Value	March 31, 2019 Percentage of Total Portfolio	December 31, 2018 Investments at Fair Value	December 31, 2018 Percentage of Total Portfolio
Drug Discovery & Development	$ 609,525	29.3%	$ 539,977	28.7%
Software	590,270	28.5%	548,952	29.2%
Internet Consumer & Business Services	373,437	18.0%	329,512	17.5%
Sustainable and Renewable Technology	130,029	6.2%	110,303	5.9%
Medical Devices & Equipment	123,070	5.9%	121,420	6.5%
Healthcare Services, Other	65,790	3.2%	60,142	3.2%
Diversified Financial Services	44,653	2.1%	39,491	2.1%
Drug Delivery	41,356	2.0%	40,519	2.2%
Information Services	33,747	1.6%	30,940	1.6%
Media/Content/Info	21,125	1.0%	21,666	1.2%
Electronics & Computer Hardware	16,902	0.8%	15,763	0.8%
Semiconductors	10,617	0.5%	899	0.0%
Consumer & Business Products	6,358	0.3%	6,179	0.3%
Biotechnology Tools	5,146	0.2%	6,279	0.3%
Communications & Networking	4,635	0.2%	4,871	0.3%
Surgical Devices	3,693	0.2%	3,088	0.2%
Diagnostic	533	0.0%	348	0.0%
Specialty Pharmaceuticals	156	0.0%	24	0.0%
Total	$ 2,081,042	100.0%	$ 1,880,373	100.0%

No single portfolio investment represents more than 10% of the fair value of the Company's total investments as of March 31, 2019 and December 31, 2018.

Investment Collateral

In the majority of cases, the Company collateralizes its investments by obtaining a first priority security interest in a portfolio company's assets, which may include its intellectual property. In other cases, the Company may obtain a negative pledge covering a company's intellectual property. At March 31, 2019, approximately 82.0% of the Company's debt investments were in a senior secured first lien position, with 44.8% secured by a first priority security in all of the assets of the portfolio company, including its intellectual property, 29.8% secured by a first priority security in all of the assets of the portfolio company and the portfolio company was prohibited from pledging or encumbering its intellectual property, 1.0% of the Company's debt investments were senior secured by the equipment of the portfolio company and 6.4% of the Company's debt investments were in a first lien "last-out" senior secured position with security interest in all of the assets of the portfolio company, whereby the "last-out" loans will be subordinated to the "first-out" portion of the unitranche loan in a liquidation, sale or other disposition. Another 17.2% of the Company's debt investments were secured by a second priority security interest in the portfolio company's assets, and 0.8% were unsecured.

Cash, Restricted Cash, and Cash Equivalents

Cash and cash equivalents consist solely of funds deposited with financial institutions and short-term liquid investments in money market deposit accounts. Cash and cash equivalents are carried at cost, which approximates fair value. Restricted cash and cash equivalents include amounts that are collected and are held by trustees who have been appointed as custodians of the assets securing certain of the Company's financing transactions.

Other Assets

Other assets generally consist of prepaid expenses, deferred financing costs net of accumulated amortization, fixed assets net of accumulated depreciation, deferred revenues and deposits and other assets, including escrow receivable. The escrow receivable balance as of March 31, 2019 and December 31, 2018 was approximately $982,000 and $972,000, respectively, and was fair valued and held in accordance with ASC Topic 820.

Income Recognition

The Company records interest income on an accrual basis and recognizes it as earned in accordance with the contractual terms of the loan agreement, to the extent that such amounts are expected to be collected. OID initially represents the value of detachable equity warrants obtained in conjunction with the acquisition of debt securities and is accreted into interest income over the term of the loan as a yield enhancement. When a loan becomes 90 days or more past due, or if management otherwise does not expect that principal, interest, and other obligations due will be collected in full, the Company will generally place the loan on non-accrual status and cease recognizing interest income on that loan until all principal and interest due has been paid or the Company believes the portfolio company has demonstrated the ability to repay the Company's current and future contractual obligations. Any uncollected interest related to prior periods is reversed from income in the period that collection of the interest receivable is determined to be doubtful. However, the Company may make exceptions to this policy if the investment has sufficient collateral value and is in the process of collection.

At March 31, 2019, the Company had two debt investments on non-accrual with a cumulative investment cost and approximate fair value of $2.4 million and $496,000, respectively. At December 31, 2018, the Company had two debt investments on non-accrual with cumulative investment cost of approximately $2.7 million and fair value of zero. The decrease in the cost of debt investments on non-accrual between December 31, 2018 and March 31, 2019 is the result of the removal of one debt investment that was on non-accrual at December 31, 2018 which resulted in a realized loss of approximately $2.5 million, and the addition of one debt investment with a lower cost basis than the one removed.

Fee income, generally collected in advance, includes loan commitment and facility fees for due diligence and structuring, as well as fees for transaction services and management services rendered by the Company to portfolio companies and other third parties. Loan and commitment fees are amortized into income over the contractual life of the loan. Management fees are generally recognized as income when the services are rendered. Loan origination fees are capitalized and then amortized into interest income using the effective interest rate method. In certain loan arrangements, warrants or other equity interests are received from the borrower as additional origination fees. The Company had approximately $39.8 million of unamortized fees at March 31, 2019, of which approximately $33.7 million was included as an offset to the cost basis of the Company's current debt investments and approximately $6.1 million was deferred contingent upon the occurrence of a funding or milestone. At December 31, 2018, the Company had approximately $36.3 million of unamortized fees, of which approximately $31.1 million was included as an offset to the cost basis of the Company's current debt investments and approximately $5.2 million was deferred contingent upon the occurrence of a funding or milestone.

The Company recognizes nonrecurring fees amortized over the remaining term of the loan commencing in the quarter relating to specific loan modifications. Certain fees may still be recognized as one-time fee income, including prepayment penalties, fees related to select covenant default, waiver fees and acceleration of previously deferred loan fees and OID related to early loan pay-off or material modification of the specific debt outstanding. The Company recorded approximately $780,000 and $3.2 million in one-time fee income during the three months ended March 31, 2019 and 2018, respectively.

In addition, the Company may also be entitled to an exit fee that is amortized into income over the life of the loan. Loan exit fees to be paid at the termination of the loan are accreted into interest income over the contractual life of the loan. At March 31, 2019, the Company had approximately $29.4 million in exit fees receivable, of which approximately $26.5 million was included as a component of the cost basis of the Company's current debt investments and approximately $2.9 million was a deferred receivable related to expired commitments. At December 31, 2018, the Company had approximately $25.6 million in exit fees receivable, of which approximately $23.3 million was included as an offset to the cost basis of the Company's current debt investments and approximately $2.3 million was deferred related to expired commitments.

The Company has debt investments in its portfolio that contain a PIK provision. Contractual PIK interest, which represents contractually deferred interest added to the loan balance that is generally due at the end of the loan term, is generally recorded on an accrual basis to the extent such amounts are expected to be collected. The Company will generally cease accruing PIK interest if there is insufficient value to support the accrual or management does not expect the portfolio company to be able to pay all principal and interest due. The Company recorded approximately $2.1 million and $2.3 million in PIK income during the three months ended March 31, 2019 and 2018, respectively.

To maintain the Company's ability to be subject to tax as a RIC, PIK and exit fee income generally must be accrued and distributed to stockholders in the form of dividends for U.S. federal income tax purposes even though the cash has not yet been collected. Amounts necessary to pay these distributions may come from available cash or the liquidation of certain investments.

In certain investment transactions, the Company may provide advisory services. For services that are separately identifiable and external evidence exists to substantiate fair value, income is recognized as earned, which is generally when the investment transaction closes. The Company had no income from advisory services in the three months ended March 31, 2019 and 2018.

3. Fair Value of Financial Instruments

Fair value estimates are made at discrete points in time based on relevant information. These estimates may be subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. The Company believes that the carrying amounts of its financial instruments, consisting of cash and cash equivalents, receivables including escrow receivables, accounts payable and accrued liabilities, approximate the fair values of such items due to the short maturity of such instruments. The borrowings of the Company are recorded at amortized cost and not at fair value on the Consolidated Statement of Assets and Liabilities. The fair value of the Company's outstanding borrowings is based on observable market trading prices or quotations and unobservable market rates as applicable for each instrument.

Based on market quotations on or around March 31, 2019, the 2022 Notes, 2027 Asset-Backed Notes, 2028 Asset-Backed Notes, and 2022 Convertible Notes were quoted for 0.979, 1.016, 1.013, and 0.977 per dollar at par value, respectively. At March 31, 2019, the 2025 Notes and 2033 Notes were trading on the NYSE for $24.88 and $24.87 per unit at par value, respectively. The par value at underwriting for the 2025 Notes and 2033 Notes was $25.00 per unit. Calculated based on the net present value of payments over the term of the notes using estimated market rates for similar notes and remaining terms, the fair value of the SBA debentures is approximately $152.0 million, compared to the principal amount of $149.0 million as of March 31, 2019. The fair value of the outstanding borrowings under the Union Bank Facility and the Wells Facility is equal to their principal outstanding balances as of March 31, 2019.

See the accompanying Consolidated Schedule of Investments for the fair value of the Company's investments. The methodology for the determination of the fair value of the Company's investments is discussed in Note 2.

The following tables provide additional information about the fair value and level in the fair value hierarchy of the Company's outstanding borrowings at March 31, 2019 and December 31, 2018:

(in thousands) Description	March 31, 2019	Identical Assets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
SBA Debentures	$ 151,968	$ —	$ —	$ 151,968
2022 Notes	146,790	—	146,790	—
2025 Notes	74,640	—	74,640	—
2033 Notes	39,792	—	39,792	—
2027 Asset-Backed Notes	203,250	—	203,250	—
2028 Asset-Backed Notes	253,203	—	253,203	—
2022 Convertible Notes	224,641	—	224,641	—
Union Facility	39,683	—	—	39,683
Wells Facility	4,583	—	—	4,583
Total	$ 1,138,550	$ —	$ 942,316	$ 196,234

(in thousands) Description	December 31, 2018	Identical Assets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
SBA Debentures	$ 150,387	$ —	$ —	$ 150,387
2022 Notes	146,385	—	146,385	—
2024 Notes	84,445	—	84,445	—
2025 Notes	72,150	—	72,150	—
2033 Notes	37,360	—	37,360	—
2027 Asset-Backed Notes	201,188	—	201,188	—
2022 Convertible Notes	217,672	—	217,672	—
Union Facility	39,849	—	—	39,849
Wells Facility	13,107	—	—	13,107
Total	$ 962,543	$ —	$ 759,200	$ 203,343

4. Borrowings

Outstanding Borrowings

At March 31, 2019 and December 31, 2018, the Company had the following available and outstanding borrowings:

	March 31, 2019			December 31, 2018		
(in thousands)	Total Available	Principal	Carrying Value (1)	Total Available	Principal	Carrying Value (1)
SBA Debentures (2)	$ 149,000	$ 149,000	$ 147,783	$ 149,000	$ 149,000	$ 147,655
2022 Notes	150,000	150,000	148,121	150,000	150,000	147,990
2024 Notes (3)	—	—	—	83,510	83,510	81,852
2025 Notes	75,000	75,000	72,685	75,000	75,000	72,590
2033 Notes	40,000	40,000	38,420	40,000	40,000	38,427
2027 Asset-Backed Notes	200,000	200,000	197,102	200,000	200,000	197,265
2028 Asset-Backed Notes	250,000	250,000	247,352	—	—	—
2022 Convertible Notes	230,000	230,000	225,441	230,000	230,000	225,051
Wells Facility (4)	75,000	4,583	4,583	75,000	13,107	13,107
Union Bank Facility (4)	200,000	39,683	39,683	100,000	39,849	39,849
Total	$ 1,369,000	$ 1,138,266	$ 1,121,170	$ 1,102,510	$ 980,466	$ 963,786

(1) Except for the Wells Facility and Union Bank Facility, all carrying values represent the principal amount outstanding less the remaining unamortized debt issuance costs and unaccreted premium or discount, if any, associated with the loan as of the balance sheet date.

(2) At March 31, 2019, the total available borrowings under the SBA debentures were $149.0 million. At December 31, 2018, the total available borrowings under the SBA debentures were $149.0 million.

(3) The 2024 Notes were fully repaid on January 14, 2019 and February 4, 2019.

(4) Availability subject to the Company meeting the borrowing base requirements.

Debt issuance costs are fees and other direct incremental costs incurred by the Company in obtaining debt financing and are recognized as prepaid expenses and amortized over the life of the related debt instrument using the effective yield method or the straight-line method, which closely approximates the effective yield method. In accordance with ASC Subtopic 835-30 ("Interest – Imputation of Interest"), debt issuance costs are presented as a reduction to the associated liability balance on the Consolidated Statement of Assets and Liabilities, except for debt issuance costs associated with line-of-credit arrangements. Debt issuance costs, net of accumulated amortization, were as follows as of March 31, 2019 and December 31, 2018:

(in thousands)	March 31, 2019	December 31, 2018
SBA Debentures	$ 1,217	$ 1,345
2022 Notes	1,289	1,379
2024 Notes (2)	—	1,686
2025 Notes	2,315	2,410
2033 Notes	1,580	1,573
2027 Asset-Backed Notes	2,898	2,735
2028 Asset-Backed Notes	2,648	—
2022 Convertible Notes	2,600	2,823
Wells Facility (1)	398	100
Union Bank Facility (1)	1,878	165
Total	$ 16,823	$ 14,216

(1) As the Wells Facility and Union Bank Facility are line-of-credit arrangements, the debt issuance costs associated with these instruments are presented separately as an asset on the Consolidated Statement of Assets and Liabilities in accordance with ASC Subtopic 835-30.
(2) The 2024 Notes were fully redeemed on January 14, 2019 and February 4, 2019.

Long-Term SBA Debentures

On September 27, 2006, HT II received a license to operate as a SBIC under the SBIC program and was able to borrow funds from the SBA against eligible investments and additional contributions to regulatory capital. On July 13, 2018, the Company completed repayment of the remaining outstanding HT II debentures and subsequently surrendered the SBA license with respect to HT II.

On May 26, 2010, HT III received a license to operate as a SBIC under the SBIC program in which HT III can borrow funds from the SBA against eligible investments and additional contributions to regulatory capital. With the Company's net investment of $74.5 million in HT III as of March 31, 2019, HT III has the capacity to issue a total of $149.0 million of SBA guaranteed debentures, subject to SBA approval, of which $149.0 million was outstanding as of March 31, 2019. As the Company is past its investment period for HT III, it will no longer make any future commitments to new portfolio companies. The Company will only satisfy contractually agreed follow-on fundings to existing portfolio companies and may seek to early pay-off a portion or all of the outstanding debentures as per the available liquidity in HT III.

As of March 31, 2019, HT III has paid the SBA commitment fees and facility fees of approximately $1.5 million and $3.6 million, respectively. As of March 31, 2019, the Company held investments in HT III in 48 companies with a fair value of approximately $244.9 million, accounting for approximately 11.8% of the Company's total investment portfolio at March 31, 2019. HT III held approximately $314.5 million in assets and accounted for approximately 13.1% of the Company's total assets prior to consolidation at March 31, 2019.

SBICs are designed to stimulate the flow of private equity capital to eligible small businesses. Under present SBA regulations, eligible small businesses include businesses that have a tangible net worth not exceeding $19.5 million and have average annual fully taxed net income not exceeding $6.5 million for the two most recent fiscal years. In addition, SBICs must devote 25.0% of its investment activity to "smaller" enterprises as defined by the SBA. A smaller enterprise is one that has a tangible net worth not exceeding $6.0 million and has average annual fully taxed net income not exceeding $2.0 million for the two most recent fiscal years. SBA regulations also provide alternative size standard criteria to determine eligibility, which depend on the industry in which the business is engaged and are based on such factors as the number of employees and gross sales. According to SBA regulations, SBICs may make long-term loans to small businesses, invest in the equity securities of such businesses and provide them with consulting and advisory services. Through the Company's wholly owned subsidiary HT III, the Company plans to provide long-term loans to qualifying small businesses, and in connection therewith, make equity investments.

HT III is periodically examined and audited by the SBA's staff to determine its compliance with SBA regulations. If HT III fails to comply with applicable SBA regulations, the SBA could, depending on the severity of the violation, limit or prohibit HT III's use of debentures, declare outstanding debentures immediately due and payable, and/or limit HT III from making new investments. In addition, HT III may also be limited in its ability to make distributions to the Company if they do not have sufficient capital in accordance with SBA regulations. Such actions by the SBA would, in turn, negatively affect the Company because HT III is the Company's wholly owned subsidiary. HT III was in compliance with the terms of the SBIC's leverage as of March 31, 2019 as a result of having sufficient capital as defined under the SBA regulations.

The rates of borrowings under various draws from the SBA beginning in March 2009 are set semiannually in March and September and range from 2.25% to 4.62% excluding annual fees. Interest payments on SBA debentures are payable semiannually. There are no principal payments required on these issues prior to maturity and no prepayment penalties. Debentures under the SBA generally mature ten years after being borrowed. Based on the initial draw down date of September 2010 for HT III, the initial maturity of the SBA debentures will occur in September 2020. In addition, the SBA charges a fee that is set annually, depending on the Federal fiscal year the leverage commitment was delegated by the SBA, regardless of the date that the leverage was drawn by the SBIC. The annual fees related to HT III debentures that pooled on March 27, 2013 were 0.804%. The annual fees on other debentures have been set at 0.515%. The rates of borrowings on the Company's outstanding SBA debentures range from 3.05% to 4.37% when including these annual fees.

The average amount of debentures outstanding for the three months ended March 31, 2019 for HT III was approximately $149.0 million with an average interest rate of approximately 3.38%.

For the three months ended March 31, 2019 and 2018, the components of interest expense and related fees and cash paid for interest expense for the SBA debentures are as follows:

	Three Months Ended March 31,	
(in thousands)	**2019**	**2018**
Interest expense	$ 1,259	$ 1,718
Amortization of debt issuance cost (loan fees)	128	158
Total interest expense and fees	$ 1,387	$ 1,876
Cash paid for interest expense	$ 2,519	$ 3,442

The Company reported the following SBA debentures outstanding principal balances as of March 31, 2019 and December 31, 2018:

(in thousands) **Issuance/Pooling Date**	**Maturity Date**	**Interest Rate (1)**	**March 31, 2019**	**December 31, 2018**
September 22, 2010	September 1, 2020	3.50%	$ 10,000	$ 10,000
March 29, 2011	March 1, 2021	4.37%	28,750	28,750
September 21, 2011	September 1, 2021	3.16%	25,000	25,000
March 21, 2012	March 1, 2022	3.28%	25,000	25,000
March 21, 2012	March 1, 2022	3.05%	11,250	11,250
September 19, 2012	September 1, 2022	3.05%	24,250	24,250
March 27, 2013	March 1, 2023	3.16%	24,750	24,750
Total SBA Debentures			$ 149,000	$ 149,000

(1) Interest rate includes annual charge.

2022 Notes

On October 23, 2017, the Company issued $150.0 million in aggregate principal amount of 4.625% Notes due 2022 (the "2022 Notes"). The 2022 Notes were issued pursuant to the Fourth Supplemental Indenture to the Base Indenture, dated October 23, 2017 (the "2022 Notes Indenture"), between the Company and U.S. Bank, National Association, as trustee (the "2022 Trustee"). The sale of the 2022 Notes generated net proceeds of approximately $147.4 million, including a public offering discount of $826,500. Aggregate estimated offering expenses in connection with the transaction, including the underwriter's discounts and commissions of approximately $975,000, were approximately $1.8 million.

The 2022 Notes mature on October 23, 2022, unless previously repurchased in accordance with their terms. The 2022 Notes bear interest at a rate of 4.625% per year payable semiannually in arrears on April 23 and October 23 of each year, commencing on April 23, 2018.

The 2022 Notes are unsecured obligations of the Company that rank senior in right of payment to all of the Company's existing and future indebtedness that is expressly subordinated, or junior, in right of payment to the 2022 Notes. The 2022 Notes are not guaranteed by any of the Company's current or future subsidiaries. The 2022 Notes rank pari passu, or equally, in right of payment with all of the Company's existing and future liabilities that are not so subordinated, or junior. The 2022 Notes effectively rank subordinated, or junior, to any of the Company's secured indebtedness (including unsecured indebtedness that the Company later secures) to the extent of the value of the assets securing such indebtedness. The 2022 Notes rank structurally subordinated, or junior, to all existing and future indebtedness (including trade payables) incurred by subsidiaries, financing vehicles or similar facilities of the Company.

The Company may redeem some or all of the 2022 Notes at any time, or from time to time, at the redemption price set forth under the terms of the indenture after September 23, 2022. No sinking fund is provided for the 2022 Notes. The 2022 Notes were issued in denominations of $2,000 and integral multiples of $1,000 thereof. As of March 31, 2019, the Company was in compliance with the terms of the 2022 Notes Indenture.

As of March 31, 2019 and December 31, 2018, the components of the carrying value of the 2022 Notes were as follows:

(in thousands)	March 31, 2019	December 31, 2018
Principal amount of debt	$ 150,000	$ 150,000
Unamortized debt issuance cost	(1,289)	(1,379)
Original issue discount, net of accretion	(590)	(631)
Carrying value of 2022 Notes	$ 148,121	$ 147,990

For the three months ended March 31, 2019 and 2018, the components of interest expense and related fees and cash paid for interest expense for the 2022 Notes are as follows:

	Three Months Ended March 31,	
(in thousands)	2019	2018
Interest expense	$ 1,734	$ 1,734
Amortization of debt issuance cost (loan fees)	90	84
Accretion of original issue discount	41	41
Total interest expense and fees	$ 1,865	$ 1,859
Cash paid for interest expense	$ —	$ —

2024 Notes

On July 14, 2014, the Company and U.S. Bank, N.A. (the “2024 Trustee”), entered into the Third Supplemental Indenture (the “Third Supplemental Indenture”) to the Base Indenture between the Company and the 2024 Trustee, dated July 14, 2014, relating to the Company’s issuance, offer and sale of $100.0 million aggregate principal amount of 6.25% unsecured notes due 2024 (the “2024 Notes”). On August 6, 2014, the underwriters issued notification to exercise their over-allotment option for an additional $3.0 million in aggregate principal amount of the 2024 Notes.

On May 2, 2016, the Company closed an underwritten public offering of an additional $72.9 million in aggregate principal amount of the 2024 Notes. The $72.9 million in aggregate principal amount includes $65.4 million from the initial offering on April 21, 2016 and $7.5 million as a result of underwriters exercising a portion of their option to purchase up to an additional $9.8 million in aggregate principal to cover overallotments on April 29, 2016.

On June 27, 2016, the Company closed an underwritten public offering of an additional $60.0 million in aggregate principal amount of the 2024 Notes. On June 30, 2016, the underwriters exercised their option to purchase up to an additional $9.0 million in aggregate principal to cover overallotments, resulting in total aggregate principal of $69.0 million from the offering.

On October 11, 2016, the Company entered into a debt distribution agreement, pursuant to which it may offer for sale, from time to time, up to $150.0 million in aggregate principal amount of 2024 Notes through FBR Capital Markets & Co. acting as its sales agent (the “2024 Notes Agent”). Sales of the 2024 Notes may be made in negotiated transactions or transactions that are deemed to be “at the market offerings” as defined in Rule 415 under the Securities Act of 1933, as amended (the “Securities Act”), including sales made directly on the NYSE, or similar securities exchange or sales made through a market maker other than on an exchange at prices related to prevailing market prices or at negotiated prices.

On October 24, 2017, the Board of Directors approved a redemption of $75.0 million of outstanding aggregate principal amount of the 2024 Notes, which were redeemed on November 23, 2017. On February 9, 2018, the Board of Directors approved a redemption of $100.0 million of outstanding aggregate principal amount of the 2024 Notes and notice for such redemption was provided. The Company redeemed this portion of the 2024 Notes on April 2, 2018. Further, on December 7, 2018, our Board of Directors approved a full redemption, in two equal transactions, of $83.5 million of the outstanding aggregate principal amount of the 2024 Notes. The 2024 Notes were fully redeemed on January 14, 2019 and February 4, 2019.

As of March 31, 2019 and December 31, 2018, the components of the carrying value of the 2024 Notes were as follows:

(in thousands)	March 31, 2019	December 31, 2018
Principal amount of debt	$ —	$ 83,510
Unamortized debt issuance cost	—	(1,686)
Original issue premium, net of amortization	—	28
Carrying value of 2024 Notes	$ —	$ 81,852

For the three months ended March 31, 2019 and 2018, the components of interest expense and related fees and cash paid for interest expense for the 2024 Notes are as follows:

	Three Months Ended March 31,	
(in thousands)	2019	2018
Interest expense	$ 210	$ 2,881
Amortization of debt issuance cost (loan fees)	1,686	174
Amortization of original issue premium	110	(13)
Total interest expense and fees	$ 2,006	$ 3,042
Cash paid for interest expense	$ 1,305	$ 2,867

2025 Notes

On April 26, 2018, the Company issued $75.0 million in aggregate principal amount of 5.25% notes due 2025 (the "2025 Notes"). The 2025 Notes were issued pursuant to the Fifth Supplemental Indenture to the Base Indenture, dated April 26, 2018 (the "2025 Notes Indenture"), between the Company and U.S. Bank, National Association, as trustee. The sale of the 2025 Notes generated net proceeds of approximately $72.4 million. Aggregate estimated offering expenses in connection with the transaction, including the underwriter's discount and commissions were approximately $2.6 million.

The 2025 Notes will mature on April 30, 2025, unless previously repurchased in accordance with their terms. The 2025 Notes bear interest at a rate of 5.25% per year payable quarterly in arrears on January 30, April 30, July 30 and October 30 of each year, commencing on July 30, 2018 and trade on the NYSE under the symbol "HCXZ."

The 2025 Notes will be the Company's direct unsecured obligations and rank pari passu, or equally in right of payment, with all outstanding and future unsecured unsubordinated indebtedness issued by the Company.

The Company may redeem some or all of the 2025 Notes at any time, or from time to time, at the redemption price set forth under the terms of the indenture after April 30, 2021. No sinking fund is provided for the 2025 Notes. The 2025 Notes were issued in denominations of $25 and integral multiples of $25 thereof. As of March 31, 2019, the Company was in compliance with the terms of the 2025 Notes Indenture.

As of March 31, 2019 and December 31, 2018, the components of the carrying value of the 2025 Notes were as follows:

(in thousands)	March 31, 2019	December 31, 2018
Principal amount of debt	$ 75,000	$ 75,000
Unamortized debt issuance cost	(2,315)	(2,410)
Carrying value of 2025 Notes	$ 72,685	$ 72,590

For the three months ended March 31, 2019 and 2018, the components of interest expense and related fees and cash paid for interest expense for the 2025 Notes are as follows:

	Three Months Ended March 31,	
(in thousands)	2019	2018
Interest expense	$ 984	$ —
Amortization of debt issuance cost (loan fees)	95	—
Total interest expense and fees	$ 1,079	$ —
Cash paid for interest expense	$ 984	$ —

2033 Notes

On September 24, 2018, the Company issued $40.0 million in aggregate principal amount of 6.25% notes due 2033 (the "2033 Notes"). The 2033 Notes were issued pursuant to the Sixth Supplemental Indenture to the Base Indenture, dated September 24, 2018 (the “2033 Notes Indenture”), between the Company and U.S. Bank, National Association, as trustee. The sale of the 2033 Notes generated net proceeds of approximately $38.4 million. Aggregate estimated offering expenses in connection with the transaction, including the underwriter’s discount and commissions were approximately $1.6 million.

The 2033 Notes will mature on October 30, 2033, unless previously repurchased in accordance with their terms. The 2033 Notes bear interest at a rate of 6.25% per year payable quarterly in arrears on January 30, April 30, July 30 and October 30 of each year, commencing on October 30, 2018 and trade on the NYSE under the symbol “HCXY.”

The 2033 Notes will be the Company’s direct unsecured obligations and rank pari passu, or equally in right of payment, with all outstanding and future unsecured unsubordinated indebtedness issued by the Company.

The Company may redeem some or all of the 2033 Notes at any time, or from time to time, at the redemption price set forth under the terms of the indenture after October 30, 2023. No sinking fund is provided for the 2033 Notes. The 2033 Notes were issued in denominations of $25 and integral multiples of $25 thereof. As of March 31, 2019, the Company was in compliance with the terms of the 2033 Notes Indenture.

As of March 31, 2019 and December 31, 2018, the components of the carrying value of the 2033 Notes were as follows:

(in thousands)	March 31, 2019	December 31, 2018
Principal amount of debt	$ 40,000	$ 40,000
Unamortized debt issuance cost	(1,580)	(1,573)
Carrying value of 2033 Notes	$ 38,420	$ 38,427

For the three months ended March 31, 2019 and 2018, the components of interest expense and related fees and cash paid for interest expense for the 2033 Notes are as follows:

	Three Months Ended March 31,	
(in thousands)	2019	2018
Interest expense	$ 625	$ —
Amortization of debt issuance cost (loan fees)	27	—
Total interest expense and fees	$ 652	$ —
Cash paid for interest expense	$ 625	$ —

2021 Asset-Backed Notes

On November 13, 2014, the Company completed a $237.4 million term debt securitization in connection with which an affiliate of the Company made an offer of $129.3 million in aggregate principal amount of fixed rate asset-backed notes (the “2021 Asset-Backed Notes”), which were rated A(sf) by Kroll Bond Rating Agency, Inc. (“KBRA”). The 2021 Asset-Backed Notes were sold by Hercules Capital Funding Trust 2014-1 pursuant to a note purchase agreement, dated as of November 13, 2014, by and among the Company, Hercules Capital Funding 2014-1, LLC as trust depositor (the “2014 Trust Depositor”), Hercules Capital Funding Trust 2014-1 as issuer (the “2014 Securitization Issuer”), and Guggenheim Securities, LLC, as initial purchaser, and are backed by a pool of senior loans made to certain of the Company’s portfolio companies and secured by certain assets of those portfolio companies and are to be serviced by the Company. The securitization has an 18-month reinvestment period during which time principal collections may be reinvested into additional eligible loans. Interest on the 2021 Asset-Backed Notes is paid, to the extent of funds available, at a fixed rate of 3.524% per annum. The 2021 Asset-Backed Notes have a stated maturity of April 16, 2021.

In July 2018, changes in the payment schedule of obligors in the 2021 Asset-Backed Notes collateral pool triggered a rapid amortization event in accordance with the sale and servicing agreement for the 2021 Asset-Backed Notes. Due to this event, the 2021 Asset-Backed Notes were fully repaid as of October 16, 2018.

For the three months ended March 31, 2019 and 2018, the components of interest expense and related fees and cash paid for interest expense for the 2021 Asset-Backed Notes are as follows:

	Three Months Ended March 31,	
(in thousands)	2019	2018
Interest expense	$ —	$ 341
Amortization of debt issuance cost (loan fees)	—	83
Total interest expense and fees	$ —	$ 424
Cash paid for interest expense	$ —	$ 387

2027 Asset-Backed Notes

On November 1, 2018, the Company completed a term debt securitization in connection with which an affiliate of the Company made an offering of $200.0 million in aggregate principal amount of fixed rate asset-backed notes (the "2027 Asset-Backed Notes"). The 2027 Asset-Backed Notes were rated A(sf) by KBRA.

The 2027 Asset-Backed Notes were issued by the 2018 Securitization Issuer pursuant to a note purchase agreement, dated as of October 25, 2018, by and among the Company, the 2018 Trust Depositor, the 2018 Securitization Issuer, and Guggenheim Securities, LLC, as Initial Purchaser, and are backed by a pool of senior loans made to certain portfolio companies of the Company and secured by certain assets of those portfolio companies and are to be serviced by the Company. The securitization has a reinvestment period with a scheduled termination date of October 20, 2020 during which time principal collections may be reinvested into additional eligible loans. Interest on the 2027 Asset-Backed Notes will be paid, to the extent of funds available, at a fixed rate of 4.605% per annum. The 2027 Asset-Backed Notes have a stated maturity of November 22, 2027.

At both March 31, 2019 and December 31, 2018, the 2027 Asset-Backed Notes had an outstanding principal balance of $200.0 million.

For the three months ended March 31, 2019 and 2018, the components of interest expense and related fees and cash paid for interest expense for the 2027 Asset-Backed Notes are as follows:

	Three Months Ended March 31,	
(in thousands)	**2019**	**2018**
Interest expense	$ 2,303	$ —
Amortization of debt issuance cost (loan fees)	68	—
Total interest expense and fees	$ 2,371	$ —
Cash paid for interest expense	$ 2,303	$ —

Under the terms of the 2027 Asset-Backed Notes, the Company is required to maintain a reserve cash balance, funded through proceeds from the sale of the 2027 Asset-Backed Notes and through interest and principal collections from the underlying securitized debt portfolio, which may be used to pay monthly interest and principal payments on the 2027 Asset-Backed Notes. The Company has segregated these funds and classified them as restricted cash. At March 31, 2019, there was approximately $5.3 million of restricted cash. There was approximately $11.6 million of restricted cash as of December 31, 2018.

2028 Asset-Backed Notes

On January 22, 2019, the Company completed a term debt securitization in connection with which an affiliate of the Company made an offering of $250.0 million in aggregate principal amount of fixed rate asset-backed notes (the "2028 Asset-Backed Notes"). The 2028 Asset-Backed Notes were rated A(sf) by KBRA.

The 2028 Asset-Backed Notes were issued by the 2019 Securitization Issuer pursuant to a note purchase agreement, dated as of January 14, 2019, by and among the Company, the 2019 Trust Depositor, the 2019 Securitization Issuer, and Guggenheim Securities, LLC, as Initial Purchaser, MUFG Securities Americas Inc., as a co-manager, Wells Fargo Securities, LLC., as a co-manager, and are backed by a pool of senior loans made to certain portfolio companies of the Company and secured by certain assets of those portfolio companies and are to be serviced by the Company. Interest on the 2028 Asset-Backed Notes will be paid, to the extent of funds available, at a fixed rate of 4.703% per annum. The 2028 Asset-Backed Notes have a stated maturity of February 22, 2028.

At March 31, 2019, the 2028 Asset-Backed Notes had an outstanding principal balance of $250.0 million. There was no outstanding principal balance for the 2028 Asset-Backed Notes at December 31, 2018.

For the three months ended March 31, 2019 and 2018, the components of interest expense and related fees and cash paid for interest expense for the 2028 Asset-Backed Notes are as follows:

	Three Months Ended March 31,	
(in thousands)	**2019**	**2018**
Interest expense	$ 2,254	$ —
Amortization of debt issuance cost (loan fees)	51	—
Total interest expense and fees	$ 2,305	$ —
Cash paid for interest expense	$ 1,927	$ —

Under the terms of the 2028 Asset-Backed Notes, the Company is required to maintain a reserve cash balance, funded through proceeds from the sale of the 2028 Asset-Backed Notes and through interest and principal collections from the underlying securitized debt portfolio, which may be used to pay monthly interest and principal payments on the 2028 Asset-Backed Notes. The Company has segregated these funds and classified them as restricted cash. At March 31, 2019, there was approximately $4.9 million of restricted cash. There were no funds segregated as restricted cash related to the 2028 Asset-Backed Notes at December 31, 2018.

Convertible Notes

2022 Convertible Notes

On January 25, 2017, the Company issued $230.0 million in aggregate principal amount of 4.375% Convertible Notes due 2022 (the “2022 Convertible Notes”), which amount includes the additional $30.0 million aggregate principal amount of 2022 Convertible Notes issued pursuant to the initial purchaser’s exercise in full of its overallotment option. The 2022 Convertible Notes were issued pursuant to an Indenture, dated January 25, 2017 (the “2022 Convertible Notes Indenture”), between the Company and U.S. Bank, National Association, as trustee (the “2022 Trustee”). The sale of the 2022 Convertible Notes generated net proceeds of approximately $225.5 million, including $4.5 million of debt issuance costs.

The 2022 Convertible Notes mature on February 1, 2022, unless previously converted or repurchased in accordance with their terms. The 2022 Convertible Notes bear interest at a rate of 4.375% per year payable semiannually in arrears on February 1 and August 1 of each year, commencing on August 1, 2017.

The 2022 Convertible Notes are unsecured obligations of the Company and rank senior in right of payment to the Company’s future indebtedness that is expressly subordinated in right of payment to the 2022 Convertible Notes; equal in right of payment to the Company’s existing and future indebtedness that is not so subordinated; effectively junior in right of payment to any of the Company’s secured indebtedness (including unsecured indebtedness that the Company later secures) to the extent of the value of the assets securing such indebtedness; and structurally junior to all existing and future indebtedness (including trade payables) incurred by the Company’s subsidiaries, financing vehicles or similar facilities.

Prior to the close of business on the business day immediately preceding August 1, 2021, holders may convert their 2022 Convertible Notes only under certain circumstances set forth in the 2022 Convertible Notes Indenture. On or after August 1, 2021 until the close of business on the scheduled trading day immediately preceding the maturity date, holders may convert their 2022 Convertible Notes at any time. Upon conversion, the Company will pay or deliver, as the case may be, at its election, cash, shares of its common stock or a combination of cash and shares of its common stock. The conversion rate is initially 60.9366 shares of common stock per $1,000 principal amount of 2022 Convertible Notes (equivalent to an initial conversion price of approximately $16.41 per share of common stock). The conversion rate will be subject to adjustment in some events but will not be adjusted for any accrued and unpaid interest. In addition, if certain corporate events occur prior to the maturity date, the Company will increase the conversion rate for a holder who elects to convert its 2022 Convertible Notes in connection with such a corporate event in certain circumstances. As of March 31, 2019, the conversion rate was 60.9366 shares of common stock per $1,000 principal amount of Convertible Senior Notes (equivalent to an adjusted conversion price of approximately $16.41 per share of common stock).

The Company may not redeem the 2022 Convertible Notes at its option prior to maturity. No sinking fund is provided for the 2022 Convertible Notes. In addition, if certain corporate events occur, holders of the 2022 Convertible Notes may require the Company to repurchase for cash all or part of their 2022 Convertible Notes at a repurchase price equal to 100% of the principal amount of the 2022 Convertible Notes to be repurchased, plus accrued and unpaid interest through, but excluding, the required repurchase date.

The 2022 Convertible Notes Indenture contains certain covenants, including covenants requiring the Company to comply with Section 18(a)(1)(A) of the 1940 Act as modified by Section 61(a)(1) of the 1940 Act and to provide financial information to the holders of the 2022 Convertible Notes and the 2022 Trustee if the Company ceases to be subject to the reporting requirements of the Exchange Act. These covenants are subject to important limitations and exceptions that are described in the 2022 Convertible Notes Indenture. The Company offered and sold the 2022 Convertible Notes to the initial purchaser in reliance on the exemption from registration provided by Section 4(a)(2) of the Securities Act, for resale by the initial purchaser to qualified institutional buyers (as defined in the Securities Act) pursuant to the exemption from registration provided by Rule 144A under the Securities Act. The Company relied on these exemptions from registration based in part on representations made by the initial purchaser in connection with the sale of the 2022 Convertible Notes.

The 2022 Convertible Notes are accounted for in accordance with ASC Subtopic 470-20 ("Debt Instruments with Conversion and Other Options"). In accounting for the 2022 Convertible Notes, the Company estimated at the time of issuance that the values of the debt and the embedded conversion feature of the 2022 Convertible Notes were approximately 98.5% and 1.5%, respectively. The original issue discount of 1.5% or $3.4 million, attributable to the conversion feature of the 2022 Convertible Notes was recorded in "capital in excess of par value" in the Consolidated Statement of Assets and Liabilities. As a result, the Company records interest expense comprised of both stated interest expense as well as accretion of the original issue discount resulting in an estimated effective interest rate of approximately 4.77%.

As of March 31, 2019 and December 31, 2018, the components of the carrying value of the 2022 Convertible Notes were as follows:

(in thousands)	March 31, 2019	December 31, 2018
Principal amount of debt	$ 230,000	$ 230,000
Unamortized debt issuance cost	(2,600)	(2,823)
Original issue discount, net of accretion	(1,959)	(2,126)
Carrying value of 2022 Convertible Notes	$ 225,441	$ 225,051

For the three months ended March 31, 2019 and 2018, the components of interest expense, fees and cash paid for interest expense for the 2022 Convertible Notes were as follows:

	Three Months Ended March 31,	
(in thousands)	2019	2018
Interest expense	$ 2,516	$ 2,516
Amortization of debt issuance cost (loan fees)	223	223
Accretion of original issue discount	168	168
Total interest expense and fees	$ 2,907	$ 2,907
Cash paid for interest expense	$ 5,031	$ 5,031

As of March 31, 2019, the Company was in compliance with the terms of the indentures governing the 2022 Convertible Notes.

Credit Facilities

As of March 31, 2019 and December 31, 2018, the Company has two available credit facilities, the Wells Facility and the Union Bank Facility (together, the "Credit Facilities").

Wells Facility

On June 29, 2015, the Company, through a special purpose wholly owned subsidiary, Hercules Funding II LLC ("Hercules Funding II"), entered into an Amended and Restated Loan and Security Agreement (the "Wells Facility") with Wells Fargo Capital Finance, LLC, as a lender and as the arranger and the administrative agent, and the lenders party thereto from time to time.

Under the Wells Facility, Wells Fargo Capital Finance, LLC made commitments of $75.0 million, Alostar Bank of Commerce made commitments of $20.0 million, and Everbank Commercial Finance Inc. made commitments of $25.0 million. On July 31, 2018, the Company entered into a further amendment to the Wells Facility to extend the maturity date and fully repay the pro-rata portion of outstanding balances of Alostar Bank of Commerce and Everbank Commercial Finance Inc., thereby resigning both as lenders and terminating their commitments thereunder.

On January 11, 2019, the Company entered into the Seventh Amendment, or the Amendment, to the Wells Facility. Among others, the Amendment amends certain key provisions of the Wells Facility to reduce the current interest rate to LIBOR plus 3.00% with a natural floor of 3.00%. The Amendment also extends the maturity date to January 2023, unless terminated sooner in accordance with its terms. In addition, the Wells Fargo Capital Finance, LLC has committed $75.0 million in credit capacity with an accordion feature, in which the Company can increase the credit line up to an aggregate of $125.0 million, funded by additional lenders and with the agreement of Wells Fargo and subject to other customary conditions. The Wells Facility has an advance rate of 55% against eligible debt investments, and it is secured by all of the assets of Hercules Funding II. The Wells Facility requires payment of a non-use fee on a scale of 0.00% to 0.375% depending on the average monthly outstanding balance under the facility relative to the maximum amount of commitments at such time. For the three months ended March 31, 2019 and 2018, this non-use fee was $62,000 and $150,000, respectively.

The Wells Facility also includes various financial and other covenants applicable to the Company and the Company's subsidiaries, in addition to those applicable to Hercules Funding II, including covenants relating to certain changes of control of the

Company and Hercules Funding II. Among other things, these covenants also require the Company to maintain certain financial ratios, including a maximum debt to worth ratio, minimum interest coverage ratio, and a minimum tangible net worth ratio.

The Wells Facility provides for customary events of default, including, without limitation, with respect to payment defaults, breach of representations and covenants, certain key person provisions, cross acceleration provisions to certain other debt, lien and judgment limitations, and bankruptcy.

On June 20, 2011, the Company paid $1.1 million in structuring fees in connection with the original Wells Facility. In connection with an amendment to the original Wells Facility in August 2014, and subsequent amendments in December 2015, July 2018, and January 2019, the Company paid an additional $750,000, $188,000, $47,000, and $375,000 in structuring fees, respectively. These fees are being amortized through the end of the term of the Wells Facility.

The Company had aggregate draws of $70.8 million on the available facility during the three months ended March 31, 2019, offset by repayments of $79.4 million. The Company did not make any draws or repayments on the available facility during the three months ended March 31, 2018. As of March 31, 2019, the Company has borrowings outstanding of $4.6 million on the facility. The Company had borrowings outstanding of $13.1 million on the facility at December 31, 2018.

For the three months ended March 31, 2019 and 2018, the components of interest expense and related fees and cash paid for interest expense for the Wells Facility are as follows:

	Three Months Ended March 31,	
(in thousands)	**2019**	**2018**
Interest expense	$ 167	$ —
Amortization of debt issuance cost (loan fees)	77	44
Total interest expense and fees	$ 244	$ 44
Cash paid for interest expense	$ 125	$ —

Union Bank Facility

On February 20, 2019, the Company, through a special purpose wholly owned subsidiary, Hercules Funding IV LLC (“Hercules Funding IV”), as borrower, entered into the credit facility (the “Union Bank Facility”) with MUFG Union Bank, as the arranger and administrative agent, and the lenders party to the Union Bank Facility from time to time. The Union Bank Facility replaced the company’s credit facility (the “Prior Union Bank Facility”) entered into on May 5, 2016 (as amended and restated from time to time) with MUFG Union Bank, as the arranger and administrative agent, and the lenders party to the Prior Union Bank Facility from time to time. Any references to amounts related to the Union Bank Facility prior to February 20, 2019 were incurred and relate to the Prior Union Bank Facility.

Under the Union Bank Credit Facility, the lenders have made commitments of $200.0 million. Borrowings under the Union Bank Credit Facility will generally bear interest at a rate per annum equal to LIBOR plus 2.70%, and the facility matures on February 20, 2023. The Union Bank Facility contains an accordion feature, in which the Company can increase the credit line up to an aggregate of $300.0 million, funded by additional lenders and with the agreement of MUFG Union Bank and subject to other customary conditions. There can be no assurances that additional lenders will join the Union Bank Facility to increase available borrowings. The Union Bank Facility generally has an advance rate of 55% against eligible debt investments. The Union Bank Facility is secured by all of the assets of Hercules Funding IV.

The Company paid a one-time $1.6 million in structuring fees in connection with the Union Bank Facility. The Union Bank Facility requires payment of a non-use fee during the revolving credit availability period of 0.50% depending on the average monthly outstanding balance under the facility relative to the maximum amount of commitments at such time. For the three months ended March 31, 2019, the company incurred non-use fees of $155,000. For the three months ended March 31, 2018, the company incurred non-use fees under the Prior Union Bank Facility of $94,000.

The Union Bank Facility also includes various financial and other covenants applicable to the Company and its subsidiaries, in addition to those applicable to Hercules Funding IV, including covenants relating to certain changes of control of the Company and Hercules Funding IV. Among other things, these covenants also require the Company to maintain certain financial ratios, including a maximum debt to worth ratio, minimum interest coverage ratio, minimum portfolio funding liquidity, and a minimum tangible net worth in an amount that is in excess of $700.0 million plus 90% of the cumulative amount of equity raised after December 31, 2018.

As of March 31, 2019, the minimum tangible net worth covenant was $700.0 million as a result of no equity raised after December 31, 2018 through the three months ended March 31, 2019. See “Note 6 - Stockholder’s Equity.”

The Union Bank Facility provides for customary events of default, including with respect to payment defaults, breach of representations and covenants, servicer defaults, certain key person provisions, cross default provisions to certain other debt, lien and judgment limitations, and bankruptcy.

The Company had aggregate draws of $40.0 million on the available facility during the three months ended March 31, 2019, offset by repayments of $40.2 million. The Company did not make any draws or repayments on the available facility during the three months ended March 31, 2018. As of March 31, 2019, the Company has borrowings outstanding of $39.7 million on the facility. The Company had borrowings outstanding of $39.8 million on the facility at December 31, 2018.

For the three months ended March 31, 2019 and 2018, the components of interest expense and related fees and cash paid for interest expense for the previous and current Union Bank Facility are as follows:

	Three Months Ended March 31,	
(in thousands)	**2019**	**2018**
Interest expense	$ 184	$ —
Amortization of debt issuance cost (loan fees)	330	74
Total interest expense and fees	$ 514	$ 74
Cash paid for interest expense	$ 148	$ —

5. Income Taxes

The Company intends to operate so as to qualify to be subject to tax as a RIC under Subchapter M of the Code and, as such, will not be subject to U.S. federal income tax on the portion of taxable income (including gains) distributed as dividends for U.S. federal income tax purposes to stockholders. Taxable income includes the Company’s taxable interest, dividend and fee income, reduced by certain deductions, as well as taxable net realized securities gains. Taxable income generally differs from net income for financial reporting purposes due to temporary and permanent differences in the recognition of income and expenses, and generally excludes net unrealized appreciation or depreciation, as such gains or losses are not included in taxable income until they are realized.

To qualify and be subject to tax as a RIC, the Company is required to meet certain income and asset diversification tests in addition to distributing dividends of an amount generally at least equal to 90% of its investment company taxable income, as defined by the Code and determined without regard to any deduction for distributions paid, to its stockholders. The amount to be paid out as a distribution is determined by the Board of Directors each quarter and is based upon the annual earnings estimated by the management of the Company. To the extent that the Company’s earnings fall below the amount of dividend distributions declared, however, a portion of the total amount of the Company’s distributions for the fiscal year may be deemed a return of capital for tax purposes to the Company’s stockholders.

During the three months ended March 31, 2019, the Company declared a distribution of $0.31 per share. The determination of the tax attributes of the Company’s distributions is made annually as of the end of the Company’s taxable year generally based upon its taxable income for the full taxable year and distributions paid for the full taxable year. As a result, a determination made on a quarterly basis may not be representative of the actual tax attributes of the Company’s distributions for a full taxable year. If the Company had determined the tax attributes of our distributions taxable year-to-date as of March 31, 2019, 100% would be from our current and accumulated earnings and profits. However, there can be no certainty to stockholders that this determination is representative of what the actual tax attributes of the Company’s 2019 distributions to stockholders will be.

As a RIC, the Company will be subject to a 4% nondeductible U.S. federal excise tax on certain undistributed income unless the Company makes distributions treated as dividends for U.S. federal income tax purposes in a timely manner to its stockholders in respect of each calendar year of an amount at least equal to the sum of (1) 98% of the Company’s ordinary income (taking into account certain deferrals and elections) for each calendar year, (2) 98.2% of the Company’s capital gain net income (adjusted for certain ordinary losses) for the 1-year period ending October 31 of each such calendar year and (3) any ordinary income and capital gain net income realized, but not distributed, in preceding calendar years (the “Excise Tax Avoidance Requirement”). The Company will not be subject to this excise tax on any amount on which the Company incurred U.S. federal corporate income tax (such as the tax imposed on a RIC’s retained net capital gains).

Depending on the level of taxable income earned in a taxable year, the Company may choose to carry over taxable income in excess of current taxable year distributions from such taxable income into the next taxable year and incur a 4% excise tax on such taxable income, as required. The maximum amount of excess taxable income that may be carried over for distribution in the next taxable year under the Code is the total amount of distributions paid in the following taxable year, subject to certain declaration and payment guidelines. To the extent the Company chooses to carry over taxable income into the next taxable year, distributions declared and paid by the Company in a taxable year may differ from the Company's taxable income for that taxable year as such distributions may include the distribution of current taxable year taxable income, the distribution of prior taxable year taxable income carried over into and distributed in the current taxable year, or returns of capital.

The Company has taxable subsidiaries which hold certain portfolio investments in an effort to limit potential legal liability and/or comply with source-income type requirements contained in the RIC tax provisions of the Code. These taxable subsidiaries are consolidated for U.S. GAAP and the portfolio investments held by the taxable subsidiaries are included in the Company's consolidated financial statements, and are recorded at fair value. These taxable subsidiaries are not consolidated with the Company for income tax purposes and may generate income tax expense, or benefit, and tax assets and liabilities as a result of their ownership of certain portfolio investments. Any income generated by these taxable subsidiaries generally would be subject to tax at normal corporate tax rates based on its taxable income.

Taxable income for the three months ended March 31, 2019 was approximately $32.2 million or $0.33 per share. Taxable net realized gains for the same period were $3.2 million or approximately $0.03 per share. Taxable income for the three months ended March 31, 2018 was approximately $23.6 million or $0.28 per share. Taxable net realized gains for the same period were $219,000 or approximately $0.00 per share.

For the three months ended March 31, 2019, the Company paid approximately $1.1 million of tax expense and had $80,000 accrued but unpaid tax expense as of the balance sheet date. For the three months ended March 31, 2018, the Company paid approximately $667,000 of tax expense and had no accrued but unpaid tax expense as of the balance sheet date.

The Company intends to timely distribute to its stockholders substantially all of our annual taxable income for each year, except that it may retain certain net capital gains for reinvestment and, depending upon the level of taxable income earned in a year, may choose to carry forward taxable income for distribution in the following year and pay any applicable U.S. federal excise tax.

6. Stockholders' Equity

On August 16, 2013, the Company entered into an At-The-Market, or ATM equity distribution agreement, or the Prior Equity Distribution Agreement, with JMP Securities LLC, or JMP. On March 7, 2016, the Company renewed the Prior Equity Distribution Agreement and on December 21, 2016, the Company further amended the agreement to increase the total shares available under the program. The Prior Equity Distribution Agreement, as amended, provided that the Company may offer and sell up to 12.0 million shares of its common stock from time to time through JMP, as its sales agent.

On September 7, 2017, the Company terminated the Prior Equity Distribution Agreement and entered into a new ATM equity distribution agreement, or the new Equity Distribution Agreement. As a result, the remaining shares that were available under the Prior Equity Distribution agreement are no longer available for issuance. The Equity Distribution Agreement provides that the Company may offer and sell up to 12.0 million shares of its common stock from time to time through JMP, as its sales agent. Sales of the Company's common stock, if any, may be made in negotiated transactions or transactions that are deemed to be "at the market," as defined in Rule 415 under the Securities Act, including sales made directly on the NYSE or similar securities exchange or sales made to or through a market maker other than on an exchange, at prices related to the prevailing market prices or at negotiated prices.

During the three months ended March 31, 2019, there were no shares of common stock sold under the Equity Distribution Agreement. During the three months ended March 31, 2018, the Company sold 478,000 shares of common stock for total accumulated net proceeds of approximately $6.0 million, including $312,000 of offering expenses under the Equity Distribution Agreement.

The Company generally uses net proceeds from these offerings to make investments, to repurchase or pay down liabilities and for general corporate purposes. As of March 31, 2019, approximately 5.3 million shares remain available for issuance and sale under the Equity Distribution Agreement. See "Note 12 – Subsequent Events".

On June 14, 2018, the Company closed its underwritten public offering of 6.9 million shares of common stock, including an over-allotment option to purchase an additional 900,000 shares of common stock ("June 2018 Equity Offering"). The offering generated net proceeds, before expenses, of $81.3 million, including the underwriting discount and commissions of $2.6 million.

On December 17, 2018, the Company's Board of Directors authorized a stock repurchase plan permitting it to repurchase up to $25.0 million of its common stock. The Company may repurchase shares of its common stock in the open market, including block purchases, at prices that may be above or below the net asset value as reported in the most recently published financial statements, in accordance with the guidelines specified in Rule 10b-18 and Rule 10b5-1 of the Exchange Act. The Company expects that the share repurchase program will be in effect until June 18, 2019, or until the approved dollar amount has been used to repurchase shares. During the year ended December 31, 2018, the Company repurchased 376,466 shares of its common stock at an average price per share of $10.77 and a total cost of approximately $4.1 million. The Company had no common stock repurchases during three months ended March 31, 2019. As of March 31, 2019, approximately $20.9 million of common stock remains eligible for repurchase under the stock repurchase plan.

The Company has issued stock options for common stock subject to future issuance, of which 462,919 and 481,032 were outstanding at March 31, 2019 and December 31, 2018, respectively.

7. Equity Incentive Plans

The Company and its stockholders authorized and adopted the 2004 Equity Incentive Plan (the “2004 Plan”) for purposes of attracting and retaining the services of its executive officers and key employees.

The Company and its stockholders have authorized and adopted the 2006 Non-Employee Director Plan (the “2006 Plan” and, together with the 2004 Plan, the “Plans”) for purposes of attracting and retaining the services of its Board of Directors. On June 21, 2017, the 2006 Plan expired in accordance with its terms and no additional awards may be granted under the 2006 Plan.

On June 21, 2007, the stockholders approved amendments to the 2004 Plan and the 2006 Plan allowing for the grant of restricted stock. The amended Plans limit the combined maximum amount of restricted stock that may be issued under both Plans to 10% of the outstanding shares of the Company’s stock on the effective date of the Plans plus 10% of the number of shares of stock issued or delivered by the Company during the terms of the Plans. The amendments further specify that no one person shall be granted awards of restricted stock relating to more than 25% of the shares available for issuance under the 2004 Plan. Further, the amount of voting securities that would result from the exercise of all of the Company’s outstanding warrants, options and rights, together with any restricted stock issued pursuant to the Plans, at the time of issuance shall not exceed 25% of its outstanding voting securities, except that if the amount of voting securities that would result from such exercise of all of the Company’s outstanding warrants, options and rights issued to the Company’s directors, officers and employees, together with any restricted stock issued pursuant to the Plans, would exceed 15% of the Company’s outstanding voting securities, then the total amount of voting securities that would result from the exercise of all outstanding warrants, options and rights, together with any restricted stock issued pursuant to the Plans, at the time of issuance shall not exceed 20% of the Company’s outstanding voting securities.

During 2012, the Compensation Committee adopted a policy that provided for awards with different vesting schedules for short and long-term awards. All restricted stock grants under the 2004 Plan made prior to March 4, 2013 continue to vest on a monthly basis following their one-year anniversary over the succeeding 36 months. Under the 2004 Plan, restricted stock awarded subsequent to March 3, 2013 vests subject to continued employment based on two vesting schedules: short-term awards vest one-half on the one year anniversary of the date of the grant and quarterly over the succeeding 12 months, and long-term awards vest one-fourth on the one year anniversary of the date of grant and quarterly over the succeeding 36 months. No restricted stock was granted pursuant to the 2004 Plan prior to 2009.

On December 29, 2016, the Board of Directors approved an amendment and restatement of the 2004 Plan. The amended plan provides, in addition to the preexisting types of awards available for grant thereunder and among other things, (1) for the grant of restricted stock units; (2) for the deferral of the receipt of the shares of the Company’s common stock underlying vested restricted stock units; (3) that grantees may receive up to 10% of the value of the tentative restricted stock unit grants proposed for any grantee in the form of an option to acquire shares of the Company’s common stock; (4) that awards of restricted stock units may include performance vesting conditions; (5) that awards may require that all or a portion of the shares of the Company’s common stock delivered in respect of any vested restricted stock unit award be subject to a specified post-delivery holding period; and (6) that restricted stock unit awards may accrue distribution equivalents in respect of the Company’s common stock underlying any restricted stock unit award payable in the form of cash or additional shares of the Company’s common stock to the extent, and in respect of, any vested restricted stock units.

On May 2, 2018, the Company granted long-term Retention Performance Stock Unit awards (the “Retention PSUs”) under the 2004 Plan and separate cash bonus awards with similar terms (the “Cash Awards”) to senior personnel. The awards are designed to provide incentives that increase along with the total shareholder return (“TSR”). On May 2, 2018, the target number of Retention PSUs granted to senior personnel was 1,299,757 in the aggregate and the target amount of the Cash Awards granted to senior personnel was $4.0 million in the aggregate. As of March 31, 2019, there were 1.3 million Retention PSUs outstanding at target and the target amount of the Cash Awards was $3.0 million in the aggregate.

The Retention PSUs and Cash Awards do not vest until the fourth anniversary “cliff vest” of the grant date (or a change in control of the Company, if earlier) and the Retention PSUs must generally be held and not disposed of until the fifth anniversary of the grant date, except in the event of death, disability or a change in control (the “Performance Period”). No Retention PSUs or Cash Awards will vest if the Company’s TSR relative to certain specified publicly traded business development companies (BDCs) is not at or above the 25th percentile level of such BDCs. 50% of the target Cash Award and target number of Retention PSUs will vest if the Company's TSR performance relative to such BDCs is at the 25th percentile level. 100% of the target Cash Award and target number of Retention PSUs will vest if the Company's TSR performance relative to such BDCs is at the 50th percentile level. 200% of the target Cash Award and target number of Retention PSUs will vest if the Company's TSR performance relative to such BDCs is at the 90th percentile level. If the Company's TSR performance is between the 25th percentile and the 50th percentile, or between the 50th percentile and the 90th percentile, of such BDCs, the amount of the Cash Awards vested and payable and the number of vested and payable Retention PSUs will be determined by linear interpolation between the foregoing metrics. Dividend equivalents will accrue in respect only of the Retention PSUs in the form of additional Retention PSUs, but will not be paid unless the Retention PSUs to which such dividend equivalents relate actually vest. The Cash Awards are not eligible to accrue dividend equivalents.

The Company follows ASC Topic 718 ("Compensation – Stock Compensation") to account for the Retention PSUs and Cash Awards granted. Under ASC Topic 718, compensation cost associated with Retention PSUs is measured at the grant date based on the fair value of the award and is recognized over the Performance Period. As the Cash Awards are settled in cash, the award is expensed as a liability, and will be re-measured at each reporting period until the Performance Period is complete. The compensation expense for these awards is based on the per unit grant date valuation using a Monte-Carlo simulation multiplied by the target payout level. The payout level is calculated based the Company's TSR relative to specified BDCs during the performance period.

As of March 31, 2019, all of Retention PSUs and Cash Awards were unvested and there was approximately $14.1 million of total unrecognized compensation costs related to the Retention PSUs. These costs are expected to be recognized over a weighted average remaining vesting period of 3.09 years. As of March 31, 2019, there was approximately $677,000 of accumulated compensation expense related to the Cash Awards. The accumulated expense related to the Cash Awards is included within the Consolidated Statement of Assets and Liabilities.

On May 13, 2018, the Board of Directors further amended and restated the 2004 Plan and renamed it the Hercules Capital, Inc. Amended and Restated 2018 Equity Incentive Plan (the "2018 Equity Incentive Plan"). Under the 2004 Plan, prior to the amendment and restatement, the Company was authorized to issue 12.0 million shares of common stock. The 2018 Equity Incentive Plan, among other things, increased the number of shares available for issuance to eligible participants by an additional 6.7 million shares. Unless sooner terminated by the Board, the 2018 Equity Incentive Plan will terminate on the day before the tenth anniversary of the date the 2018 Equity Incentive Plan was initially adopted in 2018 by the Board. On May 13, 2018, the Board of Directors adopted the Hercules Capital, Inc. 2018 Non-employee Director Plan (the "Director Plan"). The Director Plan provides equity compensation in the form of restricted stock to the Company's non-employee directors. Subject to certain adjustments, the maximum aggregate number of shares of stock that may be authorized for issuance as restricted stock awards granted under the Director Plan is 300,000 shares. Unless sooner terminated by the Board, the Director Plan will terminate on the day before the tenth anniversary of the date the Director Plan was initially adopted in 2018 by the Board. The 2018 Equity Incentive Plan and the Director Plan were each approved by stockholders on June 28, 2018. For further information, please see our Proxy Statement filed with the SEC on May 29, 2018 in connection with our 2018 Annual Meeting of Stockholders.

Additionally, on May 29, 2018, the Company filed an exemptive application with the SEC and an amendment to the application on September 27, 2018, with respect to the 2018 Equity Incentive Plan and the Director Plan for exemptive relief from certain provisions of the 1940 Act. On January 30, 2019, the Company received approval from the SEC on its request for exemptive relief that permits it to issue restricted stock to non-employee directors under the Director Plan and restricted stock and restricted stock units to certain of its employees, officers, and directors (excluding non-employee directors) under the 2018 Equity Incentive Plan. The exemptive order also allows participants in the Director Plan and the 2018 Equity Incentive Plan to (i) elect to have the Company withhold shares of its common stock to pay for the exercise price and applicable taxes with respect to an option exercise ("net issuance exercise") and/or (ii) permit the holders of restricted stock to elect to have the Company withhold shares of its stock to pay the applicable taxes due on restricted stock at the time of vesting. Each individual employee would be able to make a cash payment to satisfy applicable tax withholding at the time of option exercise or vesting on restricted stock.

The following table summarizes the common stock options activities for the three months ended March 31, 2019 and 2018:

	Three Months Ended March 31,			
	2019		2018	
	Common Stock Options	**Weighted Average Exercise Price**	**Common Stock Options**	**Weighted Average Exercise Price**
Outstanding at December 31,	481,032	$ 13.40	590,525	$ 13.60
Granted	49,000	$ 12.60	22,000	$ 12.11
Exercised	(13,501)	$ 11.39	(38,208)	$ 11.31
Forfeited	(1,613)	$ 12.16	(20,628)	$ 13.41
Expired	(51,999)	$ 14.85	(10,999)	$ 14.39
Outstanding at March 31,	462,919	$ 13.21	542,690	$ 13.69
Shares Expected to Vest at March 31,	189,346	$ 13.51	176,076	$ 13.69

Options generally vest 33% one year after the date of grant and ratably over the succeeding 24 months. All options may be exercised for a period ending seven years after the date of grant. At March 31, 2019, options for approximately 462,919 shares were outstanding at a weighted average exercise price of approximately $13.21 per share with weighted average of remaining contractual term of 5.15 years and an aggregate intrinsic value of $140,000. At March 31, 2019, options for approximately 273,573 shares were exercisable at a weighted average exercise price of approximately $13.51 per share with weighted average of remaining contractual term of 4.33 years and an aggregate intrinsic value of $113,000.

The Company determined that the fair value of options granted under the 2018 Equity Incentive Plan during the three months ended March 31, 2019 and 2018 was approximately $18,000 and $12,000, respectively. During the three months ended March 31, 2019 and 2018, approximately $11,000 and $14,000 of share-based cost due to stock option grants was expensed, respectively. As of March 31, 2019, there was approximately $81,000 of total unrecognized compensation costs related to stock options. These costs are expected to be recognized over a weighted average period of 2.14 years.

The Company follows ASC Topic 718 to account for stock options granted. Under ASC Topic 718, compensation expense associated with stock-based compensation is measured at the grant date based on the fair value of the award and is recognized over the vesting period. Determining the appropriate fair value model and calculating the fair value of stock-based awards at the grant date requires judgment, including estimating stock price volatility, forfeiture rate and expected option life. The fair value of options granted is based upon a Black Scholes option pricing model using the assumptions in the following table for each of the three months ended March 31, 2019 and 2018 is as follows:

	Three Months Ended March 31,	
	2019	**2018**
Expected Volatility	18.40%	21.19%
Expected Dividends	10%	10%
Expected term (in years)	4.5	4.5
Risk-free rate	2.18% - 2.62%	2.19% - 2.64%

During the three months ended March 31, 2019 and 2018, the Company granted 48,116 shares and 334,995 shares, respectively, of restricted stock awards pursuant to the 2018 Equity Incentive Plan and the Director Plan. The Company determined that the fair values, based on grant date close price, of restricted stock awards granted under the 2018 Equity Incentive Plan and the Director Plan during the three months ended March 31, 2019 and 2018 were approximately $597,000 and $4.4 million, respectively. As of March 31, 2019, there were approximately $3.2 million of total unrecognized compensation costs related to restricted stock awards. These costs are expected to be recognized over a weighted average period of 1.95 years.

The following table summarizes the activities for the Company’s unvested restricted stock awards for the three months ended March 31, 2019 and 2018:

	Three Months Ended March 31,			
	2019		**2018**	
	Restricted Stock Awards	**Weighted Average Grant Date Fair Value**	**Restricted Stock Awards**	**Weighted Average Grant Date Fair Value**
Unvested at December 31,	380,870	$ 12.95	261,245	$ 12.43
Granted	48,116	$ 12.40	334,995	$ 13.04
Vested	(152,018)	$ 12.78	(83,054)	$ 13.03
Forfeited	—	$ —	(1,168)	$ 12.01
Unvested at March 31,	276,968	$ 12.95	512,018	$ 12.73

During the three months ended March 31, 2019 and 2018, the Company granted approximately 922,494 shares and 411,689 shares, respectively, of restricted stock units pursuant to the 2018 Equity Incentive Plan. The Company also granted approximately 46,321 shares and 20,386 shares, respectively, of distribution equivalent units pursuant to the 2018 Equity Incentive Plan. The Company determined that the fair values, based on grant date close price, of restricted stock units granted under the 2018 Equity Incentive Plan during the three months ended March 31, 2019 and 2018, were approximately $12.7 million and $5.4 million, respectively. As of March 31, 2019, there were approximately $16.6 million of total unrecognized compensation costs related to restricted stock units. These costs are expected to be recognized over a weighted average period of 2.39 years.

The following table summarizes the activities for the Company's unvested restricted stock units for the three months ended March 31, 2019 and 2018:

	Three Months Ended March 31, 2019			Three Months Ended March 31, 2018		
	Restricted Stock Units	Weighted Average Grant Date Fair Value		Restricted Stock Units	Weighted Average Grant Date Fair Value	
Unvested at December 31,	732,533	$	13.50	594,322	$	12.99
Granted	922,494	$	13.14	411,689	$	13.04
Distribution Equivalent Unit Granted	46,321	$	—	20,386	$	12.42
Vested (1)	(202,064)	$	13.37	(198,006)	$	12.91
Forfeited	(450)	$	14.21	(3,544)	$	12.66
Unvested at March 31,	1,498,834	$	13.29	824,847	$	12.69

(1) With respect to restricted stock units granted subsequent to January 1, 2017, receipt of the shares of the Company's common stock underlying vested restricted stock units will be deferred for 4 years from grant date unless certain conditions are met. Accordingly, such vested restricted stock units will not be issued as common stock upon vesting until the completion of the deferral period.

During the three months ended March 31, 2019, the Company expensed approximately $2.2 million of compensation expense related to restricted stock awards and restricted stock units. The Company had approximately $2.3 million in compensation expense related to restricted stock awards during the three months ended March 31, 2018.

8. Earnings Per Share

Shares used in the computation of the Company's basic and diluted earnings per share are as follows:

(in thousands, except per share data)	Three Months Ended March 31, 2019		2018	
Numerator				
Net increase in net assets resulting from operations	$	61,585	$	5,946
Less: Distributions declared-common and restricted shares		(29,900)		(26,419)
Undistributed earnings		31,685		(20,473)
Undistributed earnings-common shares		31,610		(20,473)
Add: Distributions declared-common shares		29,829		26,247
Numerator for basic and diluted change in net assets per common share	$	61,439	$	5,774
Denominator				
Basic weighted average common shares outstanding		96,218		84,596
Common shares issuable		290		70
Weighted average common shares outstanding assuming dilution		96,508		84,666
Change in net assets per common share				
Basic	$	0.64	$	0.07
Diluted	$	0.64	$	0.07

In the table above, unvested share-based payment awards that have non-forfeitable rights to distributions or distribution equivalents are treated as participating securities for calculating earnings per share. Unvested common stock options and restricted stock units are also considered for the purpose of calculating diluted earnings per share.

For the three months ended March 31, 2019 and 2018, the effect of the 2022 Convertible Notes under the treasury stock method was anti-dilutive and, accordingly, was excluded from the calculation of diluted earnings per share.

The calculation of change in net assets resulting from operations per common share—assuming dilution, excludes all anti-dilutive shares. For the three months ended March 31, 2019, the number of anti-dilutive shares, as calculated based on the weighted average closing price of the Company's common stock for the periods, consisted of 4.0 million shares of 2022 Convertible Notes, 38,728 shares of unvested common stock options, no shares of unvested restricted stock units, and no shares of unvested Retention PSUs. For the three months ended March 31, 2018, the number of anti-dilutive shares, as calculated based on the weighted average closing price of the Company's common stock for the periods, consisted of 4.3 million shares related to 2022 Convertible Notes, 73,024 shares of unvested common stock options, and no shares of unvested restricted stock units.

At both March 31, 2019 and December 31, 2018, the Company was authorized to issue 200.0 million shares of common stock with a par value of $0.001. Each share of common stock entitles the holder to one vote.

9. Financial Highlights

Following is a schedule of financial highlights for the three months ended March 31, 2019 and 2018:

	Three Months Ended March 31,	
	2019	2018
Per share data [1]:		
Net asset value at beginning of period	$ 9.90	$ 9.96
Net investment income	0.30	0.31
Net realized gain (loss) on investments	0.05	(0.06)
Net unrealized appreciation (depreciation) on investments	0.29	(0.18)
Total from investment operations	0.64	0.07
Net increase (decrease) in net assets from capital share transactions [1]	(0.01)	(0.03)
Distributions of net investment income [6]	(0.31)	(0.31)
Stock-based compensation expense included in investment income [2]	0.04	0.03
Net asset value at end of period	$ 10.26	$ 9.72
Ratios and supplemental data:		
Per share market value at end of period	$ 12.66	$ 12.10
Total return [3]	17.22%	(5.44%)
Shares outstanding at end of period	96,543	85,239
Weighted average number of common shares outstanding	96,218	84,596
Net assets at end of period	$ 990,349	$ 828,731
Ratio of total expense to average net assets [4]	12.41%	10.64%
Ratio of net investment income before investment gains and losses to average net assets [4]	12.10%	12.25%
Portfolio turnover rate [5]	4.27%	15.62%
Weighted average debt outstanding	$ 1,078,538	$ 795,060
Weighted average debt per common share	$ 11.21	$ 9.40

(1) All per share activity is calculated based on the weighted average shares outstanding for the relevant period, except net increase (decrease) in net assets from capital share transactions, which is based on the common shares outstanding as of the relevant balance sheet date.

(2) Stock option expense is a non-cash expense that has no effect on net asset value. Pursuant to ASC Topic 718, net investment income includes the expense associated with the granting of stock options which is offset by a corresponding increase in paid-in capital.

(3) The total return for the three months ended March 31, 2019 and 2018 equals the change in the ending market value over the beginning of the period price per share plus distributions paid per share during the period, divided by the beginning price assuming the distribution is reinvested on the date of the distribution. As such, the total return is not annualized. The total return does not reflect any sales load that must be paid by investors.

(4) The ratios are calculated based on weighted average net assets for the relevant period and are annualized.

(5) The portfolio turnover rate for the three months ended March 31, 2019 and 2018 equals the lesser of investment portfolio purchases or sales during the period, divided by the average investment portfolio value during the period. As such, portfolio turnover rate is not annualized.

(6) Includes distributions on unvested restricted stock awards.

10. Commitments and Contingencies

The Company’s commitments and contingencies consist primarily of unused commitments to extend credit in the form of loans to the Company’s portfolio companies. A portion of these unfunded contractual commitments as of March 31, 2019 are dependent upon the portfolio company reaching certain milestones before the debt commitment becomes available. Furthermore, the Company’s credit agreements contain customary lending provisions which allow the Company relief from funding obligations for previously made commitments in instances where the underlying company experiences materially adverse events that affect the financial condition or business outlook for the Company. Since a portion of these commitments may expire without being drawn, unfunded contractual commitments do not necessarily represent future cash requirements. As such, the Company’s disclosure of unfunded contractual commitments includes only those which are available at the request of the portfolio company and unencumbered by milestones.

At March 31, 2019, the Company had approximately $154.2 million of unfunded commitments, including undrawn revolving facilities, which were available at the request of the portfolio company and unencumbered by milestones.

The Company also had approximately $152.7 million of non-binding term sheets outstanding at March 31, 2019. Non-binding outstanding term sheets are subject to completion of the Company’s due diligence and final investment committee approval process, as well as the negotiation of definitive documentation with the prospective portfolio companies. These non-binding term sheets generally convert to contractual commitments in approximately 90 days from signing. Not all non-binding term sheets are expected to close and do not necessarily represent future cash requirements.

The fair value of the Company’s unfunded commitments is considered to be immaterial as the yield determined at the time of underwriting is expected to be materially consistent with the yield upon funding, given that interest rates are generally pegged to market indices and given the existence of milestones, conditions and/or obligations imbedded in the borrowing agreements.

As of March 31, 2019, the Company’s unfunded contractual commitments available at the request of the portfolio company, including undrawn revolving facilities, and unencumbered by milestones are as follows:

(in thousands)

Portfolio Company		Unfunded Commitments (1)
Tricida, Inc.	$	35,000
Urovant Sciences Ltd.		30,000
Aldeyra Therapeutics		20,000
Arctic Wolf Networks, Inc.		10,000
Constellation Pharmaceuticals, Inc.		10,000
Businessolver.com, Inc.		9,818
DocuTAP, Inc.		6,000
Clarabridge, Inc.		5,000
Lendio, Inc.		5,000
Xometry, Inc.		4,000
Lithium Technologies, Inc.		3,623
Fastly, Inc.		3,333
Intent Media, Inc.		3,000
Emma, Inc.		2,963
Convercent, Inc.		2,500
Credible Behavioral Health, Inc.		2,500
Greenphire, Inc.		500
Insurance Technologies Corporation		500
Salsa Labs, Inc.		500
Total	$	154,237

(1) Amount represents unfunded commitments, including undrawn revolving facilities, which are available at the request of the portfolio company. Amount excludes unfunded commitments which are unavailable due to the borrower having not met certain milestones.

The Company’s contractual obligations as of March 31, 2019 include:

	Payments due by period (in thousands)									
Contractual Obligations (1)		**Total**		**Less than 1 year**		**1 - 3 years**		**3 - 5 years**		**After 5 years**
Borrowings (2)(3)	$	1,138,266	$	—	$	374,266	$	199,000	$	565,000
Lease and License Obligations (4)		15,320		2,840		6,142		4,826		1,512
Total	$	1,153,586	$	2,840	$	380,408	$	203,826	$	566,512

(1) Excludes commitments to extend credit to the Company’s portfolio companies.
(2) Includes $149.0 million in principal outstanding under the SBA debentures, $150.0 million of the 2022 Notes, $75.0 million of the 2025 Notes, $40.0 million of the 2033 Notes, $200.0 million of the 2027 Asset-Backed Notes, $250.0 million of the 2028 Asset-Backed Notes, $230.0 million of the 2022 Convertible Notes, $4.6 million outstanding under the Wells Facility, and $39.7 million outstanding under the Union Credit Facility as of March 31, 2019.
(3) Amounts represent future principal repayments and not the carrying value of each liability. See Note 4 to the Company’s consolidated financial statements.
(4) Facility leases and licenses including short-term leases.

Certain premises are leased or licensed under agreements which expire at various dates through June 2027. Total rent expense, including short-term leases, amounted to approximately $588,000 during the three months ended March 31, 2019 and approximately $451,000 during the three months ended March 31, 2018. The Company recognizes an operating lease liability and a ROU asset for all leases, with the exception of short-term leases. The lease payments on short-term leases are recognized as rent expense on a straight-line basis. The discount rate applied to measure each ROU asset and lease liability is based on the Company’s weighted average cost of debt. The Company considers the general economic environment and its credit rating and factors in various financing and asset specific adjustments to ensure the discount rate applied is appropriate to the intended use of the underlying lease. While some of the leases contained options to extend and terminate, it is not reasonably certain that either option will be utilized and therefore, only the payments in the initial term of the leases were included in the lease liability and ROU asset.

The following table sets forth information related to the measurement of the Company's operating lease liabilities as of March 31, 2019:

(dollars in thousands)	Three Months Ended March 31, 2019	
Total operating lease cost	$	536
Cash paid for amounts included in the measurement of lease liabilities	$	536
Weighted-average remaining lease term (in years)		4.37
Weighted-average discount rate		5.65%

The following table shows future minimum lease payments under the Company's operating leases and a reconciliation to the operating lease liability as of March 31, 2019:

(in thousands)		
2019	$	1,618
2020		2,247
2021		2,322
2022		2,385
2023		1,640
Total lease payments		10,212
Less: imputed interest		(1,356)
Total operating lease liability	$	8,856

The Company may, from time to time, be involved in litigation arising out of its operations in the normal course of business or otherwise. Furthermore, third parties may try to seek to impose liability on the Company in connection with the activities of its portfolio companies. While the outcome of any current legal proceedings cannot at this time be predicted with certainty, the Company does not expect any current matters will materially affect the Company's financial condition or results of operations; however, there can be no assurance whether any pending legal proceedings will have a material adverse effect on the Company's financial condition or results of operations in any future reporting period.

11. Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") issued ASU 2016-02, Leases (Topic 842) in order to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet for those leases classified as operating leases under prior GAAP. ASU 2016-02 requires that a lessee should recognize a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term on the balance sheet. The Company adopted ASU 2016-02 in the first quarter of 2019 utilizing the modified retrospective transition method through a cumulative-effect adjustment at the beginning of the first quarter of 2019. No adjustment was necessary at January 1, 2019. The Company has elected the package of practical expedients, which allows the Company not to reassess (1) whether any expired or existing contracts as of the adoption date are or contain a lease, (2) lease classification for any expired or existing leases as of the adoption date and (3) initial direct costs for any existing leases as of the adoption date. The Company elected to apply the transition provisions as of January 1, 2019, the date of adoption, and recorded lease right-of-use assets and related liabilities on its Consolidated Statement of Assets and Liabilities of $9.4 million related to its operating leases. The Company has no finance leases. There was no change to the Company's Consolidated Statement of Operations or Cash Flows.

In June 2018, the FASB issued ASU 2018-07, "Compensation - Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting". This amendment expands the scope of Topic 718, Compensation—Stock Compensation (which currently only includes share-based payments to employees) to include share-based payments issued to nonemployees for goods or services. Consequently, the accounting for share-based payments to nonemployees and employees will be substantially aligned. ASU 2018-07 supersedes Subtopic 505-50, Equity—Equity-Based Payments to Non-Employees and is effective for annual reporting periods, and the interim periods within those periods, beginning after December 15, 2018. The Company adopted this standard effective January 1, 2019, which did not have a material impact, on its consolidated financial statements and related disclosures for the periods presented.

In August 2018, the FASB issued ASU 2018-13, "Fair Value Measurement (Topic 820): Disclosure Framework – Changes to Disclosure Requirements for Fair Value Measurement", which is intended to improve the effectiveness of fair value measurement disclosures. The amendment, among other things, affects certain disclosure requirements related to transfers between level 1 and level 2 of the fair value hierarchy, and level 3 fair value measurements as they relate to valuation process, unrealized gains and losses, measurement uncertainty, and significant unobservable inputs. The new guidance is effective for interim and annual periods beginning after December 15, 2019. Early adoption is permitted for any interim or annual period. The Company does not believe that ASU 2018-13 will have a material impact on its consolidated financial statements and disclosures.

In August 2018, the Securities and Exchange Commission (“SEC”) issued Final Rule Release No. 33-10532 - “Disclosure Update and Simplification.” This rule amends various SEC disclosure requirements that have been determined to be redundant, duplicative, overlapping, outdated, or superseded. The changes are generally expected to reduce or eliminate certain disclosures; however, the amendments did expand interim period disclosure requirements related to changes in stockholders' equity. This final rule is effective on November 5, 2018. The Company has adopted these amendments as currently required and these are reflected in its consolidated financial statements and related disclosures. Certain prior year information has been adjusted to conform with these amendments.

12. Subsequent Events

Distribution Declaration

On April 24, 2019, the Board of Directors declared a cash distribution of $0.32 per share to be paid on May 20, 2019 to stockholders of record as of May 13, 2019. This distribution represents the Company’s fifty-fifth consecutive distribution since the Company’s IPO, bringing the total cumulative distribution to date to $15.60 per share.

In addition to the cash distribution, on April 24, 2019, the Board of Directors declared a supplemental distribution of $0.01 per share to be paid on May 20, 2019 to stockholders of record as of May 13, 2019. The total cumulative distribution to date, including the supplemental distribution is $15.61 per share.

ATM Equity Program Issuances

Subsequent to March 31, 2019 and as of April 29, 2019, the Company sold approximately 679,000 shares of common stock for total accumulated net proceeds of approximately $8.5 million, including approximately $78,000 of offering expenses, under the Equity Distribution Agreement. As of April 29, 2019, approximately 4.6 million shares remain available for issuance and sale under the Equity Distribution Agreement.

Share Repurchase Program

Subsequent to March 31, 2019 and as of April 29, 2019, the Company did not repurchase any shares of its common stock. As of April 29, 2019, approximately $20.9 million of common stock remains eligible for repurchase under the stock repurchase plan.

Portfolio Company Developments

As of April 29, 2019, the Company held warrants or equity positions in five companies that have filed registration statements on Form S-1 with the SEC in contemplation of potential initial public offerings. Three of the companies filed confidentially under the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. There can be no assurance that companies that have yet to complete their initial public offerings will do so in a timely manner or at all. Subsequent to March 31, 2019 and as of April 29, 2019, our portfolio companies announced or completed the following liquidity events:

1. In April 2019, Pinterest, Inc. (NYSE: PINS), a provider of a content sharing platform designed for collecting, organizing and sharing items from the web, completed its IPO offering of 75.0 million shares of Class A common stock at an initial public offering price of $19.00 per share on the New York Stock Exchange.
2. In April 2019, WildTangent, Inc., a game network that powers game services for several personal computer manufacturers, was acquired by gamigo AG, a Hamburg-based publisher of free-to-play online and mobile games in Europe and North America. Terms of the acquisition were not disclosed.

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-Looking Statements

The matters discussed in this report, as well as in future oral and written statements by management of Hercules Capital, Inc., that are forward-looking statements are based on current management expectations that involve substantial risks and uncertainties which could cause actual results to differ materially from the results expressed in, or implied by, these forward- looking statements. Forward-looking statements relate to future events or our future financial performance. We generally identify forward-looking statements by terminology such as “may,” “will,” “should,” “expects,” “plans,” “anticipates,” “could,” “intends,” “target,” “projects,” “contemplates,” “believes,” “estimates,” “predicts,” “potential” or “continue” or the negative of these terms or other similar expressions. Important assumptions include our ability to originate new investments, achieve certain margins and levels of profitability, the availability of additional capital, and the ability to maintain certain debt to asset ratios. In light of these and other uncertainties, the inclusion of a projection or forward-looking statement in this report should not be regarded as a representation by us that our plans or objectives will be achieved. The forward-looking statements contained in this report include statements as to:

- our current and future management structure;
- our future operating results;
- our business prospects and the prospects of our prospective portfolio companies;
- the impact of investments that we expect to make;
- our informal relationships with third parties including in the venture capital industry;
- the expected market for venture capital investments and our addressable market;
- the dependence of our future success on the general economy and its impact on the industries in which we invest;
- our ability to access debt markets and equity markets;
- the ability of our portfolio companies to achieve their objectives;
- our expected financings and investments;
- our regulatory structure and tax status;
- our ability to operate as a BDC, a SBIC and a RIC;
- the adequacy of our cash resources and working capital;
- the timing of cash flows, if any, from the operations of our portfolio companies;
- the timing, form and amount of any distributions;
- the impact of fluctuations in interest rates on our business;
- the valuation of any investments in portfolio companies, particularly those having no liquid trading market; and
- our ability to recover unrealized losses.

The following discussion should be read in conjunction with our consolidated financial statements and related notes and other financial information appearing elsewhere in this report. In addition to historical information, the following discussion and other parts of this report contain forward-looking information that involves risks and uncertainties. Our actual results could differ materially from those anticipated by such forward-looking information due to the factors discussed under Item 1A— “Risk Factors” of Part II of this quarterly report on Form 10-Q, Item 1A— “Risk Factors” of our annual report on Form 10-K filed with the Securities and Exchange Commission (“SEC”) on February 21, 2019 and under “Forward-Looking Statements” of this Item 2.

Overview

We are a specialty finance company focused on providing senior secured loans to high-growth, innovative venture capital-backed companies in a variety of technology, life sciences, and sustainable and renewable technology industries. We source our investments through our principal office located in Palo Alto, CA, as well as through our additional offices in Boston, MA, New York, NY, Washington, DC, Hartford, CT, Westport, CT, Chicago, IL, and San Diego, CA.

Our goal is to be the leading structured debt financing provider for venture capital-backed companies in technology-related industries requiring sophisticated and customized financing solutions. Our strategy is to evaluate and invest in a broad range of technology-related industries including technology, drug discovery and development, biotechnology, life sciences, healthcare, and sustainable and renewable technology and to offer a full suite of growth capital products. We invest primarily in structured debt with warrants and, to a lesser extent, in senior debt and equity investments. We invest primarily in private companies but also have investments in public companies.

We use the term “structured debt with warrants” to refer to any debt investment, such as a senior or subordinated secured loan, that is coupled with an equity component, including warrants, options or other rights to purchase common or preferred stock. Our structured debt with warrants investments typically are secured by some or all of the assets of the portfolio company. We also provide “unitranche” loans, which are loans that combine both senior and mezzanine debt, generally in a first lien position.

Our investment objective is to maximize our portfolio total return by generating current income from our debt investments and capital appreciation from our warrant and equity-related investments. Our primary business objectives are to increase our net income, net operating income and NAV by investing in structured debt with warrants and equity of venture capital-backed companies in technology-related industries with attractive current yields and the potential for equity appreciation and realized gains. Our equity ownership in our portfolio companies may exceed 25% of the voting securities of such companies, which represents a controlling interest under the 1940 Act. In some cases, we receive the right to make additional equity investments in our portfolio companies in connection with future equity financing rounds. Capital that we provide directly to venture capital-backed companies in technology-related industries is generally used for growth and general working capital purposes as well as in select cases for acquisitions or recapitalizations.

We also make investments in qualifying small businesses through HT III, which is our wholly-owned SBIC. HT III holds approximately $314.5 million in assets, which accounted for approximately 13.1% of our total assets, prior to consolidation at March 31, 2019.

We have qualified as and have elected to be treated for tax purposes as a RIC under Subchapter M of the Code. Pursuant to this election, we generally will not be subject to corporate-level taxes on any income and gains that we distribute as dividends for federal income tax purposes to our stockholders. However, our qualification and election to be treated as a RIC requires that we comply with provisions contained in Subchapter M of the Code. For example, as a RIC we must earn 90% or more of our gross income during each taxable year from qualified sources, typically referred to as “good income,” as well as satisfy certain quarterly asset diversification and annual income distribution requirements.

We are an internally managed, non-diversified, closed-end investment company that has elected to be regulated as a BDC under the 1940 Act. As a BDC, we are required to comply with certain regulatory requirements. For instance, we generally have to invest at least 70% of our total assets in “qualifying assets,” which includes securities of private U.S. companies, cash, cash equivalents and high-quality debt investments that mature in one year or less.

Our portfolio is comprised of, and we anticipate that our portfolio will continue to be comprised of, investments primarily in technology related companies at various stages of their development. Consistent with requirements under the 1940 Act, we invest primarily in United-States based companies and to a lesser extent in foreign companies.

We regularly engage in discussions with third parties with respect to various potential transactions. We may acquire an investment or a portfolio of investments or an entire company or sell a portion of our portfolio on an opportunistic basis. We, our subsidiaries or our affiliates may also agree to manage certain other funds that invest in debt, equity or provide other financing or services to companies in a variety of industries for which we may earn management or other fees for our services. We may also invest in the equity of these funds, along with other third parties, from which we would seek to earn a return and/or future incentive allocations. Some of these transactions could be material to our business. Consummation of any such transaction will be subject to completion of due diligence, finalization of key business and financial terms (including price) and negotiation of final definitive documentation as well as a number of other factors and conditions including, without limitation, the approval of our board of directors and required regulatory or third party consents and, in certain cases, the approval of our stockholders. Accordingly, there can be no assurance that any such transaction would be consummated. Any of these transactions or funds may require significant management resources either during the transaction phase or on an ongoing basis depending on the terms of the transaction.

Reduced Asset Coverage Requirements

The Small Business Credit Availability Act, or the SBCAA, which was signed into law in March 2018, decreased the minimum asset coverage ratio in Section 61(a) of the 1940 Act for business development companies from 200% to 150% (subject to either stockholder approval or approval of both a majority of the board of directors and a majority of directors who are not interested persons). On September 4, 2018 and December 6, 2018, our Board of Directors, including a "required majority" (as such term is defined in Section 57(o) of the 1940 Act) and our stockholders, respectively, approved the application to us of the 150% minimum asset coverage ratio set forth in Section 61(a)(2) of the 1940 Act. As a result, effective December 7, 2018, the asset coverage ratio under the 1940 Act applicable to us decreased from 200% to 150%, permitting us to incur additional leverage.

Portfolio and Investment Activity

The total fair value of our investment portfolio was approximately $2.1 billion at March 31, 2019 and $1.9 billion at December 31, 2018. The fair value of our debt investment portfolio at March 31, 2019 was approximately $1.9 billion, compared to a fair value of approximately $1.7 billion December 31, 2018. The fair value of the equity portfolio at March 31, 2019 was approximately $157.0 million, compared to a fair value of approximately $120.2 million at December 31, 2018. The fair value of the warrant portfolio at March 31, 2019 was approximately $26.9 million, compared to a fair value of approximately $26.7 million at December 31, 2018.

Portfolio Activity

Our investments in portfolio companies take a variety of forms, including unfunded contractual commitments and funded investments. From time to time, unfunded contractual commitments depend upon a portfolio company reaching certain milestones before the debt commitment is available to the portfolio company, which is expected to affect our funding levels. These commitments are subject to the same underwriting and ongoing portfolio maintenance as the on-balance sheet financial instruments that we hold. Debt commitments generally fund over the two succeeding quarters from close. Not all debt commitments represent future cash requirements. Similarly, unfunded contractual commitments may expire without being drawn and thus do not represent future cash requirements.

Prior to entering into a contractual commitment, we generally issue a non-binding term sheet to a prospective portfolio company. Non-binding term sheets are subject to completion of our due diligence and final investment committee approval process, as well as the negotiation of definitive documentation with the prospective portfolio companies. These non-binding term sheets generally convert to contractual commitments in approximately 90 days from signing. Not all non-binding term sheets are expected to close and do not necessarily represent future cash requirements.

Our portfolio activity for the three months ended March 31, 2019 and the year ended December 31, 2018 was comprised of the following:

(in millions)	**March 31, 2019**	**December 31, 2018**
Debt Commitments (1)		
New portfolio company	$ 290.0	$ 969.2
Existing portfolio company	111.0	184.0
Total	$ 401.0	$ 1,153.2
Funded and Restructured Debt Investments (2)		
New portfolio company	$ 155.0	$ 641.6
Existing portfolio company	70.8	258.2
Total	$ 225.8	$ 899.8
Funded Equity Investments		
New portfolio company	$ 5.1	$ 53.4
Existing portfolio company	8.7	7.6
Total	$ 13.8	$ 61.0
Unfunded Contractual Commitments (3)		
Total	$ 154.2	$ 139.0
Non-Binding Term Sheets		
New portfolio company	$ 63.6	$ 55.5
Existing portfolio company	89.1	—
Total	$ 152.7	$ 55.5

(1) Includes restructured loans and renewals in addition to new commitments.
(2) Funded amounts include borrowings on revolving facilities.
(3) Amount represents unfunded commitments, including undrawn revolving facilities, which are available at the request of the portfolio company. Amount excludes unfunded commitments which are unavailable due to the borrower having not met certain milestones.

We receive principal payments on our debt investment portfolio based on scheduled amortization of the outstanding balances. In addition, we receive principal repayments for some of our loans prior to their scheduled maturity date. The frequency or volume of these early principal repayments may fluctuate significantly from period to period. During the three months ended March 31, 2019, we received approximately $65.8 million in aggregate principal repayments. Of the approximately $65.8 million of aggregate principal repayments, approximately $18.3 million were scheduled principal payments and approximately $47.5 million were early principal repayments related to six portfolio companies. Of the approximately $47.5 million early principal repayments, approximately $10.2 million was an early repayment due to a merger and acquisition transaction for one portfolio company.

Total portfolio investment activity (inclusive of unearned income and excluding activity related to taxes payable, and escrow receivables) as of and for the three months ended March 31, 2019 and the year ended December 31, 2018 was as follows:

(in millions)	March 31, 2019	December 31, 2018
Beginning portfolio	$ 1,880.4	$ 1,542.2
New fundings and restructures	239.7	960.7
Warrants not related to current period fundings	(0.1)	0.1
Principal payments received on investments	(18.3)	(90.1)
Early payoffs	(47.5)	(486.6)
Accretion of loan discounts and paid-in-kind principal	9.6	34.9
Net acceleration of loan discounts and loan fees due to early payoff or restructure	(1.3)	(13.5)
New loan fees	(4.1)	(13.8)
Warrants converted to equity	—	—
Sale of investments	(8.3)	(5.9)
Loss on investments due to write offs	3.0	(25.1)
Net change in unrealized appreciation (depreciation)	27.9	(22.5)
Ending portfolio	$ 2,081.0	$ 1,880.4

As of March 31, 2019, we held warrants or equity positions in four companies that have filed registration statements on Form S-1 with the SEC in contemplation of potential initial public offerings. Three of the companies filed confidentially under the JOBS Act. There can be no assurance that companies that have yet to complete their initial public offerings will do so in a timely manner or at all.

Changes in Portfolio

We generate revenue in the form of interest income, primarily from our investments in debt securities, and commitment and facility fees. Interest income is recognized in accordance with the contractual terms of the loan agreement to the extent that such amounts are expected to be collected. Fees generated in connection with our debt investments are recognized over the life of the loan or, in some cases, recognized as earned. In addition, we generate revenue in the form of capital gains, if any, on warrants or other equity-related securities that we acquire from our portfolio companies. Our investments generally range from $12.0 million to $40.0 million, although we may make investments in amounts above or below that range. As of March 31, 2019, our debt investments have a term of between two and seven years and typically bear interest at a rate ranging from approximately 5.5% to approximately 15.7%. In addition to the cash yields received on our debt investments, in some instances, our debt investments may also include any of the following: exit fees, balloon payment fees, commitment fees, success fees, PIK provisions or prepayment fees which may be required to be included in income prior to receipt.

Interest on debt securities is generally payable monthly, with amortization of principal typically occurring over the term of the investment. In addition, our loans may include an interest-only period ranging from three to eighteen months or longer. In limited instances in which we choose to defer amortization of the loan for a period of time from the date of the initial investment, the principal amount of the debt securities and any accrued but unpaid interest become due at the maturity date.

Loan origination and commitment fees received in full at the inception of a loan are deferred and amortized into fee income as an enhancement to the related loan’s yield over the contractual life of the loan. We recognize nonrecurring fees amortized over the remaining term of the loan commencing in the quarter relating to specific loan modifications. We had approximately $39.8 million of unamortized fees at March 31, 2019, of which approximately $33.7 million was included as an offset to the cost basis of our current debt investments and approximately $6.1 million was deferred contingent upon the occurrence of a funding or milestone. At December 31, 2018, we had approximately $36.3 million of unamortized fees, of which approximately $31.1 million was included as an offset to the cost basis of our current debt investments and approximately $5.2 million was deferred contingent upon the occurrence of a funding or milestone.

Loan exit fees to be paid at the termination of the loan are accreted into interest income over the contractual life of the loan. At March 31, 2019, we had approximately $29.4 million in exit fees receivable, of which approximately $26.5 million was included as a component of the cost basis of our current debt investments and approximately $2.9 million was a deferred receivable related to expired commitments. At December 31, 2018, we had approximately $25.6 million in exit fees receivable, of which approximately $23.3 million was included as a component of the cost basis of our current debt investments and approximately $2.3 million was a deferred receivable related to expired commitments.

We have debt investments in our portfolio that contain a PIK provision. The PIK interest, computed at the contractual rate specified in each loan agreement, is recorded as interest income and added to the principal balance of the loan on specified capitalization dates. To maintain our ability to be subject to tax as a RIC, this non-cash source of income must be distributed to stockholders with other sources of income in the form of dividend distributions even though we have not yet collected the cash. Amounts necessary to pay these distributions may come from available cash or the liquidation of certain investments. We recorded approximately $2.1 million and $2.3 million in PIK income during the three months ended March 31, 2019 and 2018, respectively.

The core yield on our debt investments, which excludes the effects of fee and income accelerations attributed to early payoffs, restructuring, loan modifications and other one-time events and includes income from expired commitments, was 12.7% and 11.9% during the three months ended March 31, 2019 and 2018, respectively. The effective yield on our debt investments, which includes the effects of fee and income accelerations attributed to early payoffs, restructuring, loan modifications and other one-time events, was 13.0% and 14.3% for the three months ended March 31, 2019 and 2018, respectively. The effective yield is derived by dividing total investment income by the weighted average earning investment portfolio assets outstanding during the quarter, excluding non-interest earning assets such as warrants and equity investments. Both the core yield and effective yield may be higher than what our common stockholders may realize as the core yield and effective yield do not reflect our expenses and any sales load paid by our common stockholders. The total yield on our investment portfolio was 11.5% and 12.5% during the three months ended March 31, 2019 and 2018, respectively. The total yield is derived by dividing total investment income by the weighted average investment portfolio assets outstanding during the quarter, including non-interest earning assets such as warrants and equity investments at amortized cost.

The total return for our investors was approximately 17.2% and -5.4% during the three months ended March 31, 2019 and 2018, respectively. The total return equals the change in the ending market value over the beginning of the period price per share plus distributions paid per share during the period, divided by the beginning price assuming the distribution is reinvested on the date of the distribution. The total return does not reflect any sales load that must be paid by investors. See “Note 9 – Financial Highlights” included in the notes to our consolidated financial statements appearing elsewhere in this report.

Portfolio Composition

Our portfolio companies are primarily privately held companies and public companies which are active in sectors characterized by high margins, high growth rates, consolidation and product and market extension opportunities. As of March 31, 2019, approximately 87.9% of the fair value of our portfolio was composed of investments in five industries: 29.3% was composed of investments in the drug discovery and development industry, 28.5% was composed of investments in the software industry, 18.0% was composed of investments in the internet consumer & business services industry, 6.2% was composed of investments in the sustainable and renewable technology industry, and 5.9% was composed of investments in the Medical Devices & Equipment industry. Value for companies in these sectors is often vested in intangible assets and intellectual property.

Industry and sector concentrations vary as new loans are recorded and loans pay off. Loan revenue, consisting of interest, fees, and recognition of gains on equity and warrants or other equity-related interests, can fluctuate materially when a loan is paid off or a warrant or equity interest is sold. Revenue recognition in any given year can be highly concentrated in several portfolio companies.

For the three months ended March 31, 2019 and the year ended December 31, 2018, our ten largest portfolio companies represented approximately 26.2% and 28.2% of the total fair value of our investments in portfolio companies, respectively. At March 31, 2019 and December 31, 2018, we had eight and seven investments, respectively, that represented 5% or more of our net assets. At March 31, 2019, we had six equity investments representing approximately 58.0% of the total fair value of our equity investments, and each represented 5% or more of the total fair value of our equity investments. At December 31, 2018, we had five equity investments which represented approximately 53.0% of the total fair value of our equity investments, and each represented 5% or more of the total fair value of our equity investments. No single portfolio investment represents more than 10% of the fair value of our total investments as of March 31, 2019 and December 31, 2018.

As of March 31, 2019, approximately 97.5% of the debt investment portfolio was priced at floating interest rates or floating interest rates with a Prime or LIBOR-based interest rate floor. As a result, we believe we are well positioned to benefit should market interest rates continue to rise.

In the majority of cases, we collateralize our investments by obtaining a first priority security interest in a portfolio company's assets, which may include its intellectual property. In other cases, we may obtain a negative pledge covering a company's intellectual property. As of March 31, 2019, approximately 82.0% of our debt investments were in a senior secured first lien position, with 44.8% secured by a first priority security in all of the assets of the portfolio company, including its intellectual property, 29.8% secured by a first priority security in all of the assets of the portfolio company and the portfolio company was prohibited from pledging or encumbering its intellectual property, 1.0% of our debt investments were senior secured by the equipment of the portfolio company, and 6.4% were in a first lien "last-out" senior secured position with security interest in all of the assets of the portfolio company, whereby the "last-out" loans will be subordinated to the "first-out" portion of the unitranche loan in a liquidation, sale or other disposition. Another 17.2% of our debt investments were secured by a second priority security interest in all of the portfolio company's assets, and 0.8% were unsecured.

Our investments in senior secured debt with warrants have detachable equity enhancement features, typically in the form of warrants or other equity-related securities designed to provide us with an opportunity for capital appreciation. These features are treated as OID and are accreted into interest income over the term of the loan as a yield enhancement. Our warrant coverage generally ranges from 3% to 20% of the principal amount invested in a portfolio company, with a strike price generally equal to the most recent equity financing round. As of March 31, 2019, we held warrants in 126 portfolio companies, with a fair value of approximately $26.9 million. The fair value of our warrant portfolio increased by approximately $264,000, as compared to a fair value of $26.7 million at December 31, 2018 primarily related to the slight increase in portfolio companies and valuation of the portfolio.

Our existing warrant holdings would require us to invest approximately $74.8 million to exercise such warrants as of March 31, 2019. Warrants may appreciate or depreciate in value depending largely upon the underlying portfolio company's performance and overall market conditions. Of the warrants that we have monetized since inception, we have realized multiples in the range of approximately 1.02x to 29.14x based on the historical rate of return on our investments. However, our warrants may not appreciate in value and, in fact, may decline in value. Accordingly, we may experience losses from our warrant portfolio.

Portfolio Grading

We use an investment grading system, which grades each debt investment on a scale of 1 to 5 to characterize and monitor our expected level of risk on the debt investments in our portfolio with 1 being the highest quality. The following table shows the distribution of our outstanding debt investments on the 1 to 5 investment grading scale at fair value as of March 31, 2019 and December 31, 2018, respectively:

(in thousands)	March 31, 2019			December 31, 2018		
Investment Grading	Number of Companies	Debt Investments at Fair Value	Percentage of Total Portfolio	Number of Companies	Debt Investments at Fair Value	Percentage of Total Portfolio
1	11	$ 299,203	15.8%	13	$ 311,597	18.0%
2	47	1,056,371	55.7%	43	885,123	51.1%
3	25	469,683	24.7%	25	474,926	27.3%
4	7	66,532	3.5%	7	60,267	3.5%
5	3	5,275	0.3%	2	1,579	0.1%
	93	$ 1,897,064	100.0%	90	$ 1,733,492	100.0%

As of March 31, 2019, our debt investments had a weighted average investment grading of 2.19 on a cost basis, as compared to 2.18 at December 31, 2018. Our policy is to lower the grading on our portfolio companies as they approach the point in time when they will require additional equity capital. Additionally, we may downgrade our portfolio companies if they are not meeting our financing criteria or are underperforming relative to their respective business plans. Various companies in our portfolio will require additional funding in the near term or have not met their business plans and therefore have been downgraded until their funding is complete or their operations improve. The slight increase in weighted average investment grading at March 31, 2019 from December 31, 2018 is primarily due to an increase in positions with a credit rating of 2 and a slight decrease in positions with a credit rating of 1.

At March 31, 2019, we had two debt investments on non-accrual with a cumulative investment cost and fair value of approximately $2.4 million and $496,000, respectively. At December 31, 2018, we had two debt investments on non-accrual with cumulative investment cost of approximately $2.7 million and zero fair value. The decrease in the cost of debt investments on non-accrual between March 31, 2019 and December 31, 2018 is the result of the result of the removal of one debt investment that was on non-accrual at December 31, 2018 which resulted in a realized loss of approximately $2.5 million, and the addition of one debt investment with a lower cost basis than the one removed.

Results of Operations

Comparison of the three months ended March 31, 2019 and 2018

Investment Income

Interest Income

Total investment income for the three months ended March 31, 2019 was approximately $58.8 million as compared to approximately $48.7 million for the three months ended March 31, 2018.

Interest income for the three months ended March 31, 2019 totaled approximately $55.5 million as compared to approximately $43.0 million for the three months ended March 31, 2018. The increase in interest income for the three months ended March 31, 2019 as compared to the same period ended March 31, 2018, is primarily attributable to an increase in recurring interest income caused by an increase in the weighted average principal outstanding of loans and higher core yield.

Of the $55.5 million in interest income for the three months ended March 31, 2019, approximately $55.1 million represents recurring income from the contractual servicing of our loan portfolio and approximately $412,000 represents income related to the acceleration of income due to early loan repayments and other one-time events during the period. Income from recurring interest and the acceleration of interest income due to early loan repayments represented $39.3 million and $3.7 million, respectively, of the $43.0 million interest income for the three months ended March 31, 2018.

The following table shows the PIK-related activity for the three months ended March 31, 2019 and 2018, at cost:

	Three Months Ended March 31,	
(in thousands)	**2019**	**2018**
Beginning PIK interest receivable balance	$ 12,717	$ 15,487
PIK interest income during the period	2,146	2,308
PIK accrued (capitalized) to principal but not recorded as income during the period	—	—
Payments received from PIK loans	(549)	(7,983)
Realized gain (loss)	—	—
Ending PIK interest receivable balance	$ 14,314	$ 9,812

The slight decrease in PIK interest income during the three months ended March 31, 2019 as compared to the three months ended March 31, 2018 is due to a decrease in the weighted average principal outstanding of loans which bear PIK interest.

Fee Income

Fee income from commitment, facility and loan related fees for the three months ended March 31, 2019 totaled approximately $3.3 million as compared to approximately $5.7 million for the three months ended March 31, 2018. The decrease in fee income for the three months ended March 31, 2019 is primarily due to a decrease in the acceleration of unamortized fees and one-time fees due to early repayments.

Of the $3.3 million in fee income for the three months ended March 31, 2019, approximately $2.1 million represents income from recurring fee amortization and approximately $1.2 million represents income related to the acceleration of unamortized fees due to early repayments, including one-time fees of $780,000 for the period. Income from recurring fee amortization and the acceleration of unamortized fees due to early loan repayments represented $1.3 million and $4.4 million, respectively, of the $5.7 million in income for the three months ended March 31, 2018.

In certain investment transactions, we may earn income from advisory services; however, we had no income from advisory services in the three months ended March 31, 2019 or 2018.

Operating Expenses

Our operating expenses are comprised of interest and fees on our borrowings, general and administrative expenses and employee compensation and benefits. Our operating expenses totaled approximately $29.8 million and $22.6 million during the three months ended March 31, 2019 and 2018, respectively.

Interest and Fees on our Borrowings

Interest and fees on our borrowings totaled approximately $15.6 million and $10.6 million for the three months ended March 31, 2019 and 2018, respectively. Interest and fee expense during the three months ended March 31, 2019, as compared to the same periods ended March 31, 2018, increased due to the issuance of our 2028 Asset-Backed Notes in January 2019 as well as interest related to our credit facilities.

We had a weighted average cost of debt, comprised of interest and fees, of approximately 5.8% and 5.3% for the three months ended March 31, 2019 and 2018, respectively.

General and Administrative Expenses

General and administrative expenses include legal fees, consulting fees, accounting fees, printer fees, insurance premiums, rent, expenses associated with the workout of underperforming investments and various other expenses. Our general and administrative expenses increased to $4.2 million from $4.0 million for the three months ended March 31, 2019 and 2018, respectively. The increase in general and administrative expenses for three months ended March 31, 2019 is primarily due to an increase in legal fees and rent expense.

Employee Compensation

Employee compensation and benefits totaled $6.6 million for the three months ended March 31, 2019 as compared to $5.8 million for the three months ended March 31, 2018. The increase between the three months ended March 31, 2019 and 2018 was primarily due to increased variable compensation expense due to meeting corporate goals and payroll related expenses.

Employee stock-based compensation totaled $3.4 million for the three months ended March 31, 2019 as compared to $2.3 million for the three months ended March 31, 2018. The increase for the comparative periods was primarily related to restricted stock award vesting and retention rewards.

Net Investment Realized Gains and Losses and Net Unrealized Appreciation and Depreciation

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

A summary of realized gains and losses for the three months ended March 31, 2019 and 2018 is as follows:

	Three Months Ended March 31,	
(in thousands)	**2019**	**2018**
Realized gains	$ 8,838	$ 1,108
Realized losses	(4,283)	(6,028)
Net realized gains (losses)	$ 4,555	$ (4,920)

During the three months ended March 31, 2019, we recognized net realized gains of $4.5 million on the portfolio. During the three months ended March 31, 2019, we recorded gross realized gains of $8.8 million primarily from the sale our holdings due to merger and acquisition transactions. These gains were partially offset by gross realized losses of $4.3 million primarily from the liquidation or write-off of our debt, equity, or warrant positions during the period.

During the three months ended March 31, 2018, we recognized net realized losses of $4.9 million on the portfolio. During the three months ended March 31, 2018, we recorded gross realized gains of $1.1 million primarily from the sale or acquisition of our holdings. These gains were offset by gross realized losses of $6.0 million primarily from the liquidation or write-off of our debt, equity, and warrant positions during the period.

The net unrealized appreciation and depreciation of our investments is based on the fair value of each investment determined in good faith by our Board of Directors. The following table summarizes the change in net unrealized appreciation or depreciation of investments for the three months ended March 31, 2019 and 2018:

	Three Months Ended March 31,	
(in thousands)	**2019**	**2018**
Gross unrealized appreciation on portfolio investments	$ 50,829	$ 7,797
Gross unrealized depreciation on portfolio investments	(21,019)	(29,548)
Reversal of prior period net unrealized appreciation (depreciation) upon a realization event	(1,880)	6,666
Net unrealized appreciation (depreciation) on debt, equity, and warrant investments	27,930	(15,085)
Other net unrealized appreciation (depreciation)	67	(112)
Total net unrealized appreciation (depreciation) on investments	$ 27,997	$ (15,197)

During the three months ended March 31, 2019, we recorded $28.0 million of net unrealized appreciation, of which $27.9 million was net unrealized appreciation from our debt, equity and warrant investments. We recorded $3.1 million of net unrealized appreciation on our debt investments which was primarily related to $2.6 million of unrealized appreciation due to the reversal of unrealized depreciation upon pay-off or write-off and $553,000 of net unrealized appreciation on the debt portfolio.

We recorded $23.1 million of net unrealized appreciation on our equity investments and $1.7 million of net unrealized appreciation on our warrant investments during the three months ended March 31, 2019. This net unrealized appreciation of $24.8 million was primarily attributable to $29.3 million of unrealized appreciation on the equity and warrant portfolio partially offset by $4.5 million of unrealized depreciation due to the reversal of unrealized appreciation upon acquisition or liquidation of our equity and warrant investments.

During the three months ended March 31, 2018, we recorded $15.2 million of net unrealized depreciation, of which $15.1 million was net unrealized depreciation from our debt, equity and warrant investments. We recorded $8.3 million of net unrealized depreciation on our debt investments which was primarily related to $13.5 million of unrealized depreciation on the debt portfolio. This unrealized depreciation was partially offset by $5.2 million of unrealized appreciation primarily due to the reversal of unrealized depreciation upon write-off of our portfolio companies.

We recorded $4.1 million of net unrealized depreciation on our equity investments and $2.7 million of net unrealized depreciation on our warrant investments during the three months ended March 31, 2018. This net unrealized depreciation of $6.8 million was due to $8.2 million of unrealized depreciation on the equity and warrant portfolio partially offset by $1.4 million of unrealized appreciation primarily due to the reversal of unrealized depreciation upon acquisition or liquidation of our equity and warrant investments.

Income and Excise Taxes

We account for income taxes in accordance with the provisions of ASC Topic 740 Income Taxes, under which income taxes are provided for amounts currently payable and for amounts deferred based upon the estimated future tax effects of differences between the financial statements and tax basis of assets and liabilities given the provisions of the enacted tax law. Valuation allowances may be used to reduce deferred tax assets to the amount likely to be realized. Based upon our previous election and anticipated continued qualification to be subject to taxation as a RIC, we are typically not subject to a material level of federal income taxes. We intend to timely distribute to our stockholders substantially all of our annual taxable income for each year, except that we may retain certain net capital gains for reinvestment and, depending upon the level of taxable income earned in a year, we may choose to carry forward taxable income for distribution in the following year and pay any applicable U.S. federal excise tax.

Net Change in Net Assets Resulting from Operations and Earnings Per Share

For the three months ended March 31, 2019, we had a net increase in net assets resulting from operations of approximately $61.6 million and for the three months ended March 31, 2018, we had a net increase in net assets resulting from operations of approximately $5.9 million.

Both the basic and fully diluted net change in net assets per common share were $0.64 per share for the three months ended March 31, 2019. Both the basic and fully diluted net change in net assets per common share were $0.07 per share for the three months ended March 31, 2018.

For the purpose of calculating diluted earnings per share for three months ended March 31, 2019 and 2018, the effect of the 2022 Convertible Notes, outstanding options, and restricted stock units under the treasury stock method was considered. The effect of the

2022 Convertible Notes was excluded from these calculations for the three months ended March 31, 2019 and 2018 as our share price was less than the conversion price in effect which results in anti-dilution.

Financial Condition, Liquidity, and Capital Resources

Our liquidity and capital resources are derived from our SBA debentures, 2022 Notes, 2025 Notes, 2033 Notes, 2027 Asset-Backed Notes, 2028 Asset-Backed Notes, 2022 Convertible Notes, Credit Facilities and cash flows from operations, including investment sales and repayments, and income earned. Our primary use of funds from operations includes investments in portfolio companies and payments of fees and other operating expenses we incur. We have used, and expect to continue to use, our borrowings and the proceeds from the turnover of our portfolio and from public and private offerings of securities to finance our investment objectives. We may also raise additional equity or debt capital through registered offerings off a shelf registration, ATM, and private offerings of securities, by securitizing a portion of our investments, or by borrowing from the SBA through our SBIC subsidiaries.

On August 16, 2013, we entered into the Prior Equity Distribution Agreement. On March 7, 2016, we renewed the Prior Equity Distribution Agreement and on December 21, 2016, we further amended the agreement to increase the total shares available under the program. The Prior Equity Distribution Agreement, as amended, provided that we may offer and sell up to 12.0 million shares of our common stock from time to time through JMP, as our sales agent.

On September 7, 2017, we terminated the Prior Equity Distribution Agreement and entered into the Equity Distribution Agreement. As a result, the remaining shares that were available under the Prior Equity Distribution agreement are no longer available for issuance. The Equity Distribution Agreement provides that we may offer and sell up to 12.0 million shares of its common stock from time to time through JMP, as its sales agent. Sales of our common stock, if any, may be made in negotiated transactions or transactions that are deemed to be “at the market,” as defined in Rule 415 under the Securities Act, including sales made directly on the NYSE or similar securities exchange or sales made to or through a market maker other than on an exchange, at prices related to the prevailing market prices or at negotiated prices.

During the three months ended March 31, 2019, there were no shares of common stock sold under the Equity Distribution Agreement. As of March 31, 2019, approximately 5.3 million shares remain available for issuance and sale under the Equity Distribution Agreement. See “– Subsequent Events”.

On May 2, 2016, we closed an underwritten public offering of an additional $72.9 million in aggregate principal amount of our 2024 Notes. The $72.9 million in aggregate principal amount includes $65.4 million from the initial offering on April 21, 2016 and $7.5 million as a result of underwriters exercising a portion of their option to purchase up to an additional $9.8 million in aggregate principal to cover overallotments on April 29, 2016. On June 27, 2016, we closed an underwritten public offering of an additional $60.0 million in aggregate principal amount of the 2024 Notes. On June 30, 2016, the underwriters exercised their option to purchase up to an additional $9.0 million in aggregate principal to cover overallotments, resulting in total aggregate principal of $69.0 million from the offering. The 2024 Notes rank equally in right of payment and form a single series of notes.

On October 11, 2016, we entered into a debt distribution agreement, pursuant to which we may offer for sale, from time to time, up to $150.0 million in aggregate principal amount of 2024 Notes through FBR Capital Markets & Co. acting as our sales agent. Sales of the 2024 Notes, if any, may be made in negotiated transactions or transactions that are deemed to be “at the market offerings” as defined in Rule 415 under the Securities Act, including sales made directly on the NYSE, or similar securities exchange or sales made through a market maker other than on an exchange at prices related to prevailing market prices or at negotiated prices.

On January 25, 2017, we issued $230.0 million in aggregate principal amount of 2022 Convertible Notes, which amount includes the additional $30.0 million aggregate principal amount issued pursuant to the initial purchaser’s exercise in full of its overallotment option. The sale generated net proceeds of approximately $225.5 million, including $4.5 million of debt issuance costs. Aggregate issuances costs include the initial purchaser’s discount of approximately $5.2 million, offset by the reimbursement of $1.2 million by the initial purchaser.

On February 24, 2017, we redeemed the $110.4 million remaining outstanding balance of our 2019 Notes in full.

On October 23, 2017, we issued $150.0 million in aggregate principal amount of the 2022 Notes pursuant to the 2022 Notes Indenture. The sale of the 2022 Notes generated net proceeds of approximately $147.4 million, including a public offering discount of $826,500. Aggregate estimated offering expenses in connection with the transaction, including the underwriter’s discount and commissions of approximately $975,000, were approximately $1.8 million.

On November 23, 2017, we redeemed $75.0 million of the $258.5 million issued and outstanding aggregate principal amount of our 2024 Notes. On April 2, 2018, we redeemed an additional $100.0 million of the remaining outstanding aggregate principal amount of the 2024 Notes.

On April 26, 2018, we issued $75.0 million in aggregate principal amount of the 2025 Notes pursuant to the 2025 Notes Indenture. The sale of the 2025 Notes generated net proceeds of approximately $72.4 million. Aggregate estimated offering expenses in connection with the transaction, including the underwriter's discount and commissions were approximately $2.6 million.

On May 25, 2018, we entered into the amendment to the Union Bank Facility. The amendment amends certain provisions of the Union Bank Facility to increase the commitments thereunder from $75.0 million to $100.0 million.

On June 14, 2018, we closed its underwritten public offering of 6.9 million shares of common stock, including an over-allotment option to purchase an additional 900,000 shares of common stock, or the June 2018 Equity Offering. The offering generated net proceeds, before expenses, of $81.3 million, including the underwriting discount and commissions of $2.6 million.

On July 13, 2018, we completed repayment of the remaining outstanding HT II debentures and subsequently surrendered the SBA license with respect to HT II.

On July 31, 2018, we entered into a further amendment to the Wells Facility to extend the maturity date and fully repay the pro-rata portion of outstanding balances of Alostar Bank of Commerce and Everbank Commercial Finance Inc., thereby resigning both as lenders and terminating their commitments thereunder.

On September 20, 2018, we issued $40.0 million in aggregate principal amount of the 2033 Notes pursuant to the 2033 Notes Indenture. The sale of the 2033 Notes generated net proceeds of approximately $38.4 million. Aggregate estimated offering expenses in connection with the transaction, including the underwriter's discount and commissions were approximately $1.6 million.

On November 1, 2018, we issued $200.0 million in aggregate principal amount of the 2027 Asset-Backed Notes. The sale of the 2027 Asset-Backed Notes generated net proceeds of approximately $197.0 million. Aggregate estimated offering expenses in connection with the transaction, including the underwriter's discount and commissions were approximately $3.0 million.

On December 7, 2018, our Board of Directors approved a full redemption, in two equal transactions, of $83.5 million of the outstanding aggregate principal amount of the 2024 Notes. The 2024 Notes were fully redeemed on January 14, 2019 and February 4, 2019.

On December 17, 2018, our Board of Directors authorized a stock repurchase plan permitting us to repurchase up to $25.0 million of our common stock. We may repurchase shares of our common stock in the open market, including block purchases, at prices that may be above or below the NAV as reported in the most recently published financial statements, in accordance with the guidelines specified in Rule 10b-18 and Rule 10b5-1 of the Exchange Act. We expect that the share repurchase program will be in effect until June 18, 2019, or until the approved dollar amount has been used to repurchase shares. No shares of our common stock were repurchased during three months ended March 31, 2019. During the year ended December 31, 2018, we repurchased 376,466 shares of our common stock at an average price per share of $10.77 and a total cost of approximately $4.1 million. As of March 31, 2019, approximately $20.9 million of common stock remain eligible for repurchase under the stock repurchase plan.

On January 11, 2019, the Company entered into the Seventh Amendment to the Wells Facility. Among others, the Amendment amends certain key provisions of the Wells Facility to reduce the current interest rate to LIBOR plus 3.00% with a natural floor of 3.00% and extends the maturity date to January 2023. In addition, the Wells Fargo Capital Finance, LLC has committed $75.0 million in credit capacity under a $125.0 million accordion credit facility, subject to borrowing base, leverage and other restrictions.

On January 22, 2019, we issued $250.0 million in aggregate principal amount of the 2028 Asset-Backed Notes. The sale of the 2028 Asset-Backed Notes generated net proceeds of approximately $247.3 million. Aggregate estimated offering expenses in connection with the transaction, including the underwriter's discount and commissions were approximately $2.7 million.

On February 20, 2019, we, through a special purpose wholly-owned subsidiary, Hercules Funding IV, as borrower, entered the Union Bank Facility. The Union Bank Facility replaced the Prior Union Bank Facility. Any references to amounts related to the Union Bank Facility prior to February 20, 2019 were incurred and relate to the Prior Union Bank Facility.

At March 31, 2019, we had $149.0 million of SBA debentures, $150.0 million of 2022 Notes, $75.0 million of 2025 Notes, $40.0 million of 2033 Notes, $200.0 million of 2027 Asset-Backed Notes, $250.0 million of 2028 Asset-Backed Notes, and $230.0 million of 2022 Convertible Notes payable, along with $4.6 million of borrowings outstanding on the Wells Facility, and $39.7 million of borrowings outstanding on the Union Bank Facility.

At March 31, 2019, we had $247.2 million in available liquidity, including $16.5 million in cash and cash equivalents. We had available borrowing capacity of $70.4 million under the Wells Facility and $160.3 million under the Union Bank Facility, both subject to existing terms and advance rates and regulatory requirements. We primarily invest cash on hand in interest bearing deposit accounts.

At March 31, 2019, we had $74.5 million of capital outstanding in restricted accounts related to our SBIC that we may use to fund new investments in the SBIC. With our net investment of $74.5 million in HT III, we have the capacity to issue a total of $149.0 million of SBA guaranteed debentures, subject to SBA approval. At March 31, 2019, we have issued $149.0 million in SBA guaranteed debentures in our SBIC subsidiaries. As we are past our investment period for HT III, we will no longer make any future commitments to new portfolio companies. We will only satisfy contractually agreed follow-on fundings to existing portfolio companies and may seek to early pay-off a portion or all of the outstanding debentures as per the available liquidity in HT III.

At March 31, 2019, we had approximately $10.1 million of restricted cash, which consists of collections of interest and principal payments on assets that are securitized. In accordance with the terms of the related securitized 2027 Asset-Backed Notes and 2028 Asset-Backed Notes, based on current characteristics of the securitized debt investment portfolios, the restricted funds may be used to pay monthly interest and principal on the securitized debt and are not distributed to us or available for our general operations.

During the three months ended March 31, 2019, we principally funded our operations from (i) cash receipts from interest, dividend and fee income from our investment portfolio and (ii) cash proceeds from the realization of portfolio investments through the repayments of debt investments and the sale of debt and equity investments and (iii) debt offerings along with borrowings on our credit facilities.

During the three months ended March 31, 2019, our operating activities used $141.6 million of cash and cash equivalents, compared to $63.0 million provided during the three months ended March 31, 2018. This $204.6 million increase in cash used in operating activities is primarily related to a decrease of $214.3 million in early payoffs.

During the three months ended March 31, 2019, our investing activities used approximately $83,000 of cash, compared to $72,000 used during the three months ended March 31, 2018. The $11,000 increase in cash used in investing activities was due to an increase in purchase of capital equipment.

During the three months ended March 31, 2019, our financing activities provided $122.4 million of cash, compared to $36.1 million used during the three months ended March 31, 2018. The net change of $158.5 million increase in cash provided by financing activities was primarily due to the issuance of 2028 Asset-backed notes of $250.0 million, partially offset by $83.5 million repayment of the 2024 Notes.

As of March 31, 2019, net assets totaled $990.3 million, with a NAV per share of $10.26. We intend to continue to operate in order to generate cash flows from operations, including income earned from investments in our portfolio companies. Our primary use of funds will be investments in portfolio companies and cash distributions to holders of our common stock.

The SBCAA, which was signed into law in March 2018, decreased the minimum asset coverage ratio in Section 61(a) of the 1940 Act for business development companies from 200% to 150% (subject to either stockholder approval or approval of both a majority of the board of directors and a majority of directors who are not interested persons). On September 4, 2018 and December 6, 2018, our Board of Directors, including a “required majority” (as such term is defined in Section 57(o) of the 1940 Act) and our stockholders, respectively, approved the application to us of the 150% minimum asset coverage ratio set forth in Section 61(a)(2) of the 1940 Act. As a result, effective December 7, 2018, the asset coverage ratio under the 1940 Act applicable to us decreased from 200% to 150%, permitting us to incur additional leverage. As of March 31, 2019, our asset coverage ratio under our regulatory requirements as a BDC was 199.4% excluding our SBA debentures as a result of our exemptive order from the SEC that allows us to exclude all SBA leverage from our asset coverage ratio. As a result of the SEC exemptive order, our ratio of total assets on a consolidated basis to outstanding indebtedness may be less than 150%, which while providing increased investment flexibility, also may increase our exposure to risks associated with leverage. Total asset coverage when including our SBA debentures was 186.4% at March 31, 2019.

Outstanding Borrowings

At March 31, 2019 and December 31, 2018, we had the following available borrowings and outstanding amounts:

	March 31, 2019			December 31, 2018		
(in thousands)	**Total Available**	**Principal**	**Carrying Value (1)**	**Total Available**	**Principal**	**Carrying Value (1)**
SBA Debentures (2)	$ 149,000	$ 149,000	$ 147,783	$ 149,000	$ 149,000	$ 147,655
2022 Notes	150,000	150,000	148,121	150,000	150,000	147,990
2024 Notes (3)	—	—	—	83,510	83,510	81,852
2025 Notes	75,000	75,000	72,685	75,000	75,000	72,590
2033 Notes	40,000	40,000	38,420	40,000	40,000	38,427
2027 Asset-Backed Notes	200,000	200,000	197,102	200,000	200,000	197,265
2028 Asset-Backed Notes	250,000	250,000	247,352	—	—	—
2022 Convertible Notes	230,000	230,000	225,441	230,000	230,000	225,051
Wells Facility (4)	75,000	4,583	4,583	75,000	13,107	13,107
Union Bank Facility (4)	200,000	39,683	39,683	100,000	39,849	39,849
Total	$ 1,369,000	$ 1,138,266	$ 1,121,170	$ 1,102,510	$ 980,466	$ 963,786

(1) Except for the Wells Facility and Union Bank Facility, all carrying values represent the principal amount outstanding less the remaining unamortized debt issuance costs and unaccreted discount, if any, associated with the loan as of the balance sheet date.

(2) At March 31, 2019, the total available borrowings under the SBA debentures were $149.0 million. At December 31, 2018, the total available borrowings under the SBA debentures were $149.0 million.

(3) The 2024 Notes were fully repaid on January 14, 2019 and February 4, 2019.

(4) Availability subject to us meeting the borrowing base requirements.

Debt issuance costs are fees and other direct incremental costs we incur in obtaining debt financing and are recognized as prepaid expenses and amortized over the life of the related debt instrument using the effective yield method or the straight-line method, which closely approximates the effective yield method. In accordance with ASC Subtopic 835-30, debt issuance costs are presented as a reduction to the associated liability balance on the Consolidated Statement of Assets and Liabilities, except for debt issuance costs associated with line-of-credit arrangements.

Debt issuance costs, net of accumulated amortization, as of March 31, 2019 and December 31, 2018 were as follows:

(in thousands)	**March 31, 2019**	**December 31, 2018**
SBA Debentures	$ 1,217	$ 1,345
2022 Notes	1,289	1,379
2024 Notes (2)	—	1,686
2025 Notes	2,315	2,410
2033 Notes	1,580	1,573
2027 Asset-Backed Notes	2,898	2,735
2028 Asset-Backed Notes	2,648	—
2022 Convertible Notes	2,600	2,823
Wells Facility (1)	398	100
Union Bank Facility (1)	1,878	165
Total	$ 16,823	$ 14,216

(1) As the Wells Facility and Union Bank Facility are line-of-credit arrangements, the debt issuance costs associated with these instruments are presented separately as an asset on the Consolidated Statement of Assets and Liabilities in accordance with ASC Subtopic 835-30.

(2) The 2024 Notes were fully redeemed on January 14, 2019 and February 4, 2019.

Refer to “Note 4 – Borrowings” included in the notes to our consolidated financial statements appearing elsewhere in this report for a discussion of the contract terms, interest expense, and fees associated with each outstanding borrowing as of and for the three months ended March 31, 2019.

Commitments

In the normal course of business, we are party to financial instruments with off-balance sheet risk. These consist primarily of unfunded contractual commitments to extend credit, in the form of loans, to our portfolio companies. Unfunded contractual commitments to provide funds to portfolio companies are not reflected on our balance sheet. Our unfunded contractual commitments may be significant from time to time. A portion of these unfunded contractual commitments are dependent upon the portfolio company reaching certain milestones before the debt commitment becomes available. Furthermore, our credit agreements contain customary lending provisions which allow us relief from funding obligations for previously made commitments in instances where the underlying company experiences materially adverse events that affect the financial condition or business outlook for the company. These commitments will be subject to the same underwriting and ongoing portfolio maintenance as are the on-balance sheet financial instruments that we hold. Since these commitments may expire without being drawn upon, the total commitment amount does not necessarily represent future cash requirements. As such, our disclosure of unfunded contractual commitments includes only those which are available at the request of the portfolio company and unencumbered by milestones.

At March 31, 2019, we had approximately $154.2 million of unfunded commitments, including undrawn revolving facilities, which were available at the request of the portfolio company and unencumbered by milestones. We intend to use cash flow from normal and early principal repayments, and proceeds from borrowings and notes to fund these commitments.

We also had approximately $152.7 million of non-binding term sheets outstanding to four new and three existing companies, which generally convert to contractual commitments within approximately 90 days of signing. Non-binding outstanding term sheets are subject to completion of our due diligence and final investment committee approval process, as well as the negotiation of definitive documentation with the prospective portfolio companies. Not all non-binding term sheets are expected to close and do not necessarily represent future cash requirements.

The fair value of our unfunded commitments is considered to be immaterial as the yield determined at the time of underwriting is expected to be materially consistent with the yield upon funding, given that interest rates are generally pegged to market indices and given the existence of milestones, conditions and/or obligations imbedded in the borrowing agreements.

As of March 31, 2019, our unfunded contractual commitments available at the request of the portfolio company, including undrawn revolving facilities, and unencumbered by milestones are as follows:

(in thousands)

Portfolio Company	**Unfunded Commitments** [(1)]
Tricida, Inc.	$ 35,000
Urovant Sciences Ltd.	30,000
Aldeyra Therapeutics	20,000
Arctic Wolf Networks, Inc.	10,000
Constellation Pharmaceuticals, Inc.	10,000
Businessolver.com, Inc.	9,818
DocuTAP, Inc.	6,000
Clarabridge, Inc.	5,000
Lendio, Inc.	5,000
Xometry, Inc.	4,000
Lithium Technologies, Inc.	3,623
Fastly, Inc.	3,333
Intent Media, Inc.	3,000
Emma, Inc.	2,963
Convercent, Inc.	2,500
Credible Behavioral Health, Inc.	2,500
Greenphire, Inc.	500
Insurance Technologies Corporation	500
Salsa Labs, Inc.	500
Total	$ 154,237

(1) Amount represents unfunded commitments, including undrawn revolving facilities, which are available at the request of the portfolio company. Amount excludes unfunded commitments which are unavailable due to the borrower having not met certain milestones.

Contractual Obligations

The following table shows our contractual obligations as of March 31, 2019:

	Payments due by period (in thousands)				
Contractual Obligations (1)	**Total**	**Less than 1 year**	**1 - 3 years**	**3 - 5 years**	**After 5 years**
Borrowings (2)(3)	$ 1,138,266	$ —	$ 374,266	$ 199,000	$ 565,000
Lease and License Obligations (4)	15,320	2,840	6,142	4,826	1,512
Total	$ 1,153,586	$ 2,840	$ 380,408	$ 203,826	$ 566,512

(1) Excludes commitments to extend credit to our portfolio companies.
(2) Includes $149.0 million principal outstanding under the SBA debentures, $150.0 million of the 2022 Notes, $75.0 million of the 2025 Notes, $40.0 million of the 2033 Notes, $200.0 million of the 2027 Asset-Backed Notes, $250.0 million of the 2028 Asset-Backed Notes, $230.0 million of the 2022 Convertible Notes, $4.6 million under the Wells Facility, and $39.7 million under the Union Credit Facility as of March 31, 2019.
(3) Amounts represent future principal repayments and not the carrying value of each liability. See Note 4 to the Company's consolidated financial statements.
(4) Facility leases and licenses including short-term leases.

Certain premises are leased or licensed under agreements which expire at various dates through June 2027. Total rent expense, including short-term leases, amounted to approximately $588,000 during the three months ended March 31, 2019 and approximately $451,000 during the three months ended March 31, 2018.

Indemnification Agreements

We have entered into indemnification agreements with our directors and executive officers. The indemnification agreements are intended to provide our directors and executive officers the maximum indemnification permitted under Maryland law and the 1940 Act. Each indemnification agreement provides that we shall indemnify the director or executive officer who is a party to the agreement, or an "Indemnitee," including the advancement of legal expenses, if, by reason of his or her corporate status, the Indemnitee is, or is threatened to be, made a party to or a witness in any threatened, pending, or completed proceeding, to the maximum extent permitted by Maryland law and the 1940 Act.

We and our executives and directors are covered by Directors and Officers Insurance, with the directors and officers being indemnified by us to the maximum extent permitted by Maryland law subject to the restrictions in the 1940 Act.

Distributions

On April 24, 2019, the Board of Directors declared a cash distribution of $0.32 per share to be paid on May 20, 2019 to stockholders of record as of May 13, 2019. This distribution represents our fifty-fifth consecutive distribution since our IPO. In addition to the cash distribution, on April 24, 2019, the Board of Directors declared a supplemental distribution of $0.01 per share to be paid on May 20, 2019 to stockholders of record as of May 13, 2019. The total cumulative distribution to date, including the supplemental distribution is $15.61 per share.

Our Board of Directors maintains a variable distribution policy with the objective of distributing four quarterly distributions in an amount that approximates 90% - 100% of our taxable quarterly income or potential annual income for a particular taxable year. In addition, at the end of our taxable year, our Board of Directors may choose to pay an additional special distribution, or fifth distribution, so that we may distribute approximately all of our annual taxable income in the taxable year in which it was earned, or may elect to maintain the option to spill over our excess taxable income into the following taxable year as part of any future distribution payments.

Distributions from our taxable income (including gains) to a stockholder generally will be treated as a dividend for U.S. federal income tax purposes to the extent of such stockholder's allocable share of our current or accumulated earnings and profits. Distributions in excess of our current and accumulated earnings and profits would generally be treated first as a return of capital to the extent of a stockholder's tax basis in our shares, and any remaining distributions would be treated as a capital gain. The determination of the tax attributes of our distributions is made annually as of the end of our taxable year based upon our taxable income for the full taxable year and distributions paid for the full taxable year. As a result, any determination of the tax attributes of our distributions made on a quarterly basis may not be representative of the actual tax attributes of the Company's distributions for a full taxable year. Of the distributions declared during the year ended December 31, 2018, 100% were distributions derived from our current and accumulated earnings and profits.

During the three months ended March 31, 2019, we declared a distribution of $0.31 per share. If we had determined the tax attributes of our distributions year-to-date as of March 31, 2019, 100% would be from our current and accumulated earnings and profits. However, there can be no certainty to stockholders that this determination is representative of what the tax attributes of our 2019 distributions to stockholders will actually be.

We maintain an “opt out” dividend reinvestment plan that provides for reinvestment of our distribution on behalf of our stockholders, unless a stockholder elects to receive cash. As a result, if our Board of Directors authorizes, and we declare a cash distribution, then our stockholders who have not “opted out” of our dividend reinvestment plan will have their cash distribution automatically reinvested in additional shares of our common stock, rather than receiving the cash distributions.

Shortly after the close of each calendar year information identifying the source of the distribution (i.e., paid from ordinary income, paid from net capital gains on the sale of securities, and/or a return of paid-in-capital surplus which is a nontaxable distribution, if any) will be provided to our stockholders subject to information reporting. To the extent our taxable earnings fall below the total amount of our distributions for any taxable year, a portion of those distributions may be deemed a tax return of capital to our stockholders.

We expect to qualify to be subject to tax as a RIC under Subchapter M of the Code. In order to be subject to tax as a RIC, we are required to satisfy certain annual gross income and quarterly asset composition tests, as well as make distributions to our stockholders each taxable year treated as dividends for federal income tax purposes of an amount at least equal to 90% of the sum of our investment company taxable income, determined without regard to any deduction for dividends paid, plus our net tax-exempt income, if any. Upon being eligible to be subject to tax as a RIC, we would be entitled to deduct such distributions we pay to our stockholders in determining the overall components of our “taxable income.” Components of our taxable income include our taxable interest, dividend and fee income, reduced by certain deductions, as well as taxable net realized securities gains. Taxable income generally differs from net income for financial reporting purposes due to temporary and permanent differences in the recognition of income and expenses and generally excludes net unrealized appreciation or depreciation as such gains or losses are not included in taxable income until they are realized. In connection with maintaining our ability to be subject to tax as a RIC, among other things, we have made and intend to continue to make the requisite distributions to our stockholders each taxable year, which generally should relieve us from corporate-level U.S. federal income taxes.

As a RIC, we will be subject to a 4% nondeductible U.S. federal excise tax on certain undistributed income and gains unless we make distributions treated as dividends for U.S. federal income tax purposes in a timely manner to our stockholders in respect of each calendar year of an amount at least equal to the Excise Tax Avoidance Requirement. We will not be subject to this excise tax on any amount on which we incurred U.S. federal corporate income tax (such as the tax imposed on a RIC’s retained net capital gains).

Depending on the level of taxable income earned in a taxable year, we may choose to carry over taxable income in excess of current taxable year distributions treated as dividends for U.S. federal income tax purposes from such taxable income into the next taxable year and incur a 4% excise tax on such taxable income, as required. The maximum amount of excess taxable income that may be carried over for distribution in the next taxable year under the Code is the total amount of distributions treated as dividends for U.S. federal income tax purposes paid in the following taxable year, subject to certain declaration and payment guidelines. To the extent we choose to carry over taxable income into the next taxable year, distributions declared and paid by us in a taxable year may differ from our taxable income for that taxable year as such distributions may include the distribution of current taxable year taxable income, the distribution of prior taxable year taxable income carried over into and distributed in the current taxable year, or returns of capital.

We can offer no assurance that we will achieve results that will permit the payment of any cash distributions and, if we issue senior securities, we will be prohibited from making distributions if doing so causes us to fail to maintain the asset coverage ratios stipulated by the 1940 Act or if distributions are limited by the terms of any of our borrowings. Our ability to make distributions will be limited by the asset coverage requirements under the 1940 Act.

We intend to timely distribute to our stockholders substantially all of our annual taxable income for each year, except that we may retain certain net capital gains for reinvestment and, depending upon the level of taxable income earned in a year, we may choose to carry forward taxable income for distribution in the following year and pay any applicable U.S. federal excise tax.

Critical Accounting Policies

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and revenues and expenses during the period reported. On an ongoing basis, our management evaluates its estimates and assumptions, which are based on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Actual results could differ from those estimates. Changes in our estimates and assumptions could materially impact our results of operations and financial condition.

Valuation of Investments

The most significant estimate inherent in the preparation of our consolidated financial statements is the valuation of investments and the related amounts of unrealized appreciation and depreciation of investments recorded.

At March 31, 2019, approximately 97.3% of our total assets represented investments in portfolio companies whose fair value is determined in good faith by the Board of Directors. Value, as defined in Section 2(a)(41) of the 1940 Act, is (i) the market price for those securities for which a market quotation is readily available and (ii) for all other securities and assets, fair value is as determined in good faith by the Board of Directors. Our investments are carried at fair value in accordance with the 1940 Act and ASC Topic 946 and measured in accordance with ASC Topic 820. Our debt securities are primarily invested in venture capital-backed companies in technology-related industries including technology, drug discovery and development, biotechnology, life sciences, healthcare and sustainable and renewable technology at all stages of development. Given the nature of lending to these types of businesses, substantially all of our investments in these portfolio companies are considered Level 3 assets under ASC Topic 820 because there is no known or accessible market or market indexes for these investment securities to be traded or exchanged. As such, we value substantially all of our investments at fair value as determined in good faith pursuant to a consistent valuation policy by our Board of Directors in accordance with the provisions of ASC Topic 820 and the 1940 Act. Due to the inherent uncertainty in determining the fair value of investments that do not have a readily available market value, the fair value of our investments determined in good faith by our Board of Directors may differ significantly from the value that would have been used had a readily available market existed for such investments, and the differences could be material.

We intend to continue to engage an independent valuation firm to provide us with valuation assistance regarding our determination of the fair value of selected portfolio investments each quarter unless directed by the Board of Directors to cancel such valuation services. Specifically, on a quarterly basis, we will identify portfolio investments with respect to which an independent valuation firm will assist in valuing. We select these portfolio investments based on a number of factors, including, but not limited to, the potential for material fluctuations in valuation results, credit quality and the time lapse since the last valuation of the portfolio investment by an independent valuation firm. The scope of the services rendered by an independent valuation firm is at the discretion of the Board of Directors. Our Board of Directors is ultimately, and solely, responsible for determining the fair value of our investments in good faith.

Refer to “Note 2 – Summary of Significant Accounting Policies” included in the notes to our consolidated financial statements appearing elsewhere in this report for a discussion of our valuation policies for the three months ended March 31, 2019.

Income Recognition

See “— Changes in Portfolio” for a discussion of our income recognition policies and results during the three months ended March 31, 2019. See “— Results of Operations” for a comparison of investment income for the three months ended March 31, 2019 and 2018.

Stock Based Compensation

We have issued and may, from time to time, issue stock options and restricted stock to employees under the 2018 Equity Incentive Plan and the Director Plan. We follow the guidelines set forth under ASC Topic 718 to account for stock options granted. Under ASC Topic 718, compensation expense associated with stock-based compensation is measured at the grant date based on the fair value of the award and is recognized over the vesting period. Determining the appropriate fair value model and calculating the fair value of stock-based awards at the grant date requires judgment, including estimating stock price volatility, forfeiture rate and expected option life.

Subsequent Events

Distribution Declaration

On April 24, 2019, the Board of Directors declared a cash distribution of $0.32 per share to be paid on May 20, 2019 to stockholders of record as of May 13, 2019. This distribution represents the Company’s fifty-fifth consecutive distribution since the Company’s IPO, bringing the total cumulative distribution to date to $15.60 per share.

In addition to the cash distribution, on April 24, 2019, the Board of Directors declared a supplemental distribution of $0.01 per share to be paid on May 20, 2019 to stockholders of record as of May 13, 2019. The total cumulative distribution to date, including the supplemental distribution is $15.61 per share.

ATM Equity Program Issuances

Subsequent to March 31, 2019 and as of April 29, 2019, we sold approximately 679,000 shares of common stock for total accumulated net proceeds of approximately $8.5 million, including approximately $78,000 of offering expenses, under the Equity Distribution Agreement. As of April 29, 2019, approximately 4.6 million shares remain available for issuance and sale under the Equity Distribution Agreement.

Share Repurchase Program

Subsequent to March 31, 2019 and as of April 29, 2019, we did not repurchase any shares of its common stock. As of April 29, 2019, approximately $20.9 million of common stock remains eligible for repurchase under the stock repurchase plan.

Portfolio Company Developments

As of April 29, 2019, we held warrants or equity positions in five companies that have filed registration statements on Form S-1 with the SEC in contemplation of potential initial public offerings. Three of the companies filed confidentially under the JOBS Act. There can be no assurance that companies that have yet to complete their initial public offerings will do so in a timely manner or at all. Subsequent to March 31, 2019 and as of April 29, 2019, our portfolio companies announced or completed the following liquidity events:

1. In April 2019, Pinterest, Inc. (NYSE: PINS), a provider of a content sharing platform designed for collecting, organizing and sharing items from the web, completed its IPO offering of 75.0 million shares of Class A common stock at an initial public offering price of $19.00 per share on the New York Stock Exchange.
2. In April 2019, WildTangent, Inc., a game network that powers game services for several personal computer manufacturers, was acquired by gamigo AG, a Hamburg-based publisher of free-to-play online and mobile games in Europe and North America. Terms of the acquisition were not disclosed.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are subject to financial market risks, including changes in interest rates. Interest rate risk is defined as the sensitivity of our current and future earnings to interest rate volatility, variability of spread relationships, the difference in re-pricing intervals between our assets and liabilities and the effect that interest rates may have on our cash flows. Changes in interest rates may affect both our cost of funding and our interest income from portfolio investments, cash and cash equivalents and idle fund investments. Our investment income will be affected by changes in various interest rates, including LIBOR and Prime rates, to the extent our debt investments include variable interest rates. As of March 31, 2019, approximately 97.5% of the loans in our portfolio had variable rates based on floating Prime or LIBOR rates with a floor. Our borrowings under the Credit Facilities bear interest at a floating rate and the borrowings under our SBA debentures, 2022 Notes, 2025 Notes, 2033 Notes, 2027 Asset-Backed Notes, 2028 Asset-Backed Notes, and 2022 Convertible Notes bear interest at a fixed rate. Changes in interest rates can also affect, among other things, our ability to acquire and originate loans and securities and the value of our investment portfolio.

Based on our Consolidated Statement of Assets and Liabilities as of March 31, 2019, the following table shows the approximate annualized increase (decrease) in components of net assets resulting from operations of hypothetical base rate changes in interest rates, assuming no changes in our investments and borrowings.

(in thousands) Basis Point Change	Interest Income	Interest Expense	Net Income	EPS
25	$ 4,414	$ 9	$ 4,405	$ 0.05
50	$ 9,053	$ 19	$ 9,034	$ 0.09
75	$ 13,742	$ 28	$ 13,714	$ 0.14
100	$ 18,431	$ 37	$ 18,394	$ 0.19
200	$ 37,225	$ 75	$ 37,150	$ 0.39
300	$ 56,032	$ 112	$ 55,920	$ 0.58

We do not currently engage in any hedging activities. However, we may, in the future, hedge against interest rate fluctuations (and foreign currency) by using standard hedging instruments such as futures, options, and forward contracts. While hedging activities may insulate us against changes in interest rates (and foreign currency), they may also limit our ability to participate in the benefits of lower interest rates with respect to our borrowed funds and higher interest rates with respect to our portfolio of investments. During the three months ended March 31, 2019, we did not engage in interest rate (or foreign currency) hedging activities.

Although we believe that the foregoing analysis is indicative of our sensitivity to interest rate changes, it does not adjust for potential changes in the credit market, credit quality, size and composition of the assets in our portfolio. It also does not adjust for other business developments, including borrowings under our SBA debentures, 2022 Notes, 2025 Notes, 2033 Notes, 2027 Asset-Backed Notes, 2028 Asset-Backed Notes, 2022 Convertible Notes and Credit Facilities that could affect the net increase in net assets resulting from operations, or net income. It also does not assume any repayments from borrowers. Accordingly, no assurances can be given that actual results would not differ materially from the statement above.

Because we currently borrow, and plan to borrow in the future, money to make investments, our net investment income is dependent upon the difference between the rate at which we borrow funds and the rate at which we invest the funds borrowed. Accordingly, there can be no assurance that a significant change in market interest rates will not have a material adverse effect on our net investment income. In periods of rising interest rates, our cost of funds would increase, which could reduce our net investment income if there is not a corresponding increase in interest income generated by variable rate assets in our investment portfolio.

For additional information regarding the interest rate associated with each of our, SBA debentures, 2022 Notes, 2025 Notes, 2033 Notes, 2027 Asset-Backed Notes, 2028 Asset-Backed Notes, 2022 Convertible Notes, and Credit Facilities, refer to Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations - Financial Condition, Liquidity and Capital Resources - Outstanding Borrowings” in this quarterly report on Form 10-Q and “Note 4 – Borrowings” included in the notes to our consolidated financial statements appearing elsewhere in this report.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Our chief executive and chief financial officers, under the supervision and with the participation of our management, conducted an evaluation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. As of the end of the period covered by this quarterly report on Form 10-Q, our chief executive and chief financial officers have concluded that our disclosure controls and procedures were effective to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms, and that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our chief executive and chief financial officers, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financing reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act that occurred during our most recently completed fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II: OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We may, from time to time, be involved in litigation arising out of our operations in the normal course of business or otherwise. Furthermore, third parties may try to seek to impose liability on us in connection with the activities of our portfolio companies. While the outcome of any current legal proceedings cannot at this time be predicted with certainty, we do not expect any current matters will materially affect our financial condition or results of operations; however, there can be no assurance whether any pending legal proceedings will have a material adverse effect on our financial condition or results of operations in any future reporting period.

ITEM 1A. RISK FACTORS

In addition to the risks discussed below, important risk factors that could cause results or events to differ from current expectations are described in Part I, Item 1A "Risk Factors" of the Company's Annual Report on Form 10-K for the year ended December 31, 2018 filed with the Securities and Exchange Commission on February 21, 2019.

As an internally managed business development company, we are dependent upon key management personnel for their time availability and for our future success, particularly Scott Bluestein, and if we are not able to hire and retain qualified personnel, or if we lose any member of our senior management team, our ability to implement our business strategy could be significantly harmed.

As an internally managed business development company, our ability to achieve our investment objectives and to make distributions to our stockholders depends upon the performance of our senior management. We depend upon the members of our senior management, particularly Mr. Bluestein, as well as other key personnel for the identification, final selection, structuring, closing and monitoring of our investments. These employees have critical industry experience and relationships on which we rely to implement our business plan. If we lose the services of Mr. Bluestein or any senior management members, we may not be able to operate the business as we expect, and our ability to compete could be harmed, which could cause our operating results to suffer. Furthermore, we do not have an employment agreement with Mr. Bluestein or our senior management that restricts them from creating new investment vehicles subject to compliance with applicable law. We believe our future success will depend, in part, on our ability to identify, attract and retain sufficient numbers of highly skilled employees. If we do not succeed in identifying, attracting and retaining such personnel, we may not be able to operate our business as we expect. In connection with our recruiting, branding and marketing efforts, we may, among other things, make charitable contributions in amounts we believe to be immaterial and that do not exceed $500,000 in the aggregate in any year. We believe that many of these contributions help us raise our profile in the communities and benefit us in attracting and retaining talent and investment opportunities.

As an internally managed business development company, our compensation structure is determined and set by our Board of Directors. This structure currently includes salary and bonus and incentive compensation, which is issued through grants and subsequent vesting of restricted stock. We are not generally permitted by the 1940 Act to employ an incentive compensation structure that directly ties performance of our investment portfolio and results of operations to compensation owing to our granting of restricted stock as incentive compensation.

Members of our senior management may receive offers of more flexible and attractive compensation arrangements from other companies, particularly from investment advisers to externally managed business development companies that are not subject to the same limitations on incentive-based compensation that we, as an internally managed business development company are subject to. We do not currently have agreements with certain members of our senior management that prohibit them from leaving and competing with our business and certain States limit our ability to have such agreements. A departure by one or more members of our senior management could have a negative impact on our business, financial condition and results of operations.

Our financial results could be negatively affected if a significant portfolio investment fails to perform as expected.

Our total investment in companies may be significant individually or in the aggregate. As a result, if a significant investment in one or more companies fails to perform as expected, our financial results could be more negatively affected and the magnitude of the loss could be more significant than if we had made smaller investments in more companies. The following table shows the fair value of the totals of investments held in portfolio companies at March 31, 2019 that represent greater than 5% of our net assets:

	March 31, 2019	
(in thousands)	**Fair Value**	**Percentage of Net Assets**
Paratek Pharmaceuticals, Inc.	$ 71,595	7.2%
EverFi, Inc.	61,662	6.2%
BridgeBio Pharma LLC	57,824	5.8%
Businessolver.com, Inc.	54,682	5.5%
Lithium Technologies, Inc.	53,859	5.4%
Fuze, Inc.	52,722	5.3%
Mesoblast	50,204	5.1%
Impossible Foods, Inc.	49,875	5.0%

- Paratek Pharmaceuticals, Inc. is a biopharmaceutical company focused on the development and commercialization of innovative therapies based upon its expertise in novel tetracycline chemistry.
- EverFi, Inc. is a technology company that offers a web-based media platform to teach and certify students in the core concepts of financial literacy, from student loan defaults and sub-prime mortgages to credit card debt and rising bankruptcy rates.
- BridgeBio Pharma LLC is a clinical-stage biopharmaceutical company that discovers and develops drugs for patients with genetic disease.
- Businessolver.com, Inc. is a technology company that provides a cloud-based SaaS platform for employee benefit administration designed to manage and monitor enrollment and payroll dashboards with real-time data.
- Lithium Technologies, Inc. is technology company that develops a software platform that helps customers to connect, engage, and understand their total community.
- Fuze, Inc. is a technology company that provides a cloud-based unified communications-as-a-service platform to server message block, mid-market, and small enterprise customers worldwide.
- Mesoblast is a biopharmaceutical company that develops and commercializes allogeneic cellular medicines.
- Impossible Foods, Inc. is a sustainable and renewable technology company that develops meats and cheeses from plants. It observes animal products at the molecular level, and selects specific proteins and nutrients from greens, seeds, and grains to recreate meats and dairy products.

Our financial results could be materially adversely affected if these portfolio companies or any of our other significant portfolio companies encounter financial difficulty and fail to repay their obligations or to perform as expected.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Dividend Reinvestment Plan

During the three months ended March 31, 2019, we issued 46,889 shares of common stock to stockholders in connection with the dividend reinvestment plan. These issuances were not subject to the registration requirements of the Securities Act. The aggregate value of the shares of our common stock issued under our dividend reinvestment plan was approximately $632,000.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not Applicable

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable

ITEM 5. OTHER INFORMATION

Not Applicable

ITEM 6. EXHIBITS

Exhibit Number	Description
4.1	Indenture, dated as of January 22, 2019, between Hercules Capital Funding Trust 2019-1, as Issuer, and U.S. Bank National Association, as Trustee.(2)
4.2	Amended and Restated Trust Agreement, dated as of January 22, 2019, between Hercules Capital Funding 2019-1 LLC, as Trust Depositor, and Wilmington Trust, National Association, as Owner Trustee.(2)
10.1	Seventh Amendment to the Amended and Restated Loan and Security Agreement, dated as of January 11, 2019, by and among Hercules Funding II LLC as borrower, Wells Fargo Capital Finance, LLC (f/k/a Wells Fargo Foothill, LLC), as Administrative Agent, and the Lenders party thereto from time to time.(1)
10.2	Sale and Servicing Agreement, dated as of January 22, 2019, by and among Hercules Capital Funding Trust 2019-1, as Issuer, Hercules Capital, Inc., as Seller and Servicer, Hercules Capital Funding 2019-1 LLC, as Trust Depositor, and U.S. Bank National Association, as Trustee, Backup Servicer, Custodian and Securities Intermediary.(2)
10.3	Sale and Contribution Agreement, dated as of January 22, 2019, between Hercules Capital, Inc., as Seller, and Hercules Capital Funding 2019-1 LLC, as Trust Depositor.(2)
10.4	Note Purchase Agreement, dated as of January 14, 2019, by and among Hercules Capital, Inc., as Originator and Servicer, Hercules Capital Funding 2019-1 LLC, as Trust Depositor, Hercules Capital Funding Trust 2019-1, as Issuer, and Guggenheim Securities, LLC, as Initial Purchaser.(2)
10.5	Administration Agreement, dated January 22, 2019, by and among Hercules Capital, Inc., as Administrator, Hercules Capital Funding Trust 2019-1, as Issuer, Wilmington Trust National Association, as Owner Trustee, and U.S. Bank National Association, as Trustee.(2)
10.6	Hercules Capital, Inc. Amended and Restated 2018 Equity Incentive Plan.(3)
10.7	Hercules Capital, Inc. 2018 Non-Employee Director Plan.(3)
10.8	Form of Restricted Stock Unit Award Agreement.(3)
10.9	Form of Restricted Stock Award Agreement (2018 Equity Incentive Plan).(3)
10.10	Form of Restricted Stock Award Agreement (Director Plan).(3)
10.11	Form of Nonstatutory Stock Option Award Agreement.(3)
10.12	Form of Incentive Stock Option Award Agreement.(3)
10.13	Loan and Security Agreement, dated as of February 20, 2019, by and among Hercules Funding IV LLC, as borrower, MUFG Union Bank, N.A., as the arranger and administrative agent, and the lenders party thereto from time to time.(4)
10.14	Sale and Servicing Agreement, dated as of February 20, 2019, by and among Hercules Funding IV LLC, as borrower, Hercules Capital, Inc., as originator and servicer, and MUFG Union Bank, N.A., as agent.(4)
31.1*	Chief Executive Officer Certification Pursuant to Exchange Act Rule 13a-14 (a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Chief Financial Officer Certification Pursuant to Exchange Act Rule 13a-14 (a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Chief Executive Officer Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Chief Financial Officer Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* Filed herewith.

(1) Previously filed as part of the Current Report on Form 8-K of the Company, as filed on January 17, 2019.

(2) Previously filed as part of the Current Report on Form 8-K of the Company, as filed on January 22, 2019.

(3) Previously filed as part of the Current Report on Form 8-K of the Company, as filed on January 31, 2019.

(4) Previously filed as part of the Current Report on Form 8-K of the Company, as filed on February 21, 2019.

HERCULES CAPITAL, INC.
SCHEDULE OF INVESTMENTS IN AND ADVANCES TO AFFILIATES
For the Three Months Ended March 31, 2019
(in thousands)

Portfolio Company	Investment [1]	Amount of Interest Credited to Income [2]	Realized Gain (Loss)	As of December 31, 2018 Fair Value	Gross Additions [3]	Gross Reductions [4]	Net Change in Unrealized Appreciation/ (Depreciation)	As of March 31, 2019 Fair Value
Control Investments								
Majority Owned Control Investments								
Gibraltar Business Capital, LLC [7]	Unsecured Debt	$ 551	$ —	$ 14,401	$ 12	$ —	$ 490	$ 14,903
	Preferred Stock	—	—	23,402	—	—	4,346	27,748
	Common Stock	—	—	1,688	—	—	314	2,002
Total Majority Owned Control Investments		$ 551	$ —	$ 39,491	$ 12	$ —	$ 5,150	$ 44,653
Other Control Investments								
Tectura Corporation[5]	Senior Debt	$ 473	$ —	$ 18,128	$ 157	$ —	$ (8,025)	$ 10,260
	Preferred Stock	—	—	—	—	—	—	—
	Common Stock	—	—	—	—	—	—	—
Total Other Control Investments		$ 473	$ —	$ 18,128	$ 157	$ —	$ (8,025)	$ 10,260
Total Control Investments		$ 1,024	$ —	$ 57,619	$ 169	$ —	$ (2,875)	$ 54,913
Affiliate Investments								
Optiscan BioMedical, Corp.	Preferred Warrants	$ —	$ —	$ 178	$ —	$ —	$ 109	$ 287
	Preferred Stock	—	—	6,799	1,632	—	12	8,443
Solar Spectrum Holdings LLC (p.k.a. Sungevity, Inc.) [6]	Senior Debt	508	—	11,404	1,158	—	—	12,562
	Common Stock	—	—	3,115	—	—	(1,340)	1,775
Total Affiliate Investments		$ 508	$ —	$ 21,496	$ 2,790	$ —	$ (1,219)	$ 23,067
Total Control and Affiliate Investments		$ 1,532	$ —	$ 79,115	$ 2,959	$ —	$ (4,094)	$ 77,980

(1) Stock and warrants are generally non-income producing and restricted.

(2) Represents the total amount of interest or dividends credited to income for the period an investment was an affiliate or control investment.

(3) Gross additions include increases in the cost basis of investments resulting from new portfolio investments, paid-in-kind interest or dividends, the amortization of discounts and closing fees and the exchange of one or more existing securities for one or more new securities.

(4) Gross reductions include decreases in the cost basis of investments resulting from principal repayments or sales and the exchange of one or more existing securities for one or more new securities. Gross reductions also include previously recognized depreciation on investments that become control or affiliate investments during the period.

(5) As of March 31, 2017, the Company's investment in Tectura Corporation became classified as a control investment as of result of obtaining more than 50% representation on the portfolio company's board. In May 2018, the Company purchased common shares, thereby obtaining greater than 25% of voting securities of Tectura as of June 30, 2018.

(6) As of September 30, 2017, the Company's investment in Solar Spectrum Holdings LLC (p.k.a. Sungevity, Inc.) became classified as an affiliate investment due to a reduction in equity ownership. Note that this investment was classified as a control investment as of June 30, 2017 after the Company obtained a controlling financial interest.

(7) As of March 31, 2018, the Company's investment in Gibraltar Business Capital, LLC became classified as a control investment as a result of obtaining a controlling financial interest.

HERCULES CAPITAL, INC.
SCHEDULE OF INVESTMENTS IN AND ADVANCES TO AFFILIATES
As of March 31, 2019
(in thousands)

Portfolio Company	Industry	Type of Investment [1]	Maturity Date	Interest Rate and Floor	Principal or Shares	Cost	Value [2]
Control Investments							
Majority Owned Control Investments							
Gibraltar Business Capital, LLC	Diversified Financial Services	Unsecured Debt	March 2023	Interest rate FIXED 14.50%	$ 15,000	$ 14,741	$ 14,903
	Diversified Financial Services	Preferred Series A Equity			10,602,752	26,122	27,748
	Diversified Financial Services	Common Stock			830,000	1,884	2,002
Total Gibraltar Business Capital, LLC						$ 42,747	$ 44,653
Total Majority Owned Control Investments (4.51%)*						$ 42,747	$ 44,653
Other Control Investments							
Tectura Corporation	Internet Consumer & Business Services	Senior Secured Debt	June 2021	Interest rate FIXED 6.00%, PIK Interest 3.00%	$ 21,081	$ 21,081	$ 10,260
	Internet Consumer & Business Services	Senior Secured Debt	June 2021	PIK Interest 8.00%	$ 10,680	240	—
	Internet Consumer & Business Services	Preferred Series BB Equity			1,000,000	—	—
	Internet Consumer & Business Services	Common Stock			414,994,863	900	—
Total Tectura Corporation						$ 22,221	$ 10,260
Total Other Control Investments (1.04%)*						$ 22,221	$ 10,260
Total Control Investments (5.55%)*						**$ 64,968**	**$ 54,913**
Affiliate Investments							
Optiscan BioMedical, Corp.	Medical Devices & Equipment	Preferred Series B Equity			61,855	$ 3,000	$ 427
	Medical Devices & Equipment	Preferred Series C Equity			19,273	655	123
	Medical Devices & Equipment	Preferred Series D Equity			551,038	5,257	3,628
	Medical Devices & Equipment	Preferred Series E Equity			507,103	4,240	4,265
	Medical Devices & Equipment	Preferred Series E Warrants			74,424	573	287
Total Optiscan BioMedical, Corp.						$ 13,725	$ 8,730
Solar Spectrum Holdings LLC (p.k.a. Sungevity, Inc.)	Sustainable and Renewable Technology	Senior Secured Debt	August 2019	Interest rate PRIME + 8.70% or Floor rate of 12.95%, 5.00% Exit Fee	$ 10,000	$ 10,286	$ 10,287
	Sustainable and Renewable Technology	Senior Secured Debt	June 2019	PIK Interest 10.00%	$ 666	666	666
	Sustainable and Renewable Technology	Senior Secured Debt	June 2019	Interest rate PRIME + 10.70% or Floor rate of 15.70%, PIK Interest 2.00%	$ 1,609	1,609	1,609
	Sustainable and Renewable Technology	Common Stock			380	61,502	1,775
	Sustainable and Renewable Technology	Common Warrants			0.69	—	—
Total Solar Spectrum Holdings LLC (p.k.a. Sungevity, Inc.)						$ 74,063	$ 14,337
Total Affiliate Investments (2.33%)*						**$ 87,788**	**$ 23,067**
Total Control and Affiliate Investments (7.88%)*						**$ 152,756**	**$ 77,980**

* Value as a percent of net assets

(1) Stock and warrants are generally non-income producing and restricted.

(2) All of the Company's control and affiliate investments are Level 3 investments valued using significant unobservable inputs.

SIGNATURES

Pursuant to the requirements of the Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

HERCULES CAPITAL, INC. (Registrant)

Dated: May 2, 2019	/S/ SCOTT BLUESTEIN
	Scott Bluestein **Interim Chief Executive Officer, and** **Chief Investment Officer**
Dated: May 2, 2019	/S/ SETH H. MEYER
	Seth H. Meyer **Chief Financial Officer, and** **Chief Accounting Officer**