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 June 30, 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)

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

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 ☒

On July 29, 2019, there were 104,570,273 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)

		June 30, 2019		December 31, 2018
Assets				
Investments:				
Non-control/Non-affiliate investments (cost of $2,162,377 and $1,830,725, respectively)	$	2,174,691	$	1,801,258
Control investments (cost of $65,143 and $64,799, respectively)		55,894		57,619
Affiliate investments (cost of $88,142 and $85,000, respectively)		21,414		21,496
Total investments in securities, at value (cost of $2,315,662 and $1,980,524, respectively)		2,251,999		1,880,373
Cash and cash equivalents		13,261		34,212
Restricted cash		15,339		11,645
Interest receivable		18,206		16,959
Right of use asset (1)		8,493		—
Other assets		4,269		2,002
Total assets	$	2,311,567	$	1,945,191
Liabilities				
Accounts payable and accrued liabilities	$	27,274	$	25,961
Operating lease liability (1)		8,530		—
SBA Debentures, net (principal of $149,000 and $149,000, respectively)		147,910		147,655
2022 Notes, net (principal of $150,000 and $150,000, respectively) (2)		148,252		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)		72,780		72,590
2033 Notes, net (principal of $40,000 and $40,000, respectively) (2)		38,447		38,427
2027 Asset-Backed Notes, net (principal of $200,000 and $200,000, respectively) (2)		197,171		197,265
2028 Asset-Backed Notes, net (principal of $250,000 and $0, respectively) (2)		247,266		—
2022 Convertible Notes, net (principal of $230,000 and $230,000, respectively) (2)		225,832		225,051
Credit Facilities		93,421		52,956
Total liabilities	$	1,206,883	$	989,747
Net assets consist of:				
Common stock, par value		104		96
Capital in excess of par value		1,149,774		1,052,269
Total distributable earnings (loss) (3)		(45,194)		(92,859)
Treasury Stock, at cost, no shares as of June 30, 2019 and 376,466 shares as of December 31, 2018		—		(4,062)
Total net assets	$	1,104,684	$	955,444
Total liabilities and net assets	$	2,311,567	$	1,945,191
Shares of common stock outstanding ($0.001 par value and 200,000,000 authorized)		104,282		96,501
Net asset value per share	$	10.59	$	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)	**June 30, 2019**	**December 31, 2018**
Assets		
Restricted Cash	$ 15,339	$ 11,645
2027 Asset-Backed Notes, investments in securities, at value (cost of $298,584 and $279,373, respectively)	293,149	277,781
2028 Asset-Backed Notes, investments in securities, at value (cost of $363,734 and $0, respectively)	365,745	—
Total assets	$ 674,233	$ 289,426
Liabilities		
2027 Asset-Backed Notes, net (principal of $200,000 and $200,000, respectively) (1)	$ 197,171	$ 197,265
2028 Asset-Backed Notes, net (principal of $250,000 and $0, respectively) (1)	247,266	—
Total liabilities	$ 444,437	$ 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".

See notes to consolidated financial statements

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

	Three Months Ended June 30, 2019	Three Months Ended June 30, 2018	Six Months Ended June 30, 2019	Six Months Ended June 30, 2018
Investment income:				
Interest income				
Non-control/Non-affiliate investments	$ 59,932	$ 44,535	$ 113,872	$ 86,369
Control investments	1,040	841	2,064	1,427
Affiliate investments	738	500	1,247	1,061
Total interest income	61,710	45,876	117,183	88,857
Fee income				
Commitment, facility and loan fee income				
Non-control/Non-affiliate investments	5,028	1,930	7,478	4,370
Control investments	4	—	8	—
Affiliate investments	72	84	160	192
Total commitment, facility and loan fee income	5,104	2,014	7,646	4,562
One-time fee income				
Non-control/Non-affiliate investments	2,450	1,672	3,230	4,843
Total one-time fee income	2,450	1,672	3,230	4,843
Total fee income	7,554	3,686	10,876	9,405
Total investment income	69,264	49,562	128,059	98,262
Operating expenses:				
Interest	13,515	9,878	26,070	19,264
Loan fees	1,646	3,362	4,655	4,537
General and administrative				
Legal expenses	1,963	637	2,626	1,212
Other expenses	3,832	3,037	7,322	6,471
Total general and administrative	5,795	3,674	9,948	7,683
Employee compensation				
Compensation and benefits	9,190	7,017	15,813	12,775
Stock-based compensation	3,851	2,857	7,273	5,166
Total employee compensation	13,041	9,874	23,086	17,941
Total operating expenses	33,997	26,788	63,759	49,425
Net investment income	35,267	22,774	64,300	48,837
Net realized gain (loss) on investments				
Non-control/Non-affiliate investments	4,271	(3,953)	8,826	(7,465)
Control investments	—	(2,900)	—	(4,308)
Affiliate investments	—	(2,058)	—	(2,058)
Total net realized gain (loss) on investments	4,271	(8,911)	8,826	(13,831)
Net change in unrealized appreciation (depreciation) on investments				
Non-control/Non-affiliate investments	9,794	32,700	41,884	18,360
Control investments	808	3,957	(2,068)	3,337
Affiliate investments	(2,009)	1,540	(3,226)	1,303
Total net unrealized appreciation (depreciation) on investments	8,593	38,197	36,590	23,000
Total net realized and unrealized gain (loss)	12,864	29,286	45,416	9,169
Net increase (decrease) in net assets resulting from operations	$ 48,131	$ 52,060	$ 109,716	$ 58,006
Net investment income before investment gains and losses per common share:				
Basic	$ 0.36	$ 0.26	$ 0.66	$ 0.57
Change in net assets resulting from operations per common share:				
Basic	$ 0.49	$ 0.59	$ 1.13	$ 0.67
Diluted	$ 0.49	$ 0.59	$ 1.12	$ 0.67
Weighted average shares outstanding				
Basic	98,223	87,125	97,226	85,868
Diluted	98,737	87,199	97,630	85,939
Distributions paid per common share:				
Basic	$ 0.33	$ 0.31	$ 0.64	$ 0.62

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
For the Three Months Ended June 30, 2019	**Shares**	**Par Value**	**of par value**	**(loss)(2)**	**Stock**	**Assets**
Balance at March 31, 2019	96,543	$ 96	$ 1,051,427	$ (61,174)	$ —	$ 990,349
Net increase (decrease) in net assets resulting from operations	—	—	—	48,131	—	48,131
Public offering, net of offering expenses	7,700	8	95,436	—	—	95,444
Issuance of common stock due to stock option exercises	1	—	7	—	—	7
Retired shares from net issuance	(1)	—	(7)	—	—	(7)
Issuance of common stock under restricted stock plan	10	—	—	—	—	—
Retirement of common stock under repurchase plan	—	—	—	—	—	—
Retired shares for restricted stock vesting	(13)	—	(196)	—	—	(196)
Distributions reinvested in common stock	42	—	557	—	—	557
Distributions	—	—	—	(32,151)	—	(32,151)
Stock-based compensation (1)	—	—	2,550	—	—	2,550
Balance at June 30, 2019	104,282	$ 104	$ 1,149,774	$ (45,194)	$ —	$ 1,104,684
For the Six Months Ended June 30, 2019						
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	—	—	—	109,716	—	109,716
Public offering, net of offering expenses	7,700	8	95,415	—	—	95,423
Issuance of common stock due to stock option exercises	14	—	161	—	—	161
Retired shares from net issuance	(12)	—	(166)	—	—	(166)
Issuance of common stock under restricted stock plan	58	—	—	—	—	—
Retirement of common stock under repurchase plan	—	—	(4,062)	—	4,062	—
Retired shares for restricted stock vesting	(68)	—	(887)	—	—	(887)
Distributions reinvested in common stock	89	—	1,189	—	—	1,189
Distributions	—	—	—	(62,051)	—	(62,051)
Stock-based compensation (1)	—	—	5,855	—	—	5,855
Balance at June 30, 2019	104,282	$ 104	$ 1,149,774	$ (45,194)	$ —	$ 1,104,684

(1) Stock-based compensation includes $24 and $31 of restricted stock and option expense related to director compensation for the three and six months ended June 30, 2019, 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 CHANGES IN NET ASSETS
(unaudited)
(dollars and shares in thousands)

	Common Stock		Capital in excess	Distributable Earnings	Net
For the Three Months Ended June 30, 2018	**Shares**	**Par Value**	**of par value**	**(loss)(2)**	**Assets**
Balance at March 31, 2018	85,239	$ 85	$ 916,738	$ (88,092)	$ 828,731
Net increase (decrease) in net assets resulting from operations	—	—	—	52,060	52,060
Public offering, net of offering expenses	9,008	9	106,665	—	106,674
Issuance of common stock due to stock option exercises	—	—	1	—	1
Retired shares from net issuance	—	—	(1)	—	(1)
Issuance of common stock under restricted stock plan	—	—	—	—	—
Retired shares for restricted stock vesting	(21)	—	(242)	—	(242)
Distributions reinvested in common stock	34	—	428	—	428
Distributions	—	—	—	(26,678)	(26,678)
Stock-based compensation (1)	—	—	2,724	—	2,724
Balance at June 30, 2018	94,260	$ 94	$ 1,026,313	$ (62,710)	$ 963,697
For the Six Months Ended June 30, 2018					
Balance at December 31, 2017	84,424	$ 85	$ 908,501	$ (67,619)	$ 840,967
Net increase (decrease) in net assets resulting from operations	—	—	—	58,006	58,006
Public offering, net of offering expenses	9,486	9	112,617	—	112,626
Issuance of common stock due to stock option exercises	38	—	433	—	433
Retired shares from net issuance	(36)	—	(447)	—	(447)
Issuance of common stock under restricted stock plan	336	—	—	—	—
Retired shares for restricted stock vesting	(57)	—	(688)	—	(688)
Distributions reinvested in common stock	69	—	854	—	854
Distributions	—	—	—	(53,097)	(53,097)
Stock-based compensation (1)	—	—	5,043	—	5,043
Balance at June 30, 2018	94,260	$ 94	$ 1,026,313	$ (62,710)	$ 963,697

(1) Stock-based compensation includes $10 and $20 of restricted stock and option expense related to director compensation for the three and six months ended June 30, 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 Six Months Ended June 30, 2019	For the Six Months Ended June 30, 2018
Cash flows from operating activities:		
Net increase (decrease) in net assets resulting from operations	$ 109,716	$ 58,006
Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by (used in) operating activities:		
Purchase of investments	(607,847)	(563,744)
Principal and fee payments received on investments	267,654	414,347
Proceeds from the sale of investments	21,264	9,768
Net unrealized depreciation (appreciation) on investments	(36,590)	(23,000)
Net realized loss (gain) on investments	(8,826)	13,831
Accretion of paid-in-kind principal	(4,310)	(4,696)
Accretion of loan discounts	(1,510)	(1,562)
Accretion of loan discount on convertible notes	336	336
Accretion of loan exit fees	(11,253)	(8,923)
Change in deferred loan origination revenue	10,787	3,415
Unearned fees related to unfunded commitments	1,898	1,616
Amortization of debt fees and issuance costs	3,956	3,999
Depreciation	101	94
Stock-based compensation and amortization of restricted stock grants (1)	5,855	5,043
Change in operating assets and liabilities:		
Interest and fees receivable	(1,247)	(2,146)
Prepaid expenses and other assets	(11,453)	518
Accounts payable	(191)	244
Accrued liabilities	10,136	(1,016)
Net cash provided by (used in) operating activities	(251,524)	(93,870)
Cash flows from investing activities:		
Purchases of capital equipment	(241)	(116)
Net cash provided by (used in) investing activities	(241)	(116)
Cash flows from financing activities:		
Issuance of common stock, net	95,379	112,626
Retirement of employee shares	(850)	(701)
Distributions paid	(60,862)	(52,243)
Issuance of 2028 Asset-Backed Notes	250,000	—
Repayments of 2024 Notes	(83,510)	(100,000)
Repayments of 2021 Asset-Backed Notes	—	(18,065)
Borrowings of credit facilities	405,192	150,700
Repayments of credit facilities	(364,727)	(92,377)
Cash paid for debt issuance costs	(3,117)	(519)
Fees paid for credit facilities and debentures	(2,997)	(83)
Net cash provided by (used in) financing activities	234,508	74,338
Net increase (decrease) in cash, cash equivalents and restricted cash	(17,257)	(19,648)
Cash, cash equivalents and restricted cash at beginning of period	45,857	94,995
Cash, cash equivalents and restricted cash at end of period	$ 28,600	$ 75,347
Supplemental non-cash investing and financing activities:		
Distributions reinvested	1,189	854

(1) Stock-based compensation includes $31 and $20 of restricted stock and option expense related to director compensation for the six months ended June 30, 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 Six Months Ended June 30,	
(Dollars in thousands)	**2019**	**2018**
Cash and cash equivalents	$ 13,261	$ 59,461
Restricted cash	15,339	15,886
Total cash, cash equivalents and restricted cash presented in the Consolidated Statements of Cash Flows	$ 28,600	$ 75,347

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

HERCULES CAPITAL, INC.
CONSOLIDATED SCHEDULE OF INVESTMENTS
June 30, 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	$ 5,199	$ 5,199
Subtotal: Under 1 Year Maturity						5,199	5,199
Subtotal: Biotechnology Tools (0.47%)*						**5,199**	**5,199**
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	6,142	6,153
Subtotal: 1-5 Years Maturity						6,142	6,153
Subtotal: Consumer & Business Products (0.56%)*						**6,142**	**6,153**
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	14,754	14,754
Pico Quantitative Trading LLC(18)	Diversified Financial Services	Senior Secured	June 2024	Interest rate PRIME + 5.30% or Floor rate of 10.80%	$ 30,000	29,518	29,518
Subtotal: 1-5 Years Maturity						44,272	44,272
Subtotal: Diversified Financial Services (4.01%)*						**44,272**	**44,272**
Drug Delivery							
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%, 4.14% Exit Fee	$ 40,000	40,401	40,393
Subtotal: 1-5 Years Maturity						40,401	40,393
Subtotal: Drug Delivery (3.66%)*						**40,401**	**40,393**
Drug Discovery & Development							
Under 1 Year Maturity							
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	$ 3,199	3,763	2,802
Subtotal: Under 1 Year Maturity						3,763	2,802
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	9,988	10,023
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	10,218	10,246
	Drug Discovery & Development	Senior Secured	July 2021	Interest rate PRIME + 4.70% or Floor rate of 9.45%, 3.00% Exit Fee	$ 10,000	10,361	10,421
Total Aveo Pharmaceuticals, Inc.					$ 20,000	20,579	20,667
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%	$ 40,248	39,803	39,873
BridgeBio Pharma LLC(13)(16)	Drug Discovery & Development	Senior Secured	July 2022	Interest rate PRIME + 3.85% or Floor rate of 8.85%, 6.35% Exit Fee	$ 35,000	35,392	36,163
	Drug Discovery & Development	Senior Secured	July 2022	Interest rate PRIME + 2.85% or Floor rate of 8.60%, 5.75% Exit Fee	$ 20,000	20,098	20,433
	Drug Discovery & Development	Senior Secured	July 2022	Interest rate PRIME + 3.10% or Floor rate of 9.10%, 5.75% Exit Fee	$ 20,000	19,857	20,433
Total BridgeBio Pharma LLC					$ 75,000	75,347	77,029
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	20,123	20,671
Constellation Pharmaceuticals, Inc. (10)(12)(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	19,946	19,946
Dermavant Sciences Ltd. (5)(10)(13)	Drug Discovery & Development	Senior Secured	June 2022	Interest rate PRIME + 4.45% or Floor rate of 9.95%, 6.95% Exit Fee	$ 20,000	19,676	19,676
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	$ 13,465	13,844	13,846
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	$ 50,000	50,784	50,889
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	$ 15,769	16,600	16,596
Motif BioSciences Inc. (5)(10)(11)	Drug Discovery & Development	Senior Secured	September 2021	Interest rate PRIME + 5.50% or Floor rate of 10.00%, 2.15% Exit Fee	$ 7,099	7,093	3,516
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	40,875	40,966
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	25,028	25,148
Paratek Pharmaceuticals, Inc. (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	41,129	41,338

HERCULES CAPITAL, INC.
CONSOLIDATED SCHEDULE OF INVESTMENTS
June 30, 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	Senior Secured	September 2021	Interest rate PRIME + 2.75% or Floor rate of 8.50%, 4.50% Exit Fee	$ 10,000	$ 10,310	$ 10,350
	Drug Discovery & Development	Senior Secured	September 2021	Interest rate PRIME + 2.75% or Floor rate of 8.50%, 2.25% Exit Fee	$ 10,000	10,123	10,144
	Drug Discovery & Development	Senior Secured	August 2022	Interest rate PRIME + 2.10% or Floor rate of 7.85%, 6.95% Exit Fee	$ 10,000	10,127	10,130
Total Paratek Pharmaceuticals, Inc.					$ 70,000	71,689	71,962
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	17,901	17,957
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	29,350	29,350
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	40,013	40,420
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	35,822	36,048
Urovant Sciences, Ltd. (5)(10)(13)(17)	Drug Discovery & Development	Senior Secured	March 2023	Interest rate PRIME + 4.65% or Floor rate of 10.15%, 4.25% Exit Fee	$ 15,000	14,833	14,833
Verastem, Inc. (11)	Drug Discovery & Development	Senior Secured	December 2022	Interest rate PRIME + 4.25% or Floor rate of 9.75%, 5.25% Exit Fee	$ 5,000	4,980	5,025
	Drug Discovery & Development	Senior Secured	December 2022	Interest rate PRIME + 4.25% or Floor rate of 9.75%, 5.25% Exit Fee	$ 5,000	5,004	5,049
	Drug Discovery & Development	Senior Secured	December 2022	Interest rate PRIME + 4.25% or Floor rate of 9.75%, 5.25% Exit Fee	$ 5,000	4,998	5,037
	Drug Discovery & Development	Senior Secured	December 2022	Interest rate PRIME + 4.25% or Floor rate of 9.75%, 5.25% Exit Fee	$ 10,000	9,973	10,063
	Drug Discovery & Development	Senior Secured	December 2022	Interest rate PRIME + 4.25% or Floor rate of 9.75%, 5.25% Exit Fee	$ 10,000	9,935	10,025
Total Verastem, Inc.					$ 35,000	34,890	35,199
X4 Pharmaceuticals, Inc. (11)(17)	Drug Discovery & Development	Senior Secured	July 2023	Interest rate PRIME + 2.75% or Floor rate of 8.75%, 7.98% Exit Fee	$ 20,000	19,871	19,880
Subtotal: 1-5 Years Maturity						624,055	624,495
Subtotal: Drug Discovery & Development (56.79%)*						**627,818**	**627,297**
Electronics & Computer Hardware							
1-5 Years Maturity							
908 DEVICES INC. (15)	Electronics & Computer Hardware	Senior Secured	June 2021	Interest rate PRIME + 4.00% or Floor rate of 8.25%, 4.25% Exit Fee	$ 10,000	10,165	10,104
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%, 5.03% Exit Fee	$ 10,574	10,779	7,589
Subtotal: 1-5 Years Maturity						20,944	17,693
Subtotal: Electronics & Computer Hardware (1.60%)*						**20,944**	**17,693**
Healthcare Services, Other							
1-5 Years Maturity							
Oak Street Health (11)(16)	Healthcare Services, Other	Senior Secured	June 2022	Interest rate PRIME + 5.00% or Floor rate of 9.75%, 5.95% Exit Fee	$ 60,000	60,635	60,885
PH Group Holdings (13)	Healthcare Services, Other	Senior Secured	September 2020	Interest rate PRIME + 7.45% or Floor rate of 10.95%	$ 20,000	19,939	19,966
	Healthcare Services, Other	Senior Secured	September 2020	Interest rate PRIME + 7.45% or Floor rate of 10.95%	$ 10,000	9,965	9,977
Total PH Group Holdings					$ 30,000	29,904	29,943
The CM Group LLC (17)	Healthcare Services, Other	Senior Secured	June 2024	Interest rate 1-month LIBOR + 8.35% or Floor rate of 9.35%	$ 9,500	9,324	9,324
Subtotal: 1-5 Years Maturity						99,863	100,152
Subtotal: Healthcare Services, Other (9.07%)*						**99,863**	**100,152**
Information Services							
1-5 Years Maturity							
MDX Medical, Inc. (14)(15)(19)	Information Services	Senior Secured	June 2021	Interest rate PRIME + 4.00% or Floor rate of 8.25%, PIK Interest 1.70%, 2.80% Exit Fee	$ 15,420	15,314	15,355
Planet Labs, Inc.	Information Services	Senior Secured	June 2022	Interest rate PRIME + 5.50% or Floor rate of 11.00%, 3.00% Exit Fee	$ 20,000	19,345	19,345
YIPIT, LLC (17)(18)	Information Services	Senior Secured	May 2024	Interest rate 1-month LIBOR + 5.55% or Floor rate of 5.55%	$ 10,625	10,395	10,395
Subtotal: 1-5 Years Maturity						45,054	45,095
Subtotal: Information Services (4.08%)*						**45,054**	**45,095**
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	$ 1,277	1,697	1,697
Subtotal: Under 1 Year Maturity						1,697	1,697

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1-5 Years Maturity							
Adroll, Inc (14)(19)	Internet Consumer & Business Services	Senior Secured	June 2022	Interest rate PRIME + 3.85% or Floor rate of 9.35%, PIK Interest 2.95%, 3.50% Exit Fee	$ 20,002	$ 19,804	$ 19,804
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	20,158	20,276
Arctic Wolf Networks, Inc.(13)(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	$ 30,000	29,825	29,825
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	11,156	11,250
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	$ 3,770	3,739	3,765
Convercent, Inc. (14)(15)	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	$ 10,112	10,031	10,095
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%	$ 61,439	61,402	62,167
Fastly, Inc. (11)(17)(19)	Internet Consumer & Business Services	Senior Secured	December 2021	Interest rate PRIME + 4.25%, 1.50% Exit Fee	$ 6,667	6,593	6,593
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	9,852	9,884
Greenphire, Inc. (17)	Internet Consumer & Business Services	Senior Secured	January 2021	Interest rate 3-month LIBOR + 8.00% or Floor rate of 9.00%	$ 2,078	2,078	2,092
	Internet Consumer & Business Services	Senior Secured	January 2021	Interest rate PRIME + 3.75% or Floor rate of 7.00%	$ 750	750	748
Total Greenphire, Inc.					$ 2,828	2,828	2,840
Intent (p.k.a. Intent Media, Inc.) (12)	Internet Consumer & Business Services	Senior Secured	September 2021	Interest rate PRIME + 5.13% or Floor rate of 10.13%	$ 15,200	15,093	15,074
Lendio, Inc. (11)(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	4,929	4,929
Patron Technology (18)	Internet Consumer & Business Services	Senior Secured	June 2024	Interest rate 3-month LIBOR + 8.30% or Floor rate of 9.30%	$ 32,500	31,535	31,535
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	19,976	20,118
SeatGeek, Inc. (14)(17)	Internet Consumer & Business Services	Senior Secured	June 2023	Interest rate PRIME + 5.00% or Floor rate of 10.50%, PIK Interest 0.50%	$ 15,000	14,521	14,521
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	$ 42,255	42,636	42,777
	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	$ 5,083	4,951	4,972
Total Snagajob.com, Inc.					$ 47,338	47,587	47,749
Tectura Corporation (7)(8)(9)(14)	Internet Consumer & Business Services	Senior Secured	June 2021	Interest rate FIXED 6.00%, PIK Interest 3.00%	$ 21,243	21,243	9,670
	Internet Consumer & Business Services	Senior Secured	June 2021	PIK Interest 8.00%	$ 10,680	240	—
Total Tectura Corporation					$ 31,923	21,483	9,670
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	$ 25,100	24,823	24,823
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%	$ 18,717	18,584	18,589
Xometry, Inc. (13)(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	11,163	11,304
Subtotal: 1-5 Years Maturity						385,082	374,811
Subtotal: Internet Consumer & Business Services (34.08%)*						**386,779**	**376,508**
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	$ 15,467	15,481	15,784
Subtotal: 1-5 Years Maturity						15,481	15,784
Subtotal: Media/Content/Info (1.43%)*						**15,481**	**15,784**
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	$ 1,657	2,069	515

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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	$	3,603	$ 4,183	$ 4,183
Subtotal: Under 1 Year Maturity							6,252	4,698
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	$	15,043	15,087	15,183
Intuity Medical, Inc. (11)(15)	Medical Devices & Equipment	Senior Secured	June 2021	Interest rate PRIME + 5.00% or Floor rate of 9.25%, 6.95% Exit Fee	$	16,345	16,702	16,769
Quanterix Corporation (11)	Medical Devices & Equipment	Senior Secured	October 2021	Interest rate PRIME + 2.75% or Floor rate of 8.00%, 0.96% Exit Fee	$	7,688	7,646	7,669
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	18,368	18,496
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	11,337	11,301
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	30,283	30,073
Subtotal: 1-5 Years Maturity							99,423	99,491
Subtotal: Medical Devices & Equipment (9.43%)*							**105,675**	**104,189**
Semiconductors								
1-5 Years Maturity								
Elenion Technologies Corporation (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	$	10,071	10,053	10,053
Subtotal: 1-5 Years Maturity							10,053	10,053
Subtotal: Semiconductors (0.91%)*							**10,053**	**10,053**
Software								
Under 1 Year Maturity								
Lightbend, Inc. (14)(15)	Software	Senior Secured	December 2019	Interest rate PRIME + 4.25% or Floor rate of 8.50%, PIK Interest 2.00%, 9.95% Exit Fee	$	2,006	2,045	2,045
Subtotal: Under 1 Year Maturity							2,045	2,045
1-5 Years Maturity								
Abrigo (18)	Software	Senior Secured	March 2023	Interest rate 3-month LIBOR + 7.88% or Floor rate of 7.88%	$	39,502	38,756	39,151
Businessolver.com, Inc. (11)(16)(17)	Software	Senior Secured	May 2023	Interest rate 3-month LIBOR + 7.50% or Floor rate of 7.50%	$	55,208	54,298	54,847
	Software	Senior Secured	May 2023	Interest rate 3-month LIBOR + 7.50% or Floor rate of 7.50%	$	765	765	765
Total Businessolver.com, Inc.					$	55,973	55,063	55,612
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%	$	42,756	42,368	42,795
Cloud 9 Software (13)(17)	Software	Senior Secured	April 2024	Interest rate 3-month LIBOR + 8.20% or Floor rate of 9.20%	$	9,500	9,316	9,316
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	15,058	15,145
Couchbase, Inc. (11)(15)(19)	Software	Senior Secured	May 2023	Interest rate PRIME + 5.25% or Floor rate of 10.75%, 3.75% Exit Fee	$	40,000	39,521	39,614
Credible Behavioral Health, Inc. (11)(14)	Software	Senior Secured	September 2021	Interest rate PRIME + 3.20% or Floor rate of 7.95%, PIK Interest 3.30%	$	7,700	7,639	7,639
Dashlane, Inc. (11)(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	$	10,123	10,287	10,445
	Software	Senior Secured	March 2023	Interest rate PRIME + 4.05% or Floor rate of 8.55%, PIK Interest 1.10%, 4.95% Exit Fee	$	10,025	9,764	9,764
Total Dashlane, Inc.					$	20,148	20,051	20,209
Evernote Corporation (11)(14)(15)(19)	Software	Senior Secured	October 2020	Interest rate PRIME + 5.45% or Floor rate of 8.95%	$	5,549	5,430	5,431
	Software	Senior Secured	July 2021	Interest rate PRIME + 6.00% or Floor rate of 9.50%, PIK Interest 1.25%	$	4,100	3,988	3,993
	Software	Senior Secured	July 2022	Interest rate PRIME + 6.00% or Floor rate of 9.50%, PIK Interest 1.25%	$	5,045	4,961	5,089
Total Evernote Corporation					$	14,694	14,379	14,513
FPX, LLC (13)(17)	Software	Senior Secured	May 2024	Interest rate 1-month LIBOR + 8.65% or Floor rate of 9.65%	$	6,000	5,883	5,883
Fuze, Inc. (13)(14)(15)(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	$	51,531	52,048	53,055
Insurance Technologies Corporation (11)(18)	Software	Senior Secured	March 2023	Interest rate 3-month LIBOR + 7.82% or Floor rate of 8.75%	$	12,500	12,283	12,408

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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)
Kazoo, Inc. (p.k.a. YouEarnedIt, Inc.) (11)(18)	Software	Senior Secured	July 2023	Interest rate 1-month LIBOR + 8.66%	$ 8,933	$ 8,712	$ 8,712
Lastline, Inc. (19)	Software	Senior Secured	July 2022	Interest rate PRIME + 5.45% or Floor rate of 10.95%	$ 6,000	5,799	5,799
Lightbend, Inc. (14)(15)	Software	Senior Secured	February 2022	Interest rate PRIME + 4.25% or Floor rate of 8.50%, PIK Interest 2.00%	$ 16,342	16,090	16,151
Lithium Technologies, Inc. (11)	Software	Senior Secured	October 2022	Interest rate 1-month LIBOR + 8.00% or Floor rate of 9.00%	$ 12,000	11,809	11,809
	Software	Senior Secured	October 2022	Interest rate 1-month LIBOR + 8.00% or Floor rate of 9.00%	$ 43,000	42,118	42,118
Total Lithium Technologies, Inc.					$ 55,000	53,927	53,927
Nuvolo Technologies Corporation(19)	Software	Senior Secured	April 2022	Interest rate PRIME + 6.25% or Floor rate of 11.75%	$ 10,000	9,832	9,832
OrthoFi, Inc (13)(18)	Software	Senior Secured	April 2024	Interest rate 3-month LIBOR + 8.28% or Floor rate of 9.28%	$ 17,853	17,376	17,376
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	7,291	7,246
Quid, Inc. (11)(14)(15)	Software	Senior Secured	November 2022	Interest rate PRIME + 4.45% or Floor rate of 9.95%, PIK Interest 2.25%, 3.61% Exit Fee	$ 13,100	13,278	13,317
Regent Education(14)	Software	Senior Secured	January 2022	Interest rate FIXED 10.00%, PIK Interest 2.00%, 7.94% Exit Fee	$ 3,123	3,164	1,591
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	5,904	5,964
	Software	Senior Secured	April 2023	Interest rate 3-month LIBOR + 8.15% or Floor rate of 9.15%	$ 150	150	150
Total Salsa Labs, Inc.					$ 6,150	6,054	6,114
ThreatConnect, Inc. (13)(17)(19)	Software	Senior Secured	May 2024	Interest rate 1-month LIBOR + 8.25% or Floor rate of 9.25%	$ 10,000	9,852	9,852
Vela Trading Technologies(11)(18)	Software	Senior Secured	July 2022	Interest rate 3-month LIBOR + 9.50% or Floor rate of 10.50%	$ 19,500	19,055	19,055
ZeroFox, Inc.	Software	Senior Secured	January 2023	Interest rate PRIME + 4.75% or Floor rate of 10.25%, 3.00% Exit Fee	$ 15,000	14,830	14,830
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	30,114	30,236
Subtotal: 1-5 Years Maturity						527,739	529,378
Greater than 5 Years Maturity							
Campaign Monitor Limited(11)(17)(19)	Software	Senior Secured	November 2025	Interest rate 3-month LIBOR + 8.50% or Floor rate of 9.50%	$ 29,333	28,634	28,634
Imperva, Inc. (19)	Software	Senior Secured	January 2027	Interest rate 3-month LIBOR + 7.75% or Floor rate of 7.75%	$ 20,000	19,796	19,796
Subtotal: Greater than 5 Years Maturity						48,430	48,430
Subtotal: Software (52.49%)*						**578,214**	**579,853**
Sustainable and Renewable Technology							
Under 1 Year Maturity							
FuelCell Energy, Inc. (12)	Sustainable and Renewable Technology	Senior Secured	August 2019	Interest rate PRIME + 5.40% or Floor rate of 9.90%, 6.68% Exit Fee	$ 7,070	7,395	7,266
	Sustainable and Renewable Technology	Senior Secured	August 2019	Interest rate PRIME + 5.40% or Floor rate of 9.90%	$ 6,432	6,216	6,108
Total FuelCell Energy, Inc.					$ 13,502	13,611	13,374
Solar Spectrum Holdings LLC (p.k.a. Sungevity, Inc.) (6)(8)(14)(19)	Sustainable and Renewable Technology	Senior Secured	August 2019	Interest rate PRIME + 8.70% or Floor rate of 13.70%, 6.67% Exit Fee	$ 10,000	10,614	10,614
	Sustainable and Renewable Technology	Senior Secured	July 2019	PIK Interest 10.00%	$ 683	683	683
	Sustainable and Renewable Technology	Senior Secured	July 2019	Interest rate PRIME + 10.70% or Floor rate of 15.70%, PIK Interest 2.00%	$ 1,620	1,620	1,620
Total Solar Spectrum Holdings LLC (p.k.a. Sungevity, Inc.)					$ 12,303	12,917	12,917
Subtotal: Under 1 Year Maturity						26,528	26,291
1-5 Years Maturity							
Impossible Foods, Inc. (12)	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	50,656	50,680
Metalysis Limited (5)(8)(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	$ 3,935	4,177	1,954
Proterra, Inc. (11)(14)	Sustainable and Renewable Technology	Senior Secured	May 2021	Interest rate PRIME + 5.05% or Floor rate of 10.55%, PIK Interest 1.75%	$ 10,012	9,956	9,991
Subtotal: 1-5 Years Maturity						64,789	62,625
Subtotal: Sustainable and Renewable Technology (8.05%)*						**91,317**	**88,916**
Total: Debt Investments (186.62%)*						**2,077,212**	**2,061,557**

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Equity Investments						
Communications & Networking						
Peerless Network Holdings, Inc.	Communications & Networking	Equity	Preferred Series A	1,135,000	$ 1,230	$ 4,482
Subtotal: Communications & Networking (0.41%)*					**1,230**	**4,482**
Diagnostic						
Singulex, Inc.	Diagnostic	Equity	Common Stock	937,998	750	414
Subtotal: Diagnostic (0.04%)*					**750**	**414**
Diversified Financial Services						
Gibraltar Business Capital, LLC(7)	Diversified Financial Services	Equity	Common Stock	830,000	1,884	2,117
	Diversified Financial Services	Equity	Preferred Series A	10,602,752	26,122	29,353
Total Gibraltar Business Capital, LLC				11,432,752	28,006	31,470
Subtotal: Diversified Financial Services (2.85%)*					**28,006**	**31,470**
Drug Delivery						
AcelRx Pharmaceuticals, Inc. (4)	Drug Delivery	Equity	Common Stock	176,730	1,329	447
BioQ Pharma Incorporated(15)	Drug Delivery	Equity	Preferred Series D	165,000	500	780
Kaleo, Inc.	Drug Delivery	Equity	Preferred Series B	82,500	1,007	3,244
Neos Therapeutics, Inc. (4)(15)	Drug Delivery	Equity	Common Stock	125,000	1,500	161
PDS Biotechnology Corporation (p.k.a. Edge Therapeutics, Inc.)(4)	Drug Delivery	Equity	Common Stock	2,498	309	15
Subtotal: Drug Delivery (0.42%)*					**4,645**	**4,647**
Drug Discovery & Development						
Aveo Pharmaceuticals, Inc. (4)(15)	Drug Discovery & Development	Equity	Common Stock	1,901,791	1,715	1,280
Axovant Gene Therapies Ltd. (p.k.a. Axovant Sciences Ltd.)(4)(5)(10)	Drug Discovery & Development	Equity	Common Stock	16,228	1,269	101
BridgeBio Pharma LLC(4)(16)	Drug Discovery & Development	Equity	Common Stock	203,578	2,000	5,491
Cerecor, Inc. (4)	Drug Discovery & Development	Equity	Common Stock	119,087	1,000	649
Concert Pharmaceuticals, Inc. (4)(10)	Drug Discovery & Development	Equity	Common Stock	70,796	1,367	799
Dare Biosciences, Inc. (4)	Drug Discovery & Development	Equity	Common Stock	13,550	1,000	12
Dynavax Technologies(4)(10)	Drug Discovery & Development	Equity	Common Stock	20,000	550	80
Eidos Therapeutics, Inc. (4)(10)	Drug Discovery & Development	Equity	Common Stock	15,000	255	466
Genocea Biosciences, Inc. (4)	Drug Discovery & Development	Equity	Common Stock	27,932	2,000	109
Insmed, Incorporated (4)	Drug Discovery & Development	Equity	Common Stock	50,771	717	1,300
Melinta Therapeutics (4)	Drug Discovery & Development	Equity	Common Stock	10,364	2,000	69
Paratek Pharmaceuticals, Inc. (4)(16)	Drug Discovery & Development	Equity	Common Stock	76,362	2,744	304
Rocket Pharmaceuticals, Ltd. (4)	Drug Discovery & Development	Equity	Common Stock	944	1,500	14
Savara, Inc. (4)(15)	Drug Discovery & Development	Equity	Common Stock	11,119	203	26
uniQure B.V. (4)(5)(10)	Drug Discovery & Development	Equity	Common Stock	37,175	718	2,784
Subtotal: Drug Discovery & Development (1.22%)*					**19,038**	**13,484**
Healthcare Services, Other						
23andMe, Inc.	Healthcare Services, Other	Equity	Common Stock	360,000	5,094	5,094
Subtotal: Healthcare Services, Other (0.46%)*					**5,094**	**5,094**
Information Services						
DocuSign, Inc. (4)	Information Services	Equity	Common Stock	366,316	5,773	17,120
Subtotal: Information Services (1.55%)*					**5,773**	**17,120**
Internet Consumer & Business Services						
Blurb, Inc.	Internet Consumer & Business Services	Equity	Preferred Series B	220,653	175	41
Contentful, Inc. (5)(10)	Internet Consumer & Business Services	Equity	Preferred Series D	217	500	495
Countable Corporation (p.k.a. Brigade Group, Inc.)	Internet Consumer & Business Services	Equity	Common Stock	9,023	93	—
DoorDash, Inc.	Internet Consumer & Business Services	Equity	Common Stock	105,000	6,051	14,422
Lightspeed POS, Inc. (4)(5)(10)	Internet Consumer & Business Services	Equity	Common Stock	107,177	500	2,975
Lyft, Inc. (4)	Internet Consumer & Business Services	Equity	Common Stock	200,738	10,487	13,189
Nextdoor.com, Inc.	Internet Consumer & Business Services	Equity	Common Stock	328,190	4,854	6,101
OfferUp, Inc.	Internet Consumer & Business Services	Equity	Preferred Series A	286,080	1,663	2,065
	Internet Consumer & Business Services	Equity	Preferred Series A-1	108,710	632	785
Total OfferUp, Inc.				394,790	2,295	2,850
Oportun	Internet Consumer & Business Services	Equity	Preferred Series G	218,351	250	953
	Internet Consumer & Business Services	Equity	Preferred Series H	87,802	250	400
Total Oportun				306,153	500	1,353

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Portfolio Company	Sub-Industry	Type of Investment (1)	Series	Shares	Cost (3)	Value (4)
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 (3.75%)*					**26,355**	**41,426**
Media/Content/Info						
Pinterest, Inc. (4)	Media/Content/Info	Equity	Preferred Series Seed	206,666	4,085	5,625
Subtotal: Media/Content/Info (0.51%)*					**4,085**	**5,625**
Medical Devices & Equipment						
Flowonix Medical Incorporated	Medical Devices & Equipment	Equity	Preferred Series AA	221,893	1,500	—
Gelesis, Inc.	Medical Devices & Equipment	Equity	Common Stock	199,649	—	969
	Medical Devices & Equipment	Equity	Preferred Series A-1	191,210	425	1,021
	Medical Devices & Equipment	Equity	Preferred Series A-2	191,626	500	973
Total Gelesis, Inc.				582,485	925	2,963
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	411
	Medical Devices & Equipment	Equity	Preferred Series C	19,273	655	117
	Medical Devices & Equipment	Equity	Preferred Series D	551,038	5,257	3,456
	Medical Devices & Equipment	Equity	Preferred Series E	507,103	4,240	4,138
Total Optiscan Biomedical, Corp.				1,139,269	13,152	8,122
Outset Medical, Inc.	Medical Devices & Equipment	Equity	Preferred Series B	232,061	527	543
Quanterix Corporation (4)	Medical Devices & Equipment	Equity	Common Stock	13,281	157	449
Subtotal: Medical Devices & Equipment (1.09%)*					**17,166**	**12,077**
Software						
CapLinked, Inc.	Software	Equity	Preferred Series A-3	53,614	51	97
Docker, Inc.	Software	Equity	Common Stock	200,000	4,284	4,452
Druva Holdings, Inc. (p.k.a. Druva, Inc.)	Software	Equity	Preferred Series 2	458,841	1,000	1,605
	Software	Equity	Preferred Series 3	93,620	300	388
Total Druva Holdings, Inc. (p.k.a. Druva, Inc.)				552,461	1,300	1,993
HighRoads, Inc.	Software	Equity	Common Stock	190	307	—
Palantir Technologies	Software	Equity	Preferred Series D	9,535	47	49
	Software	Equity	Preferred Series E	1,749,089	10,489	8,997
	Software	Equity	Preferred Series G	326,797	2,211	1,680
Total Palantir Technologies				2,085,421	12,747	10,726
Sprinklr, Inc.	Software	Equity	Common Stock	700,000	3,749	4,003
Subtotal: Software (1.93%)*					**22,438**	**21,271**
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	132
	Surgical Devices	Equity	Preferred Series F	1,523,693	118	141
	Surgical Devices	Equity	Preferred Series F-1	2,418,125	150	196
Total Gynesonics, Inc.				9,595,178	1,941	581
TransMedics Group, Inc. (p.k.a Transmedics, Inc.)(4)	Surgical Devices	Equity	Common Stock	162,617	2,550	4,714
Subtotal: Surgical Devices (0.48%)*					**4,491**	**5,295**
Sustainable and Renewable Technology						
Impossible Foods, Inc.	Sustainable and Renewable Technology	Equity	Preferred Series E-1	188,611	2,000	2,000
Modumetal, Inc.	Sustainable and Renewable Technology	Equity	Preferred Series A-1	103,584	500	10
Proterra, Inc.	Sustainable and Renewable Technology	Equity	Preferred Series 5	99,280	500	398
Solar Spectrum Holdings LLC (p.k.a. Sungevity, Inc.)(6)	Sustainable and Renewable Technology	Equity	Common Stock	380	61,501	125
Subtotal: Sustainable and Renewable Technology (0.23%)*					**64,501**	**2,533**
Total: Equity Investments (14.93%)*					**203,572**	**164,938**

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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	$ —	$ 9
Spring Mobile Solutions, Inc.	Communications & Networking	Warrant	Common Stock	2,834,375	418	—
Subtotal: Communications & Networking (0.00%)*					**418**	**9**
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	353
The Neat Company	Consumer & Business Products	Warrant	Common Stock	54,054	365	—
WHOOP, INC.	Consumer & Business Products	Warrant	Preferred Series C	68,627	18	7
Subtotal: Consumer & Business Products (0.03%)*					**841**	**360**
Drug Delivery						
Agile Therapeutics, Inc. (4)	Drug Delivery	Warrant	Common Stock	180,274	730	44
BioQ Pharma Incorporated	Drug Delivery	Warrant	Common Stock	459,183	1	925
Dance Biopharm, Inc. (15)	Drug Delivery	Warrant	Common Stock	110,882	74	—
Neos Therapeutics, Inc. (4)(15)	Drug Delivery	Warrant	Common Stock	70,833	285	—
PDS Biotechnology Corporation (p.k.a. Edge Therapeutics, Inc.)(4)	Drug Delivery	Warrant	Common Stock	3,929	389	—
Pulmatrix Inc. (4)	Drug Delivery	Warrant	Common Stock	2,515	116	—
ZP Opco, Inc. (4)	Drug Delivery	Warrant	Common Stock	3,618	265	—
Subtotal: Drug Delivery (0.09%)*					**1,860**	**969**
Drug Discovery & Development						
Acacia Pharma Inc. (4)(5)(10)	Drug Discovery & Development	Warrant	Common Stock	201,330	304	40
ADMA Biologics, Inc. (4)	Drug Discovery & Development	Warrant	Common Stock	89,750	295	37
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	18
Concert Pharmaceuticals, Inc. (4)(10)(15)	Drug Discovery & Development	Warrant	Common Stock	61,273	178	123
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	—
Dermavant Sciences Ltd. (5)(10)	Drug Discovery & Development	Warrant	Common Stock	223,642	101	121
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	23
Fortress Biotech, Inc. (4)	Drug Discovery & Development	Warrant	Common Stock	73,009	142	7
Genocea Biosciences, Inc. (4)	Drug Discovery & Development	Warrant	Common Stock	50,391	431	81
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	10
Myovant Sciences, Ltd. (4)(5)(10)	Drug Discovery & Development	Warrant	Common Stock	73,710	460	134
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)(15)(16)	Drug Discovery & Development	Warrant	Common Stock	94,841	204	9
Sorrento Therapeutics, Inc. (4)(10)	Drug Discovery & Development	Warrant	Common Stock	306,748	889	232
Stealth Bio Therapeutics Corp. (4)(5)(10)	Drug Discovery & Development	Warrant	American Depositary Shares	41,667	158	103
TG Therapeutics, Inc. (4)(10)	Drug Discovery & Development	Warrant	Common Stock	147,058	564	685
Tricida, Inc. (4)(15)	Drug Discovery & Development	Warrant	Common Stock	123,637	979	2,719
Urovant Sciences, Ltd. (4)(5)(10)	Drug Discovery & Development	Warrant	Common Stock	33,259	143	83
X4 Pharmaceuticals, Inc. (4)	Drug Discovery & Development	Warrant	Common Stock	25,000	314	102
XOMA Corporation (4)(10)(15)	Drug Discovery & Development	Warrant	Common Stock	9,063	279	2
Subtotal: Drug Discovery & Development (0.41%)*					**8,605**	**4,529**
Electronics & Computer Hardware						
908 DEVICES INC. (15)	Electronics & Computer Hardware	Warrant	Preferred Series D	79,856	101	55
Subtotal: Electronics & Computer Hardware (0.00%)*					**101**	**55**
Healthcare Services, Other						
Chromadex Corporation (4)	Healthcare Services, Other	Warrant	Common Stock	139,673	157	191
Subtotal: Healthcare Services, Other (0.02%)*					**157**	**191**
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	134
Netbase Solutions, Inc.	Information Services	Warrant	Preferred Series 1	60,000	356	396
Planet Labs, Inc.	Information Services	Warrant	Common Stock	54,832	565	549
RichRelevance, Inc.	Information Services	Warrant	Preferred Series E	112,612	98	—
Subtotal: Information Services (0.10%)*					**1,384**	**1,079**
Internet Consumer & Business Services						
Aria Systems, Inc.	Internet Consumer & Business Services	Warrant	Preferred Series G	231,535	73	—

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Portfolio Company	Sub-Industry	Type of Investment (1)	Series	Shares	Cost (3)	Value (4)
Blurb, Inc. (15)	Internet Consumer & Business Services	Warrant	Preferred Series C	234,280	$ 636	$ 9
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	36
Fastly, Inc. (4)	Internet Consumer & Business Services	Warrant	Common Stock	76,098	71	617
First Insight, Inc. (15)	Internet Consumer & Business Services	Warrant	Preferred Series B	75,917	96	116
Intent (p.k.a. Intent Media, Inc.)	Internet Consumer & Business Services	Warrant	Common Stock	140,077	168	114
Interactions Corporation	Internet Consumer & Business Services	Warrant	Preferred Series G-3	68,187	204	437
Just Fabulous, Inc.	Internet Consumer & Business Services	Warrant	Preferred Series B	206,184	1,102	2,458
Lendio, Inc.	Internet Consumer & Business Services	Warrant	Preferred Series D	127,032	39	57
Lightspeed POS, Inc. (4)(5)(10)	Internet Consumer & Business Services	Warrant	Common Stock	61,402	20	1,095
LogicSource	Internet Consumer & Business Services	Warrant	Preferred Series C	79,625	30	84
Oportun	Internet Consumer & Business Services	Warrant	Preferred Series G	174,562	78	574
Postmates, Inc.	Internet Consumer & Business Services	Warrant	Common Stock	189,865	317	153
RumbleON, Inc. (4)	Internet Consumer & Business Services	Warrant	Common Stock	102,768	87	35
SeatGeek, Inc.	Internet Consumer & Business Services	Warrant	Common Stock	137,976	662	682
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	108
	Internet Consumer & Business Services	Warrant	Preferred Series B	1,211,537	62	43
TotalSnagajob.com, Inc.				3,011,537	844	151
Tapjoy, Inc.	Internet Consumer & Business Services	Warrant	Preferred Series D	748,670	316	3
The Faction Group LLC	Internet Consumer & Business Services	Warrant	Preferred Series AA	8,076	234	342
Thumbtack, Inc.	Internet Consumer & Business Services	Warrant	Common Stock	102,821	124	492
Xometry, Inc.	Internet Consumer & Business Services	Warrant	Preferred Series B	87,784	47	260
Subtotal: Internet Consumer & Business Services (0.70%)*					**5,741**	**7,727**
Media/Content/Info						
Machine Zone, Inc.	Media/Content/Info	Warrant	Common Stock	1,552,710	1,960	2,000
Napster	Media/Content/Info	Warrant	Common Stock	715,755	383	—
WP Technology, Inc. (Wattpad, Inc.) (5)(10)	Media/Content/Info	Warrant	Common Stock	255,818	4	2
Zoom Media Group, Inc.	Media/Content/Info	Warrant	Preferred Series A	1,204	347	—
Subtotal: Media/Content/Info (0.18%)*					**2,694**	**2,002**
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	774
Flowonix Medical Incorporated	Medical Devices & Equipment	Warrant	Preferred Series AA	155,325	362	—
	Medical Devices & Equipment	Warrant	Preferred Series BB	725,806	351	—
Total Flowonix Medical Incorporated				881,131	713	—
Gelesis, Inc.	Medical Devices & Equipment	Warrant	Preferred Series A-1	74,784	78	229
InspireMD, Inc. (4)(5)(10)	Medical Devices & Equipment	Warrant	Common Stock	1,105	—	—
Intuity Medical, Inc. (15)	Medical Devices & Equipment	Warrant	Preferred Series 5	1,819,078	294	301
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	28
Optiscan Biomedical, Corp. (6)	Medical Devices & Equipment	Warrant	Preferred Series E	74,424	572	250

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Portfolio Company	Sub-Industry	Type of Investment (1)	Series	Shares	Cost (3)	Value (4)
Outset Medical, Inc.	Medical Devices & Equipment	Warrant	Preferred Series A	500,000	$ 402	$ 282
Quanterix Corporation (4)	Medical Devices & Equipment	Warrant	Common Stock	66,039	204	1,144
Sebacia, Inc.	Medical Devices & Equipment	Warrant	Preferred Series D	778,301	133	42
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	34
ViewRay, Inc. (4)(15)	Medical Devices & Equipment	Warrant	Common Stock	128,231	333	351
Subtotal: Medical Devices & Equipment (0.31%)*					**4,636**	**3,435**
Semiconductors						
Achronix Semiconductor Corporation	Semiconductors	Warrant	Preferred Series C	360,000	160	88
	Semiconductors	Warrant	Preferred Series D-2	750,000	99	366
Total Achronix Semiconductor Corporation				1,110,000	259	454
Elenion Technologies Corporation	Semiconductors	Warrant	Preferred Series C	225	8	6
Subtotal: Semiconductors (0.04%)*					**267**	**460**
Software						
Actifio, Inc.	Software	Warrant	Common Stock	73,584	249	53
	Software	Warrant	Preferred Series F	31,673	343	64
Total Actifio, Inc.				105,257	592	117
CareCloud Corporation (15)	Software	Warrant	Preferred Series B	413,433	257	25
Clickfox, Inc. (15)	Software	Warrant	Preferred Series B	539,818	167	1
	Software	Warrant	Preferred Series C	592,019	730	1
	Software	Warrant	Preferred Series C-A	2,218,214	231	20
Total Clickfox, Inc.				3,350,051	1,128	22
Cloudian, Inc.	Software	Warrant	Common Stock	477,454	72	61
Couchbase, Inc.	Software	Warrant	Common Stock	188,127	344	153
Dashlane, Inc.	Software	Warrant	Common Stock	239,852	219	481
DNAnexus, Inc.	Software	Warrant	Preferred Series C	909,091	97	117
Evernote Corporation	Software	Warrant	Common Stock	62,500	106	95
Fuze, Inc. (15)	Software	Warrant	Preferred Series F	256,158	89	—
Lastline, Inc.	Software	Warrant	Common Stock	363,636	133	137
Lightbend, Inc. (15)	Software	Warrant	Preferred Series C-1	854,787	130	50
Message Systems, Inc. (15)	Software	Warrant	Preferred Series C	503,718	334	825
Nuvolo Technologies Corporation	Software	Warrant	Common Stock	30,000	43	93
OneLogin, Inc. (15)	Software	Warrant	Common Stock	381,620	305	700
Poplicus, Inc.	Software	Warrant	Common Stock	132,168	—	—
Quid, Inc. (15)	Software	Warrant	Preferred Series D	71,576	1	1
	Software	Warrant	Preferred Series E	40,261	1	—
Total Quid, Inc.				111,837	2	1
RapidMiner, Inc.	Software	Warrant	Preferred Series C-1	4,982	24	6
RedSeal Inc. (15)	Software	Warrant	Preferred Series C-Prime	640,603	66	14
Signpost, Inc.	Software	Warrant	Preferred Series C	324,005	314	31
ZeroFox, Inc.	Software	Warrant	Preferred Series C-1	486,263	57	61
Subtotal: Software (0.27%)*					**4,312**	**2,989**
Specialty Pharmaceuticals						
Alimera Sciences, Inc. (4)	Specialty Pharmaceuticals	Warrant	Common Stock	1,717,709	861	76
Subtotal: Specialty Pharmaceuticals (0.01%)*					**861**	**76**
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	20
Total Gynesonics, Inc.				1,756,445	395	24
TransMedics Group, Inc. (p.k.a Transmedics, Inc.)(4)	Surgical Devices	Warrant	Common Stock	64,441	138	898
Subtotal: Surgical Devices (0.08%)*					**533**	**922**
Sustainable and Renewable Technology						
Agrivida, Inc.	Sustainable and Renewable Technology	Warrant	Preferred Series D	471,327	120	—
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	275	443

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Portfolio Company	Sub-Industry	Type of Investment (1)	Series	Shares	Cost (3)	Value (4)
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	161
	Sustainable and Renewable Technology	Warrant	Preferred Series B	131,883	63	52
Total Kinestral Technologies, Inc.				456,883	218	213
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	44
	Sustainable and Renewable Technology	Warrant	Common Stock	36,630	1	1
Total Proterra, Inc.				514,147	42	45
Rive Technology, Inc. (15)	Sustainable and Renewable Technology	Warrant	Preferred Series E	234,477	13	—
Solar Spectrum Holdings LLC (p.k.a. Sungevity, Inc.) (6)	Sustainable and Renewable Technology	Warrant	Common Stock	0.69	—	—
TAS Energy, Inc.	Sustainable and Renewable Technology	Warrant	Preferred Series AA	428,571	299	—
Subtotal: Sustainable and Renewable Technology (0.06%)*					**2,468**	**701**
Total: Warrant Investments (2.31%)*					**34,878**	**25,504**
Total Investments in Securities (203.86%)*					**$ 2,315,662**	**$ 2,251,999**

* 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 June 30, 2019. 1-month LIBOR, 3-month LIBOR and 12-month LIBOR represent 2.40%, 2.40% and 2.28%, respectively, at June 30, 2019.
(3) Gross unrealized appreciation, gross unrealized depreciation, and net unrealized depreciation for federal income tax purposes totaled $80.4 million, $159.2 million and $78.8 million, respectively. The tax cost of investments is $2.3 billion.
(4) Except for warrants in 39 publicly traded companies and common stock in 24 publicly traded companies, all investments are restricted at June 30, 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 June 30, 2019, and is therefore considered non-income producing. Note that at June 30, 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. At June 30, 2019, only the $1.6 million and $683,000 loans are on non-accrual for the Company's debt investment in Solar Spectrum Holdings LLC (p.k.a. Sungevity, Inc.).
(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 June 30, 2019.
(17) Denotes that there is an unfunded contractual commitment available at the request of this portfolio company at June 30, 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.

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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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Portfolio Company	Sub-Industry	Type of Investment(1)	Maturity Date	Interest Rate and Floor(2)	Principal Amount	Cost(3)	Value(4)
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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(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	$ 10,145	$ 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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Portfolio Company	Sub-Industry	Type of Investment(1)	Maturity Date	Interest Rate and Floor(2)	Principal Amount	Cost(3)	Value(4)
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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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 (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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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	$ 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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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**

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)
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**

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, Bethesda, MD, 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).

The Company also established wholly owned subsidiaries, all of which are structured as Delaware corporations or limited liability companies, to hold portfolio companies organized as limited liability companies, or LLCs (or other forms of pass-through entities). These 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 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 tomake 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 June 30, 2019, approximately 97.4% 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 valuationsas of June 30, 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 six months ended June 30, 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), Concert Pharmaceuticals, Inc. ($139,000), Savara Inc. ($50,000), and American Superconductor Corporation ($272,000). There were no other transfers between Levels 1 or 2.

(in thousands) **Description**	**Balance** **June 30,** **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	$ 2,046,803	$ —	$ —	$ 2,046,803
Unsecured Debt	14,754	—	—	14,754
Preferred Stock	69,064	—	—	69,064
Common Stock	95,874	58,179	—	37,695
Warrants	25,504	—	9,632	15,872
Escrow Receivable	91	—	—	91
Total	$ 2,252,090	$ 58,179	$ 9,632	$ 2,184,279

(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 six months ended June 30, 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 June 30, 2019
Senior Debt	$ 1,719,091	$ (2,487)	$ 3,469	$ 598,679	$ —	$ (271,949)	$ —	$ —	$ 2,046,803
Unsecured Debt	14,401	—	329	24	—	—	—	—	14,754
Preferred Stock	68,625	(1,146)	10,560	4,638	(16)	—	—	(13,597)	69,064
Common Stock	24,241	—	8,360	5,094	—	—	—	—	37,695
Warrants	22,673	6,560	(5,401)	2,274	(8,981)	—	—	(1,253)	15,872
Escrow Receivable	970	(875)	—	27	(31)	—	—	—	91
Total	$ 1,850,001	$ 2,052	$ 17,317	$ 610,736	$ (9,028)	$ (271,949)	$ —	$ (14,850)	$ 2,184,279

(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 six months ended June 30, 2019 relate to the initial public offerings of Lightspeed POS, Inc., Lyft, Inc., Avedro, Inc., Stealth Bio Therapeutics Corp., X4 Pharmaceuticals, Inc., BridgeBio Pharma LLC, Pinterest, Inc., TransMedics Group, Inc., and Fastly, 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 six months ended June 30, 2019, approximately $9.6 million and $8.4 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 $200,000 and $1.3 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 ofJune 30, 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 June 30, 2019 (in thousands)	Valuation Techniques/Methodologies	Unobservable Input (1)	Range	Weighted Average (2)
Pharmaceuticals	$ 64,128	Originated Within 4-6 Months	Origination Yield	11.09% - 13.79%	12.72%
	567,117	Market Comparable Companies	Hypothetical Market Yield	9.32% - 15.93%	12.11%
			Premium/(Discount)	(0.25%) - 0.50%	
	6,317	Liquidation (3)	Probability weighting of alternative outcomes	40.00% - 60.00%	
Technology	84,199	Originated Within 4-6 Months	Origination Yield	11.14% - 15.66%	13.24%
	673,623	Market Comparable Companies	Hypothetical Market Yield	10.96% - 19.72%	12.48%
			Premium/(Discount)	0.00% - 0.50%	
	1,591	Liquidation (3)	Probability weighting of alternative outcomes	40.00% - 60.00%	
Sustainable and Renewable Technology	34,669	Market Comparable Companies	Hypothetical Market Yield	12.03% - 31.96%	18.97%
			Premium/(Discount)	0.00% - 5.00%	
	9,543	Liquidation (3)	Probability weighting of alternative outcomes	20.00% - 100.00%	
Medical Devices	139,885	Market Comparable Companies	Hypothetical Market Yield	9.64% - 14.75%	12.79%
			Premium/(Discount)	0.00% - 0.75%	
	515	Liquidation (3)	Probability weighting of alternative outcomes	15.00% - 85.00%	
Lower Middle Market	159,396	Market Comparable Companies	Hypothetical Market Yield	9.80% - 16.25%	13.53%
			Premium/(Discount)	0.00%	
	9,671	Liquidation (3)	Probability weighting of alternative outcomes	10.00% - 80.00%	
		Debt Investments Where Fair Value Approximates Cost			
	245,810	Debt Investments originated within 3 months			
	39,054	Imminent Payoffs (4)			
	26,039	Debt Investments Maturing in Less than One Year			
	$ 2,061,557	**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 June 30, 2019 (in thousands)	Valuation Techniques/ Methodologies	Unobservable Input (1)	Range	Weighted Average (6)
Equity Investments	$	41,483	Market Comparable Companies	EBITDA Multiple (2)	5.5x - 9.9x	9.2x
				Revenue Multiple (2)	0.5x - 4.7x	2.6x
				Discount for Lack of Marketability (3)	13.55% - 26.80%	17.90%
				Average Industry Volatility (4)	35.00% - 100.37%	68.17%
				Risk-Free Interest Rate	1.71% - 1.96%	1.95%
				Estimated Time to Exit (in months)	11 - 38	12
		15,503	Market Adjusted OPM Backsolve	Market Equity Adjustment (5)	(24.14%) - 31.13%	0.37%
				Average Industry Volatility (4)	50.64% - 96.32%	89.27%
				Risk-Free Interest Rate	1.08% - 2.65%	2.11%
				Estimated Time to Exit (in months)	11 - 18	15
		125	Liquidation	EBITDA Multiple (2)	12x	12x
				Revenue Multiple (2)	2.4x - 2.5x	2.5x
		49,648	Other (7)			
Warrant Investments		10,992	Market Comparable Companies	EBITDA Multiple (2)	4.3x - 16x	15.3x
				Revenue Multiple (2)	0.4x - 10.2x	4.9x
				Discount for Lack of Marketability (3)	11.05% - 36.06%	17.15%
				Average Industry Volatility (4)	35.00% - 101.56%	54.70%
				Risk-Free Interest Rate	1.71% - 2.09%	1.90%
				Estimated Time to Exit (in months)	6 - 48	19
		4,880	Market Adjusted OPM Backsolve	Market Equity Adjustment (5)	(60.78%) - 25.94%	7.17%
				Average Industry Volatility (4)	26.49% - 96.32%	67.23%
				Risk-Free Interest Rate	1.49% - 2.78%	2.03%
				Estimated Time to Exit (in months)	8 - 45	20
Total Level Three Warrant and Equity Investments	$	122,631				

(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% - 32.20%	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)	34.10% - 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 both June 30, 2019 and December 31, 2018, 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 10 – Commitments and Contingencies" and "Note 11 – Recent Accounting Pronouncements".

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 and six months ended June 30, 2019 and 2018.

(in thousands)			For the Three Months Ended June 30, 2019				For the Six Months Ended June 30, 2019			
Portfolio Company	Type	Fair Value at June 30, 2019	Interest Income	Fee Income	Net Change in Unrealized (Depreciation)/ Appreciation	Realized Gain/(Loss)	Interest Income	Fee Income	Net Change in Unrealized (Depreciation)/ Appreciation	Realized Gain/(Loss)
Control Investments										
Gibraltar Business Capital, LLC	Control	$ 46,224	$ 558	$ 4	$ 1,559	$ —	$ 1,109	$ 8	$ 6,709	$ —
Tectura Corporation	Control	9,670	482	—	(751)	—	955	—	(8,777)	—
Total Control Investments		$ 55,894	$ 1,040	$ 4	$ 808	$ —	$ 2,064	$ 8	$ (2,068)	$ —
Affiliate Investments										
Optiscan BioMedical, Corp.	Affiliate	$ 8,372	$ —	$ —	$ (359)	$ —	$ —	$ —	$ (236)	$ —
Solar Spectrum Holdings LLC (p.k.a. Sungevity, Inc.)	Affiliate	13,042	738	72	(1,650)	—	1,247	160	(2,990)	—
Total Affiliate Investments		$ 21,414	$ 738	$ 72	$ (2,009)	$ —	$ 1,247	$ 160	$ (3,226)	$ —
Total Control & Affiliate Investments		$ 77,308	$ 1,778	$ 76	$ (1,201)	$ —	$ 3,311	$ 168	$ (5,294)	$ —

(in thousands)			For the Three Months Ended June 30, 2018				For the Six Months Ended June 30, 2018			
Portfolio Company	Type	Fair Value at June 30, 2018	Interest Income	Fee Income	Net Change in Unrealized (Depreciation)/ Appreciation	Realized Gain/(Loss)	Interest Income	Fee Income	Net Change in Unrealized Appreciation/ (Depreciation)	Realized Gain/(Loss)
Control Investments										
Achilles Technology Management Co II, Inc.	Control	$ —	$ —	$ —	$ 2,983	$ (2,900)	$ —	$ —	$ 2,858	$ (2,900)
Gibraltar Business Capital, LLC	Control	37,589	373	—	—	—	501	—	—	—
Second Time Around (Simplify Holdings, LLC)	Control	—	—	—	—	—	—	—	1,781	(1,743)
Tectura Corporation	Control	19,127	468	—	974	—	926	—	(1,302)	335
Total Control Investments		$ 56,716	$ 841	$ —	$ 3,957	$ (2,900)	$ 1,427	$ —	$ 3,337	$ (4,308)
Affiliate Investments										
Optiscan BioMedical, Corp.	Affiliate	$ 7,327	$ —	$ —	$ 1,480	$ (680)	$ —	$ —	$ 415	$ (680)
Solar Spectrum Holdings LLC (p.k.a. Sungevity, Inc.)	Affiliate	21,378	500	84	(1,318)	—	1,061	192	(490)	—
Stion Corporation	Affiliate	—	—	—	1,378	(1,378)	—	—	1,378	(1,378)
Total Affiliate Investments		$ 28,705	$ 500	$ 84	$ 1,540	$ (2,058)	$ 1,061	$ 192	$ 1,303	$ (2,058)
Total Control & Affiliate Investments		$ 85,421	$ 1,341	$ 84	$ 5,497	$ (4,958)	$ 2,488	$ 192	$ 4,640	$ (6,366)

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 debtor-in-possession, or 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 writte n 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 June 30, 2019 and December 31, 2018:

	June 30, 2019		December 31, 2018	
(in thousands)	**Investments at Fair Value**	**Percentage of Total Portfolio**	**Investments at Fair Value**	**Percentage of Total Portfolio**
Senior Secured Debt with Warrants	$ 811,691	36.0 %	$ 716,505	38.1 %
Senior Secured Debt	1,260,616	56.0 %	1,029,255	54.8 %
Unsecured Debt	14,754	0.7 %	14,401	0.8 %
Preferred Stock	69,064	3.0 %	68,625	3.6 %
Common Stock	95,874	4.3 %	51,587	2.7 %
Total	$ 2,251,999	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 June 30, 2019 and December 31, 2018 is shown as follows:

	June 30, 2019		December 31, 2018	
(in thousands)	**Investments at Fair Value**	**Percentage of Total Portfolio**	**Investments at Fair Value**	**Percentage of Total Portfolio**
United States	$ 1,956,340	86.9 %	$ 1,668,027	88.8 %
United Kingdom	146,774	6.5 %	89,016	4.7 %
Australia	50,889	2.3 %	35,190	1.9 %
Netherlands	38,832	1.7 %	35,854	1.9 %
Ireland	25,148	1.1 %	24,750	1.3 %
Cayman Islands	18,061	0.8 %	19,650	1.0 %
Sweden	7,589	0.3 %	5,556	0.3 %
Germany	4,296	0.2 %	—	0.0 %
Canada	4,070	0.2 %	859	0.0 %
Switzerland	—	0.0 %	1,471	0.1 %
Total	$ 2,251,999	100.0 %	$ 1,880,373	100.0 %

The following table shows the fair value of the Company's portfolio by industry sector at June 30, 2019 and December 31, 2018:

	June 30, 2019		December 31, 2018	
(in thousands)	**Investments at Fair Value**	**Percentage of Total Portfolio**	**Investments at Fair Value**	**Percentage of Total Portfolio**
Drug Discovery & Development	$ 645,310	28.7 %	$ 539,977	28.7 %
Software	604,113	26.8 %	548,952	29.2 %
Internet Consumer & Business Services	425,661	18.9 %	329,512	17.5 %
Medical Devices & Equipment	119,701	5.3 %	121,420	6.5 %
Healthcare Services, Other	105,437	4.7 %	60,142	3.2 %
Sustainable and Renewable Technology	92,150	4.1 %	110,303	5.9 %
Diversified Financial Services	75,742	3.4 %	39,491	2.1 %
Information Services	63,294	2.8 %	30,940	1.6 %
Drug Delivery	46,009	2.0 %	40,519	2.2 %
Media/Content/Info	23,411	1.0 %	21,666	1.2 %
Electronics & Computer Hardware	17,748	0.8 %	15,763	0.8 %
Semiconductors	10,513	0.5 %	899	0.0 %
Consumer & Business Products	6,513	0.3 %	6,179	0.3 %
Surgical Devices	6,217	0.3 %	3,088	0.2 %
Biotechnology Tools	5,199	0.2 %	6,279	0.3 %
Communications & Networking	4,491	0.2 %	4,871	0.3 %
Diagnostic	414	0.0 %	348	0.0 %
Specialty Pharmaceuticals	76	0.0 %	24	0.0 %
Total	$ 2,251,999	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 June 30, 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 June 30, 2019, approximately 81.8% of the Company's debt investments were in a senior secured first lien position, with 47.0% secured by a first priority security in all of the assets of the portfolio company, including its intellectual property, 25.8% 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, 0.9% of the Company's debt investments were senior secured by the equipment of the portfolio company and 8.1% 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 17.5% of the Company's debt investments were secured by a second priority security interest in the portfolio company's assets , and 0.7% 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 June 30, 2019 and December 31, 2018 was approximately $91,000 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 June 30, 2019, the Company had four debt investments on non-accrual with a cumulative investment cost and approximate fair value of $8.8 million and $4.8 million, 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 increase in the cost of debt investments on non-accrual between December 31, 2018 and June 30, 2019 is the result of the addition of three debt investments, partially offset by 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.

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 $43.7 million of unamortized fees at June 30, 2019, of which approximately $36.3 million was included as an offset to the cost basis of the Company's current debt investments and approximately $7.4 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 $2.5 million and $1.7 million in one-time fee income during the three months ended June 30, 2019 and 2018, respectively. The Company recorded approximately $3.2 million and $4.8 million in one-time fee income during the six months ended June 30, 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 June 30, 2019, the Company had approximately $29.7 million in exit fees receivable, of which approximately $27.3 million was included as a component of the cost basis of the Company's current debt investments and approximately $2.4 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 $2.2 million and $2.3 million in PIK income during the three months ended June 30, 2019 and 2018, respectively. The Company recorded approximately $4.4 million and $4.6 million in PIK income during the six months ended June 30, 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 and six months ended June 30, 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 June 30, 2019, the 2022 Notes, 2027 Asset-Backed Notes, 2028 Asset-Backed Notes, and 2022 Convertible Notes were quoted for 0.984, 1.014, 1.016, and 1.000 per dollar at par value, respectively. At June 30, 2019, the 2025 Notes and 2033 Notes were trading on the NYSE for $25.00 and $25.70 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 June 30, 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 June 30, 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 June 30, 2019 and December 31, 2018:

(in thousands) **Description**	**June 30, 2019**	**Identical Assets (Level 1)**	**Observable Inputs (Level 2)**	**Unobservable Inputs (Level 3)**
SBA Debentures	$ 151,968	$ —	$ —	$ 151,968
2022 Notes	147,570	—	147,570	—
2025 Notes	75,000	—	75,000	—
2033 Notes	41,120	—	41,120	—
2027 Asset-Backed Notes	202,797	—	202,797	—
2028 Asset-Backed Notes	254,072	—	254,072	—
2022 Convertible Notes	230,092	—	230,092	—
Union Facility	82,316	—	—	82,316
Wells Facility	11,105	—	—	11,105
Total	$ 1,196,040	$ —	$ 950,651	$ 245,389

(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 June 30, 2019 and December 31, 2018, the Company had the following available and outstanding borrowings:

	June 30, 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	$ 147,910	$ 149,000	$ 149,000	$ 147,655
2022 Notes	150,000	150,000	148,252	150,000	150,000	147,990
2024 Notes (3)	—	—	—	83,510	83,510	81,852
2025 Notes	75,000	75,000	72,780	75,000	75,000	72,590
2033 Notes	40,000	40,000	38,447	40,000	40,000	38,427
2027 Asset-Backed Notes	200,000	200,000	197,171	200,000	200,000	197,265
2028 Asset-Backed Notes	250,000	250,000	247,266	—	—	—
2022 Convertible Notes	230,000	230,000	225,832	230,000	230,000	225,051
Wells Facility (4)	75,000	11,105	11,105	75,000	13,107	13,107
Union Bank Facility (4)	200,000	82,316	82,316	100,000	39,849	39,849
Total	$ 1,369,000	$ 1,187,421	$ 1,171,079	$ 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 both June 30, 2019 and 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 June 30, 2019 and December 31, 2018:

(in thousands)	**June 30, 2019**	**December 31, 2018**
SBA Debentures	$ 1,090	$ 1,345
2022 Notes	1,199	1,379
2024 Notes (2)	—	1,686
2025 Notes	2,220	2,410
2033 Notes	1,553	1,573
2027 Asset-Backed Notes	2,829	2,735
2028 Asset-Backed Notes	2,734	—
2022 Convertible Notes	2,378	2,823
Wells Facility (1)	370	100
Union Bank Facility (1)	1,545	165
Total	$ 15,918	$ 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 June 30, 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 June 30, 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 June 30, 2019, HT III has paid the SBA commitment fees and facility fees of approximately $1.5 million and $3.6 million, respectively. As of June 30, 2019, the Company held investments in HT III in 45 companies with a fair value of approximately $242.4 million, accounting for approximately 10.8% of the Company's total investment portfolio at June 30, 2019. HT III held approximately $250.7 million in tangible assets which accounted for approximately 10.8% of the Company's total assets at June 30, 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 June 30, 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 and six months ended June 30, 2019 for HT III were approximately $149.0 million with an average interest rate of approximately 3.42% and 3.40%, respectively.

For the three and six months ended June 30, 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 June 30,		Six Months Ended June 30,	
(in thousands)	**2019**	**2018**	**2019**	**2018**
Interest expense	$ 1,273	$ 1,737	$ 2,533	$ 3,456
Amortization of debt issuance cost (loan fees)	128	158	255	317
Total interest expense and fees	$ 1,401	$ 1,895	$ 2,788	$ 3,773
Cash paid for interest expense	$ —	$ —	$ 2,519	$ 3,442

The Company reported the following SBA debentures outstanding principal balances as of June 30, 2019 and December 31, 2018:

(in thousands) Issuance/Pooling Date	Maturity Date	Interest Rate (1)	June 30, 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 integr al multiples of $1,000 thereof. As of June 30, 2019, the Company was in compliance with the terms of the 2022 Notes Indenture.

As of June 30, 2019 and December 31, 2018, the components of the carrying value of the 2022 Notes were as follows:

(in thousands)	June 30, 2019	December 31, 2018
Principal amount of debt	$ 150,000	$ 150,000
Unamortized debt issuance cost	(1,199)	(1,379)
Original issue discount, net of accretion	(549)	(631)
Carrying value of 2022 Notes	$ 148,252	$ 147,990

For the three and six months ended June 30, 2019 and 2018, the components of interest expense and related fees and cash paid for interest expense for the 2022 Notes are as follows:

(in thousands)	Three Months Ended June 30, 2019	Three Months Ended June 30, 2018	Six Months Ended June 30, 2019	Six Months Ended June 30, 2018
Interest expense	$ 1,735	$ 1,734	$ 3,468	$ 3,469
Amortization of debt issuance cost (loan fees)	90	86	180	171
Accretion of original issue discount	41	41	82	82
Total interest expense and fees	$ 1,866	$ 1,861	$ 3,730	$ 3,722
Cash paid for interest expense	$ 3,469	$ 3,469	$ 3,469	$ 3,469

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, which were redeemed on April 2, 2018. Further, on December 7, 2018, the 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 June 30, 2019 and December 31, 2018, the components of the carrying value of the 2024 Notes were as follows:

(in thousands)	June 30, 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 and six months ended June 30, 2019 and 2018, the components of interest expense and related fees and cash paid for interest expense for the 2024 Notes are as follows:

(in thousands)	Three Months Ended June 30, 2019	Three Months Ended June 30, 2018	Six Months Ended June 30, 2019	Six Months Ended June 30, 2018
Interest expense	$ —	$ 1,340	$ 210	$ 4,220
Amortization of debt issuance cost (loan fees)	—	2,546	1,686	2,720
Amortization of original issue premium	—	(14)	110	(27)
Total interest expense and fees	$ —	$ 3,872	$ 2,006	$ 6,913
Cash paid for interest expense	$ —	$ 2,381	$ 1,305	$ 5,249

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 are 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 June 30, 2019, the Company was in compliance with the terms of the 2025 Notes Indenture.

As of June 30, 2019 and December 31, 2018, the components of the carrying value of the 2025 Notes were as follows:

(in thousands)	**June 30, 2019**	**December 31, 2018**
Principal amount of debt	$ 75,000	$ 75,000
Unamortized debt issuance cost	(2,220)	(2,410)
Carrying value of 2025 Notes	$ 72,780	$ 72,590

For the three and six months ended June 30, 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 June 30,		**Six Months Ended June 30,**	
(in thousands)	**2019**	**2018**	**2019**	**2018**
Interest expense	$ 984	$ 711	$ 1,969	$ 711
Amortization of debt issuance cost (loan fees)	95	57	190	57
Total interest expense and fees	$ 1,079	$ 768	$ 2,159	$ 768
Cash paid for interest expense	$ 984	$ —	$ 1,969	$ —

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 are 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 June 30, 2019, the Company was in compliance with the terms of the 2033 Notes Indenture.

As of June 30, 2019 and December 31, 2018, the components of the carrying value of the 2033 Notes were as follows:

(in thousands)	June 30, 2019	December 31, 2018
Principal amount of debt	$ 40,000	$ 40,000
Unamortized debt issuance cost	(1,553)	(1,573)
Carrying value of 2033 Notes	$ 38,447	$ 38,427

For the three and six months ended June 30, 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 June 30,		Six Months Ended June 30,	
(in thousands)	2019	2018	2019	2018
Interest expense	$ 625	$ —	$ 1,250	$ —
Amortization of debt issuance cost (loan fees)	27	—	54	—
Total interest expense and fees	$ 652	$ —	$ 1,304	$ —
Cash paid for interest expense	$ 625	$ —	$ 1,250	$ —

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”). The 2021 Asset-Backed Notes were sold by Hercules Capital Funding Trust 2014-1 (the “2014 Securitization Issuer”) 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 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 and six months ended June 30, 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 June 30,		Six Months Ended June 30,	
(in thousands)	2019	2018	2019	2018
Interest expense	$ —	$ 282	$ —	$ 623
Amortization of debt issuance cost (loan fees)	—	30	—	113
Total interest expense and fees	$ —	$ 312	$ —	$ 736
Cash paid for interest expense	$ —	$ 289	$ —	$ 676

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 issued by Hercules Capital Funding Trust 2018-1 (the “2018 Securitization Issuer”) pursuant to a note purchase agreement, dated as of October 25, 2018, by and among the Company, Hercules Capital Funding 2018-1 LLC, as 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 June 30, 2019 and December 31, 2018, the 2027 Asset-Backed Notes had an outstanding principal balance of$200.0 million.

For the three and six months ended June 30, 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 June 30,		Six Months Ended June 30,	
(in thousands)	**2019**	**2018**	**2019**	**2018**
Interest expense	$ 2,303	$ —	$ 4,605	$ —
Amortization of debt issuance cost (loan fees)	69	—	138	—
Total interest expense and fees	$ 2,372	$ —	$ 4,743	$ —
Cash paid for interest expense	$ 2,303	$ —	$ 4,605	$ —

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 June 30, 2019, there was approximately $6.9 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 issued by Hercules Capital Funding Trust 2019-1 (the “2019 Securitization Issuer”) pursuant to a note purchase agreement, dated as of January 14, 2019, by and among the Company, Hercules Capital Funding 2019-1 LLC, as 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 June 30, 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 and six months ended June 30, 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 June 30,		Six Months Ended June 30,	
(in thousands)	**2019**	**2018**	**2019**	**2018**
Interest expense	$ 2,939	$ —	$ 5,193	$ —
Amortization of debt issuance cost (loan fees)	67	—	117	—
Total interest expense and fees	$ 3,006	$ —	$ 5,310	$ —
Cash paid for interest expense	$ 2,939	$ —	$ 4,866	$ —

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 June 30, 2019, there was approximately $8.4 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 June 30, 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) and (2) 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 June 30, 2019 and December 31, 2018, the components of the carrying value of the 2022 Convertible Notes were as follows:

(in thousands)	June 30, 2019	December 31, 2018
Principal amount of debt	$ 230,000	$ 230,000
Unamortized debt issuance cost	(2,378)	(2,823)
Original issue discount, net of accretion	(1,790)	(2,126)
Carrying value of 2022 Convertible Notes	$ 225,832	$ 225,051

For the three and six months ended June 30, 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 June 30,		Six Months Ended June 30,	
(in thousands)	2019	2018	2019	2018
Interest expense	$ 2,516	$ 2,516	$ 5,031	$ 5,031
Amortization of debt issuance cost (loan fees)	223	223	446	446
Accretion of original issue discount	168	168	336	336
Total interest expense and fees	$ 2,907	$ 2,907	$ 5,813	$ 5,813
Cash paid for interest expense	$ 5,031	$ 5,031	$ 5,031	$ 5,031

As of June 30, 2019, the Company was in compliance with the terms of the indentures governing the 2022 Convertible Notes.

Credit Facilities

As of June 30, 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 Seventh Amendment, to the Wells Facility. Among others, the Seventh 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 Seventh 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 and six months ended June 30, 2019, this non-use fee was $56,000 and $118,000, respectively. For the three and six months ended June 30, 2018, this non-use fee was $78,000 and $228,000, 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 $158.2 million on the available facility during the six months ended June 30, 2019, offset by repayments of $160.2 million. The Company had aggregate draws of $75.7 million on the available facility during the six months ended June 30, 2018, offset by repayments of $75.7 million. As of June 30, 2019, the Company has borrowings outstanding of $11.1 million on the facility. The Company had borrowings outstanding of $13.1 million on the facility at December 31, 2018.

For the three and six months ended June 30, 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 June 30,		Six Months Ended June 30,	
(in thousands)	**2019**	**2018**	**2019**	**2018**
Interest expense	$ 226	$ 746	$ 394	$ 746
Amortization of debt issuance cost (loan fees)	167	44	244	89
Total interest expense and fees	$ 393	$ 790	$ 638	$ 835
Cash paid for interest expense	$ 210	$ 478	$ 335	$ 478

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 and six months ended June 30, 2019, the company incurred non-use fees of $186,000 and $341,000, respectively. For the three and six months ended June 30, 2018, the company incurred non-use fees under the Prior Union Bank Facility of $50,000 and $143,000, respectively.

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 June 30, 2019, the minimum tangible net worth covenant increased to $785.9 million as a result of the equity raised after December 31, 2018. 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.

On June 28, 2019, Hercules Funding IV entered into the First Amendment, or the Union Bank Facility Amendment, to the Union Bank Facility. The Union Bank Facility Amendment amends certain provisions of the Union Bank Facility to, among other things, (i) delete the financial covenant with respect to maintaining minimum portfolio funding liquidity, (ii) add a covenant prohibiting Hercules Funding IV from acquiring or owning unfunded commitments to makers of certain notes receivable, and (iii) revise certain provisions thereof to further permit a third party special servicer to act as servicer after an event of default instead of the Company with respect to split-funded notes receivable owned by Hercules Funding IV and an affiliate thereof (including Hercules Funding II).

The Company had aggregate draws of $247.0 million on the available facility during the six months ended June 30, 2019, offset by repayments of $204.5 million. The Company had aggregate draws of $75.0 million on the available facility during the six months ended June 30, 2018, offset by repayments of $16.7 million. As of June 30, 2019, the Company has borrowings outstanding of $82.3 million on the facility. The Company had borrowings outstanding of $39.8 million on the facility at December 31, 2018.

For the three and six months ended June 30, 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 June 30,		Six Months Ended June 30,	
(in thousands)	**2019**	**2018**	**2019**	**2018**
Interest expense	$ 705	$ 565	$ 889	$ 565
Amortization of debt issuance cost (loan fees)	438	78	768	152
Total interest expense and fees	$ 1,143	$ 643	$ 1,657	$ 717
Cash paid for interest expense	$ 487	$ 281	$ 635	$ 281

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 June 30, 2019, the Company declared and paid a distribution of $0.33 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 June 30, 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 six months ended June 30, 2019 was approximately $71.4 million or $0.73 per share. Taxable net realized gains for the same period were $9.4 million or approximately $0.10 per share. Taxable income for the six months ended June 30, 2018 was approximately $51.0 million or $0.59 per share. Taxable net realized gains for the same period were $4.2 million or approximately $0.05 per share.

For the six months ended June 30, 2019, the Company paid approximately $1.4 million of tax expense and had $320,000 accrued but unpaid tax expense as of the balance sheet date. For the six months ended June 30, 2018, the Company paid approximately $671,000 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 September 7, 2017, 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. The Prior Equity Distribution Agreement, 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 May 6, 2019, the Company terminated the Prior Equity Distribution Agreement and entered into a new ATM equity distribution agreement, or 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 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 both three and six months ended June 30, 2019, the Company sold approximately 2.0 million shares of common stock, of which 679,000 shares and 1.3 million shares were issued under the Prior Equity Distribution Agreement and the Equity Distribution Agreement, respectively. For the same period, the Company received total accumulated net proceeds of approximately $25.1 million, including $311,000 of offering expenses, from these sales, of which $8.5 million, including offering expense of $146,000, was received under the Prior Equity Distribution Agreement and $16.6 million, including offering expense of $165,000, was received 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 purposesAs of June 30, 2019, approximately 10.7 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 Board of Directors authorized a stock repurchase plan permitting the Company to repurchase up to $25.0 million of its common stock until June 18, 2019, after which the plan expired. The Company had no common stock repurchases during 2019. 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.

On June 17, 2019, the Company closed its underwritten public offering of 5.8 million shares of common stock, including an over-allotment option to purchase an additional 750,000 shares of common stock (“June 2019 Equity Offering”). The offering generated net proceeds, before expenses, of $70.5 million, including the underwriting discount and commissions of $2.2 million.

The Company has issued stock options for common stock subject to future issuance, of which 467,641 and 481,032 were outstanding at June 30, 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 June 30, 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 June 30, 2019, all of Retention PSUs and Cash Awards were unvested and there was approximately $13.0 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 2.84 years. As of June 30, 2019, there was approximately $802,000 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, 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 thesix months ended June 30, 2019 and 2018:

	Six Months Ended June 30,					
	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	55,000	$	12.64	78,000	$	12.48
Exercised	(14,113)	$	11.39	(38,319)	$	11.31
Forfeited	(1,613)	$	12.16	(26,073)	$	13.00
Expired	(52,665)	$	14.82	(31,095)	$	14.43
Outstanding at June 30,	467,641	$	13.21	573,038	$	13.58
Shares Expected to Vest at June 30,	167,238	$	13.46	198,300	$	13.58

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 June 30, 2019, options for approximately 467,641 shares were outstanding at a weighted average exercise price of approximately $13.21 per share with weighted average of remaining contractual term of 4.92 years and an aggregate intrinsic value of $179,000. At June 30, 2019, options for approximately 300,403 shares were exercisable at a weighted average exercise price of approximately $13.46 per share with weighted average of remaining contractual term of 4.22 years and an aggregate intrinsic value of $134,000.

The Company determined that the fair value of options granted under the 2018 Equity Incentive Plan during the six months ended June 30, 2019 and 2018 was approximately $21,000 and $44,000, respectively. During the six months ended June 30, 2019 and 2018, approximately $23,000 and $28,000 of share-based cost due to stock option grants was expensed, respectively. As of June 30, 2019, there was approximately $71,471 of total unrecognized compensation costs related to stock options. These costs are expected to be recognized over a weighted average period of 2.00 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 six months ended June 30, 2019 and 2018 is as follows:

	Six Months Ended June 30,	
	2019	2018
Expected Volatility	18.40%	21.19%
Expected Dividends	10%	10%
Expected term (in years)	4.5	4.5
Risk-free rate	1.72% - 2.62%	2.19% - 2.90%

During the six months ended June 30, 2019 and 2018, the Company granted 57,324 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 six months ended June 30, 2019 and 2018 were approximately $716,526 and $4.4 million, respectively. As of June 30, 2019, there were approximately $2.9 million of total unrecognized compensation costs related to restricted stock awards. These costs are expected to be recognized over a weighted average period of 1.77 years.

The following table summarizes the activities for the Company's unvested restrictedstock awards for the six months ended June 30, 2019 and 2018:

	Six Months Ended June 30,			
	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	57,324	$ 12.50	334,995	$ 13.04
Vested	(180,779)	$ 12.83	(125,735)	$ 12.73
Forfeited	—	$ —	(3,085)	$ 11.70
Unvested at June 30,	257,415	$ 12.94	467,420	$ 12.79

During the six months ended June 30, 2019 and 2018, the Company granted approximately 1,022,144 shares and 411,689 shares, respectively, of restricted stock units pursuant to the 2018 Equity Incentive Plan. The Company also granted approximately 100,544 shares and 39,617 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 six months ended June 30, 2019 and 2018, were approximately $14.8 million and $5.4 million, respectively. As of June 30, 2019, there were approximately $15.7 million of total unrecognized compensation costs related to restricted stock units. These costs are expected to be recognized over a weighted average period of 2.25 years.

The following table summarizes the activities for the Company's unvested restricted stock units for the six months ended June 30, 2019 and 2018:

	Six Months Ended June 30,		Six Months Ended June 30,	
	2019		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	1,022,144	$ 13.11	411,689	$ 13.04
Distribution Equivalent Unit Granted	100,544	$ —	39,617	$ 11.90
Vested (1)	(300,710)	$ 13.50	(251,194)	$ 12.70
Forfeited	(1,222)	$ 13.62	(5,841)	$ 12.63
Unvested at June 30,	1,553,289	$ 13.24	788,593	$ 12.43

(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 six months ended June 30, 2019, the Company expensed approximately $4.8 million of compensation expense related to restricted stock awards and restricted stock units. The Company had approximately $4.3 million in compensation expense related to restricted stock awards and restricted stock units during the six months ended June 30, 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 June 30, 2019	Three Months Ended June 30, 2018	Six Months Ended June 30, 2019	Six Months Ended June 30, 2018
Numerator				
Net increase in net assets resulting from operations	$ 48,131	$ 52,060	$ 109,716	$ 58,006
Less: Distributions declared-common and restricted shares	(32,151)	(26,678)	(62,051)	(53,097)
Undistributed earnings	15,980	25,382	47,665	4,909
Undistributed earnings-common shares	15,940	25,246	47,549	4,879
Add: Distributions declared-common shares	32,069	26,532	61,898	52,779
Numerator for basic and diluted change in net assets per common share	$ 48,009	$ 51,778	$ 109,447	$ 57,658
Denominator				
Basic weighted average common shares outstanding	98,223	87,125	97,226	85,868
Common shares issuable	514	74	404	71
Weighted average common shares outstanding assuming dilution	98,737	87,199	97,630	85,939
Change in net assets per common share				
Basic	$ 0.49	$ 0.59	$ 1.13	$ 0.67
Diluted	$ 0.49	$ 0.59	$ 1.12	$ 0.67

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 and six months ended June 30, 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 June 30, 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 3.7 million shares of 2022 Convertible Notes, 27,228 shares of unvested common stock options, no shares of unvested restricted stock units, and no shares of unvested Retention PSUs. For the six months ended June 30, 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 3.9 million shares of 2022 Convertible Notes, 32,810 shares of unvested common stock options, no shares of unvested restricted stock units, and no shares of unvested Retention PSUs. For the three and six months ended June 30, 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 4.6 million and 4.5 million shares related to 2022 Convertible Notes, 74,845 shares and 74,006 shares of unvested common stock options, 803 shares and no shares of unvested restricted stock units, and 97,777 shares and 45,958 shares of unvested Retention PSUs.

At both June 30, 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 six months ended June 30, 2019 and 2018:

	Six Months Ended June 30, 2019		Six Months Ended June 30, 2018	
Per share data [1]:				
Net asset value at beginning of period	$	9.90	$	9.96
Net investment income		0.66		0.57
Net realized gain (loss) on investments		0.09		(0.16)
Net unrealized appreciation (depreciation) on investments		0.38		0.26
Total from investment operations		1.13		0.67
Net increase (decrease) in net assets from capital share transactions [1]		0.16		0.15
Distributions of net investment income [6]		(0.64)		(0.62)
Stock-based compensation expense included in investment income [2]		0.04		0.06
Net asset value at end of period	$	10.59	$	10.22
Ratios and supplemental data:				
Per share market value at end of period	$	12.82	$	12.65
Total return [3]		21.57 %		1.24 %
Shares outstanding at end of period		104,282		94,260
Weighted average number of common shares outstanding		97,226		85,868
Net assets at end of period	$	1,104,684	$	963,697
Ratio of total expense to average net assets [4]		12.92 %		11.59 %
Ratio of net investment income before investment gains and losses to average net assets [4]		13.03 %		11.45 %
Portfolio turnover rate [5]		14.72 %		28.31 %
Weighted average debt outstanding	$	1,119,440	$	813,889
Weighted average debt per common share	$	11.51	$	9.48

(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 six months ended June 30, 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 six months ended June 30, 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 June 30, 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 June 30, 2019, the Company had approximately $177.2 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 $40.0 million of non-binding term sheets outstanding at June 30, 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 June 30, 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)**
SeatGeek, Inc.	$	45,000
Tricida, Inc.		35,000
Urovant Sciences, Ltd.		30,000
Aldeyra Therapeutics		15,000
Constellation Pharmaceuticals, Inc.		10,000
Postmates, Inc.		10,000
Clarabridge, Inc.		5,000
X4 Pharmaceuticals, Inc		5,000
ThreatConnect, Inc.		4,000
Campaign Monitor Limited		3,667
Businessolver.com, Inc.		3,443
Fastly, Inc.		3,333
Lendio, Inc.		2,500
The CM Group LLC		1,750
Greenphire, Inc.		1,250
FPX, LLC		1,000
Cloud 9 Software		500
Yipit, LLC		425
Salsa Labs, Inc.		350
Total	$	177,218

(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 June 30, 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)	$	1,187,421	$	—	$	341,105	$	281,316	$	565,000
Lease and License Obligations (4)		14,224		3,221		5,912		4,313		778
Total	$	1,201,645	$	3,221	$	347,017	$	285,629	$	565,778

(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, $11.1 million outstanding under the Wells Facility, and $82.3 million outstanding under the Union Bank Credit Facility as of June 30, 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 $623,000 and $1.2 million during the three and six months ended June 30, 2019. Total rent expense amounted to approximately $510,000 and $961,000 during the three and six months ended June 30, 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 June 30, 2019:

(dollars in thousands)	Three Months Ended June 30,	Six Months Ended June 30,
Total operating lease cost	$ 575	$ 1,150
Cash paid for amounts included in the measurement of lease liabilities	$ 536	$ 1,073

	As of June 30, 2019
Weighted-average remaining lease term (in years)	4.12
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 June 30, 2019:

(in thousands)	
2019	$ 1,082
2020	2,247
2021	2,322
2022	2,385
2023	1,640
Total lease payments	9,676
Less: imputed interest	(1,146)
Total operating lease liability	$ 8,530

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 July 24, 2019, the Board of Directors declared a cash distribution of $0.32 per share to be paid on August 19, 2019 to stockholders of record as of August 12, 2019. This distribution represents the Company's fifty-sixth consecutive distribution since the Company's IPO, bringing the total cumulative distribution to date to $15.93 per share.

In addition to the cash distribution, on July 24, 2019, the Board of Directors declared a supplemental distribution of $0.02 per share to be paid on August 19, 2019 to stockholders of record as of August 12, 2019. The total cumulative distribution to date, including the supplemental distribution is $15.95 per share.

ATM Equity Program Issuances

Subsequent to June 30, 2019 and as of July 29, 2019, the Company did not sell any shares of its common stock under the Equity Distribution Agreement. As of July 29, 2019, approximately 10.7 million shares remain available for issuance and sale under the Equity Distribution Agreement.

Wells Facility

On July 2, 2019, Hercules Funding II entered into the Eighth Amendment, or the Wells Facility Eighth Amendment, to the Wells Facility. The Wells Facility Eighth Amendment amends certain provisions of the Wells Facility to, among other things, revise certain provisions thereof to further permit a third party special servicer to act as servicer after an event of default instead of the Company with respect to split-funded notes receivable owned by Hercules Funding II and an affiliate thereof (including Hercules Funding IV).

Intercreditor Agreement

To further reflect and govern the ability of a third party servicer to service split-funded notes receivable under each of the Union Bank Facility Amendment and the Wells Facility Eighth Amendment, on July 2, 2019, the Company, Hercules Funding II and Hercules Funding IV entered into the Intercreditor Agreement (the "Intercreditor Agreement") with the MUFG Agent, the Wells Fargo Agent, and U.S. Bank National Association, or U.S. Bank, as special servicer, pursuant to which, among other things, U.S. Bank agreed to act, pursuant to the terms thereof, as such third party servicer.

July 2024 Notes

On July 16, 2019, the Company entered into a Note Purchase Agreement (the "Note Purchase Agreement") governing the issuance of $105.0 million in aggregate principal amount of senior unsecured notes (the "July 2024 Notes") to qualified institutional investors in a private placement. The July 2024 Notes have a fixed interest rate of 4.77% and are due on July 16, 2024, unless redeemed, purchased or prepaid prior to such date by the Company or its affiliates in accordance with their terms. Interest on the July 2024 Notes will be due semiannually and the July 2024 Notes are general unsecured obligations of the Company that rank pari passu with all outstanding and future unsecured unsubordinated indebtedness issued by the Company.

Departure of Officer

On July 13, 2019, the Company entered into a Separation Agreement (the "Separation Agreement") with Manuel Henriquez, the Company's former Chairman and Chief Executive Officer, which became effective on July 23, 2019. Under the terms of the Separation Agreement, Mr. Henriquez is no longer an employee of the Company and has relinquished his claims to (i) 1,287,006 restricted stock units and shares of restricted stockawards whether vested or unvested, plus all related distribution equivalent units, under certain Restricted Stock Unit Award Agreements and Restricted Stock Award Agreements, (ii) all of his Retention PSUs, which at target performance represented 812,348 units and could have ranged from 406,174 units at minimum performance to 1,624,696 units at maximum performance (and no units being awarded for performance falling under the minimum performance threshold), plus all related distribution equivalent units, under the Retention Performance Stock Unit Award Agreement, effective as of May 2, 2018, and (iii) all severance benefits under the Retention Agreement, effective as of October 26, 2017. In exchange for relinquishing his claims under, and the termination of, each of the retention and other award agreements between the Company and Mr. Henriquez, Mr. Henriquez will receive (i) 692,841 shares of the Company's common stock (from settlement and/or acceleration of certain equity awards under certain outstanding equity award agreements) and (ii) three cash payments from the Company ($1,500,000 promptly after the effective date of the Separation Agreement (the "Effective Date"), $500,000 on the six-month anniversary of the Effective Date if Mr. Henriquez has complied with all of the covenants in the Separation Agreement as of such date and $500,000 on the one-year anniversary of the Effective Date if Mr. Henriquez has complied with all of the covenants in the Separation Agreement as of such date). The cost of the settlement does not have a material impact on the Company's financial results for the quarter ended June 30, 2019 and it does not materially exceed the amounts that the Company has already expensed with respect to the awards and related agreements that Mr. Henriquez will no longer receive.

Appointment of Officer

On July 17, 2019, the Board of Directors appointed Scott Bluestein, the Company's Interim Chief Executive Officer and Chief Investment Officer, as Chief Executive Officer and President and elected Mr. Bluestein as a director of the Company effective July 17, 2019. Mr. Bluestein will continue in his role of Chief Investment Officer. Mr. Bluestein will hold office as a Class III director for a term expiring in 2022 and does not currently serve on any committees of the Company.

Portfolio Company Developments

As of July 29, 2019, the Company 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. Two 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 June 30, 2019 and as of July 29, 2019, there were no announced or completed liquidity events.

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, Bethesda, MD, 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 $250.7 million in tangible assets which accounted for approximately 10.8% of our total assets at June 30, 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 $2.3 billion at June 30, 2019 and $1.9 billion at December 31, 2018. The fair value of our debt investment portfolio at June 30, 2019 was approximately $2.1 billion, compared to a fair value of approximately $1.7 billion December 31, 2018. The fair value of the equity portfolio at June 30, 2019 was approximately $164.9 million, compared to a fair value of approximately $120.2 million at December 31, 2018. The fair value of the warrant portfolio at June 30, 2019 was approximately $25.5 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 six months ended June 30, 2019 and the year ended December 31, 2018 was comprised of the following:

(in millions)	**June 30, 2019**	**December 31, 2018**
Debt Commitments (1)		
New portfolio company	$ 643.4	$ 969.2
Existing portfolio company	289.5	184.0
Total	$ 932.9	$ 1,153.2
Funded and Restructured Debt Investments (2)		
New portfolio company	$ 396.5	$ 641.6
Existing portfolio company	194.7	258.2
Total	$ 591.2	$ 899.8
Funded Equity Investments		
New portfolio company	$ 5.1	$ 53.4
Existing portfolio company	11.7	7.6
Total	$ 16.8	$ 61.0
Unfunded Contractual Commitments (3)		
Total	$ 177.2	$ 139.0
Non-Binding Term Sheets		
New portfolio company	$ 40.0	$ 55.5
Existing portfolio company	—	—
Total	$ 40.0	$ 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 six months ended June 30, 2019, we received approximately $267.6 million in aggregate principal repayments. Of the approximately $267.6 million of aggregate principal repayments, approximately $41.8 million were scheduled principal payments and approximately $225.8 million were early principal repayments related to 20 portfolio companies. Of the approximately $225.8 million early principal repayments, approximately $22.2 million were early repayments due to merger and acquisition transactions for two portfolio companies, that are no longer portfolio companies.

Total portfolio investment activity (inclusive of unearned income and excluding activity related to taxes payable, and escrow receivables) as of and for the six months ended June 30, 2019 and the year ended December 31, 2018 was as follows:

(in millions)	June 30, 2019	December 31, 2018
Beginning portfolio	$ 1,880.4	$ 1,542.2
New fundings and restructures	607.8	960.7
Warrants not related to current period fundings	0.2	0.1
Principal payments received on investments	(41.8)	(90.1)
Early payoffs	(225.8)	(486.6)
Accretion of loan discounts and paid-in-kind principal	20.7	34.9
Net acceleration of loan discounts and loan fees due to early payoff or restructure	(4.3)	(13.5)
New loan fees	(10.1)	(13.8)
Sale of investments	(18.2)	(5.9)
Loss on investments due to write offs	6.6	(25.1)
Net change in unrealized appreciation (depreciation)	36.5	(22.5)
Ending portfolio	$ 2,252.0	$ 1,880.4

As of June 30, 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. All three 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 $50.0 million, although we may make investments in amounts above or below that range. As of June 30, 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 $43.7 million of unamortized fees at June 30, 2019, of which approximately $36.3 million was included as an offset to the cost basis of our current debt investments and approximately $7.4 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 June 30, 2019, we had approximately $29.7 million in exit fees receivable, of which approximately $27.3 million was included as a component of the cost basis of our current debt investments and approximately $2.4 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 $2.2 million and $2.3 million in PIK income during the three months ended June 30, 2019 and 2018, respectively. We recorded approximately $4.4 million and $4.6 million in PIK income in the six months ended June 30, 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% during both the three months ended June 30, 2019 and 2018. 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 14.3% and 13.5% for the three months ended June 30, 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 12.7% and 11.8% during the three months ended June 30, 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 21.6% and 1.2% during the six months ended June 30, 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 June 30, 2019, approximately 84.4% of the fair value of our portfolio was composed of investments in five industries: 28.7% was composed of investments in the drug discovery & development industry, 26.8% was composed of investments in the software industry, 18.9% was composed of investments in the internet consumer & business services industry, 5.3% was composed of investments in the medical devices & equipment industry, and 4.7% was composed of investments in the healthcare services, other 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 six months ended June 30, 2019 and the year ended December 31, 2018, our ten largest portfolio companies represented approximately 26.3% and 28.2% of the total fair value of our investments in portfolio companies, respectively. At June 30, 2019 and December 31, 2018, we had five and seven investments, respectively, that represented 5% or more of our net assets. At June 30, 2019, we had five equity investments representing approximately 52.7% 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 June 30, 2019 and December 31, 2018.

As of June 30, 2019, approximately 97.7% 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 June 30, 2019, approximately 81.8% of our debt investments were in a senior secured first lien position, with 47.0% secured by a first priority security in all of the assets of the portfolio company, including its intellectual property, 25.8% 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, 0.9% of our debt investments were senior secured by the equipment of the portfolio company, and 8.1% 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 17.5% of our debt investments were secured by a second priority security interest in all of the portfolio company's assets, and 0.7% 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 June 30, 2019, we held warrants in 125 portfolio companies, with a fair value of approximately $25.5 million. The fair value of our warrant portfolio decreased by approximately $1.2 million, as compared to a fair value of $26.7 million at December 31, 2018 primarily related to the decrease in portfolio companies.

Our existing warrant holdings would require us to invest approximately $77.3 million to exercise such warrants as of June 30, 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 June 30, 2019 and December 31, 2018, respectively:

(in thousands)	**June 30, 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	$ 256,168	12.4%	13	$ 311,597	18.0%
2	55	1,317,692	63.9%	43	885,123	51.1%
3	22	412,990	20.1%	25	474,926	27.3%
4	7	67,846	3.3%	7	60,267	3.5%
5	4	6,861	0.3%	2	1,579	0.1%
	99	$ 2,061,557	100.0%	90	$ 1,733,492	100.0%

As of both June 30, 2019 and December 31, 2018, our debt investments had a weighted average investment grading of 2.18 on a cost basis. 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.

At June 30, 2019, we had four debt investments on non-accrual with a cumulative investment cost and fair value of approximately $8.8 million and $4.8 million, 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 increase in the cost of debt investments on non-accrual between June 30, 2019 and December 31, 2018 is the result of the addition of three debt investments, partially offset by 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.

Results of Operations

Comparison of the three and six months ended June 30, 2019 and 2018

Investment Income

Interest Income

Total investment income for the three months ended June 30, 2019 was approximately $69.3 million as compared to approximately $49.6 million for the three months ended June 30, 2018. Total investment income for the six months ended June 30, 2019 was approximately $128.1 million as compared to approximately $98.3 million for the six months ended June 30, 2018.

Interest income for the three months ended June 30, 2019 totaled approximately $61.7 million as compared to approximately $45.9 million for the three months ended June 30, 2018. Interest income for the six months ended June 30, 2019 totaled approximately $117.2 million as compared to approximately $88.9 million for the six months ended June 30, 2018. The increase in interest income for the three and six months ended June 30, 2019 as compared to the same periods ended June 30, 2018 is primarily attributable to an increase in recurring interest income caused by an increase in the weighted average principal outstanding of loans.

Of the $61.7 million in interest income for the three months ended June 30, 2019, approximately $58.9 million represents recurring income from the contractual servicing of our loan portfolio and approximately $2.8 million 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 $45.0 million and $911,000, respectively, of the $45.9 million interest income for the three months ended June 30, 2018.

Of the $117.2 million in interest income for the six months ended June 30, 2019, approximately $114.0 million represents recurring income from the contractual servicing of our loan portfolio and approximately $3.2 million 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 $84.3 million and $4.6 million, respectively, of the $88.9 million interest income for the six months ended June 30, 2018.

The following table shows the PIK-related activity for the six months ended June 30, 2019 and 2018, at cost:

	Six Months Ended June 30,	
(in thousands)	**2019**	**2018**
Beginning PIK interest receivable balance	$ 12,717	$ 15,487
PIK interest income during the period	4,364	4,621
PIK accrued (capitalized) to principal but not recorded as income during the period	—	(1,153)
Payments received from PIK loans	(2,309)	(9,107)
Realized gain (loss)	—	—
Ending PIK interest receivable balance	$ 14,772	$ 9,848

The slight decrease in PIK interest income during the six months ended June 30, 2019 as compared to the six months ended June 30, 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 June 30, 2019 totaled approximately $7.6 million as compared to approximately $3.7 million for the three months ended June 30, 2018. Fee income from commitment, facility and loan related fees for the six months ended June 30, 2019 totaled approximately $10.9 million as compared to approximately $9.4 million for the six months ended June 30, 2018. The increase in fee income for both of the three and six months ended June 30, 2019 is primarily due to an increase in the acceleration of unamortized fees, one-time fees due to early repayments, and a higher loan balance which generates more fee income.

Of the $7.6 million in fee income for the three months ended June 30, 2019, approximately $2.6 million represents income from recurring fee amortization and approximately $5.0 million represents income related to the acceleration of unamortized fees due to early repayments, including one-time fees of $2.5 million for the period. Income from recurring fee amortization and the acceleration of unamortized fees due to early loan repayments represented $1.8 million and $1.9 million, respectively, of the $3.7 million in income for the three months ended June 30, 2018.

Of the $10.9 million in fee income for the six months ended June 30, 2019, approximately $4.7 million represents income from recurring fee amortization and approximately $6.2 million represents income related to the acceleration of unamortized fees due to early repayments, including one-time fees of $3.2 million for the period. Income from recurring fee amortization and the acceleration of unamortized fees due to early loan repayments represented $3.1 million and $6.3 million, respectively, of the $9.4 million in income for the six months ended June 30, 2018.

In certain investment transactions, we may earn income from advisory services; however, we had no income from advisory services in the three and six months ended June 30, 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 $34.0 million and $26.8 million during the three months ended June 30, 2019 and 2018, respectively. Our operating expenses totaled approximately $63.8 million and $49.4 million during the six months ended June 30, 2019 and 2018, respectively.

Interest and Fees on our Borrowings

Interest and fees on our borrowings totaled approximately $15.2 million and $13.2 million for the three months ended June 30, 2019 and 2018, respectively, and approximately $30.7 million and $23.8 million during the six months ended June 30, 2019 and 2018, respectively. Interest and fee expense during the three and six months ended June 30, 2019, as compared to the same periods ended June 30, 2018, increased due to the issuance of 2027 Asset-Backed Notes in November 2018 and the issuance of our 2028 Asset-Backed Notes in January 2019 as well as interest related to our 2033 Notes and 2025 Notes.

We had a weighted average cost of debt, comprised of interest and fees, of approximately 5.2% and 6.4% for the three months ended June 30, 2019 and 2018, respectively, and a weighted average cost of debt of approximately 5.5% and 5.8% for the six months ended June 30, 2019 and 2018, respectively. The decrease in the weighted average cost of debt for both of the three and six months ended June 30, 2019, as compared to the same period ended June 30, 2018, is primarily driven by a reduction in the weighted average principal outstanding on our higher yielding debt instruments compared to the prior period.

General and Administrative Expenses

General and administrative expenses include legal fees, consulting fees, accounting fees, printer fees, insurance premiums, taxes, rent, expenses associated with the workout of underperforming investments and various other expenses. Our general and administrative expenses increased to $5.8 million from $3.7 million for the three months ended June 30, 2019 and 2018, respectively. Our general and administrative expenses increased to $9.9 million from $7.7 million for the six months ended June 30, 2019 and 2018. The increase in general and administrative expenses for both of the three and six months ended June 30, 2019 is primarily due to an increase in legal fees, taxes expense, and rent expense.

Employee Compensation

Employee compensation and benefits totaled $9.2 million for the three months ended June 30, 2019 as compared to $7.0 million for the three months ended June 30, 2018, and $15.8 million for the six months ended June 30, 2019 as compared to $12.8 million for the six months ended June 30, 2018. The increase between both of the three and six months ended June 30, 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 $3.9 million for the three months ended June 30, 2019 as compared to $2.9 million for the three months ended June 30, 2018, and $7.3 million for the six months ended June 30, 2019 as compared to $5.2 million for the six months ended June 30, 2018. The increase for the comparative periods was primarily related to stock compensation award 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 thethree and six months ended June 30, 2019 and 2018 is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands)	**2019**	**2018**	**2019**	**2018**
Realized gains	$ 6,104	$ 6,880	$ 14,942	$ 7,988
Realized losses	(1,833)	(15,791)	(6,116)	(21,819)
Net realized gains (losses)	$ 4,271	$ (8,911)	$ 8,826	$ (13,831)

During the three and six months ended June 30, 2019, we recognized net realized gains of $4.3 million and $8.8 million, respectively, on the portfolio. During the three months ended June 30, 2019, we recorded gross realized gains of $6.1 million primarily from the sale our public equity holdings. These gains were partially offset by gross realized losses of $1.8 million primarily from the liquidation or write-off of our debt, equity, or warrant positions during the period.

During the six months ended June 30, 2019, we recorded gross realized gains of $14.9 million primarily from the sale of public equity positions and sale of our holdings due to merger and acquisition transactions. These gains were offset by gross realized losses of $6.1 million primarily from the liquidation or write-off of our debt, equity, or warrant positions during the period.

During the three and six months ended June 30, 2018, we recognized net realized losses of $8.9 million and $13.8 million, respectively, on the portfolio. During the three months ended June 30, 2018, we recorded gross realized gains of $6.9 million primarily from the sale or acquisition of our holdings. These gains were offset by gross realized losses of $15.8 million primarily from the liquidation or write-off of our debt, equity and warrant positions during the period.

During the six months ended June 30, 2018, we recorded gross realized gains of $8.0 million primarily from the sale or acquisition of our holdings. These gains were offset by gross realized losses of $21.8 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 and six months ended June 30, 2019 and 2018:

	Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands)	**2019**	**2018**	**2019**	**2018**
Gross unrealized appreciation on portfolio investments	$ 37,656	$ 30,970	$ 88,486	$ 38,767
Gross unrealized depreciation on portfolio investments	(24,912)	(14,819)	(45,931)	(44,367)
Reversal of prior period net unrealized appreciation (depreciation) upon a realization event	(4,187)	20,925	(6,067)	27,591
Net unrealized appreciation (depreciation) on debt, equity, and warrant investments	8,557	37,076	36,488	21,991
Other net unrealized appreciation (depreciation)	36	1,121	102	1,009
Total net unrealized appreciation (depreciation) on investments	$ 8,593	$ 38,197	$ 36,590	$ 23,000

During the three months ended June 30, 2019, we recorded $8.6 million of net unrealized appreciation, all of which was primarily net unrealized appreciation from our debt, equity and warrant investments. We recorded $659,000 of net unrealized appreciation on our debt investments which was primarily related to $918,000 of net unrealized appreciation on the debt portfolio partially offset by $259,000 of unrealized depreciation due to the reversal of unrealized appreciation upon pay-off or write-off of our portfolio companies.

We recorded $9.9 million of net unrealized appreciation on our equity investments and $2.0 million of net unrealized depreciation on our warrant investments during the three months ended June 30, 2019. This net unrealized appreciation of $7.9 million was primarily attributable to $11.8 million of unrealized appreciation on the equity and warrant portfolio partially offset by $3.9 million of unrealized depreciation due to the reversal of unrealized appreciation upon acquisition or liquidation of our equity and warrant investments.

During the six months ended June 30, 2019, we recorded $36.6 million of net unrealized appreciation, of which $36.5 million was net unrealized appreciation from our debt, equity and warrant investments. We recorded $3.8 million of net unrealized appreciation on our debt investments which was primarily related to $2.3 million of unrealized appreciation primarily due to the reversal of unrealized depreciation upon write-off and $1.5 million of unrealized appreciation on the debt portfolio.

We recorded $33.0 million of net unrealized appreciation on our equity investments and $347,000 of net unrealized depreciation on our warrant investments during the six months ended June 30, 2019. This net unrealized appreciation of $32.7 million was primarily attributable to $41.1 million of unrealized appreciation on the equity and warrant portfolio partially offset bythe $8.4 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 June 30, 2018, we recorded $38.2 million of net unrealized appreciation, of which $37.1 million was net unrealized appreciation from our debt, equity and warrant investments. We recorded $24.2 million of net unrealized appreciation on our debt investments which was attributable to $20.1 million of unrealized appreciation primarily due to the reversal of unrealized depreciation upon write-off of our portfolio companies, and loan repayments along with $4.1 million of unrealized appreciation on the debt portfolio.

We recorded $8.2 million of net unrealized appreciation on our equity investments and $4.7 million of net unrealized appreciation on our warrant investments during the three months ended June 30, 2018. This net unrealized appreciation of $12.9 million was primarily due to $12.1 million of unrealized appreciation on the equity and warrant portfolio investments.

During the six months ended June 30, 2018, we recorded $23.0 million of net unrealized appreciation, of which $22.0 million was net unrealized appreciation from our debt, equity and warrant investments. We recorded $15.9 million of net unrealized appreciation on our debt investments which was primarily related to $25.4 million of unrealized appreciation primarily due to the reversal of unrealized depreciation upon write-off of our portfolio companies and loan repayments. This unrealized appreciation was partially offset by $9.5 million of unrealized depreciation on the debt portfolio.

We recorded $4.1 million of net unrealized appreciation on our equity investments and $1.9 million of net unrealized appreciation on our warrant investments during the six months ended June 30, 2018. This net unrealized appreciation of $6.0 million was due to $3.9 million of unrealized appreciation on the equity and warrant portfolio and $2.1 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 June 30, 2019, we had a net increase in net assets resulting from operations of approximately $48.1 million and for the three months ended June 30, 2018, we had a net increase in net assets resulting from operations of approximately $52.1 million. For the six months ended June 30, 2019, we had a net increase in net assets resulting from operations of approximately $109.7 million and for the six months ended June 30, 2018, we had a net increase in net assets resulting from operations of approximately $58.0 million.

Both the basic and fully diluted net change in net assets per common share was $0.49per share for the three months ended June 30, 2019. The basic and fully diluted net change in net assets per common share was $1.13 per share and $1.12 per share, respectively, for the six months ended June 30, 2019. Both the basic and fully diluted net change in net assets per common share was $0.59 per share and $0.67 per share for the three and six months ended June 30, 2018.

For the purpose of calculating diluted earnings per share for three and six months ended June 30, 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 and six months ended June 30, 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 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 September 7, 2017, we entered into the Prior Equity Distribution Agreement. The Prior Equity Distribution Agreement, 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 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 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 until June 18, 2019, after which the plan expired. We had no common stock repurchases during 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.

On January 11, 2019, we entered into the Seventh Amendment to the Wells Facility. Among others, the Seventh 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 $247.1 million. Aggregate estimated offering expenses in connection with the transaction, including the underwriter's discount and commissions were approximately $2.9 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.

On May 6, 2019, 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 our common stock from time to time through JMP, as our 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 six months ended June 30, 2019, we sold 679,000 shares of common stock under the Prior Equity Distribution Agreement and 1.3 million shares of common stock under the Equity Distribution Agreement. As of June 30, 2019, approximately 10.7 million shares remain available for issuance and sale under the Equity Distribution Agreement.

On June 17, 2019, we closed the June 2019 Equity Offering. The offering generated net proceeds, before expenses, of $70.5 million, including the underwriting discount and commissions of $2.2 million.

On June 28, 2019, Hercules Funding IV entered into the Union Bank Facility Amendment to the Union Bank Facility. The Union Bank Facility Amendment amends certain provisions of the Union Bank Facility to, among other things, (i) delete the financial covenant with respect to maintaining minimum portfolio funding liquidity, (ii) add a covenant prohibiting Hercules Funding IV from acquiring or owning unfunded commitments to makers of certain notes receivable, and (iii) revise certain provisions thereof to further permit a third party special servicer to act as servicer after an event of default instead of us with respect to split-funded notes receivable owned by Hercules Funding IV and an affiliate thereof (including Hercules Funding II).

At June 30, 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 $11.1 million of borrowings outstanding on the Wells Facility, and $82.3 million of borrowings outstanding on the Union Bank Facility.

At June 30, 2019, we had $194.9 million in available liquidity, including $13.3million in cash and cash equivalents. We had available borrowing capacity of $63.9 million under the Wells Facility and $117.7 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 June 30, 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 June 30, 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 June 30, 2019, we had approximately $15.3million 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 six months ended June 30, 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, (iii) debt offerings along with borrowings on our credit facilities, and (iv) equity offerings.

During the six months ended June 30, 2019, our operating activities used $251.5 million of cash and cash equivalents, compared to $93.9 million used during the six months ended June 30, 2018. This $157.7 million increase in cash used in operating activities is primarily related to an increase of $44.1 million investment purchases and decrease of $146.7 million in principal and fee payments received on investments.

During the six months ended June 30, 2019, our investing activities used approximately $241,000 of cash, compared to $116,000 used during the six months ended June 30, 2018. The $125,000 increase in cash used in investing activities was due to an increase in purchase of capital equipment.

During the six months ended June 30, 2019, our financing activities provided $234.5 million of cash, compared to $74.3 million provided during the six months ended June 30, 2018. The net change of $160.2 million increase in cash provided by financing activities was primarily due to the issuance of 2028 Asset-backed notes of $250.0 million and issuance of common stock of $95.4 million, partially offset by $83.5 million repayment of the 2024 Notes.

As of June 30, 2019, net assets totaled $1.1 billion, with a NAV per share of $10.59. 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 June 30, 2019, our asset coverage ratio under our regulatory requirements as a BDC was 206.2% 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 192.8% at June 30, 2019.

Outstanding Borrowings

At June 30, 2019 and December 31, 2018, we had the following available borrowings and outstanding amounts:

	June 30, 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	$ 147,910	$ 149,000	$ 149,000	$ 147,655
2022 Notes	150,000	150,000	148,252	150,000	150,000	147,990
2024 Notes (3)	—	—	—	83,510	83,510	81,852
2025 Notes	75,000	75,000	72,780	75,000	75,000	72,590
2033 Notes	40,000	40,000	38,447	40,000	40,000	38,427
2027 Asset-Backed Notes	200,000	200,000	197,171	200,000	200,000	197,265
2028 Asset-Backed Notes	250,000	250,000	247,266	—	—	—
2022 Convertible Notes	230,000	230,000	225,832	230,000	230,000	225,051
Wells Facility (4)	75,000	11,105	11,105	75,000	13,107	13,107
Union Bank Facility (4)	200,000	82,316	82,316	100,000	39,849	39,849
Total	$ 1,369,000	$ 1,187,421	$ 1,171,079	$ 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 June 30, 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 June 30, 2019 and December 31, 2018were as follows:

(in thousands)	June 30, 2019	December 31, 2018
SBA Debentures	$ 1,090	$ 1,345
2022 Notes	1,199	1,379
2024 Notes (2)	—	1,686
2025 Notes	2,220	2,410
2033 Notes	1,553	1,573
2027 Asset-Backed Notes	2,829	2,735
2028 Asset-Backed Notes	2,734	—
2022 Convertible Notes	2,378	2,823
Wells Facility (1)	370	100
Union Bank Facility (1)	1,545	165
Total	$ 15,918	$ 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 and six months ended June 30, 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 June 30, 2019, we had approximately $177.2 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 $40.0 million of non-binding term sheets outstanding to two new companies and no 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 June 30, 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)**
SeatGeek, Inc.	$	45,000
Tricida, Inc.		35,000
Urovant Sciences, Ltd.		30,000
Aldeyra Therapeutics		15,000
Constellation Pharmaceuticals, Inc.		10,000
Postmates, Inc.		10,000
Clarabridge, Inc.		5,000
X4 Pharmaceuticals, Inc		5,000
ThreatConnect, Inc.		4,000
Campaign Monitor Limited		3,667
Businessolver.com, Inc.		3,443
Fastly, Inc.		3,333
Lendio, Inc.		2,500
The CM Group LLC		1,750
Greenphire, Inc.		1,250
FPX, LLC		1,000
Cloud 9 Software		500
Yipit, LLC		425
Salsa Labs, Inc.		350
Total	$	177,218

(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 June 30, 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)	$ 1,187,421	$ —	$ 341,105	$ 281,316	$ 565,000
Lease and License Obligations (4)	14,224	3,221	5,912	4,313	778
Total	$ 1,201,645	$ 3,221	$ 347,017	$ 285,629	$ 565,778

(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, $11.1 million under the Wells Facility, and $82.3 million under the Union Bank Credit Facility as of June 30, 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 $623,000 and $1.2 million during the three and six months ended June 30, 2019 and approximately $510,000 and $961,000 during the three and six months ended June 30, 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 July 24, 2019, the Board of Directors declared a cash distribution of $0.32 per share to be paid on August 19, 2019 to stockholders of record as of August 12, 2019. This distribution represents our fifty-sixth consecutive distribution since our IPO. In addition to the cash distribution, on July 24, 2019, the Board of Directors declared a supplemental distribution of $0.02 per share to be paid on August 19, 2019 to stockholders of record as of August 12, 2019. The total cumulative distribution to date, including the supplemental distribution is $15.95 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 our 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 June 30, 2019, we declared and paid a distribution of $0.33 per share. If we had determined the tax attributes of our distributions year-to-date as of June 30, 2019, 100% would be from our current and accumulated earnings and profits. However, there can be no certaintyto 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 June 30, 2019, approximately 97.4% 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 and six months ended June 30, 2019.

Income Recognition

See “— Changes in Portfolio” for a discussion of our income recognition policies and results during the three and six months ended June 30, 2019. See “— Results of Operations” for a comparison of investment income for the three and six months ended June 30, 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 July 24, 2019, the Board of Directors declared a cash distribution of $0.32 per share to be paid on August 19, 2019 to stockholders of record as of August 12, 2019. This distribution represents our fifty-sixth consecutive distribution since our IPO, bringing the total cumulative distribution to date to $15.93 per share.

In addition to the cash distribution, on July 24, 2019, the Board of Directors declared a supplemental distribution of $0.02 per share to be paid on August 19, 2019 to stockholders of record as of August 12, 2019. The total cumulative distribution to date, including the supplemental distribution is $15.95 per share.

ATM Equity Program Issuances

Subsequent to June 30, 2019 and as of July 29, 2019, we did not sell any shares of our common stock under the Equity Distribution Agreement. As of July 29, 2019, approximately 10.7 million shares remain available for issuance and sale under the Equity Distribution Agreement.

Wells Facility

On July 2, 2019, Hercules Funding II entered into the Wells Facility Eighth Amendment. The Wells Facility Eighth Amendment amends certain provisions of the Wells Facility to, among other things, revise certain provisions thereof to further permit a third party special servicer to act as servicer after an event of default instead of us with respect to split-funded notes receivable owned by Hercules Funding II and an affiliate thereof (including Hercules Funding IV).

Intercreditor Agreement

To further reflect and govern the ability of a third party servicer to service split-funded notes receivable under each of the Union Bank Facility Amendment and the Wells Facility Eighth Amendment, on July 2, 2019, we, Hercules Funding II and Hercules Funding IV entered into the Intercreditor Agreement pursuant to which, among other things, U.S. Bank agreed to act, pursuant to the terms thereof, as such third party servicer.

July 2024 Notes

On July 16, 2019, we entered into the Note Purchase Agreement governing the issuance of $105.0 million in aggregate principal amount of July 2024 Notes to qualified institutional investors in a private placement. The July 2024 Notes have a fixed interest rate of 4.77% and are due on July 16, 2024, unless redeemed, purchased or prepaid prior to such date by us or our affiliates in accordance with their terms. Interest on the July 2024 Notes will be due semiannually and the July 2024 Notes are general unsecured obligations of ours that rank pari passu with all outstanding and future unsecured unsubordinated indebtedness issued by us.

Departure of Officer

On July 13, 2019, we entered into the Separation Agreement with Manuel Henriquez, our former Chairman and Chief Executive Officer which became effective on July 23, 2019. Under the terms of the Separation Agreement, Mr. Henriquez is no longer an employee of ours and has relinquished his claims to (i) 1,287,006 restricted stock units and shares of restricted stock awards whether vested or unvested, plus all related distribution equivalent units, under certain Restricted Stock Unit Award Agreements and Restricted Stock Award Agreements, (ii) all of his Retention PSUs, which at target performance represented 812,348 units and could have ranged from 406,174 units at minimum performance to 1,624,696 units at maximum performance (and no units being awarded for performance falling under the minimum performance threshold), plus all related distribution equivalent units, under the Retention Performance Stock Unit Award Agreement, effective as of May 2, 2018, and (iii) all severance benefits under the Retention Agreement, effective as of October 26, 2017. In exchange for relinquishing his claims under, and the termination of, each of the retention and other award agreements between us and Mr. Henriquez, Mr. Henriquez will receive (i) 692,841 shares of ours common stock (from settlement and/or acceleration of certain equity awards under certain outstanding equity award agreements) and (ii) three cash payments from us ($1,500,000 promptly after the effective date of the Separation Agreement (the “Effective Date”), $500,000 on the six-month anniversary of the Effective Date if Mr. Henriquez has complied with all of the covenants in the Separation Agreement as of such date and $500,000 on the one-year anniversary of the Effective Date if Mr. Henriquez has complied with all of the covenants in the Separation Agreement as of such date). The cost of the settlement does not have a material impact on our financial results for the quarter ended June 30, 2019 and it does not materially exceed the amounts that we have already expensed with respect to the awards and related agreements that Mr. Henriquez will no longer receive.

Appointment of Officer

On July 17, 2019, the Board of Directors appointed Scott Bluestein, our Interim Chief Executive Officer and Chief Investment Officer, as Chief Executive Officer and President and elected Mr. Bluestein as a director of ours effective July 17, 2019. Mr. Bluestein will continue in his role of Chief Investment Officer. Mr. Bluestein will hold office as a Class III director for a term expiring in 2022 and does not currently serve on any of our committees.

Portfolio Company Developments

As of July 29, 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. Two 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 June 30, 2019 and as of July 29, 2019, there were no announced or completed liquidity events.

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 June 30, 2019, approximately 97.7% 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 June 30, 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
(75)	$ (10,473)	$ (161)	$ (10,312)	$ (0.10)
(50)	$ (7,460)	$ (107)	$ (7,353)	$ (0.07)
(25)	$ (3,784)	$ (54)	$ (3,730)	$ (0.04)
25	$ 4,569	$ 54	$ 4,515	$ 0.05
50	$ 9,362	$ 107	$ 9,255	$ 0.09
75	$ 14,306	$ 161	$ 14,145	$ 0.14
100	$ 19,774	$ 214	$ 19,560	$ 0.20
200	$ 39,249	$ 429	$ 38,820	$ 0.40

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 six months ended June 30, 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.

We are exposed to risks associated with changes in interest rates, including fluctuations in interest rates which could adversely affect our profitability or the value of our portfolio

General interest rate fluctuations may have a substantial negative impact on our investments and investment opportunities, and, accordingly, may have a material adverse effect on our investment objective and rate of return on investment capital. A portion of our income will depend upon the difference between the rate at which we borrow funds and the interest rate on the debt securities in which we invest. Because we will borrow money to make investments and may issue debt securities, preferred stock or other securities, our net investment income is dependent upon the difference between the rate at which we borrow funds or pay interest or dividends on such debt securities, preferred stock or other securities and the rate at which we invest these funds. Typically, we anticipate that our interest-earning investments will accrue and pay interest at both variable and fixed rates, and that our interest-bearing liabilities will generally accrue interest at fixed rates.

A significant increase in market interest rates could harm our ability to attract new portfolio companies and originate new loans and investments. In addition to potentially increasing the cost of our debt, increasing interest rates may also have a negative impact on our portfolio companies' ability to repay or service their loans, which could enhance the risk of loan defaults. We expect that most of our current initial investments in debt securities will be at floating rate with a floor. However, in the event that we make investments in debt securities at variable rates, a significant increase in market interest rates could also result in an increase in our non-performing assets and a decrease in the value of our portfolio because our floating-rate loan portfolio companies may be unable to meet higher payment obligations. As of June 30, 2019, approximately 97.7% of our loans were atfloating rates or floating rates with a floor and2.3% of the loans were at fixed rates.

In periods of rising interest rates, our cost of funds would increase, resulting in a decrease in our net investment income. In addition, a decrease in interest rates may reduce net income, because new investments may be made at lower rates despite the increased demand for our capital that the decrease in interest rates may produce. We may, but will not be required to, hedge against the risk of adverse movement in interest rates in our short-term and long-term borrowings relative to our portfolio of assets. If we engage in hedging activities, it may limit our ability to participate in the benefits of lower interest rates with respect to the hedged portfolio. Adverse developments resulting from changes in interest rates or hedging transactions could have a material adverse effect on our business, financial condition, and results of operations.

Additionally, in July 2017, the head of the United Kingdom Financial Conduct Authority announced that it will no longer persuade or compel banks to submit rates for the calculation of LIBOR after 2021. At this time, it is not possible to predict the effect of this announcement as there is no definitive information regarding the future utilization of LIBOR or of any particular replacement rate. In addition, any further changes or reforms to the determination or supervision of LIBOR may result in a sudden or prolonged increase or decrease in reported LIBOR, which could have an adverse impact on the market value for or value of any LIBOR-linked securities, loans, and other financial obligations or extensions of credit held by or due to us and could have a material adverse effect on our business, financial condition and results of operations. If LIBOR ceases to exist, we may need to renegotiate the credit agreements extending beyond 2021 with our portfolio companies that utilize LIBOR as a factor in determining the interest rate and our existing Credit Facilities to replace LIBOR with the new standard that is established.

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 June 30, 2019 that represent greater than 5% of our net assets:

	June 30, 2019	
(in thousands)	**Fair Value**	**Percentage of Net Assets**
BridgeBio Pharma LLC	$ 82,520	7.5 %
Paratek Pharmaceuticals, Inc.	72,275	6.5 %
EverFi, Inc.	62,167	5.6 %
Oak Street Health	60,885	5.5 %
Businessolver.com, Inc.	55,612	5.0 %

- BridgeBio Pharma LLC is a clinical-stage biopharmaceutical company that discovers and develops drugs for patients with genetic diseases.
- 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.
- Oak Street Health operates primary care clinics and healthcare centers that provides healthcare facilities for medicare eligible beneficiaries, and it serves patients in the United States.
- 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.

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 six months ended June 30, 2019, we issued 89,322 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 $1.2 million.

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
10.1	Equity Distribution Agreement, dated as of May 6, 2019, by and among Hercules Capital, Inc. and JMP Securities LLC(1)
10.2	Underwriting Agreement, dated June 12, 2019, by and among Hercules Capital, Inc. and Morgan Stanley & Co. LLC, Wells Fargo Securities, LLC and Keefe, Bruyette & Woods, Inc., as representatives of the several underwriters named on Schedule I.(2)
10.3	First Amendment to the Loan and Security Agreement, dated as of June 28, 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.(3)
10.4	Eighth Amendment to Amended and Restated Loan and Security Agreement, dated as of July 2, 2019, by and among Hercules Funding II LLC, as borrower, Wells Fargo Capital Finance, LLC (f/k/a Wells Fargo Foothill, LLC), as the arranger and the administrative agent, and the lenders party thereto from time to time.(3)
10.5	Intercreditor Agreement, dated as of July 2, 2019, by and among Wells Fargo Capital Finance, LLC, as arranger and administrative agent, MUFG Union Bank, N.A., as arranger and administrative agent, Hercules Funding II LLC, Hercules Funding IV LLC, Hercules Capital, Inc., and U.S. Bank National Association, as special servicer.(3)
10.6*	Separation Agreement, dated as of July 13, 2019, by and between Hercules Capital, Inc. and Manuel Henriquez
10.7	Note Purchase Agreement, dated July 16, 2019, by and among Hercules Capital, Inc. and the Purchasers party thereto(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 Post-Effective Amendment No. 2, as filed on May 6, 2019 (File No. 333- 231089), to the Registration Statement on Form N-2 of the Company.

(2) Previously filed as part of the Current Report on Form 8-K of the Company, as filed on June 18, 2019.

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

(4) Previously filed as part of the Current Report on Form 8-K of the Company, as filed on July 16, 2019.

HERCULES CAPITAL, INC.
SCHEDULE OF INVESTMENTS IN AND ADVANCES TO AFFILIATES
For the Six Months Ended June 30, 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 June 30, 2019 Fair Value
Control Investments								
Majority Owned Control Investments								
Gibraltar Business Capital, LLC(7)	Unsecured Debt	$ 1,109	$ —	$ 14,401	$ 24	$ —	$ 329	$ 14,754
	Preferred Stock	—	—	23,402	—	—	5,951	29,353
	Common Stock	—	—	1,688	—	—	429	2,117
Total Majority Owned Control Investments		$ 1,109	$ —	$ 39,491	$ 24	$ —	$ 6,709	$ 46,224
Other Control Investments								
Tectura Corporation(5)	Senior Debt	$ 955	$ —	$ 18,128	$ 319	$ —	$ (8,777)	$ 9,670
	Preferred Stock	—	—	—	—	—	—	—
	Common Stock	—	—	—	—	—	—	—
Total Other Control Investments		$ 955	$ —	$ 18,128	$ 319	$ —	$ (8,777)	$ 9,670
Total Control Investments		$ 2,064	$ —	$ 57,619	$ 343	$ —	$ (2,068)	$ 55,894
Affiliate Investments								
Optiscan BioMedical, Corp.	Preferred Warrants	$ —	$ —	$ 178	$ —	$ —	$ 72	$ 250
	Preferred Stock	—	—	6,799	1,631	—	(308)	8,122
Solar Spectrum Holdings LLC (p.k.a. Sungevity, Inc.) (6)	Senior Debt	1,247	—	11,404	1,513	—	—	12,917
	Common Stock	—	—	3,115	—	—	(2,990)	125
Total Affiliate Investments		$ 1,247	$ —	$ 21,496	$ 3,144	$ —	$ (3,226)	$ 21,414
Total Control and Affiliate Investments		$ 3,311	$ —	$ 79,115	$ 3,487	$ —	$ (5,294)	$ 77,308

(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 June 30, 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	$ 14,754	$ 14,754
	Diversified Financial Services	Preferred Series A Equity			10,602,752	26,122	29,353
	Diversified Financial Services	Common Stock			830,000	1,884	2,117
Total Gibraltar Business Capital, LLC						$ 42,760	$ 46,224
Total Majority Owned Control Investments (4.18%)*						$ 42,760	$ 46,224
Other Control Investments							
Tectura Corporation	Internet Consumer & Business Services	Senior Secured Debt	June 2021	Interest rate FIXED 6.00%, PIK Interest 3.00%	$ 21,243	$ 21,243	$ 9,670
	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						$ 22,383	$ 9,670
Total Other Control Investments (0.88%)*						$ 22,383	$ 9,670
Total Control Investments (5.06%)*						**$ 65,143**	**$ 55,894**
Affiliate Investments							
Optiscan BioMedical, Corp.	Medical Devices & Equipment	Preferred Series B Equity			61,855	$ 3,000	$ 411
	Medical Devices & Equipment	Preferred Series C Equity			19,273	655	117
	Medical Devices & Equipment	Preferred Series D Equity			551,038	5,257	3,456
	Medical Devices & Equipment	Preferred Series E Equity			507,103	4,240	4,138
	Medical Devices & Equipment	Preferred Series E Warrants			74,424	572	250
Total Optiscan BioMedical, Corp.						$ 13,724	$ 8,372
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 13.70%, 6.67% Exit Fee	$ 10,000	$ 10,614	$ 10,614
	Sustainable and Renewable Technology	Senior Secured Debt	July 2019	PIK Interest 10.00%	$ 683	683	683
	Sustainable and Renewable Technology	Senior Secured Debt	July 2019	Interest rate PRIME + 10.70% or Floor rate of 15.70%, PIK Interest 2.00%	$ 1,620	1,620	1,620
	Sustainable and Renewable Technology	Common Stock			380	61,501	125
	Sustainable and Renewable Technology	Common Warrants			0.69	—	—
Total Solar Spectrum Holdings LLC (p.k.a. Sungevity, Inc.)						$ 74,418	$ 13,042
Total Affiliate Investments (1.94%)*						**$ 88,142**	**$ 21,414**
Total Control and Affiliate Investments (7.00%)*						**$ 153,285**	**$ 77,308**

* 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: August 1, 2019

/S/ SCOTT BLUESTEIN

Scott Bluestein
President, Chief Executive Officer, and
Chief Investment Officer

Dated: August 1, 2019

/S/ SETH H. MEYER

Seth H. Meyer
Chief Financial Officer, and
Chief Accounting Officer

Exhibit 10.6
Execution Version

July 13, 2019

Mr. Manuel Henriquez
c/o Orrick, Herrington & Sutcliffe LLP
The Orrick Building
405 Howard Street
San Francisco, CA 94105-2669
Attention: Michael D. Weil

Dear Manuel,

Hercules Capital, Inc. (the "Company") and you have mutually agreed that you are voluntarily separating from the Company and its subsidiaries and affiliates in all capacities effective July 13, 2019 (the "Separation Date"). You and the Company mutually confirm that your separation is not as a result of any disagreement between you and the Company regarding the operations, disclosures, policies and practices of the Company and its subsidiaries and affiliates. We wish to confirm the arrangements to which you and the Company have agreed.

1. **Separation.** Your separation from the Company and its subsidiaries and affiliates will be effective on the "Separation Date," and you will not seek, and you hereby waive, any reemployment or reinstatement.

2. **Separation Pay and Other Benefits.**

(a). In exchange for the promises herein made by you, the Company agrees (i) to pay you a monetary sum of $2,500,000 (the "Cash Portion"), (ii) to settle 263,894 vested, but deferred restricted stock units, and 50,245 vested, but deferred dividend equivalent units, under the Restricted Stock Unit Award Agreement, effective as of January 24, 2017, by and between the Company and you (the "2017 RSU Agreement") and 95,878 vested, but deferred restricted stock units, and 8,337 vested, but deferred dividend equivalent units, under the Restricted Stock Unit Award Agreement, effective as of January 9, 2018, by and between the Company and you (the "2018 RSU Agreement"), (iii) to accelerate the vesting of 274,487 restricted stock units under the Restricted Stock Unit Award Agreement, effective as of January 31, 2019, by and between you and the Company (the "2019 RSU Agreement") (such settled restricted stock units and accelerated restricted stock units, the "Stock Portion") and (iv) to provide you the American Flag artwork by Dave Cole located outside of your office at the Company's offices in Palo Alto, California (such artwork together with the Stock Portion and the Cash Portion, the "Separation Pay"), in each case, minus applicable tax withholdings and standard payroll deductions. The aggregate number of shares you are entitled to under this Agreement, the 2017 RSU Agreement, the 2018 RSU Agreement, the 2019 RSU Agreement, the Restricted Stock Award Agreement, effective as of January 9, 2018, by and between you and the Company (the "RSA Agreement") and the Retention Performance Stock Unit Award Agreement, effective as of May 2, 2018, by and between the Company and you (the "PSU Agreement") shall not exceed 692,841 shares, and, except as provided above, you shall not be entitled to any dividend equivalent units under any Restricted Stock Unit Award Agreement (including, without limitation, the PSU Agreement), whether vested or unvested, that have accrued at any time and from time to time. Except as provided above, any such dividend equivalent units shall be forfeited under Section 3(vii) below in their entirety. The

Cash Portion shall be paid after the expiration of the Revocation Period described in Section 19 in three installments as follows: (i) $1,500,000 as soon as reasonably practicable after the expiration of the Revocation Period described in Section 19, and in no event later than seven (7) days following the expiration of such Revocation Period; (ii) $500,000 on the six-month anniversary of the Separation Date; and (iii) $500,000 on the one-year anniversary of the Separation Date. The Stock Portion shall be issued to you as soon as reasonably practicable after the expiration of the Revocation Period described in Section 19, and in no event later than fifteen (15) days following the expiration of such Revocation Period; provided, however, that to the extent not outstanding, the Stock Portion will be considered outstanding shares for any dividend declared on shares on or after the Separation Date (regardless of the settlement date) provided that this Agreement becomes effective and irrevocable. You expressly acknowledge and agree that settlement of the Stock Portion is subject to you promptly paying to the Company in cash all taxes required to be withheld in connection with the settlement of the Stock Portion; provided, however, that the Company shall, at your election (which election shall be made no later than two (2) business days after the Revocation Period described in Section 19 expires), satisfy the tax liability by withholding shares from the acceleration and/or settlement of the Stock Portion having a fair market value equal to the tax withholding obligation based on the closing price on the date of settlement. You acknowledge and agree that you will not be entitled to any future equity or other awards from the Company and no further vesting with respect to any prior or future grants. You acknowledge further that the Separation Pay is not a benefit to which you would otherwise be entitled as a result of your employment with the Company.

(b). Subject to the provisions of Section 2(a), as additional consideration for this Agreement, the Company will reimburse the entire amount of your health insurance premiums (for you and your eligible dependents) under the Consolidated Omnibus Budget Reconciliation Act ("COBRA"), upon your timely application for COBRA benefits and your remaining eligible for COBRA benefits, for a period of eighteen (18) months from the Separation Date, starting as soon as practicable after you complete the appropriate COBRA election form(s) and the Revocation Period described in Section 19 expires; provided that the first reimbursement after the Revocation Period shall include a reimbursement for any health insurance premiums paid by you for you and your family under the Company's existing health plans since the Separation Date. If you become eligible for and elect to take healthcare benefits under another employer's plan during the eighteen (18) month period, you will promptly notify the Company and understand the COBRA reimbursement will terminate thereon. If the Company wishes to avoid any adverse consequences to you or the Company under either Code Section 105(h) or the Patient Protection and Affordable Care Act of 2010, then the Company may gross-up the payment such that you are reimbursed for the full COBRA premium on an after-tax basis.

(c). It is understood that you will make one visit to the Company's offices in Palo Alto, California to remove your personal effects and say goodbye to employees. The date and time of such visit shall be coordinated with and approved by the Company's Interim Chief Executive Officer as of the date of this Agreement, and it is understood that you will not discuss ongoing Company business or any ongoing litigation or other legal proceedings during the visit.

(d). You will not be required to mitigate the amount of any payment contemplated by this Agreement, nor will any earnings that you may receive from any other source reduce any such payment.

3. **Forfeiture.** In consideration for the payments and benefits you will receive from the Company pursuant to this Agreement and for other good and valuable consideration, except as otherwise expressly set forth in Section 2, you agree to cancel, forfeit and waive all rights to and interests in, and forfeit all underlying shares of stock pursuant to, the following: (i) all payments and benefits under the Retention Agreement, effective as of October 26, 2017, by and between the Company and you (the "Retention Agreement"); (ii) all performance stock units under the PSU Agreement; (iii) all restricted stock units, whether vested or unvested, under the 2017 RSU Agreement; (iv) all restricted stock units, whether vested or unvested, under the 2018 RSU Agreement; (v) all unvested shares of restricted stock under the RSA Agreement; (vi) all restricted stock units, whether vested or unvested, under the 2019 RSU Agreement; and (vii) all dividend equivalent units, whether vested or unvested, under the PSU Agreement, the 2017 RSU Agreement, the 2018 RSU Agreement and the 2019 RSU Agreement. With the exception of any indemnification arrangement or agreement you have with the Company (except that you hereby agree that you will not be entitled to indemnification under any indemnification arrangement or agreement, notwithstanding anything to the contrary therein, with respect to matters relating to any current pending litigation or legal action against you, or any matters or proceedings related thereto, or any litigation or legal action derived or based on the same facts alleged therein), you agree to waive all rights to and interest in any other agreement or arrangement that you have with the Company, its subsidiaries or affiliates, including, without limitation, the letter agreement, dated July 5, 2019, by and between the Company and you, regarding tolling of a vesting date with respect to certain restricted stock units and shares of restricted stock (the "Tolling Letter").

4. **Your General Release**. In further consideration for the payments and benefits you will receive from the Company pursuant to this Agreement and for other good and valuable consideration, you, for and on behalf of yourself, your heirs, beneficiaries, executors, administrators, attorneys, successors, and assigns, knowingly and voluntarily, hereby waive, remit, release and forever discharge the Company, its subsidiaries, parents, affiliates, divisions, portfolio investments, predecessors, successors and assigns, and each of their current and former officers, directors, stockholders, employees, agents, attorneys, lenders, investors and agents thereof, both individually and in their business capacities, and their employee benefit plans and programs and their administrators and fiduciaries (collectively referred to herein as the "Company Released Parties") of and from any and all manner of actions, claims, liens, demands, liabilities, potential or actual causes of action, charges, complaints, suits (judicial, administrative, arbitral or otherwise), damages, debts, demands, claim for or obligation to pay for attorneys' fees, costs, fees, or other expenses, obligations of any other nature, past or present, known or unknown, whether in law or in equity, whether founded upon contract (expressed or implied), tort (including, but not limited to, defamation), statute or regulation (State, Federal or local), common law, public policy, third-party beneficiary and/or other theory or basis and/or other theory or basis, arising at any time from the beginning of time to the date of the execution of this Agreement, including, but not limited to, any claim that you have asserted, now assert or could have asserted. The claims released or acknowledged not to exist include, but are not limited to, any claims for violation of: (i) Title VII of the Civil Rights Act of 1964; (ii) The Civil Rights Act of 1991; (iii) The Older Workers Benefit Protection Act; (iv) Sections 1981 through 1988 of Title 42 of the United States Code; (v) The Employee Retirement Income Security Act of 1974; (vi) The Immigration Reform and Control Act; (vii) The Americans with Disabilities Act of 1990; (viii) The Age Discrimination in Employment Act of 1967 ("ADEA"); (ix) The Older Workers Benefit Protection Act; (x) The Workers Adjustment and Retraining Notification Act; (xi) The Occupational Safety and Health Act; (xii) The Fair Credit Reporting Act; (xiii) The Sarbanes-Oxley Act of 2002; (xiv) The Family

and Medical Leave Act; (xv) The Equal Pay Act; (xvi) The Worker Adjustment and Retraining Notification Act; (xvii) any other federal, state or local civil, human rights, bias, whistleblower, discrimination, wage, wage-hour, compensation, retaliation, employment, human rights, labor or any other local, state or federal law, regulation or ordinance; (xviii) the California Fair Employment and Housing Act; (xix) the California False Claims Act; (xx) the Unruh Civil Rights Law; (xxi) the California Family Rights Act; (xxii) the Moore-Brown-Roberti Family Rights Act; (xxiii) the California Worker Adjustment and Retraining Notification Act; (xxiv) the California Labor Code including (without limitation) the California political activities discrimination statute, Cal. Labor Code §1101; the California Whistleblower Protection Laws, Cal. Lab. Code § 1102.5, Cal. Lab. Code §§ 98.6 & 98.7; California crime victim or domestic violence victim discrimination statute, Cal. Labor Code § 230; the California equal pay law, Cal. Labor Code §1197.5; (xxv) the California Military and Veterans Code; (xxvi) the California Occupational Safety and Health Act; (xxvii) the California Voting Leave Law, (xxviii) any amendments to the foregoing laws; (xxix) any benefit, payroll or other plan, policy or program (except as to vested benefits as of the Separation Date, other than vested benefits under any equity or equity-based awards or agreements); (xxx) any public policy, contract, third-party beneficiary, tort, or common law obligation under the laws of any jurisdiction; and (xxxi) any claim for or obligation to pay for attorneys' fees, costs, fees, or other expenses, except business expenses incurred by you before the Separation Date. Notwithstanding the foregoing, this Section 4 will not release the Company Released Parties from any claims by you relating to (a) the obligations of the Company under this Agreement; (b) any rights to indemnification or expense advancement under the Company's bylaws or by statute or any applicable policy of directors' and officers' insurance maintained by the Company (for the avoidance of doubt, you agree and acknowledge that the Company has no obligation to indemnify you or advance expenses in connection with any current pending litigation or legal action against you, or any matters or proceedings related thereto, or any litigation or legal action derived or based on the same facts alleged therein); (c) any vested rights under any benefit plans, except vested rights under any equity or equity-based awards or agreements; or (d) any other rights or benefits that, as a matter of law, may not be waived, including but not limited to unwaivable rights you might have under federal and/or state law.

5. **Company's General Release**. The Company on behalf of itself, and its successors, and assigns, knowingly and voluntarily, hereby waives, remits, releases and forever discharges you and your heirs, beneficiaries, executors, administrators, attorneys, successors, and assigns of and from any and all manner of actions, claims, liens, demands, liabilities, potential or actual causes of action, charges, complaints, suits (judicial, administrative, arbitral or otherwise), damages, debts, demands, claim for or obligation to pay for attorneys' fees, costs, fees, or other expenses, obligations of any other nature, past or present, known or unknown, whether in law or in equity, whether founded upon contract (expressed or implied), tort (including, but not limited to, defamation), statute or regulation (State, Federal or local), common law, public policy, third-party beneficiary and/or other theory or basis, arising at any time from the beginning of time to the date of the execution of this Agreement, including, but not limited to, any claim that the Company has asserted, now asserts or could have asserted. Notwithstanding the foregoing, this Section 5 will not release you from (a) any claims by the Company relating to your obligations under this Agreement, (b) intentional and knowing acts of fraud against or involving the Company or any of its subsidiaries or affiliates, to the extent the facts underlying any such claim were unknown to the Company on the date hereof, (c) intentional and knowing acts of embezzlement against or involving the Company, its subsidiaries or affiliates or the intentional and knowing commission of serious misstatements of, or other serious irregularities in respect of, the financial statements or

other financial aspects of the Company's business or that of any affiliate or subsidiary, only to the extent the facts underlying any such claim were unknown to the directors (other than you) and the signatory for the Company on the date hereof, or (d) any material damage to or impairment of the Company, any subsidiary or any affiliate related to knowing, willful or intentional criminal acts against or involving the Company, any subsidiary or any affiliate or knowing, willful or intentional violations of any applicable law, rule or regulation, including without limitation, any violations of any securities, lending or investment laws, rules or regulations, only to the extent the facts underlying any such claim were unknown to the Company on the date hereof.

6. **Covenant Not to Sue.** Each party covenants and agrees not to file, initiate, or join any lawsuit (either individually, with others, or as part of a class), in any forum, pleading, raising, or asserting any claim(s) barred or released by the General Releases in Section 4 and 5 (the "Releases"). If either party does so, and the lawsuit is found to be barred in whole or in part by any of the Releases, the prevailing party shall be entitled to recover their or his attorneys' fees and costs, or the proportions thereof, incurred in defending against those claims that are found to be barred. You shall not join, participate in or provide any assistance with respect to any lawsuit, action or other proceeding against any of the Company Released Parties by any private individual or corporate entity in any forum, including, without limitation, any shareholder action, whether derivative or otherwise, other than a lawsuit, action or other proceeding based on the commission by the Company of acts that occur after the Separation Date. Notwithstanding the foregoing, nothing in this Section 6 will preclude or prevent you from filing a claim that challenges the validity of the Release solely with respect to your waiver of any claims arising under ADEA, and you shall not be required to pay the attorneys' fees and costs of any Company Released Party in connection with such a challenge. However, you acknowledge that this Release applies to all claims you have or may have under the ADEA and that, unless the Release is held to be invalid, all of your claims under the ADEA will be extinguished. You acknowledge and agree that you have not given, sold, assigned or transferred to anyone else, any claim, or a portion of a claim referred to in this Agreement. You and the Company acknowledge that that this Agreement does not limit either party's right, where applicable, to participate in an investigative proceeding of any federal, state or local government agency, including your right to file a charge with the Equal Employment Opportunity Commission. You agree that if such an administrative claim is made asserting any claim released in this Agreement, you will not be entitled to recover any individual monetary award or relief or other individual remedies. Nothing contained in this Agreement, or the fact of its execution or transmission, will be admissible evidence in any judicial, administrative, or other legal proceeding, or be construed as an admission of any liability or wrongdoing on the part of you or the Company, or any violation of foreign, federal, state or local statutory or common law or regulation or ruling.

7. **Section 1542 Acknowledgement.** By signing below, the parties all acknowledge that you and they have read and understand Section 1542 of the California Civil Code which reads as follows: "A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party." The parties hereby expressly waive and relinquish all rights and benefits under that section and any law of any jurisdiction of similar effect with respect to the General Releases provided in Sections 4 and 5 above. Accordingly, the parties agree and acknowledge that the above General Releases apply not only to claims that are presently known, suspected, or disclosed, but also to claims that are presently unknown, unsuspected, or undisclosed. The parties

acknowledge that they are assuming the risk that the facts may turn out to be different from what they believe them to be and agree that the General Releases in this Agreement shall be in all respects effective and not subject to termination or rescission because of such mistaken belief.

8. **Confidentiality; Return of Property; Nonsolicitation; Cooperation**.

(a). You hereby covenant and agree that you will not, without the prior written consent of the Company, disclose to any person not employed by the Company, or use in connection with engaging in competition with the Company, its subsidiaries, affiliates or portfolio investments, any confidential or proprietary information of the Company, its subsidiaries, affiliates or portfolio investments and any idea, concept, know-how, expertise or other unique ability discovered through your employment with the Company. For purposes of this Agreement, the term "confidential or proprietary information" will include all information of any nature and in any form that is owned by the Company (including any such information you may have developed during your employment), and that is not publicly available (other than by your breach of this Section 8(a)) or generally known to persons engaged in businesses similar or related to those of the Company). Confidential or proprietary information will include, without limitation, the Company's financial matters, customers, employees, industry contracts, strategic business plans, product development (or other proprietary product data), marketing plans, proprietary technology or software (including features and functionality of software) used in the management of the business of the Company and all other secrets and all other information of a confidential or proprietary nature ("Confidential Information"). For purposes of the preceding two sentences, the term "Company" will also include any parent, subsidiary, affiliate or portfolio investment of the Company (collectively, the "Restricted Group"). The obligations imposed by this Section 8(a) will not apply (i) if such confidential or proprietary information has become, through no fault of you, generally known to the public or (ii) if you are required by law to make disclosure (after giving the Company notice and an opportunity to contest such requirement). Notwithstanding the foregoing or anything to the contrary herein, nothing in this Agreement shall prohibit you from reporting possible violations of federal law or regulation to any governmental agency or entity or self-regulatory organization (including but not limited to the Department of Justice, the Securities and Exchange Commission, Congress, and any agency Inspector General), or making other disclosures that are protected under the whistleblower provisions of any applicable law or regulation (it being understood that you do not need the prior authorization of the Company to make any such reports or disclosures or to notify the Company that you have made such reports or disclosures). Further, in accordance with the Defend Trade Secrets Act of 2016, you shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (A) is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

(b). You shall proffer to the Company or the Company's designee, no later than seven (7) days following the Separation Date (or upon the earlier request of the Company), and, if directed to do so by the Company, permanently destroy without retaining any copies, notes or excerpts thereof, all property of the Company and its subsidiaries and affiliates in whatever form, including, without limitation, all documents, including electronically-stored information ("ESI") which includes any electronic record or information in a form that requires a computer or other machine to create, process, and read it ("Documents and ESI"). Documents and ESI include, but are not limited to: memoranda, computer disks or other media, computer programs, diaries, notes, records, data, customer or client lists, marketing plans and strategies, and any other documents consisting of or containing Confidential Information, that are in your actual or constructive possession or which are subject to your control. The Company understands that Orrick, Herrington & Sutcliffe, your personal counsel, is maintaining in its possession certain electronic devices issued by the Company that may reasonably be needed in connection with litigation ongoing as of the Separation Date. Notwithstanding the provisions of this paragraph, Orrick may maintain possession of the devices until the conclusion of such litigation as it pertains to you and any appeal thereon and will then permanently destroy or return, as directed by the Company, the devices in accordance with this Section 8(b). Orrick will use its commercially reasonable best efforts at all times to maintain and protect the confidentiality of all information and devices in its possession.

(c). You hereby covenant and agree that for eighteen (18) months after the Separation Date you will not, without the prior written consent of the Company, on behalf of you or on behalf of any person, firm or company, directly or indirectly, attempt to influence, persuade or induce, or assist any other person in so persuading or inducing, any employee of the Restricted Group to give up, or to not commence, employment or a business relationship with the Restricted Group.

(d). Except as otherwise provided or permitted by applicable law, and subject to the good faith exercise of your Constitutional rights, you agree to reasonably cooperate with the Company, its subsidiaries, affiliates and portfolio investments in any internal investigation, any administrative, regulatory, governmental or judicial proceeding or any dispute with a third party concerning issues about which you have knowledge or that may relate to you or your employment or role with the Company, its subsidiaries, affiliates or portfolio investments. Your willingness to cooperate hereunder includes, without limitation, being reasonably available to the Company upon reasonable notice for interviews and factual investigations and appearing in a reasonable forum at the request of the Company or as otherwise required by any court of competent jurisdiction or any governmental authority or agency to give testimony (without requiring service of a subpoena or other legal process), and turning over to the Company all Documents and ESI which are or may come into your or your attorneys' possession. It shall not be a breach of this Agreement to exercise, in good faith, your Constitutional rights. The Company shall promptly reimburse you for the reasonable out-of-pocket expenses incurred by you in connection with such cooperation, including reasonable attorney fees. In addition, any other rights you have under any indemnification arrangement or agreement with the Company (as modified by this Agreement) will remain in full force and effect in connection with any cooperation with the Company. In connection herewith, it is agreed that the Company will use its reasonable best efforts to assure that any request for such cooperation will not unduly interfere with your ongoing legal matters, business and personal obligations or commitments. The foregoing restrictions shall not be violated by truthful statements made to any government authority or in response to legal process, required governmental testimony or filings, administrative or arbitral proceedings (including, without limitation, depositions in connection with such proceedings).

(e). You will not, directly (or through any other person) make any public or private statements (whether orally or in writing or on any type of social media, tweeting, facebook posts, or blog or similar communication vehicles, including without limitation GlassDoor or similar outlets) that disparage, denigrate, malign or criticize the Company or its subsidiaries, affiliates or portfolio investments or the Company's or its subsidiaries', affiliates' or portfolio investments' businesses, activities, operations, affairs, reputations or prospects or any of their respective officers, named-executive officers, employees, and directors (collectively as of the date hereof) (the "Protected Persons"). The Company will direct its Section 16 officers, directors and employees of the Company to refrain from making any public or private statements (whether orally or in writing or on any type of social media, tweeting, facebook posts, or blog or similar communication vehicles, including without limitation GlassDoor or similar outlets) that disparage, denigrate, malign or criticize you, your tenure with the Company, or any of your immediate family members. For purposes of clarification, and not limitation, a statement shall be deemed to disparage, denigrate, malign or criticize a Protected Person or you if such statement could be reasonably construed to adversely affect the opinion any other person may have or form of any such Protected Person or you. The foregoing restrictions shall not be violated by truthful statements made to any government authority or in response to legal process, required governmental testimony or filings, administrative or arbitral proceedings (including, without limitation, depositions in connection with such proceedings).

(f). For a period of three years from the date of this Agreement (the "Restricted Period"), except as specifically requested in writing by the Company, you, singly or with any other person or directly or indirectly, shall not propose, enter into, or agree to enter into, or encourage any other person to propose, enter into, or agree to enter into (i) any form of business combination, acquisition or other transaction relating to the Company, its subsidiaries, affiliates or portfolio investments or (ii) any form of restructuring, recapitalization or similar transaction with respect to the Company, its subsidiaries, affiliates or portfolio investments. Furthermore, during the Restricted Period, except as specifically requested in writing by the Company, you shall not, singly or with any other person or directly or indirectly, (1) acquire, or offer, propose or agree to acquire, by tender offer, purchase or otherwise, any voting securities of the Company, its subsidiaries, affiliates or portfolio investments, (2) make, or in any way participate in, any solicitation of proxies or written consents with respect to voting securities of the Company, its subsidiaries, affiliates or portfolio investments (it being understood that the mere voting of the shares that you own or the execution of a proxy or written consent shall not be treated as constituting participation in such a solicitation), (3) become a participant in any election contest with respect to the Company, its subsidiaries, affiliates or portfolio investments, (4) seek to influence any person with respect to the voting or disposition of any voting securities of the Company, its subsidiaries, affiliates or portfolio investments, (5) demand a copy of the Company's, its subsidiaries', affiliates' or portfolio investments' list of stockholders or their other books and records, (6) participate in or encourage the formation of any partnership, syndicate or other group that owns or seeks or offers to acquire beneficial ownership of any voting securities of the Company, its subsidiaries, affiliates or portfolio investments or that seeks to affect control of the Company, its subsidiaries, affiliates or portfolio investments or for the purpose of circumventing any provision of this Agreement, (7) propose or support any director or slate of directors for nomination, appointment or election to the Board of Directors of the Company or its subsidiaries or affiliates (it being understood that the mere execution of a proxy or written shareholder consent shall not be treated as constituting such support), (8) otherwise act to seek or to offer to control or influence, in any manner, the management, Board of Directors or policies of the Company, its subsidiaries, affiliates or portfolio investments, or (9) participate in any shareholder action against the Company, its subsidiaries, affiliates or portfolio investments other than a lawsuit, action or other proceeding based on the commission by the Company of acts that occur after the Separation Date as contemplated by Section 6 above.

(g). The parties agree that the covenants contained in this Section 8 are reasonable under the circumstances and subject to the provisions of Section 13 of this Agreement. The parties acknowledge and agree that the remedy at law available to you and the Company for breach of any of obligations under this Section 8 would be inadequate and that damages flowing from such a breach may not readily be susceptible to being measured in monetary terms. Accordingly, the parties acknowledge, consent and agree that, in addition to any other rights or remedies that you or the Company may have at law, in equity or under this Agreement, upon adequate proof of a violation of any such provision of this Agreement, you and the Company will be entitled to immediate injunctive relief and may obtain a temporary order restraining any threatened or further breach, without the necessity of proof of actual damage

(h). Any material breach by you of Section 4, 6, 8, 9 or 10 shall result in the immediate cessation of any outstanding, unpaid payments and benefits set forth in Section 2 above; provided, that the Company shall provide you with 30 days' notice prior to ceasing payments and benefits to you or, if the payment is due in less than 30 days, as soon as reasonably practical from when the Chief Executive Officer of the Company has actual knowledge. For the avoidance of doubt, in the event of a breach by you of any term or provision in this Agreement, the Company shall have, in addition to all rights and remedies under this Agreement, all rights and remedies provided under applicable law, which rights shall be cumulative.

9. **No Pending Claims**. The parties affirm that they are not a party to, and have not filed or caused to be filed, any claim, complaint, or action against the other parties to this Agreement or any other released party in any forum.

10. **Your Representations**. You hereby affirm and acknowledge:

(a) To the best of your knowledge and belief, you have not knowingly and inappropriately divulged any Confidential Information in violation of this Agreement.

(b) To the best of your knowledge and belief, you are not aware of any unreported Foreign Corrupt Practices Act or International Traffic in Arms Regulations violations or of any corporate fraud committed by the Company or any of its subsidiaries, officers, directors, or employees.

(c) You acknowledge that you will not be eligible to receive the benefits described herein, and all rights that you have to such benefits under this Agreement will be terminated, if you are found by a Court to have committed during your employment any acts of knowing and intentional fraud against the Company or its subsidiaries, affiliates or portfolio investments. You further agree and acknowledge that you remain responsible for any previously filed statements with the Securities and Exchange Commission in accordance with its rules and regulations.

(d) To the best of your knowledge and belief, all financial statements that were filed while you were the Chief Executive Officer, present fairly, in all material respects, the consolidated financial position, assets and liabilities, results of operations, changes in net assets, cash flows and investments of the Company and its consolidated subsidiaries as of the end of and for the applicable period in accordance with GAAP, subject, in the case of unaudited financial statements, to year-end audit adjustments and the absence of footnotes.

11. **Amendments**. This Agreement may not be modified, altered, or amended except in writing and signed by the parties. You acknowledge that you have not relied on any

representations, promises, or agreements of any kind made to you in connection with your decision to enter into this Agreement.

12. **Governing Law.** The terms of this Agreement shall be governed by and construed in accordance with the laws of the State of California. Any and all disputes arising hereunder shall be subject to the exclusive jurisdiction and venue of the federal and state courts in and for the State of California. The parties agree that they shall indemnify the other party/parties for his/its reasonable attorneys' fees and costs incurred in successfully prosecuting or defending any action or counterclaim against him/it, where said action or counterclaim is based upon the breach of any term of this Agreement.

13. **Enforcement and Severability.** In the event that one or more terms or provisions of this Agreement are found to be invalid or unenforceable for any reason or to any extent, each remaining term and provision shall continue to be valid and effective and shall be enforceable to the fullest extent permitted by law, including, without limitation, the right of the Company to demand repayment of any amounts paid or reimbursed to you hereunder.

14. **Entire Agreement.** This Agreement contains the entire agreement between you and the Company and supersedes all other agreements, written or oral, between you and the Company (excluding any indemnification arrangement or agreement between you and the Company which remains in full force and effect (other than to the extent modified by this Agreement)) including, without limitation, (a) the Retention Agreement, (b) the PSU Agreement, (c) the 2017 RSU Agreement, (d) the 2018 RSU Agreement, (e) the RSA Agreement, (f) the 2019 RSU Agreement and (g) the Tolling Letter; provided, that Sections 13 and 15 of the 2017 RSU Agreement, the 2018 RSU Agreement and the 2019 RSU Agreement shall remain in full force and effect. The failure of any party to enforce any of the provisions of this Agreement shall not be deemed or construed to be a waiver of any such provisions, nor to in any way affect the validity of this Agreement or the right of either of the parties to thereafter enforce any provision of this Agreement. The parties acknowledge that they have not relied on any representations, promises, or agreements of any kind made in connection with the decision to sign this Agreement, except for those set forth in this Agreement. Except as otherwise expressly provided herein, you agree and acknowledge that you hereby waive any rights to, and are not entitled to, any payments and/or benefits and/or other rights under (i) any indemnification arrangement or agreement to the extent relating to any current pending litigation or legal action against you, or any matters or proceedings related thereto, or derived or based on the same facts alleged therein, (ii) the Retention Agreement, (iii) the PSU Agreement, (iv) the 2017 RSU Agreement, (v) the 2018 RSU Agreement, (vi) the RSA Agreement, (vii) the 2019 RSU Agreement and (viii) the Tolling Letter.

15. **Clawback**. You acknowledge and agree that, to the extent required by applicable law, you shall remain subject to the terms and conditions of any recoupment policies of the Company as in effect on the date hereof and compensation recovery or disgorgement thereunder.

16. **Counterparts**. This Agreement may be executed in counterparts, each of which will be deemed an original and each of which will together constitute one and the same agreement.

17. **Notices**. For all purposes of this Agreement, all communications, including without limitation notices, consents, requests or approvals, required or permitted to be given hereunder will be in writing and will be deemed to have been duly given when hand delivered, delivered by email or dispatched by pdf or electronic facsimile transmission, or five business days

after having been mailed by United States registered or certified mail, return receipt requested, postage prepaid, or three business days after having been sent by a nationally recognized overnight courier service such as FedEx or UPS, addressed as follows:

To the Company:
Hercules Capital, Inc.
400 Hamilton Avenue
Suite 310
Palo Alto, CA 94301
Fax: (617) 314-9997
Attention: Scott Bluestein
Email: sbluestein@htgc.com

With copies (which copies shall not constitute notice) to:Keker, Van Nest & Peters LLP
633 Battery Street
San Francisco, CA 94111-1809
Fax: (415) 397-7188
Attention: Warren Braunig
Email: wbraunig@keker.com

And: Dechert LLP
Three Bryant Park
1095 Avenue of the Americas
New York, NY 10036
Fax: (212) 698-3599
Attention: Jay Alicandri
Email: jay.alicandri@dechert.com

To you: at your home address most recently filed with the Company

With a copy (which copy shall not constitute notice) to:Orrick, Herrington & Sutcliffe LLP
The Orrick Building
405 Howard Street
San Francisco, CA 94105-2669
Fax: (415) 773-5759
Attention: Michael D. Weil
Email: mweil@orrick.com

or to such other address as any party may have furnished to the other in writing and in accordance herewith, except that notices of changes of address will be effective only upon receipt.

18. **Section 409A**. The payments and benefits provided under Section 2 are intended to be exempt from or comply with the requirements of Section 409A of the Internal Revenue Code

of 1986, as amended, and the regulations issued thereunder ("Section 409A"). Notwithstanding anything in this Agreement to the contrary, any payments or benefits due hereunder, if any, that constitute non-exempt "deferred compensation" (as defined in Section 409A) that are payable by reason of your termination of employment will not be paid or provided to you until you have undergone a "separation from service" (as defined in Section 409A). If it is determined by you and the Company that any payments or benefits due to you hereunder would otherwise cause the application of an accelerated or additional tax under Section 409A if paid or provided to you pursuant to this Agreement during the six-month period immediately following your "separation from service" (as defined in Section 409A), such payments or benefits will instead be payable in a single lump sum on the first business day after the date that is six (6) months following such "separation from service" or, if earlier, within ten (10) business days following receipt of notice by the Company of your death. Your right to receive any installment payments under this Agreement will be treated as a right to receive a series of separate payments and, accordingly, each such installment payment will at all times be considered a separate and distinct payment as permitted under Section 409A. If you are entitled to be paid or reimbursed for any taxable expenses, and such payments or reimbursements are includable in your federal gross taxable income, the amount of such expenses reimbursable in any one calendar year will not affect the amount reimbursable in any other calendar year, and the reimbursement of an eligible expense must be made no later than December 31 of the year after the year in which the expense was incurred. No right to reimbursement of expenses under this Agreement will be subject to liquidation or exchange for another benefit. You will be solely responsible for all taxes and other amounts due in connection with any payment hereunder. None of the Company, its affiliates, subsidiaries, or their respective directors, officers, employees or advisors will be held liable for any taxes, interest or other amounts owed by you in connection with any payment hereunder, including, without limitation, under Section 409A.

19. **Revocation.**

YOU MAY TAKE UP TO TWENTY-ONE (21) CALENDAR DAYS FROM THE DATE OF YOUR RECEIPT OF THIS AGREEMENT TO CONSIDER THIS AGREEMENT BEFORE YOU SIGN IT; YOU MAY SIGN IT EARLIER IF YOU WISH, BUT THE DECISION IS ENTIRELY YOURS. ANY CHANGES MADE TO THIS AGREEMENT DURING SUCH 21-DAY PERIOD WILL NOT RESTART THE 21-DAY PERIOD. YOU MAY REVOKE THIS AGREEMENT FOR A PERIOD OF SEVEN (7) CALENDAR DAYS FOLLOWING THE DAY YOU EXECUTE THE AGREEMENT AND THE AGREEMENT WILL NOT BECOME EFFECTIVE OR ENFORCEABLE UNTIL THE EXPIRATION OF THAT SEVEN (7) CALENDAR DAY PERIOD.

ANY REVOCATION WITHIN THIS PERIOD MUST BE SUBMITTED, IN WRITING, TO THE COMPANY'S GENERAL COUNSEL AND STATE, "I HEREBY REVOKE MY ACCEPTANCE OF OUR AGREEMENT AND GENERAL RELEASE." THE REVOCATION MUST BE PERSONALLY DELIVERED TO THE COMPANY'S GENERAL COUNSEL OR HER DESIGNEE, OR MAILED TO THE COMPANY'S GENERAL COUNSEL TO BE RECEIVED WITHIN SEVEN (7) CALENDAR DAYS AFTER EXECUTION OF THIS AGREEMENT. IF THE LAST DAY OF THE REVOCATION PERIOD IS A SATURDAY, SUNDAY OR LEGAL HOLIDAY IN CALIFORNIA, THEN THE REVOCATION PERIOD WILL NOT EXPIRE UNTIL THE NEXT FOLLOWING DAY WHICH IS NOT A SATURDAY, SUNDAY OR HOLIDAY.

YOU ARE HEREBY ADVISED TO CONSULT WITH AN ATTORNEY OF YOUR OWN CHOOSING AND AT YOUR OWN EXPENSE PRIOR TO EXECUTING THIS AGREEMENT. THE AGREEMENT, AMONG OTHER THINGS, WAIVES RIGHTS THAT YOU MAY HAVE UNDER ADEA. YOU ACKNOWLEDGE THAT THIS AGREEMENT PROVIDES CONSIDERATION IN ADDITION TO ANY AMOUNTS OR BENEFITS TO WHICH YOU WERE OTHERWISE ENTITLED.

[Signature Page Follows]

Very Truly Yours,

HERCULES CAPITAL, INC.

By: /s/ SCOTT BLUESTEIN
Name: Scott Bluestein
Title: Interim Chief Executive Officer and Chief Investment Officer

Agreed to and Accepted:

/s/ MANUEL HENRIQUEZ
Manuel Henriquez

[Signature Page to the Separation Agreement]

Exhibit 31.1

**CERTIFICATION PURSUANT TO
RULE 13a-14(a) and 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS AMENDED, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Scott Bluestein, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Hercules Capital, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 1, 2019

By: /S/ SCOTT BLUESTEIN
Scott Bluestein
President, Chief Executive Officer, and
Chief Investment Officer

Exhibit 31.2

**CERTIFICATION PURSUANT TO
RULE 13a-14(a) and 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS AMENDED, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Seth H. Meyer, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Hercules Capital, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 1, 2019

By: /S/ SETH H. MEYER

Seth H. Meyer
Chief Financial Officer, and
Chief Accounting Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q for the quarter ended June 30, 2019 (the "Report") of Hercules Capital, Inc. (the "Registrant"), as filed with the Securities and Exchange Commission on the date hereof, I, Scott Bluestein, the Chief Executive Officer of the Registrant, certify, to the best of my knowledge, that:

1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Date: August 1, 2019

By: /S/ SCOTT BLUESTEIN

Scott Bluestein
President, Chief Executive Officer, and
Chief Investment Officer

Exhibit 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q for the quarter ended June 30, 2019 (the "Report") of Hercules Capital, Inc. (the "Registrant"), as filed with the Securities and Exchange Commission on the date hereof, I, Seth H. Meyer, the Chief Financial Officer of the Registrant, certify, to the best of my knowledge, that:

1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Date: August 1, 2019

By: /S/ SETH H. MEYER

Seth H. Meyer
Chief Financial Officer, and
Chief Accounting Officer