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 September 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	**74-3113410**
(State or Jurisdiction of Incorporation or Organization)	**(IRS Employer Identification Number)**
400 Hamilton Ave., Suite 310 Palo Alto, California	**94301**
(Address of Principal Executive Offices)	**(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 October 25, 2019, there were 104,633,262 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)

		September 30, 2019		December 31, 2018
Assets				
Investments:				
Non-control/Non-affiliate investments (cost of $2,182,777 and $1,830,725, respectively)	$	2,167,682	$	1,801,258
Control investments (cost of $65,319 and $64,799, respectively)		58,560		57,619
Affiliate investments (cost of $88,238 and $85,000, respectively)		20,964		21,496
Total investments in securities, at value (cost of $2,336,334 and $1,980,524, respectively)		2,247,206		1,880,373
Cash and cash equivalents		21,045		34,212
Restricted cash		14,886		11,645
Interest receivable		19,847		16,959
Right of use asset (1)		12,218		—
Other assets		1,727		2,002
Total assets	$	2,316,929	$	1,945,191
Liabilities				
Accounts payable and accrued liabilities	$	25,451	$	25,961
Operating lease liability (1)		11,922		—
SBA Debentures, net (principal of $149,000 and $149,000, respectively) (2)		148,038		147,655
2022 Notes, net (principal of $150,000 and $150,000, respectively) (2)		148,383		147,990
2024 Notes, net (principal of $0 and $83,510, respectively) (2)		—		81,852
July 2024 Notes, net (principal of $105,000 and $0, respectively) (2)		103,723		—
2025 Notes, net (principal of $75,000 and $75,000, respectively) (2)		72,875		72,590
2033 Notes, net (principal of $40,000 and $40,000, respectively) (2)		38,474		38,427
2027 Asset-Backed Notes, net (principal of $200,000 and $200,000, respectively) (2)		197,241		197,265
2028 Asset-Backed Notes, net (principal of $250,000 and $0, respectively) (2)		247,333		—
2022 Convertible Notes, net (principal of $230,000 and $230,000, respectively) (2)		226,223		225,051
Credit Facilities		11,585		52,956
Total liabilities	$	1,231,248	$	989,747
Net assets consist of:				
Common stock, par value		105		96
Capital in excess of par value		1,147,054		1,052,269
Total distributable earnings (loss) (3)		(61,478)		(92,859)
Treasury Stock, at cost, no shares as of September 30, 2019 and 376,466 shares as of December 31, 2018		—		(4,062)
Total net assets	$	1,085,681	$	955,444
Total liabilities and net assets	$	2,316,929	$	1,945,191
Shares of common stock outstanding ($0.001 par value and 200,000,000 authorized)		104,636		96,501
Net asset value per share	$	10.38	$	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, July 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 11.

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)	September 30, 2019		December 31, 2018	
Assets				
Restricted Cash	$	14,886	$	11,645
2027 Asset-Backed Notes, investments in securities, at value (cost of $296,240 and $279,373, respectively)		288,524		277,781
2028 Asset-Backed Notes, investments in securities, at value (cost of $365,607 and $0, respectively)		366,033		—
Total assets	$	669,443	$	289,426
Liabilities				
2027 Asset-Backed Notes, net (principal of $200,000 and $200,000, respectively) (1)	$	197,241	$	197,265
2028 Asset-Backed Notes, net (principal of $250,000 and $0, respectively) (1)		247,333		—
Total liabilities	$	444,574	$	197,265

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

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

	Three Months Ended September 30, 2019	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
Investment income:				
Interest income				
Non-control/Non-affiliate investments	$ 62,696	$ 47,662	$ 176,568	$ 134,031
Control investments	1,055	921	3,119	2,348
Affiliate investments	493	509	1,740	1,570
Total interest income	64,244	49,092	181,427	137,949
Fee income				
Commitment, facility and loan fee income				
Non-control/Non-affiliate investments	3,591	1,858	11,069	6,228
Control investments	5	1	13	1
Affiliate investments	26	71	186	263
Total commitment, facility and loan fee income	3,622	1,930	11,268	6,492
One-time fee income				
Non-control/Non-affiliate investments	1,372	1,580	4,602	6,423
Total one-time fee income	1,372	1,580	4,602	6,423
Total fee income	4,994	3,510	15,870	12,915
Total investment income	69,238	52,602	197,297	150,864
Operating expenses:				
Interest	13,857	9,451	39,927	28,715
Loan fees	1,138	1,502	5,793	6,039
General and administrative				
Legal expenses	1,586	677	4,212	1,889
Tax expenses	815	117	1,706	689
Other expenses	3,967	2,927	10,398	8,826
Total general and administrative	6,368	3,721	16,316	11,404
Employee compensation				
Compensation and benefits	7,559	5,294	23,372	18,069
Stock-based compensation	1,443	3,332	8,716	8,498
Total employee compensation	9,002	8,626	32,088	26,567
Total operating expenses	30,365	23,300	94,124	72,725
Net investment income	38,873	29,302	103,173	78,139
Net realized gain (loss) on investments				
Non-control/Non-affiliate investments	4,807	3,350	13,633	(4,115)
Control investments	—	—	—	(4,308)
Affiliate investments	—	—	—	(2,058)
Total net realized gain (loss) on investments	4,807	3,350	13,633	(10,481)
Net change in unrealized appreciation (depreciation) on investments				
Non-control/Non-affiliate investments	(26,351)	3,967	15,533	22,327
Control investments	2,489	378	421	3,715
Affiliate investments	(547)	(1,368)	(3,773)	(66)
Total net unrealized appreciation (depreciation) on investments	(24,409)	2,977	12,181	25,976
Total net realized and unrealized gain (loss)	(19,602)	6,327	25,814	15,495
Net increase (decrease) in net assets resulting from operations	$ 19,271	$ 35,629	$ 128,987	$ 93,634
Net investment income before investment gains and losses per common share:				
Basic	$ 0.37	$ 0.31	$ 1.03	$ 0.87
Change in net assets resulting from operations per common share:				
Basic	$ 0.18	$ 0.37	$ 1.29	$ 1.04
Diluted	$ 0.18	$ 0.37	$ 1.29	$ 1.04
Weighted average shares outstanding				
Basic	104,314	95,460	99,615	89,100
Diluted	104,655	95,671	100,043	89,212
Distributions paid per common share:				
Basic	$ 0.34	$ 0.31	$ 0.98	$ 0.93

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 September 30, 2019	**Shares**	**Par Value**	**of par value**	**(loss) (2)**	**Stock**	**Assets**
Balance at June 30, 2019	104,282	$ 104	$ 1,149,774	$ (45,194)	$ —	$ 1,104,684
Net increase (decrease) in net assets resulting from operations	—	—	—	19,271	—	19,271
Public offering, net of offering expenses	—	—	(331)	—	—	(331)
Issuance of common stock due to stock option exercises	23	—	300	—	—	300
Retired shares from net issuance	—	—	—	—	—	—
Issuance of common stock under restricted stock plan	770	1	(1)	—	—	—
Retired shares for restricted stock vesting	(482)	—	(4,471)	—	—	(4,471)
Distributions reinvested in common stock	43	—	544	—	—	544
Distributions	—	—	—	(35,555)	—	(35,555)
Stock-based compensation (1)	—	—	1,239	—	—	1,239
Balance at September 30, 2019	104,636	$ 105	$ 1,147,054	$ (61,478)	$ —	$ 1,085,681
For the Nine Months Ended September 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	—	—	—	128,987	—	128,987
Public offering, net of offering expenses	7,700	8	95,084	—	—	95,092
Issuance of common stock due to stock option exercises	37	—	461	—	—	461
Retired shares from net issuance	(12)	—	(166)	—	—	(166)
Issuance of common stock under restricted stock plan	828	1	(1)	—	—	—
Retirement of common stock under repurchase plan	—	—	(4,062)	—	4,062	—
Retired shares for restricted stock vesting	(550)	—	(5,358)	—	—	(5,358)
Distributions reinvested in common stock	132	—	1,733	—	—	1,733
Distributions	—	—	—	(97,606)	—	(97,606)
Stock-based compensation (1)	—	—	7,094	—	—	7,094
Balance at September 30, 2019	104,636	$ 105	$ 1,147,054	$ (61,478)	$ —	$ 1,085,681

(1) Stock-based compensation includes $25 and $56 of restricted stock and option expense related to director compensation for the three and nine months ended September 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 11.

See notes to consolidated financial statements

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

For the Three Months Ended September 30, 2018	Common Stock Shares	Common Stock Par Value	Capital in excess of par value	Distributable Earnings (loss)(2)	Net Assets
Balance at June 30, 2018	94,260	$ 94	$ 1,026,313	$ (62,710)	$ 963,697
Net increase (decrease) in net assets resulting from operations	—	—	—	35,629	35,629
Public offering, net of offering expenses	2,467	2	31,170	—	31,172
Issuance of common stock due to stock option exercises	25	—	271	—	271
Retired shares from net issuance	(21)	—	(271)	—	(271)
Issuance of common stock under restricted stock plan	—	—	—	—	—
Retired shares for restricted stock vesting	(19)	—	(249)	—	(249)
Distributions reinvested in common stock	39	—	518	—	518
Distributions	—	—	—	(29,710)	(29,710)
Stock-based compensation (1)	—	—	3,123	—	3,123
Balance at September 30, 2018	96,751	$ 96	$ 1,060,875	$ (56,791)	$ 1,004,180
For the Nine Months Ended September 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	—	—	—	93,634	93,634
Public offering, net of offering expenses	11,953	11	143,787	—	143,798
Issuance of common stock due to stock option exercises	63	—	704	—	704
Retired shares from net issuance	(57)	—	(718)	—	(718)
Issuance of common stock under restricted stock plan	336	—	—	—	—
Retired shares for restricted stock vesting	(76)	—	(937)	—	(937)
Distributions reinvested in common stock	108	—	1,372	—	1,372
Distributions	—	—	—	(82,806)	(82,806)
Stock-based compensation (1)	—	—	8,166	—	8,166
Balance at September 30, 2018	96,751	$ 96	$ 1,060,875	$ (56,791)	$ 1,004,180

(1) Stock-based compensation includes $13 and $33 of restricted stock and option expense related to director compensation for the three and nine months ended September 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 11.

See notes to consolidated financial statements

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

	For the Nine Months Ended September 30,	
	2019	**2018**
Cash flows from operating activities:		
Net increase (decrease) in net assets resulting from operations	$ 128,987	$ 93,634
Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by (used in) operating activities:		
Purchase of investments	(784,858)	(706,113)
Principal and fee payments received on investments	424,479	503,971
Proceeds from the sale of investments	31,664	17,521
Net unrealized depreciation (appreciation) on investments	(12,181)	(25,976)
Net realized loss (gain) on investments	(13,633)	10,481
Accretion of paid-in-kind principal	(6,571)	(7,040)
Accretion of loan discounts	(2,435)	(2,961)
Accretion of loan discount on convertible notes	504	504
Accretion of loan exit fees	(17,598)	(12,482)
Change in deferred loan origination revenue	13,617	3,472
Unearned fees related to unfunded commitments	1,896	1,908
Amortization of debt fees and issuance costs	4,714	5,197
Depreciation	175	147
Stock-based compensation and amortization of restricted stock grants (1)	7,094	8,166
Change in operating assets and liabilities:		
Interest and fees receivable	(2,887)	(3,460)
Prepaid expenses and other assets	(12,286)	2,141
Accounts payable	(196)	(187)
Accrued liabilities	12,763	(4,282)
Net cash provided by (used in) operating activities	(226,752)	(115,359)
Cash flows from investing activities:		
Purchases of capital equipment	(484)	(325)
Net cash provided by (used in) investing activities	(484)	(325)
Cash flows from financing activities:		
Issuance of common stock, net	95,091	143,498
Retirement of employee shares	(5,063)	(651)
Distributions paid	(95,873)	(81,434)
Issuance of July 2024 Notes	105,000	—
Issuance of 2025 Notes	—	75,000
Issuance of 2033 Notes	—	40,000
Issuance of 2028 Asset-Backed Notes	250,000	—
Repayments of 2024 Notes	(83,510)	(100,000)
Repayments of 2021 Asset-Backed Notes	—	(45,637)
Repayments of Long-Term SBA Debentures	—	(41,200)
Borrowings of credit facilities	480,834	216,109
Repayments of credit facilities	(522,205)	(135,216)
Cash paid for debt issuance costs	(4,131)	(3,978)
Fees paid for credit facilities and debentures	(2,833)	(161)
Net cash provided by (used in) financing activities	217,310	66,330
Net increase (decrease) in cash, cash equivalents and restricted cash	(9,926)	(49,354)
Cash, cash equivalents and restricted cash at beginning of period	45,857	94,995
Cash, cash equivalents and restricted cash at end of period	$ 35,931	$ 45,641
Supplemental non-cash investing and financing activities:		
Distributions reinvested	1,733	1,372

(1) Stock-based compensation includes $56 and $33 of restricted stock and option expense related to director compensation for the nine months ended September 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 Nine Months Ended September 30,	
(Dollars in thousands)	**2019**	**2018**
Cash and cash equivalents	$ 21,045	$ 43,212
Restricted cash	14,886	2,429
Total cash, cash equivalents and restricted cash presented in the Consolidated Statements of Cash Flows	$ 35,931	$ 45,641

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

See notes to consolidated financial statements

HERCULES CAPITAL, INC.
CONSOLIDATED SCHEDULE OF INVESTMENTS
September 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	$ 5,020	$ 5,020
Subtotal: Under 1 Year Maturity						5,020	5,020
Subtotal: Biotechnology Tools (0.46%)*						**5,020**	**5,020**
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 9.25%, 6.95% Exit Fee	$ 6,000	6,187	6,184
Subtotal: 1-5 Years Maturity						6,187	6,184
Subtotal: Consumer & Business Products (0.57%)*						**6,187**	**6,184**
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	14,766	14,805
Pico Quantitative Trading LLC(18)	Diversified Financial Services	Senior Secured	June 2024	Interest rate PRIME + 7.60% or Floor rate of 10.80%	$ 30,000	29,537	29,537
Subtotal: 1-5 Years Maturity						44,303	44,342
Subtotal: Diversified Financial Services (4.08%)*						**44,303**	**44,342**
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 4.50%, 4.14% Exit Fee	$ 40,000	40,514	40,405
Subtotal: 1-5 Years Maturity						40,514	40,405
Subtotal: Drug Delivery (3.72%)*						**40,514**	**40,405**
Drug Discovery & Development							
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	10,050	9,979
Aldeyra Therapeutics, Inc	Drug Discovery & Development	Senior Secured	October 2023	Interest rate PRIME + 3.10% or Floor rate of 9.10%, 6.95% Exit Fee	$ 15,000	14,881	14,881
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	$ 9,247	9,520	9,472
	Drug Discovery & Development	Senior Secured	July 2021	Interest rate PRIME + 4.70% or Floor rate of 9.45%, 3.00% Exit Fee	$ 9,247	9,679	9,679
Total Aveo Pharmaceuticals, Inc.					$ 18,494	19,199	19,151
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%	$ 35,037	34,726	34,621
BridgeBio Pharma LLC(13)(16)	Drug Discovery & Development	Senior Secured	January 2023	Interest rate PRIME + 3.85% or Floor rate of 8.85%, 6.35% Exit Fee	$ 35,000	35,536	35,435
	Drug Discovery & Development	Senior Secured	January 2023	Interest rate PRIME + 2.85% or Floor rate of 8.60%, 5.75% Exit Fee	$ 20,000	20,180	20,349
	Drug Discovery & Development	Senior Secured	January 2023	Interest rate PRIME + 3.10% or Floor rate of 9.10%, 5.75% Exit Fee	$ 20,000	19,958	20,121
Total BridgeBio Pharma LLC					$ 75,000	75,674	75,905
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	20,213	20,456
Codiak Biosciences, Inc(17)	Drug Discovery & Development	Senior Secured	September 2024	Interest rate PRIME + 3.75% or Floor rate of 9.00%, 5.50% Exit Fee	$ 10,000	9,921	9,921
Constellation Pharmaceuticals, Inc. (12)	Drug Discovery & Development	Senior Secured	April 2023	Interest rate PRIME + 2.55% or Floor rate of 8.55%, 6.35% Exit Fee	$ 30,000	29,965	30,233
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	19,905	19,905
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	$ 12,922	13,406	13,343
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	51,193	51,286
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	$ 14,300	15,196	15,143
Motif BioSciences Inc. (5)(8)(10)(11)	Drug Discovery & Development	Senior Secured	September 2021	Interest rate PRIME + 5.50% or Floor rate of 10.00%, 2.87% Exit Fee	$ 6,738	6,732	—
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	41,137	41,086
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	$ 35,000	35,072	35,231

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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)
Paratek Pharmaceuticals, Inc. (11)(15)(16)	Drug Discovery & Development	Senior Secured	September 2021	Interest rate PRIME + 2.75% or Floor rate of 8.50%, 4.13% Exit Fee	$ 62,700	$ 61,733	$ 61,661
	Drug Discovery & Development	Senior Secured	August 2022	Interest rate PRIME + 2.75% or Floor rate of 7.85%, 6.95% Exit Fee	$ 7,300	10,184	10,168
Total Paratek Pharmaceuticals, Inc.					$ 70,000	71,917	71,829
Replimune Group, Inc. (5)(10)(11)	Drug Discovery & Development	Senior Secured	August 2023	Interest rate PRIME + 2.75% or Floor rate of 8.75%, 4.95% Exit Fee	$ 10,000	9,936	9,936
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	18,065	18,016
TG Therapeutics, Inc. (10)(13)	Drug Discovery & Development	Senior Secured	March 2022	Interest rate PRIME + 4.75% or Floor rate of 10.25%, 3.25% Exit Fee	$ 30,000	29,535	29,601
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	40,473	40,715
uniQure B.V. (5)(10)(11)	Drug Discovery & Development	Senior Secured	June 2023	Interest rate PRIME + 3.35% or Floor rate of 8.85%	$ 35,000	35,963	36,127
Urovant Sciences, Ltd. (5)(10)(13)	Drug Discovery & Development	Senior Secured	March 2023	Interest rate PRIME + 4.65% or Floor rate of 10.15%, 4.25% Exit Fee	$ 45,000	44,371	44,605
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	5,004	5,036
	Drug Discovery & Development	Senior Secured	December 2022	Interest rate PRIME + 4.25% or Floor rate of 9.75%, 5.25% Exit Fee	$ 5,000	5,026	5,058
	Drug Discovery & Development	Senior Secured	December 2022	Interest rate PRIME + 4.25% or Floor rate of 9.75%, 5.25% Exit Fee	$ 5,000	5,029	5,047
	Drug Discovery & Development	Senior Secured	December 2022	Interest rate PRIME + 4.25% or Floor rate of 9.75%, 5.25% Exit Fee	$ 10,000	10,018	10,083
	Drug Discovery & Development	Senior Secured	December 2022	Interest rate PRIME + 4.25% or Floor rate of 9.75%, 5.25% Exit Fee	$ 10,000	9,984	10,048
Total Verastem, Inc.					$ 35,000	35,061	35,272
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	19,977	19,953
Subtotal: 1-5 Years Maturity						702,568	697,195
Subtotal: Drug Discovery & Development (64.22%)*						**702,568**	**697,195**
Electronics & Computer Hardware							
1-5 Years Maturity							
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	$ 9,682	10,045	7,143
Subtotal: 1-5 Years Maturity						10,045	7,143
Subtotal: Electronics & Computer Hardware (0.66%)*						**10,045**	**7,143**
Healthcare Services, Other							
Under 1 Year Maturity							
PH Group Holdings (13)	Healthcare Services, Other	Senior Secured	September 2020	Interest rate PRIME + 7.45% or Floor rate of 10.95%	$ 20,000	19,959	19,959
	Healthcare Services, Other	Senior Secured	September 2020	Interest rate PRIME + 7.45% or Floor rate of 10.95%	$ 10,000	9,977	9,977
Total PH Group Holdings					$ 30,000	29,936	29,936
Subtotal: Under 1 Year Maturity						29,936	29,936
1-5 Years Maturity							
Oak Street Health (11)(16)(17)	Healthcare Services, Other	Senior Secured	June 2022	Interest rate PRIME + 5.00% or Floor rate of 9.75%, 5.95% Exit Fee	$ 60,000	60,969	60,683
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%	$ 9,453	9,284	9,284
Subtotal: 1-5 Years Maturity						70,253	69,967
Subtotal: Healthcare Services, Other (9.20%)*						**100,189**	**99,903**
Information Services							
1-5 Years Maturity							
MDX Medical, Inc. (14)(15)(19)	Information Services	Senior Secured	June 2021	Interest rate PRIME + 2.75% or Floor rate of 9.50%, PIK Interest 1.70%, 2.80% Exit Fee	$ 15,487	15,479	15,519
Planet Labs, Inc. (11)	Information Services	Senior Secured	June 2022	Interest rate PRIME + 5.50% or Floor rate of 11.00%, 3.00% Exit Fee	$ 20,000	19,434	19,434
YIPIT, LLC (17)(18)	Information Services	Senior Secured	May 2024	Interest rate 3-month LIBOR + 7.99% or Floor rate of 8.99%	$ 10,625	10,405	10,405
Subtotal: 1-5 Years Maturity						45,318	45,358
Subtotal: Information Services (4.18%)*						**45,318**	**45,358**
Internet Consumer & Business Services							
Under 1 Year Maturity							
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	$ 42,466	42,989	42,989

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	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	$	5,108	$ 5,038	$ 5,038
Total Snagajob.com, Inc.					$	47,574	48,027	48,027
Subtotal: Under 1 Year Maturity							48,027	48,027
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	20,227	20,245
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	30,017	29,951
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	$	15,000	15,200	15,104
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	$	3,782	3,766	3,756
Convercent, Inc. (14)(15)	Internet Consumer & Business Services	Senior Secured	July 2022	Interest rate PRIME + 2.55% or Floor rate of 8.05%, PIK Interest 2.95%, 1.00% Exit Fee	$	13,706	13,611	13,610
EverFi, Inc. (11)(14)(16)	Internet Consumer & Business Services	Senior Secured	May 2022	Interest rate PRIME + 3.90% or Floor rate of 9.15%, PIK Interest 2.30%	$	71,801	71,470	71,787
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	9,877	9,859
Greenphire, Inc. (17)	Internet Consumer & Business Services	Senior Secured	January 2021	Interest rate 3-month LIBOR + 8.00% or Floor rate of 9.00%	$	1,729	1,729	1,729
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	15,117	14,986
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	4,956	4,970
Nextroll, 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	$	20,153	20,036	20,036
Patron Technology (18)	Internet Consumer & Business Services	Senior Secured	June 2024	Interest rate 3-month LIBOR + 8.30% or Floor rate of 9.30%	$	35,750	34,731	34,730
	Internet Consumer & Business Services	Senior Secured	June 2024	Interest rate 3-month LIBOR + 8.30% or Floor rate of 9.30%	$	650	650	650
Total Patron Technology					$	36,400	35,381	35,380
Postmates, Inc. (19)	Internet Consumer & Business Services	Senior Secured	September 2022	Interest rate PRIME + 3.85% or Floor rate of 8.85%, 8.05% Exit Fee	$	20,000	20,141	20,106
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%	$	23,017	22,309	22,309
Skyword, Inc (14)	Internet Consumer & Business Services	Senior Secured	September 2023	Interest rate PRIME + 3.88% or Floor rate of 9.38%, PIK Interest 1.25%, 2.75% Exit Fee	$	12,000	11,797	11,797
Tectura Corporation (7)(8)(9)(14)	Internet Consumer & Business Services	Senior Secured	June 2021	Interest rate FIXED 6.00%, PIK Interest 3.00%	$	21,407	21,407	9,605
	Internet Consumer & Business Services	Senior Secured	June 2021	PIK Interest 8.00%	$	10,680	240	—
Total Tectura Corporation					$	32,087	21,647	9,605
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%	$	17,933	17,815	17,815
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	11,253	11,317
Subtotal: 1-5 Years Maturity							346,349	334,362
Subtotal: Internet Consumer & Business Services (35.22%)*							**394,376**	**382,389**
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	$	15,544	15,608	15,806
Subtotal: 1-5 Years Maturity							15,608	15,806
Subtotal: Media/Content/Info (1.46%)*							**15,608**	**15,806**
Medical Devices & Equipment								
Under 1 Year Maturity								
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	$	2,446	3,049	3,049
Subtotal: Under 1 Year Maturity							3,049	3,049
1-5 Years Maturity								
Flowonix Medical Incorporated (11)	Medical Devices & Equipment	Senior Secured	October 2021	Interest rate PRIME + 4.00% or Floor rate of 9.00%, 7.95% Exit Fee	$	15,059	15,308	15,236

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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	$ 16,892	$ 16,818
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	7,664	7,638
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	18,479	18,380
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	11,426	11,380
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	$	15,000	15,344	15,209
Subtotal: 1-5 Years Maturity							85,113	84,661
Subtotal: Medical Devices & Equipment (8.08%)*							**88,162**	**87,710**
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	$	10,129	10,183	10,226
Subtotal: 1-5 Years Maturity							10,183	10,226
Subtotal: Semiconductors (0.94%)*							**10,183**	**10,226**
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	$	2,016	2,149	2,149
Subtotal: Under 1 Year Maturity							2,149	2,149
1-5 Years Maturity								
Abrigo (18)	Software	Senior Secured	March 2023	Interest rate 3-month LIBOR + 7.88% or Floor rate of 8.88%	$	39,402	38,702	39,053
	Software	Senior Secured	March 2023	Interest rate 3-month LIBOR + 5.92% or Floor rate of 6.92%	$	909	885	885
Total Abrigo					$	40,311	39,587	39,938
Businessolver.com, Inc. (11)(16)(17)	Software	Senior Secured	May 2023	Interest rate 3-month LIBOR + 7.50% or Floor rate of 8.50%	$	56,483	55,599	55,830
	Software	Senior Secured	May 2023	Interest rate 3-month LIBOR + 7.50% or Floor rate of 8.50%	$	1,403	1,403	1,403
Total Businessolver.com, Inc.					$	57,886	57,002	57,233
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%	$	48,003	47,600	47,899
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	9,324	9,324
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	15,188	15,069
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	39,624	39,801
Dashlane, Inc. (11)(14)(17)(19)	Software	Senior Secured	April 2022	Interest rate PRIME + 4.05% or Floor rate of 8.55%, PIK Interest 1.10%, 8.50% Exit Fee	$	10,152	10,373	10,395
	Software	Senior Secured	March 2023	Interest rate PRIME + 4.05% or Floor rate of 8.55%, PIK Interest 1.10%, 4.95% Exit Fee	$	10,053	9,841	9,819
Total Dashlane, Inc.					$	20,205	20,214	20,214
Evernote Corporation (11)(14)(15)(19)	Software	Senior Secured	October 2020	Interest rate PRIME + 5.45% or Floor rate of 8.95%	$	5,549	5,461	5,446
	Software	Senior Secured	July 2021	Interest rate PRIME + 6.00% or Floor rate of 9.50%, PIK Interest 1.25%	$	4,113	4,021	4,008
	Software	Senior Secured	July 2022	Interest rate PRIME + 6.00% or Floor rate of 9.50%, PIK Interest 1.25%	$	5,061	4,987	5,065
Total Evernote Corporation					$	14,723	14,469	14,519
FPX, LLC (13)(17)	Software	Senior Secured	May 2024	Interest rate 1-month LIBOR + 8.65% or Floor rate of 9.65%	$	6,000	5,888	5,888
Insurance Technologies Corporation (11)(18)	Software	Senior Secured	March 2023	Interest rate 3-month LIBOR + 7.90% or Floor rate of 8.90%	$	13,750	13,510	13,507
Jolt Software, Inc (14)	Software	Senior Secured	October 2022	Interest rate PRIME + 3.00% or Floor rate of 8.50%, PIK Interest 1.75%, 4.50% Exit Fee	$	5,000	4,969	4,969
Kazoo, Inc. (p.k.a. YouEarnedIt, Inc.) (11)(18)	Software	Senior Secured	July 2023	Interest rate 1-month LIBOR + 8.66% or Floor rate of 9.66%	$	8,910	8,701	8,760
Lastline, Inc. (19)	Software	Senior Secured	July 2022	Interest rate PRIME + 5.45% or Floor rate of 10.95%	$	6,000	5,816	5,816
Lightbend, Inc. (14)(15)	Software	Senior Secured	February 2022	Interest rate PRIME + 4.25% or Floor rate of 8.50%, PIK Interest 2.00%	$	16,426	16,213	16,181

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Lithium Technologies, Inc. (11)(16)	Software	Senior Secured	October 2022	Interest rate 6-month LIBOR + 8.00% or Floor rate of 9.00%	$ 12,000	$ 11,822	$ 11,822
	Software	Senior Secured	October 2022	Interest rate 6-month LIBOR + 8.00% or Floor rate of 9.00%	$ 43,000	42,175	42,158
	Software	Senior Secured	October 2022	Interest rate 6-month LIBOR + 8.00% or Floor rate of 9.00%	$ 725	725	725
Total Lithium Technologies, Inc.					$ 55,725	54,722	54,705
Nuvolo Technologies Corporation(17)(19)	Software	Senior Secured	April 2022	Interest rate PRIME + 6.25% or Floor rate of 11.75%	$ 10,000	9,853	9,878
OrthoFi, Inc (13)(18)	Software	Senior Secured	April 2024	Interest rate 3-month LIBOR + 8.28% or Floor rate of 9.28%	$ 17,853	17,396	17,396
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	7,315	7,250
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	$ 13,175	13,372	13,441
Regent Education(14)	Software	Senior Secured	January 2022	Interest rate FIXED 10.00%, PIK Interest 2.00%, 7.94% Exit Fee	$ 3,139	3,189	2,117
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	5,909	5,969
	Software	Senior Secured	April 2023	Interest rate 3-month LIBOR + 8.15% or Floor rate of 9.15%	$ 150	150	151
Total Salsa Labs, Inc.					$ 6,150	6,059	6,120
ThreatConnect, Inc. (13)(17)(18)	Software	Senior Secured	May 2024	Interest rate 3-month LIBOR + 8.26% or Floor rate of 9.26%	$ 4,500	4,436	4,436
Varsity Tutors LLC(14)	Software	Senior Secured	August 2023	Interest rate PRIME + 5.25% or Floor rate of 10.75%, PIK Interest 0.55%, 3.00% Exit Fee	$ 35,006	34,683	34,683
Vela Trading Technologies(11)(18)	Software	Senior Secured	July 2022	Interest rate 3-month LIBOR + 10.50% or Floor rate of 11.50%	$ 19,500	19,090	19,090
ZeroFox, Inc.	Software	Senior Secured	January 2023	Interest rate PRIME + 4.75% or Floor rate of 10.25%, 3.00% Exit Fee	$ 15,000	14,878	14,878
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	30,177	30,018
Subtotal: 1-5 Years Maturity						513,275	513,130
Greater than 5 Years Maturity							
Campaign Monitor Limited(11)(17)(19)	Software	Senior Secured	November 2025	Interest rate 1-month LIBOR + 8.50% or Floor rate of 9.50%	$ 29,333	28,656	28,656
	Software	Senior Secured	November 2025	Interest rate 1-month LIBOR + 8.50% or Floor rate of 9.50%	$ 688	671	671
Total Campaign Monitor Limited					$ 30,021	29,327	29,327
Imperva, Inc. (19)	Software	Senior Secured	January 2027	Interest rate 3-month LIBOR + 7.75% or Floor rate of 8.75%	$ 20,000	19,801	19,801
Subtotal: Greater than 5 Years Maturity						49,128	49,128
Subtotal: Software (51.99%)*						**564,552**	**564,407**
Sustainable and Renewable Technology							
Under 1 Year Maturity							
Solar Spectrum Holdings LLC (p.k.a. Sungevity, Inc.)(6)(8)(14)(19)	Sustainable and Renewable Technology	Senior Secured	October 2019	Interest rate PRIME + 8.70% or Floor rate of 12.95%, 6.67% Exit Fee	$ 10,000	10,775	10,696
	Sustainable and Renewable Technology	Senior Secured	October 2019	PIK Interest 10.00%	$ 683	683	679
	Sustainable and Renewable Technology	Senior Secured	October 2019	Interest rate PRIME + 10.70% or Floor rate of 15.70%, PIK Interest 2.00%	$ 1,555	1,555	1,529
Total Solar Spectrum Holdings LLC (p.k.a. Sungevity, Inc.)					$ 12,238	13,013	12,904
Subtotal: Under 1 Year Maturity						13,013	12,904
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	51,238	50,880
Proterra, Inc. (11)(14)(19)	Sustainable and Renewable Technology	Senior Secured	May 2021	Interest rate PRIME + 5.05% or Floor rate of 10.55%, PIK Interest 1.75%	$ 10,057	10,008	10,031
Subtotal: 1-5 Years Maturity						61,246	60,911
Subtotal: Sustainable and Renewable Technology (6.80%)*						**74,259**	**73,815**
Total: Debt Investments (191.58%)*						**2,101,284**	**2,079,903**

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Equity Investments						
Communications & Networking						
Peerless Network Holdings, Inc.	Communications & Networking	Equity	Preferred Series A	1,135,000	$ 1,230	$ 3,778
Subtotal: Communications & Networking (0.35%)*					**1,230**	**3,778**
Diversified Financial Services						
Gibraltar Business Capital, LLC (7)	Diversified Financial Services	Equity	Common Stock	830,000	1,884	2,298
	Diversified Financial Services	Equity	Preferred Series A	10,602,752	26,122	31,852
Total Gibraltar Business Capital, LLC				11,432,752	28,006	34,150
Subtotal: Diversified Financial Services (3.15%)*					**28,006**	**34,150**
Drug Delivery						
AcelRx Pharmaceuticals, Inc. (4)	Drug Delivery	Equity	Common Stock	176,730	1,329	389
BioQ Pharma Incorporated (15)	Drug Delivery	Equity	Preferred Series D	165,000	500	720
Kaleo, Inc.	Drug Delivery	Equity	Preferred Series B	82,500	1,007	3,388
Neos Therapeutics, Inc. (4)(15)	Drug Delivery	Equity	Common Stock	125,000	1,500	185
PDS Biotechnology Corporation (p.k.a. Edge Therapeutics, Inc.) (4)	Drug Delivery	Equity	Common Stock	2,498	309	8
Subtotal: Drug Delivery (0.43%)*					**4,645**	**4,690**
Drug Discovery & Development						
Aveo Pharmaceuticals, Inc. (4)(15)	Drug Discovery & Development	Equity	Common Stock	1,901,791	1,715	1,607
Axovant Gene Therapies Ltd. (p.k.a. Axovant Sciences Ltd.) (4)(5)(10)	Drug Discovery & Development	Equity	Common Stock	16,228	1,269	105
BridgeBio Pharma LLC (4)(16)	Drug Discovery & Development	Equity	Common Stock	203,579	2,000	4,371
Cerecor, Inc. (4)	Drug Discovery & Development	Equity	Common Stock	119,087	1,000	392
Concert Pharmaceuticals, Inc. (4)(10)	Drug Discovery & Development	Equity	Common Stock	70,796	1,367	416
Dare Biosciences, Inc. (4)	Drug Discovery & Development	Equity	Common Stock	13,550	1,000	11
Dynavax Technologies (4)(10)	Drug Discovery & Development	Equity	Common Stock	20,000	550	72
Eidos Therapeutics, Inc. (4)(10)	Drug Discovery & Development	Equity	Common Stock	15,000	255	540
Genocea Biosciences, Inc. (4)	Drug Discovery & Development	Equity	Common Stock	27,932	2,000	81
Insmed, Incorporated (4)	Drug Discovery & Development	Equity	Common Stock	50,771	717	896
Melinta Therapeutics (4)	Drug Discovery & Development	Equity	Common Stock	10,364	2,000	39
Paratek Pharmaceuticals, Inc. (4)(16)	Drug Discovery & Development	Equity	Common Stock	76,362	2,744	328
Rocket Pharmaceuticals, Ltd. (4)	Drug Discovery & Development	Equity	Common Stock	944	1,500	11
Savara, Inc. (4)(15)	Drug Discovery & Development	Equity	Common Stock	11,119	203	29
uniQure B.V. (4)(5)(10)	Drug Discovery & Development	Equity	Common Stock	37,175	718	1,463
Subtotal: Drug Discovery & Development (0.95%)*					**19,038**	**10,361**
Healthcare Services, Other						
23andMe, Inc.	Healthcare Services, Other	Equity	Common Stock	360,000	5,094	4,508
Chromadex Corporation (4)	Healthcare Services, Other	Equity	Common Stock	44,264	157	174
Subtotal: Healthcare Services, Other (0.43%)*					**5,251**	**4,682**
Information Services						
DocuSign, Inc. (4)	Information Services	Equity	Common Stock	251,000	3,871	12,994
Subtotal: Information Services (1.20%)*					**3,871**	**12,994**
Internet Consumer & Business Services						
Blurb, Inc.	Internet Consumer & Business Services	Equity	Preferred Series B	220,653	175	50
Contentful, Inc. (5)(10)	Internet Consumer & Business Services	Equity	Preferred Series D	217	500	457
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
Lyft, Inc. (4)	Internet Consumer & Business Services	Equity	Common Stock	200,738	10,487	8,198
Nextdoor.com, Inc.	Internet Consumer & Business Services	Equity	Common Stock	328,190	4,854	6,692
OfferUp, Inc.	Internet Consumer & Business Services	Equity	Preferred Series A	286,080	1,663	2,054
	Internet Consumer & Business Services	Equity	Preferred Series A-1	108,710	632	780
Total OfferUp, Inc.				394,790	2,295	2,834
Oportun (4)	Internet Consumer & Business Services	Equity	Common Stock	37,393	500	607
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 (3.06%)*					**25,855**	**33,260**
Media/Content/Info						
Pinterest, Inc. (4)	Media/Content/Info	Equity	Common Stock	206,666	4,085	5,466
Subtotal: Media/Content/Info (0.50%)*					**4,085**	**5,466**
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	—	1,007
	Medical Devices & Equipment	Equity	Preferred Series A-1	191,210	425	1,044
	Medical Devices & Equipment	Equity	Preferred Series A-2	191,626	500	1,003
Total Gelesis, Inc.				582,485	925	3,054
Medrobotics Corporation (15)	Medical Devices & Equipment	Equity	Preferred Series E	136,798	250	—

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(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment (1)	Series	Shares	Cost (3)	Value (4)
	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	393
	Medical Devices & Equipment	Equity	Preferred Series C	19,273	655	111
	Medical Devices & Equipment	Equity	Preferred Series D	551,038	5,257	3,282
	Medical Devices & Equipment	Equity	Preferred Series E	507,103	4,239	4,061
Total Optiscan Biomedical, Corp.				1,139,269	13,151	7,847
Outset Medical, Inc.	Medical Devices & Equipment	Equity	Preferred Series B	232,061	527	538
Quanterix Corporation (4)	Medical Devices & Equipment	Equity	Common Stock	45,690	205	1,004
ViewRay, Inc. (4)(15)	Medical Devices & Equipment	Equity	Common Stock	36,457	333	106
Subtotal: Medical Devices & Equipment (1.16%)*					**17,546**	**12,549**
Software						
CapLinked, Inc.	Software	Equity	Preferred Series A-3	53,614	51	94
Docker, Inc.	Software	Equity	Common Stock	200,000	4,284	3,890
Druva Holdings, Inc. (p.k.a. Druva, Inc.)	Software	Equity	Preferred Series 2	458,841	1,000	1,703
	Software	Equity	Preferred Series 3	93,620	300	405
Total Druva Holdings, Inc. (p.k.a. Druva, Inc.)				552,461	1,300	2,108
HighRoads, Inc.	Software	Equity	Common Stock	190	307	—
Palantir Technologies	Software	Equity	Preferred Series D	9,535	47	43
	Software	Equity	Preferred Series E	1,749,089	10,489	7,958
	Software	Equity	Preferred Series G	326,797	2,211	1,488
Total Palantir Technologies				2,085,421	12,747	9,489
Sprinklr, Inc.	Software	Equity	Common Stock	700,000	3,749	3,910
Subtotal: Software (1.80%)*					**22,438**	**19,491**
Surgical Devices						
Gynesonics, Inc. (15)	Surgical Devices	Equity	Preferred Series B	219,298	250	9
	Surgical Devices	Equity	Preferred Series C	656,538	282	26
	Surgical Devices	Equity	Preferred Series D	1,991,157	712	81
	Surgical Devices	Equity	Preferred Series E	2,786,367	429	131
	Surgical Devices	Equity	Preferred Series F	1,523,693	118	139
	Surgical Devices	Equity	Preferred Series F-1	2,418,125	150	193
Total Gynesonics, Inc.				9,595,178	1,941	579
TransMedics Group, Inc. (p.k.a Transmedics, Inc.) (4)	Surgical Devices	Equity	Common Stock	162,617	2,550	3,861
Subtotal: Surgical Devices (0.41%)*					**4,491**	**4,440**
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	518
Solar Spectrum Holdings LLC (p.k.a. Sungevity, Inc.) (6)	Sustainable and Renewable Technology	Equity	Common Stock	380	61,502	—
Subtotal: Sustainable and Renewable Technology (0.23%)*					**64,502**	**2,528**
Total: Equity Investments (13.67%)*					**200,958**	**148,389**
Warrant Investments						
Communications & Networking						
Peerless Network Holdings, Inc.	Communications & Networking	Warrant	Common Stock	3,328	—	7
Spring Mobile Solutions, Inc.	Communications & Networking	Warrant	Common Stock	2,834,375	418	—
Subtotal: Communications & Networking (0.00%)*					**418**	**7**
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	384
The Neat Company	Consumer & Business Products	Warrant	Common Stock	54,054	365	—
Whoop, Inc.	Consumer & Business Products	Warrant	Preferred Series C	68,627	18	5
Subtotal: Consumer & Business Products (0.04%)*					**841**	**389**
Drug Delivery						
Agile Therapeutics, Inc. (4)	Drug Delivery	Warrant	Common Stock	180,274	730	29
BioQ Pharma Incorporated	Drug Delivery	Warrant	Common Stock	459,183	1	885
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	390	—
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 (0.08%)*					**1,861**	**914**
Drug Discovery & Development						
Acacia Pharma Inc. (4)(5)(10)	Drug Discovery & Development	Warrant	Common Stock	201,330	304	75

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ADMA Biologics, Inc. (4)	Drug Discovery & Development	Warrant	Common Stock	89,750	$ 295	$ 54
Brickell Biotech, Inc. (4)	Drug Discovery & Development	Warrant	Common Stock	9,005	119	—
Cerecor, Inc. (4)	Drug Discovery & Development	Warrant	Common Stock	22,328	70	4
Concert Pharmaceuticals, Inc. (4)(10)(15)	Drug Discovery & Development	Warrant	Common Stock	61,273	178	20
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	108
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	15
Genocea Biosciences, Inc. (4)	Drug Discovery & Development	Warrant	Common Stock	50,391	431	31
Immune Pharmaceuticals (4)	Drug Discovery & Development	Warrant	Common Stock	10,742	164	—
Melinta Therapeutics (4)	Drug Discovery & Development	Warrant	Common Stock	8,109	625	—
Motif BioSciences Inc. (4)(5)(10)(15)	Drug Discovery & Development	Warrant	Common Stock	73,452	282	3
Myovant Sciences, Ltd. (4)(5)(10)	Drug Discovery & Development	Warrant	Common Stock	73,710	460	32
Neuralstem, Inc. (4)(15)	Drug Discovery & Development	Warrant	Common Stock	289	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	19
Sorrento Therapeutics, Inc. (4)(10)	Drug Discovery & Development	Warrant	Common Stock	306,748	889	137
Stealth Bio Therapeutics Corp. (4)(5)(10)	Drug Discovery & Development	Warrant	American Depositary Shares	41,667	158	15
TG Therapeutics, Inc. (4)(10)	Drug Discovery & Development	Warrant	Common Stock	147,058	563	377
Tricida, Inc. (4)(15)	Drug Discovery & Development	Warrant	Common Stock	123,637	979	1,965
Urovant Sciences, Ltd. (4)(5)(10)	Drug Discovery & Development	Warrant	Common Stock	99,777	383	363
X4 Pharmaceuticals, Inc. (4)	Drug Discovery & Development	Warrant	Common Stock	25,000	314	86
Xoma Corporation (4)(10)(15)	Drug Discovery & Development	Warrant	Common Stock	9,063	279	2
Subtotal: Drug Discovery & Development (0.30%)*					**8,701**	**3,306**
Electronics & Computer Hardware						
908 DEVICES INC. (15)	Electronics & Computer Hardware	Warrant	Preferred Series D	79,856	101	45
Subtotal: Electronics & Computer Hardware (0.00%)*					**101**	**45**
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	125
Netbase Solutions, Inc.	Information Services	Warrant	Preferred Series 1	60,000	356	395
Planet Labs, Inc.	Information Services	Warrant	Common Stock	274,160	565	388
RichRelevance, Inc.	Information Services	Warrant	Preferred Series E	112,612	98	—
Subtotal: Information Services (0.08%)*					**1,384**	**908**
Internet Consumer & Business Services						
Aria Systems, Inc.	Internet Consumer & Business Services	Warrant	Preferred Series G	231,535	73	—
Blurb, Inc. (15)	Internet Consumer & Business Services	Warrant	Preferred Series C	234,280	636	21
Cloudpay, Inc. (5)(10)	Internet Consumer & Business Services	Warrant	Preferred Series B	6,763	54	14
Contentful, Inc. (5)(10)	Internet Consumer & Business Services	Warrant	Preferred Series C	82	1	25
Fastly, Inc. (4)	Internet Consumer & Business Services	Warrant	Common Stock	76,098	71	836
First Insight, Inc. (15)	Internet Consumer & Business Services	Warrant	Preferred Series B	75,917	96	123
Intent (p.k.a. Intent Media, Inc.)	Internet Consumer & Business Services	Warrant	Common Stock	140,077	168	130
Interactions Corporation	Internet Consumer & Business Services	Warrant	Preferred Series G-3	68,187	204	446
Just Fabulous, Inc.	Internet Consumer & Business Services	Warrant	Preferred Series B	206,184	1,102	2,581
Lendio, Inc.	Internet Consumer & Business Services	Warrant	Preferred Series D	127,032	39	22
LogicSource	Internet Consumer & Business Services	Warrant	Preferred Series C	79,625	30	86
Oportun (4)	Internet Consumer & Business Services	Warrant	Common Stock	23,514	78	147
Postmates, Inc.	Internet Consumer & Business Services	Warrant	Common Stock	189,865	317	155
RumbleON, Inc. (4)	Internet Consumer & Business Services	Warrant	Common Stock	102,768	87	71
SeatGeek, Inc.	Internet Consumer & Business Services	Warrant	Common Stock	137,976	662	632
ShareThis, Inc.	Internet Consumer & Business Services	Warrant	Preferred Series C	493,502	547	—
Skyword, Inc	Internet Consumer & Business Services	Warrant	Preferred Series A	444,444	83	88
Snagajob.com, Inc.	Internet Consumer & Business Services	Warrant	Preferred Series A	1,800,000	782	66
	Internet Consumer & Business Services	Warrant	Preferred Series B	1,211,537	62	27
Total Snagajob.com, Inc.				3,011,537	844	93
Tapjoy, Inc.	Internet Consumer & Business Services	Warrant	Preferred Series D	748,670	316	4
The Faction Group LLC	Internet Consumer & Business Services	Warrant	Preferred Series AA	8,076	234	347
Thumbtack, Inc.	Internet Consumer & Business Services	Warrant	Common Stock	190,953	553	881
Xometry, Inc.	Internet Consumer & Business Services	Warrant	Preferred Series B	87,784	47	159
Subtotal: Internet Consumer & Business Services (0.63%)*					**6,242**	**6,861**
Media/Content/Info						
Machine Zone, Inc.	Media/Content/Info	Warrant	Common Stock	1,552,710	1,961	493
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	—
Zoom Media Group, Inc.	Media/Content/Info	Warrant	Preferred Series A	1,204	347	—
Subtotal: Media/Content/Info (0.05%)*					**2,695**	**493**

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Portfolio Company	Sub-Industry	Type of Investment (1)	Series	Shares	Cost (3)	Value (4)
Medical Devices & Equipment						
Aspire Bariatrics, Inc. (15)	Medical Devices & Equipment	Warrant	Preferred Series B-1	112,858	$ 455	$ —
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	253
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	302
Medrobotics Corporation (15)	Medical Devices & Equipment	Warrant	Preferred Series E	455,539	370	—
NinePoint Medical, Inc.	Medical Devices & Equipment	Warrant	Preferred Series A-1	587,840	170	26
Optiscan Biomedical, Corp. (6)	Medical Devices & Equipment	Warrant	Preferred Series E	74,424	572	213
Outset Medical, Inc.	Medical Devices & Equipment	Warrant	Preferred Series A	500,000	402	293
Sebacia, Inc.	Medical Devices & Equipment	Warrant	Preferred Series D	778,301	133	7
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	25
Subtotal: Medical Devices & Equipment (0.10%)*					**3,436**	**1,119**
Semiconductors						
Achronix Semiconductor Corporation	Semiconductors	Warrant	Preferred Series C	360,000	160	27
	Semiconductors	Warrant	Preferred Series D-2	750,000	99	350
Total Achronix Semiconductor Corporation				1,110,000	259	377
Elenion Technologies Corporation	Semiconductors	Warrant	Preferred Series C	225	8	4
Subtotal: Semiconductors (0.04%)*					**267**	**381**
Software						
Actifio, Inc.	Software	Warrant	Common Stock	73,584	249	62
	Software	Warrant	Preferred Series F	31,673	343	65
Total Actifio, Inc.				105,257	592	127
CareCloud Corporation (15)	Software	Warrant	Common Stock	13,499	257	—
Clickfox, Inc. (15)	Software	Warrant	Preferred Series B	492,877	152	—
	Software	Warrant	Preferred Series C	592,019	730	—
	Software	Warrant	Preferred Series C-A	2,218,214	231	2
Total Clickfox, Inc.				3,303,110	1,113	2
Cloudian, Inc.	Software	Warrant	Common Stock	477,454	72	17
Couchbase, Inc.	Software	Warrant	Common Stock	188,127	344	248
Dashlane, Inc.	Software	Warrant	Common Stock	239,852	219	386
DNAnexus, Inc.	Software	Warrant	Preferred Series C	909,091	97	95
Evernote Corporation	Software	Warrant	Common Stock	62,500	106	64
Fuze, Inc. (15)	Software	Warrant	Preferred Series F	256,158	89	—
Lastline, Inc.	Software	Warrant	Common Stock	363,636	133	133
Lightbend, Inc. (15)	Software	Warrant	Preferred Series C-1	854,787	130	108
Message Systems, Inc. (15)	Software	Warrant	Preferred Series C	503,718	334	612
Nuvolo Technologies Corporation	Software	Warrant	Common Stock	30,000	43	78
OneLogin, Inc. (15)	Software	Warrant	Common Stock	381,620	305	635
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	12
RedSeal Inc. (15)	Software	Warrant	Preferred Series C-Prime	640,603	66	16
Signpost, Inc.	Software	Warrant	Series Junior 1 Preferred	474,019	314	—
ZeroFox, Inc.	Software	Warrant	Preferred Series C-1	486,263	57	77
Subtotal: Software (0.24%)*					**4,297**	**2,611**
Specialty Pharmaceuticals						
Alimera Sciences, Inc. (4)	Specialty Pharmaceuticals	Warrant	Common Stock	1,717,709	861	25
Subtotal: Specialty Pharmaceuticals (0.00%)*					**861**	**25**
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	21
Total Gynesonics, Inc.				1,756,445	395	25
TransMedics Group, Inc. (p.k.a Transmedics, Inc.) (4)	Surgical Devices	Warrant	Common Stock	64,441	138	655
Subtotal: Surgical Devices (0.06%)*					**533**	**680**
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	504
GreatPoint Energy, Inc. (15)	Sustainable and Renewable Technology	Warrant	Preferred Series D-1	393,212	548	—

(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment (1)	Series	Shares	Cost (3)	Value (4)
Kinestral Technologies, Inc.	Sustainable and Renewable Technology	Warrant	Preferred Series A	325,000	$ 155	$ 150
	Sustainable and Renewable Technology	Warrant	Preferred Series B	131,883	63	47
Total Kinestral Technologies, Inc.				456,883	218	197
Polyera Corporation (15)	Sustainable and Renewable Technology	Warrant	Preferred Series C	311,609	338	—
Proterra, Inc.	Sustainable and Renewable Technology	Warrant	Common Stock	36,630	1	12
	Sustainable and Renewable Technology	Warrant	Preferred Series 4	477,517	41	462
Total Proterra, Inc.				514,147	42	474
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 (0.11%)*					**2,455**	**1,175**
Total: Warrant Investments (1.74%)*					**34,092**	**18,914**
Total Investments in Securities (206.99%)*					**$ 2,336,334**	**$ 2,247,206**

* 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 5.00% at September 30, 2019. 1-month LIBOR, 3-month LIBOR and 12-month LIBOR represent 2.02%, 2.09% and 2.03%, respectively, at September 30, 2019.
(3) Gross unrealized appreciation, gross unrealized depreciation, and net unrealized depreciation for federal income tax purposes totaled $64.8 million, $166.2 million and $101.4 million, respectively. The tax cost of investments is $2.3 billion.
(4) Except for warrants in 35 publicly traded companies and common stock in 26 publicly traded companies, all investments are restricted at September 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 September 30, 2019, and is therefore considered non-income producing. Note that at September 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 September 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 September 30, 2019.
(17) Denotes that there is an unfunded contractual commitment available at the request of this portfolio company at September 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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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**

(dollars in thousands)

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

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

See notes to consolidated financial statements

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

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

See notes to consolidated financial statements

HERCULES CAPITAL, INC.

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

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

1. Description of Business and Basis of Presentation

Hercules Capital, Inc. (the "Company") is a specialty finance company focused on providing senior secured loans to high-growth, innovative venture capital-backed companies in a variety of technology, life sciences, and sustainable and renewable technology industries. The Company sources its investments through its principal office located in Palo Alto, CA, as well as through its additional offices in Boston, MA, New York, NY, Bethesda, MD, Hartford, CT, 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 to make estimates and assumptions that affect the amounts and disclosures reported in the consolidated financial statements and accompanying notes. Such estimates and assumptions could change in the future as more information becomes known, which could impact the amounts reported and disclosed herein.

2. Summary of Significant Accounting Policies

Principles of Consolidation

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

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

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

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

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

Valuation of Investments

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

At September 30, 2019, approximately 97.0% 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 September 30, 2019 and as of December 31, 2018.

(in thousands) **Description**	**Balance September 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	$ 2,065,097	$ —	$ —	$ 2,065,097
Unsecured Debt	14,806	—	—	14,806
Preferred Stock	68,310	—	—	68,310
Common Stock	80,079	43,354	—	36,725
Warrants	18,914	—	4,961	13,953
Escrow Receivable	959	—	—	959
Total	$ 2,248,165	$ 43,354	$ 4,961	$ 2,199,850

(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 nine months ended September 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 September 30, 2019**
Senior Debt	$ 1,719,091	$ (5,513)	$ (2,297)	$ 784,445	$ —	$ (430,629)	$ —	$ —	$ 2,065,097
Unsecured Debt	14,401	—	368	37	—	—	—	—	14,806
Preferred Stock	68,625	(1,146)	11,159	4,638	(16)	—	—	(14,950)	68,310
Common Stock	24,241	(750)	8,140	5,094	—	—	—	—	36,725
Warrants	22,673	6,270	(6,975)	2,794	(8,981)	—	—	(1,828)	13,953
Escrow Receivable	970	(875)	—	896	(32)	—	—	—	959
Total	$ 1,850,001	$ (2,014)	$ 10,395	$ 797,904	$ (9,029)	$ (430,629)	$ —	$ (16,778)	$ 2,199,850

(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 nine months ended September 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., Fastly, Inc., Brickell Biotech, Inc., and Oportun.
(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 nine months ended September 30, 2019, approximately $10.2 million and $7.7 million in net unrealized appreciation was recorded for preferred stock and common stock Level 3 investments, respectively, relating to assets still held at the reporting date. For the same period, approximately $5.3 million and $568,000 in net unrealized depreciation was recorded for debt and warrant Level 3 investments, respectively, relating to assets still held at the reporting date.

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

The following tables provide quantitative information about the Company's Level 3 fair value measurements as of September 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 September 30, 2019 (in thousands)	Valuation Techniques/Methodologies	Unobservable Input (1)	Range	Weighted Average (2)
Pharmaceuticals	$ 19,905	Originated Within 4-6 Months	Origination Yield	14.28%	14.28%
	642,552	Market Comparable Companies	Hypothetical Market Yield	9.72% - 15.76%	11.94%
			Premium/(Discount)	(0.50%) - 0.50%	
	—	Liquidation (3)	Probability weighting of alternative outcomes	0.00% - 100.00%	
Technology	222,845	Originated Within 4-6 Months	Origination Yield	11.99% - 14.94%	12.96%
	658,835	Market Comparable Companies	Hypothetical Market Yield	10.41% - 16.17%	12.42%
			Premium/(Discount)	(0.25%) - 0.50%	
	2,117	Liquidation (3)	Probability weighting of alternative outcomes	40.00% - 60.00%	
Sustainable and Renewable Technology	34,251	Market Comparable Companies	Hypothetical Market Yield	11.87% - 25.98%	14.36%
			Premium/(Discount)	(0.25%) - 3.00%	
	7,143	Liquidation (3)	Probability weighting of alternative outcomes	20.00% - 50.00%	
Medical Devices	125,067	Market Comparable Companies	Hypothetical Market Yield	9.76% - 15.26%	12.81%
			Premium/(Discount)	0.00% - 0.50%	
Lower Middle Market	9,284	Originated Within 4-6 Months	Origination Yield	12.02%	12.02%
	158,115	Market Comparable Companies	Hypothetical Market Yield	10.02% - 16.10%	13.54%
			Premium/(Discount)	0.00%	
	9,604	Liquidation (3)	Probability weighting of alternative outcomes	10.00% - 80.00%	
		Debt Investments Where Fair Value Approximates Cost			
	88,393	Debt Investments originated within 3 months			
	13,612	Imminent Payoffs (4)			
	88,180	Debt Investments Maturing in Less than One Year			
	$ 2,079,903	**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, Biotechnology Tools, and Drug Discovery & Development industries in the Consolidated Schedule of Investments.
- Technology, above, is comprised of debt investments in the Software, Media/Content/Info, Internet Consumer & Business Services, Consumer & Business Products, Semiconductors, Diversified Financial Services, 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 September 30, 2019 (in thousands)	Valuation Techniques/ Methodologies	Unobservable Input (1)	Range	Weighted Average (6)
Equity Investments	$ 41,823	Market Comparable Companies	EBITDA Multiple (2)	5.4x - 6.6x	6.0x
			Revenue Multiple (2)	0.5x - 4.9x	3.5x
			Discount for Lack of Marketability (3)	16.18% - 28.57%	20.90%
			Average Industry Volatility (4)	57.94% - 104.95%	79.33%
			Risk-Free Interest Rate	1.57% - 1.77%	1.76%
			Estimated Time to Exit (in months)	11 - 35	12
	15,468	Market Adjusted OPM Backsolve	Market Equity Adjustment (5)	(22.50%) - 18.90%	(1.97%)
			Average Industry Volatility (4)	33.84% - 97.75%	91.05%
			Risk-Free Interest Rate	1.50% - 2.66%	2.05%
			Estimated Time to Exit (in months)	11 - 15	13
	—	Liquidation	Revenue Multiple (2)	1.9x - 3.4x	2.7x
	47,744	Other (7)			
Warrant Investments	8,381	Market Comparable Companies	EBITDA Multiple (2)	4.7x - 13.9x	13.8x
			Revenue Multiple (2)	0.4x - 7.0x	4.6x
			Discount for Lack of Marketability (3)	12.31% - 35.57%	18.61%
			Average Industry Volatility (4)	43.00% - 99.06%	54.94%
			Risk-Free Interest Rate	1.56% - 1.81%	1.71%
			Estimated Time to Exit (in months)	7 - 47	19
	5,572	Market Adjusted OPM Backsolve	Market Equity Adjustment (5)	(54.12%) - 21.60%	2.38%
			Average Industry Volatility (4)	27.50% - 99.69%	65.01%
			Risk-Free Interest Rate	1.61% - 2.73%	1.89%
			Estimated Time to Exit (in months)	5 - 42	19
Total Level Three Warrant and Equity Investments	$ 118,988				

(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.

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 September 30, 2019 and December 31, 2018 was approximately $959,000 and $972,000, respectively, and was fair valued and held in accordance with ASC Topic 820.

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 September 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 nine months ended September 30, 2019 and 2018.

(in thousands)			For the Three Months Ended September 30, 2019				For the Nine Months Ended September 30, 2019			
Portfolio Company	**Type**	**Fair Value at September 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	$ 48,955	$ 564	$ 5	$ 2,719	$ —	$ 1,673	$ 13	$ 9,427	$ —
Tectura Corporation	Control	9,605	491	—	(230)	—	1,446	—	(9,006)	—
Total Control Investments		$ 58,560	$ 1,055	$ 5	$ 2,489	$ —	$ 3,119	$ 13	$ 421	$ —
Affiliate Investments										
Optiscan BioMedical, Corp.	Affiliate	$ 8,060	$ —	$ —	$ (312)	$ —	$ —	$ —	$ (548)	$ —
Solar Spectrum Holdings LLC (p.k.a. Sungevity, Inc.)	Affiliate	12,904	493	26	(235)	—	1,740	186	(3,225)	—
Total Affiliate Investments		$ 20,964	$ 493	$ 26	$ (547)	$ —	$ 1,740	$ 186	$ (3,773)	$ —
Total Control & Affiliate Investments		$ 79,524	$ 1,548	$ 31	$ 1,942	$ —	$ 4,859	$ 199	$ (3,352)	$ —

(in thousands)			For the Three Months Ended September 30, 2018				For the Nine Months Ended September 30, 2018			
Portfolio Company	**Type**	**Fair Value at September 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	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 2,858	$ (2,900)
Gibraltar Business Capital, LLC	Control	42,715	445	1	(9)	—	945	1	(9)	—
Second Time Around (Simplify Holdings, LLC)	Control	—	—	—	—	—	—	—	1,781	(1,743)
Tectura Corporation	Control	19,672	476	—	387	—	1,403	—	(915)	335
Total Control Investments		$ 62,387	$ 921	$ 1	$ 378	$ —	$ 2,348	$ 1	$ 3,715	$ (4,308)
Affiliate Investments										
Optiscan BioMedical, Corp.	Affiliate	$ 8,165	$ —	$ —	$ 837	$ —	$ —	$ —	$ 1,252	$ (680)
Solar Spectrum Holdings LLC (p.k.a. Sungevity, Inc.)	Affiliate	19,930	509	71	(2,205)	—	1,570	263	(2,696)	—
Stion Corporation	Affiliate	—	—	—	—	—	—	—	1,378	(1,378)
Total Affiliate Investments		$ 28,095	$ 509	$ 71	$ (1,368)	$ —	$ 1,570	$ 263	$ (66)	$ (2,058)
Total Control & Affiliate Investments		$ 90,482	$ 1,430	$ 72	$ (990)	$ —	$ 3,918	$ 264	$ 3,649	$ (6,366)

The following table shows the fair value of the Company's portfolio of investments by asset clas as of September 30, 2019 and December 31, 2018:

	September 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	$ 749,161	33.3 %	$ 716,505	38.1 %
Senior Secured Debt	1,334,850	59.4 %	1,029,255	54.8 %
Unsecured Debt	14,806	0.7 %	14,401	0.8 %
Preferred Stock	68,310	3.0 %	68,625	3.6 %
Common Stock	80,079	3.6 %	51,587	2.7 %
Total	$ 2,247,206	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 September 30, 2019 and December 31, 2018 is shown as follows:

	September 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	$ 1,914,701	85.1 %	$ 1,668,027	88.8 %
United Kingdom	178,985	8.0 %	89,016	4.7 %
Australia	51,286	2.3 %	35,190	1.9 %
Netherlands	37,590	1.7 %	35,854	1.9 %
Ireland	35,231	1.6 %	24,750	1.3 %
Cayman Islands	18,032	0.8 %	19,650	1.0 %
Sweden	7,143	0.3 %	5,556	0.3 %
Germany	4,238	0.2 %	—	0.0 %
Canada	—	0.0 %	859	0.0 %
Switzerland	—	0.0 %	1,471	0.1 %
Total	$ 2,247,206	100.0 %	$ 1,880,373	100.0 %

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

	September 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	$ 710,862	31.7 %	$ 539,977	28.7 %
Software	586,509	26.1 %	548,952	29.2 %
Internet Consumer & Business Services	422,510	18.8 %	329,512	17.5 %
Healthcare Services, Other	104,585	4.7 %	60,142	3.2 %
Medical Devices & Equipment	101,378	4.5 %	121,420	6.5 %
Diversified Financial Services	78,492	3.5 %	39,491	2.1 %
Sustainable and Renewable Technology	77,518	3.4 %	110,303	5.9 %
Information Services	59,260	2.6 %	30,940	1.6 %
Drug Delivery	46,009	2.0 %	40,519	2.2 %
Media/Content/Info	21,765	1.0 %	21,666	1.2 %
Semiconductors	10,607	0.5 %	899	0.0 %
Electronics & Computer Hardware	7,188	0.3 %	15,763	0.8 %
Consumer & Business Products	6,573	0.3 %	6,179	0.3 %
Surgical Devices	5,120	0.2 %	3,088	0.2 %
Biotechnology Tools	5,020	0.2 %	6,279	0.3 %
Communications & Networking	3,785	0.2 %	4,871	0.3 %
Specialty Pharmaceuticals	25	0.0 %	24	0.0 %
Diagnostic	—	0.0 %	348	0.0 %
Total	$ 2,247,206	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 September 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 September 30, 2019, approximately 84.8% of the Company's debt investments were in a senior secured first lien position, with 46.2% secured by a first priority security in all of the assets of the portfolio company, including its intellectual property, 29.1% 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 8.6% 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 14.5% 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.

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 September 30, 2019, the Company had three debt investments on non-accrual with a cumulative investment cost and approximate fair value of $9.2 million and $2.2 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 September 30, 2019 is the result of the addition of two debt investments, partially offset by the removal of one debt investment that was on non-accr ual 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 commitment and facility 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 $42.1 million of unamortized fees at September 30, 2019, of which approximately $34.6 million was included as an offset to the cost basis of the Company's current debt investments and approximately $7.5 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 $1.4 million and $1.6 million in one-time fee income during the three months ended September 30, 2019 and 2018, respectively. The Company recorded approximately $4.6 million and $6.4 million in one-time fee income during the nine months ended September 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 September 30, 2019, the Company had approximately $32.0 million in exit fees receivable, of which approximately $29.2 million was included as a component of the cost basis of the Company's current debt investments and approximately $2.8 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 $2.4 million in PIK income during the three months ended September 30, 2019 and 2018, respectively. The Company recorded approximately $6.6 million and $7.0 million in PIK income during the nine months ended September 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 nine months ended September 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 September 30, 2019, the 2022 Notes, 2027 Asset-Backed Notes, 2028 Asset-Backed Notes, and 2022 Convertible Notes were quoted for 1.000, 1.010, 1.012, and 1.024 per dollar at par value, respectively. At September 30, 2019, the 2025 Notes and 2033 Notes were trading on the NYSE for $25.23 and $26.65 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 values of the SBA debentures, and July 2024 Notes were approximately $153.5 million, and $106.2 million, respectively, compared to the principal amounts of $149.0 million, and $105.0 million, respectively, as of September 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 September 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 September 30, 2019 and December 31, 2018:

(in thousands) Description	September 30, 2019	Identical Assets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
SBA Debentures	$ 153,524	$ —	$ —	$ 153,524
2022 Notes	150,030	—	150,030	—
July 2024 Notes	106,220	—	—	106,220
2025 Notes	75,690	—	75,690	—
2033 Notes	42,640	—	42,640	—
2027 Asset-Backed Notes	201,914	—	201,914	—
2028 Asset-Backed Notes	252,920	—	252,920	—
2022 Convertible Notes	235,451	—	235,451	—
Wells Facility	—	—	—	—
Union Facility	11,585	—	—	11,585
Total	$ 1,229,974	$ —	$ 958,645	$ 271,329

(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	—
Wells Facility	13,107	—	—	13,107
Union Facility	39,849	—	—	39,849
Total	$ 962,543	$ —	$ 759,200	$ 203,343

4. Borrowings

Outstanding Borrowings

At September 30, 2019 and December 31, 2018, the Company had the following available and outstanding borrowings:

	September 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	$ 148,038	$ 149,000	$ 149,000	$ 147,655
2022 Notes	150,000	150,000	148,383	150,000	150,000	147,990
2024 Notes (3)	—	—	—	83,510	83,510	81,852
July 2024 Notes	105,000	105,000	103,723	—	—	—
2025 Notes	75,000	75,000	72,875	75,000	75,000	72,590
2033 Notes	40,000	40,000	38,474	40,000	40,000	38,427
2027 Asset-Backed Notes	200,000	200,000	197,241	200,000	200,000	197,265
2028 Asset-Backed Notes	250,000	250,000	247,333	—	—	—
2022 Convertible Notes	230,000	230,000	226,223	230,000	230,000	225,051
Wells Facility (4)	75,000	—	—	75,000	13,107	13,107
Union Bank Facility (4)	200,000	11,585	11,585	100,000	39,849	39,849
Total	$ 1,474,000	$ 1,210,585	$ 1,193,875	$ 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 September 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 September 30, 2019 and December 31, 2018:

(in thousands)	**September 30, 2019**	**December 31, 2018**
SBA Debentures	$ 962	$ 1,345
2022 Notes	1,110	1,379
2024 Notes (2)	—	1,686
July 2024 Notes	1,277	—
2025 Notes	2,125	2,410
2033 Notes	1,526	1,573
2027 Asset-Backed Notes	2,759	2,735
2028 Asset-Backed Notes	2,667	—
2022 Convertible Notes	2,155	2,823
Wells Facility (1)	417	100
Union Bank Facility (1)	1,637	165
Total	$ 16,635	$ 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 included within Other assets 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 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 September 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 September 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 September 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 September 30, 2019, the Company held investments in HT III in 43 companies with a fair value of approximately $213.3 million, accounting for approximately 9.5% of the Company's total investment portfolio at September 30, 2019. HT III held approximately $223.7 million in tangible assets which accounted for approximately 9.7% of the Company's total assets at September 30, 2019.

SBICs are designed to stimulate the flow of private equity capital to eligible small businesses. SBICs are subject to a variety of regulations and oversight by the SBA concerning the size and nature of the companies in which they may invest as well as the structures of those investments. 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. HT III was in compliance with the terms of the SBIC's leverage as of September 30, 2019 as a result of having sufficient capital as defined under the SBA regulations.

The average amount of debentures outstanding for the three and nine months ended September 30, 2019 for HT III were approximately $149.0 million with an average interest rate of approximately 3.46% and 3.42%, respectively.

For the three and nine months ended September 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 September 30,		Nine Months Ended September 30,	
(in thousands)	**2019**	**2018**	**2019**	**2018**
Interest expense	$ 1,287	$ 1,658	$ 3,820	$ 5,113
Amortization of debt issuance cost (loan fees)	128	270	383	586
Total interest expense and fees	$ 1,415	$ 1,928	$ 4,203	$ 5,699
Cash paid for interest expense	$ 2,561	$ 3,499	$ 5,080	$ 6,942

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

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

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

(in thousands)	September 30, 2019	December 31, 2018
Principal amount of debt	$ 150,000	$ 150,000
Unamortized debt issuance cost	(1,110)	(1,379)
Original issue discount, net of accretion	(507)	(631)
Carrying value of 2022 Notes	$ 148,383	$ 147,990

For the three and nine months ended September 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:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands)	2019	2018	2019	2018
Interest expense	$ 1,734	$ 1,734	$ 5,202	$ 5,203
Amortization of debt issuance cost (loan fees)	90	90	270	261
Accretion of original issue discount	41	41	123	123
Total interest expense and fees	$ 1,865	$ 1,865	$ 5,595	$ 5,587
Cash paid for interest expense	$ —	$ —	$ 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 September 30, 2019 and December 31, 2018, the components of the carrying value of the 2024 Notes were as follows:

(in thousands)	September 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 nine months ended September 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:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands)	2019	2018	2019	2018
Interest expense	$ —	$ 1,305	$ 210	$ 5,525
Amortization of debt issuance cost (loan fees)	—	110	1,686	2,831
Amortization of original issue premium	—	(13)	110	(40)
Total interest expense and fees	$ —	$ 1,402	$ 2,006	$ 8,316
Cash paid for interest expense	$ —	$ 1,305	$ 1,305	$ 6,553

July 2024 Notes

On July 16, 2019, the Company issued $105.0 million in aggregate principal amount (the "July 2024 Notes") to qualified institutional investors in a private placement. The sale of the July 2024 Notes generated net proceeds of approximately $103.7 million. Aggregate estimated offering expenses in connection with the transaction, including the underwriter's discount and commissions, were approximately $1.3 million.

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.

As of September 30, 2019 and December 31, 2018, the components of the carrying value of the July 2024 Notes were as follows:

(in thousands)	September 30, 2019	December 31, 2018
Principal amount of debt	$ 105,000	$ —
Unamortized debt issuance cost	(1,277)	—
Carrying value of July 2024 Notes	$ 103,723	$ —

For the three and nine months ended September 30, 2019 and 2018, the components of interest expense and related fees and cash paid for interest expense for the July 2024 Notes are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands)	2019	2018	2019	2018
Interest expense	$ 1,050	$ —	$ 1,050	$ —
Amortization of debt issuance cost (loan fees)	49	—	49	—
Total interest expense and fees	$ 1,099	$ —	$ 1,099	$ —
Cash paid for interest expense	$ —	$ —	$ —	$ —

As of September 30, 2019, the Company was in compliance with the terms of the note purchase agreement governing the July 2024 Notes.

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

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

(in thousands)	**September 30, 2019**	**December 31, 2018**
Principal amount of debt	$ 75,000	$ 75,000
Unamortized debt issuance cost	(2,125)	(2,410)
Carrying value of 2025 Notes	$ 72,875	$ 72,590

For the three and nine months ended September 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 September 30,		**Nine Months Ended September 30,**	
(in thousands)	**2019**	**2018**	**2019**	**2018**
Interest expense	$ 984	$ 983	$ 2,953	$ 1,695
Amortization of debt issuance cost (loan fees)	95	69	285	126
Total interest expense and fees	$ 1,079	$ 1,052	$ 3,238	$ 1,821
Cash paid for interest expense	$ 984	$ 1,028	$ 2,953	$ 1,028

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

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

(in thousands)	September 30, 2019	December 31, 2018
Principal amount of debt	$ 40,000	$ 40,000
Unamortized debt issuance cost	(1,526)	(1,573)
Carrying value of 2033 Notes	$ 38,474	$ 38,427

For the three and nine months ended September 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 September 30,		Nine Months Ended September 30,	
(in thousands)	2019	2018	2019	2018
Interest expense	$ 625	$ 49	$ 1,875	$ 49
Amortization of debt issuance cost (loan fees)	27	2	81	2
Total interest expense and fees	$ 652	$ 51	$ 1,956	$ 51
Cash paid for interest expense	$ 625	$ —	$ 1,875	$ —

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 nine months ended September 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 September 30,		Nine Months Ended September 30,	
(in thousands)	2019	2018	2019	2018
Interest expense	$ —	$ 66	$ —	$ 689
Amortization of debt issuance cost (loan fees)	—	297	—	410
Total interest expense and fees	$ —	$ 363	$ —	$ 1,099
Cash paid for interest expense	$ —	$ 146	$ —	$ 823

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 September 30, 2019 and December 31, 2018, the 2027 Asset-Backed Notes had an outstanding principal balance of $200.0 million.

For the three and nine months ended September 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 September 30,		Nine Months Ended September 30,	
(in thousands)	2019	2018	2019	2018
Interest expense	$ 2,303	$ —	$ 6,908	$ —
Amortization of debt issuance cost (loan fees)	70	—	208	—
Total interest expense and fees	$ 2,373	$ —	$ 7,116	$ —
Cash paid for interest expense	$ 2,303	$ —	$ 6,908	$ —

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 September 30, 2019, there was approximately $6.5 million of restricted cash. There was approximately $11.6 million of restricted cash as of December 31, 2018.

As of September 30, 2019, the Company was in compliance with the terms of the note purchase agreement governing the 2027 Asset-Backed Notes.

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 September 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 nine months ended September 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 September 30,		Nine Months Ended September 30,	
(in thousands)	2019	2018	2019	2018
Interest expense	$ 2,939	$ —	$ 8,132	$ —
Amortization of debt issuance cost (loan fees)	67	—	185	—
Total interest expense and fees	$ 3,006	$ —	$ 8,317	$ —
Cash paid for interest expense	$ 2,939	$ —	$ 7,805	$ —

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 September 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.

As of September 30, 2019, the Company was in compliance with the terms of the note purchase agreement governing the 2028 Asset-Backed Notes.

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

(in thousands)	**September 30, 2019**	**December 31, 2018**
Principal amount of debt	$ 230,000	$ 230,000
Unamortized debt issuance cost	(2,155)	(2,823)
Original issue discount, net of accretion	(1,622)	(2,126)
Carrying value of 2022 Convertible Notes	$ 226,223	$ 225,051

For the three and nine months ended September 30, 2019 and 2018, the components of interest expense, fees and cash paid for interest expense for the 2022 Convertible Notes were as follows:

(in thousands)	Three Months Ended September 30, 2019	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
Interest expense	$ 2,516	$ 2,516	$ 7,547	$ 7,547
Amortization of debt issuance cost (loan fees)	223	223	669	669
Accretion of original issue discount	168	168	504	504
Total interest expense and fees	$ 2,907	$ 2,907	$ 8,720	$ 8,720
Cash paid for interest expense	$ 5,031	$ 5,031	$ 10,062	$ 10,063

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

Credit Facilities

As of September 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.

On January 11, 2019, Hercules Funding II entered into the Seventh Amendment, to the Wells Facility, or the Wells Facility Seventh Amendment. The Wells Facility Seventh Amendment, among other things, 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 Wells Facility Seventh Amendment also extends the maturity date to January 2023, unless terminated sooner in accordance with its terms. In addition, theWells 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.

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.

On July 2, 2019, Hercules Funding II entered into the Eighth Amendment to the Wells Facility, or 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 the Company with respect to split-funded notes receivable owned by Hercules Funding II and an affiliate thereof (including Hercules Funding IV LLC).

As of September 30, 2019, the Company has no borrowings outstanding on the facility. The Company had borrowings outstanding of $13.1 million on the facility at December 31, 2018.

For the three and nine months ended September 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:

(in thousands)	Three Months Ended September 30, 2019	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
Interest expense	$ 22	$ 244	$ 416	$ 990
Amortization of debt issuance cost (loan fees)	66	44	219	133
Total interest expense and fees	$ 88	$ 288	$ 635	$ 1,123
Cash paid for interest expense	$ 95	$ 345	$ 430	$ 823

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 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.

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 September 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."

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).

As of September 30, 2019, the Company has borrowings outstanding of $11.6 million on the facility. The Company had borrowings outstanding of $39.8 million on the facility at December 31, 2018.

For the three and nine months ended September 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 September 30,		Nine Months Ended September 30,	
(in thousands)	**2019**	**2018**	**2019**	**2018**
Interest expense	$ 188	$ 700	$ 1,077	$ 1,265
Amortization of debt issuance cost (loan fees)	199	92	606	243
Total interest expense and fees	$ 387	$ 792	$ 1,683	$ 1,508
Cash paid for interest expense	$ 461	$ 793	$ 1,096	$ 1,074

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 September 30, 2019, the Company declared and paid a distribution of $0.34 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 September 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 nine months ended September 30, 2019 was approximately $110.0 million or $1.11 per share. Taxable net realized gains for the same period were $15.6 million or approximately $0.16 per share. Taxable income for the nine months ended September 30, 2018 was approximately $83.1 million or $0.93 per share. Taxable net realized gains for the same period were $7.2 million or approximately $0.08 per share.

For the nine months ended September 30, 2019, the Company paid approximately $1.4 million of tax expense and had $835,000 accrued but unpaid tax expense as of the balance sheet date. For the nine months ended September 30, 2018, the Company paid approximately $676,000 of tax expense and had $100,000 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.

There were no shares of common stock sold under the Equity Distribution Agreement during the three months ended September 30, 2019. During the nine months ended September 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.

During the three and nine months ended September 30, 2018, the Company sold 2.4 million and 5.0 million shares of common stock for total accumulated net proceeds of approximately $30.9 million and $62.3 million, respectively, including $540,000 and $1.4 million of offering expenses, respectively, under the Prior Equity Distribution Agreement.

The Company generally uses net proceeds from these offerings to make investments, to repurchase or pay down liabilities and for general corporate purposes. As of September 30, 2019, approximately 10.7 million shares remain available for issuance and sale under the Equity Distribution Agreement.

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 519,418 and 481,032 were outstanding at September 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") 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 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. These shares generally vest 33% one year after the date of grant and ratably over the succeeding 24 months.

On May 29, 2018, the Company filed an exemptive application with the SEC and an amendment to the application on September 27, 2018, withrespect 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 havethe 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 paymentto satisfy applicable tax withholding at the time of option exercise or vesting on restricted stock.

The following table summarizes the common stock options activities for the nine months ended September 30, 2019 and 2018:

	Nine Months Ended September 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	111,000	$ 12.91	94,000	$ 12.65
Exercised	(14,113)	$ 11.39	(63,769)	$ 11.05
Forfeited	(5,836)	$ 12.79	(51,437)	$ 13.22
Expired	(52,665)	$ 14.82	(34,650)	$ 14.34
Outstanding at September 30,	519,418	$ 13.21	534,669	$ 13.72
Shares Expected to Vest at September 30,	195,404	$ 13.43	163,654	$ 13.58

All options may be exercised for a period ending seven to ten years after the date of grant. At September 30, 2019, options for approximately 519,418 shares were outstanding at a weighted average exercise price of approximately $13.21 per share with weighted average of remaining contractual term of 4.91 years and an aggregate intrinsic value of $275,000. At September 30, 2019, options for approximately 324,014 shares were exercisable at a weighted average exercise price of approximately $13.43 per share with weighted average of remaining contractual term of 4.09 years and an aggregate intrinsic value of $193,000.

The Company determined that the fair value of options granted under the 2018 Equity Incentive Plan during the nine months ended September 30, 2019 and 2018 was approximately $40,000 and $44,000, respectively. During the nine months ended September 30, 2019 and 2018, approximately $35,000 and $42,000 of share-based cost due to stock option grants was expensed, respectively. As of September 30, 2019, there was approximately $76,000 of total unrecognized compensation costs related to stock options. These costs are expected to be recognized over a weighted average period of 2.10 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 nine months ended September 30, 2019 and 2018 is as follows:

	Nine Months Ended September 30,	
	2019	2018
Expected Volatility	18.40%	21.19%
Expected Dividends	10%	10%
Expected term (in years)	4.5	4.5
Risk-free rate	1.33% - 2.62%	2.19% - 2.97%

During the nine months ended September 30, 2019 and 2018, the Company granted 134,247 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 nine months ended September 30, 2019 and 2018 were approximately $1.7 million and $4.4 million, respectively. As of September 30, 2019, there were approximately $2.1 million of total unrecognized compensation costs related to restricted stock awards. These costs are expected to be recognized over a weighted average period of 2.24 years.

The following table summarizes the activities for the Company's unvested restricted stock awards for the nine months ended September 30, 2019 and 2018:

	Nine Months Ended September 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	134,247	$ 12.79	334,995	$ 13.04
Vested	(193,176)	$ 12.84	(170,264)	$ 12.55
Forfeited	(134,247)	$ 13.04	(3,085)	$ 11.70
Unvested at September 30,	187,694	$ 12.88	422,891	$ 12.87

During the nine months ended September 30, 2019 and 2018, the Company granted approximately 1,029,836 shares and 411,689 shares, respectively, of restricted stock units pursuant to the 2018 Equity Incentive Plan. The Company also granted approximately 124,708 shares and 75,184 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 nine months ended September 30, 2019 and 2018, were approximately $15.2 million and $6.4 million, respectively. As of September 30, 2019, there were approximately $6.0 million of total unrecognized compensation costs related to restricted stock units. These costs are expected to be recognized over a weighted average period of 2.13 years.

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

	Nine Months Ended September 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	1,029,836	$ 13.11	411,689	$ 13.04
Distribution Equivalent Unit Granted	124,708	$ —	75,184	$ 12.69
Vested (1)	(615,045)	$ 13.35	(318,240)	$ 14.10
Forfeited	(624,349)	$ 13.34	(14,085)	$ 13.40
Unvested at September 30,	647,683	$ 13.16	748,870	$ 13.48

(1) With respect to restricted stock units granted prior to January 1, 2019, receipt of the shares of the Company's common stock underlying vested restricted stock units will be deferred for four 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 nine months ended September 30, 2019, the Company expensed approximately $7.7 million of compensation expense related to restricted stock awards and restricted stock units. The Company had approximately $6.2 million in compensation expense related to restricted stock awards and restricted stock units during the nine months ended September 30, 2018.

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 September 30, 2019, there were 487,409 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"). 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 September 30, 2019, all of Retention PSUs and Cash Awards were unvested and there were approximately $4.4 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 2.59 years. As of September 30, 2019, there was approximately $1.0 million 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.

8. Earnings Per Share

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands, except per share data)	**2019**	**2018**	**2019**	**2018**
Numerator				
Net increase in net assets resulting from operations	$ 19,271	$ 35,629	$ 128,987	$ 93,634
Less: Distributions declared-common and restricted shares	(35,555)	(29,710)	(97,606)	(82,806)
Undistributed earnings	(16,284)	5,919	31,381	10,828
Undistributed earnings-common shares	(16,284)	5,894	31,313	10,770
Add: Distributions declared-common shares	35,490	29,577	97,388	82,356
Numerator for basic and diluted change in net assets per common share	$ 19,206	$ 35,471	$ 128,701	$ 93,126
Denominator				
Basic weighted average common shares outstanding	104,314	95,460	99,615	89,100
Common shares issuable	341	211	428	112
Weighted average common shares outstanding assuming dilution	104,655	95,671	100,043	89,212
Change in net assets per common share				
Basic	$ 0.18	$ 0.37	$ 1.29	$ 1.04
Diluted	$ 0.18	$ 0.37	$ 1.29	$ 1.04

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 nine months ended September 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 September 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 3.6 million shares of 2022 Convertible Notes, 25,396 shares of unvested common stock options, no shares of unvested restricted stock units, and no shares of unvested Retention PSUs. For the nine months ended September 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 3.8 million shares of 2022 Convertible Notes, 30,110 shares of unvested common stock options, no shares of unvested restricted stock units, and no shares of unvested Retention PSUs.

For the three and nine months ended September 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 3.2 million and 4.0 million shares related to 2022 Convertible Notes, 37,015 shares and 60,756 shares of unvested common stock options, no shares of unvested restricted stock units, and no shares and 18,952 shares of unvested Retention PSUs, respectively.

At both September 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 nine months ended September 30, 2019 and 2018:

	Nine Months Ended September 30,	
	2019	2018
Per share data (1):		
Net asset value at beginning of period	$ 9.90	$ 9.96
Net investment income	1.03	0.88
Net realized gain (loss) on investments	0.14	(0.12)
Net unrealized appreciation (depreciation) on investments	0.12	0.29
Total from investment operations	1.29	1.05
Net increase (decrease) in net assets from capital share transactions (1)	0.11	0.21
Distributions of net investment income (6)	(0.95)	(0.93)
Distributions of capital gains (6)	(0.03)	—
Stock-based compensation expense included in investment income (2)	0.06	0.09
Net asset value at end of period	$ 10.38	$ 10.38
Ratios and supplemental data:		
Per share market value at end of period	$ 13.37	$ 13.16
Total return (3)	29.94 %	7.59 %
Shares outstanding at end of period	104,636	96,751
Weighted average number of common shares outstanding	99,615	89,100
Net assets at end of period	$ 1,085,681	$ 1,004,180
Ratio of total expense to average net assets (4)	12.25 %	10.82 %
Ratio of net investment income before investment gains and losses to average net assets (4)	13.43 %	11.62 %
Portfolio turnover rate (5)	22.82 %	33.97 %
Weighted average debt outstanding	$ 1,145,027	$ 801,712
Weighted average debt per common share	$ 11.49	$ 9.00

(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 nine months ended September 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 nine months ended September 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 September 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 September 30, 2019, the Company had approximately $167.5 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 $213.5 million of non-binding term sheets outstanding at September 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 September 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.	$	37,000
Tricida, Inc.		35,000
The Wing		30,000
Oak Street Health		20,000
Codiak Biosciences, Inc		15,000
Clarabridge, Inc.		5,000
X4 Pharmaceuticals, Inc.		5,000
Nuvolo Technologies Corporation		3,000
Campaign Monitor Limited		2,979
Lendio, Inc.		2,500
Businessolver.com, Inc.		2,168
Dashlane, Inc.		2,000
Greenphire, Inc.		2,000
ThreatConnect, Inc.		1,800
The CM Group LLC		1,750
FPX, LLC		1,000
Cloud 9 Software		500
Yipit, LLC		425
Salsa Labs, Inc.		350
Total	$	167,472

(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 September 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)	$ 1,210,585	$ 10,000	$ 344,250	$ 291,335	$ 565,000
Lease and License Obligations (4)	14,197	3,174	5,872	3,639	1,512
Total	$ 1,224,782	$ 13,174	$ 350,122	$ 294,974	$ 566,512

(1) Excludes commitments to extend credit to the Company's portfolio companies.
(2) Includes $149.0 million in principal outstanding under the SBA debentures, $150.0 million of the 2022 Notes, $105.0 million of the July 2024 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, and $11.6 million outstanding under the Union Bank Credit Facility as of September 30, 2019. There were no outstanding borrowings under the Wells Facility as of September 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 $764,000 and $2.0 million during the three and nine months ended September 30, 2019. Total rent expense amounted to approximately $522,000 and $1.5 million during the three and nine months ended September 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 September 30, 2019:

(in thousands)	Three Months Ended September 30,	Nine Months Ended September 30,
Total operating lease cost	$ 719	$ 1,869
Cash paid for amounts included in the measurement of lease liabilities	$ 536	$ 2,126

	As of September 30, 2019
Weighted-average remaining lease term (in years)	5.10
Weighted-average discount rate	5.48 %

The following table shows future minimum lease payments under the Company's operating leases and a reconciliation to the operating lease liability as of September 30, 2019:

(in thousands)	
Remainder of 2019	$ 545
2020	2,795
2021	2,903
2022	3,001
2023	2,342
Thereafter	2,205
Total lease payments	13,791
Less: imputed interest	(1,869)
Total operating lease liability	$ 11,922

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. As permitted, the Company partially adopted the standard effective July 1, 2019, which did not have a material impact, on its consolidated financial statements and related disclosures for the periods presented. The Company intends to adoptASU 2018-13 in full for the interim period beginning after December 15, 2019 and does not believe that it 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

On October 23, 2019, the Board of Directors declared a cash distribution of $0.32 per share to be paid on November 18, 2019 to stockholders of record as of November 11, 2019.

In addition to the cash distribution, on October 23, 2019, the Board of Directors declared a supplemental cash distribution of $0.03 per share to be paid on November 18, 2019 to stockholders of record as of November 11, 2019.

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, 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 $223.7 million in tangible assets which accounted for approximately 9.7% of our total assets at September 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.

Portfolio and Investment Activity

The total fair value of our investment portfolio was approximately $2.2 billion at September 30, 2019 and $1.9 billion at December 31, 2018. The fair value of our debt investment portfolio at September 30, 2019 was approximately $2.1 billion, compared to a fair value of approximately $1.7 billion at December 31, 2018. The fair value of the equity portfolio at September 30, 2019 was approximately $148.4 million, compared to a fair value of approximately $120.2 million at December 31, 2018. The fair value of the warrant portfolio at September 30, 2019 was approximately $18.9 million, compared to a fair value of approximately $26.7 million at December 31, 2018.

Portfolio Activity

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

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

Our portfolio activity for the nine months ended September 30, 2019 and the year ended December 31, 2018 was comprised of the following:

(in millions)	**September 30, 2019**	**December 31, 2018**
Debt Commitments (1)		
New portfolio company	$ 823.4	$ 969.2
Existing portfolio company	350.8	184.0
Total	$ 1,174.2	$ 1,153.2
Funded and Restructured Debt Investments (2)		
New portfolio company	$ 468.4	$ 641.6
Existing portfolio company	299.7	258.2
Total	$ 768.1	$ 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	$ 167.5	$ 139.0
Non-Binding Term Sheets		
New portfolio company	$ 186.0	$ 55.5
Existing portfolio company	27.5	—
Total	$ 213.5	$ 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 nine months ended September 30, 2019, we received approximately $424.5 million in aggregate principal repayments. Of the approximately $424.5 million of aggregate principal repayments, approximately $58.5 million were scheduled principal payments and approximately $366.0 million were early principal repayments related to 28 portfolio companies. Of the approximately $366.0 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 nine months ended September 30, 2019 and the year ended December 31, 2018 was as follows:

(in millions)	September 30, 2019	December 31, 2018
Beginning portfolio	$ 1,880.4	$ 1,542.2
New fundings and restructures	784.9	960.7
Warrants not related to current period fundings	0.5	0.1
Principal payments received on investments	(58.5)	(90.1)
Early payoffs	(366.0)	(486.6)
Accretion of loan discounts and paid-in-kind principal	32.0	34.9
Net acceleration of loan discounts and loan fees due to early payoff or restructure	(6.9)	(13.5)
New loan fees	(12.2)	(13.8)
Sale of investments	(21.1)	(5.9)
Loss on investments due to write offs	3.1	(25.1)
Net change in unrealized appreciation (depreciation)	11.0	(22.5)
Ending portfolio	$ 2,247.2	$ 1,880.4

As of September 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 four 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 September 30, 2019, our debt investments have a term of between two and seven years and typically bear interest at a rate ranging from approximately 7.8% 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 $42.1 million of unamortized fees at September 30, 2019, of which approximately $34.6 million was included as an offset to the cost basis of our current debt investments and approximately $7.5 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 September 30, 2019, we had approximately $32.0 million in exit fees receivable, of which approximately $29.2 million was included as a component of the cost basis of our current debt investments and approximately $2.8 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 $2.4 million in PIK income during the three months ended September 30, 2019 and 2018, respectively. We recorded approximately $6.6 million and $7.0 million in PIK income in the nine months ended September 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 12.4% and 12.7% during the three months ended September 30, 2019 and 2018, respectively. The effective yield on our debt investments, which includes the effects of fee and income accelerations attributed to early payoffs, restructuring, loan modifications and other one-time events, was 13.4% and 13.5% for the three months ended September 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 12.1% and 12.3% during the three months ended September 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 29.9% and 7.6% during the nine months ended September 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 September 30, 2019, approximately 85.8% of the fair value of our portfolio was composed of investments in five industries: 31.7% was composed of investments in the drug discovery & development industry, 26.1% was composed of investments in the software industry, 18.8% was composed of investments in the internet consumer & business services industry, 4.7% was composed of investments in the healthcare services, other industry, and 4.5% was composed of investments in the medical devices & equipment industry. Value for companies in these sectors is often vested in intangible assets and intellectual property.

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

For the nine months ended September 30, 2019 and the year ended December 31, 2018, our ten largest portfolio companies represented approximately 26.6% and 28.2% of the total fair value of our investments in portfolio companies, respectively. At September 30, 2019 and December 31, 2018, we had six and seven investments, respectively, that represented 5% or more of our net assets. At September 30, 2019, we had six equity investments representing approximately 58.7% 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 September 30, 2019 and December 31, 2018.

As of September 30, 2019, approximately 97.6% of the debt investment portfolio was priced at floating interest rates or floating interest rates with a Prime or LIBOR-based interest rate floor. Changes in interest rates, including Prime and LIBOR rates, may affect the interest income and the value of our investment portfolio for portfolio investments with floating rates.

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 September 30, 2019, we held warrants in 118 portfolio companies, with a fair value of approximately $18.9 million. The fair value of our warrant portfolio decreased by approximately $7.8 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 $74.7 million to exercise such warrants as of September 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 September 30, 2019 and December 31, 2018, respectively:

(in thousands)	September 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	10	$ 237,875	11.4%	13	$ 311,597	18.0%
2	55	1,331,227	64.0%	43	885,123	51.1%
3	25	479,034	23.1%	25	474,926	27.3%
4	3	29,650	1.4%	7	60,267	3.5%
5	2	2,117	0.1%	2	1,579	0.1%
	95	$ 2,079,903	100.0%	90	$ 1,733,492	100.0%

As of September 30, 2019 and December 31, 2018, our debt investments had a weighted average investment grading of 2.17 and 2.18 on a cost basis, respectively. 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 September 30, 2019, we had three debt investments on non-accrual with a cumulative investment cost and fair value of approximately $9.2 million and $2.2 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 September 30, 2019 and December 31, 2018 is the result of the addition of two 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 nine months ended September 30, 2019 and 2018

Investment Income

Interest Income

Total investment income for the three months ended September 30, 2019 was approximately $69.2 million as compared to approximately $52.6 million for the three months ended September 30, 2018. Total investment income for the nine months ended September 30, 2019 was approximately $197.3 million as compared to approximately $150.9 million for the nine months ended September 30, 2018.

Interest income for the three months ended September 30, 2019 totaled approximately $64.2 million as compared to approximately $49.1 million for the three months ended September 30, 2018. Interest income for the nine months ended September 30, 2019 totaled approximately $181.4 million as compared to approximately $137.9 million for the nine months ended September 30, 2018. The increase in interest income for the three and nine months ended September 30, 2019 as compared to the same periods ended September 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 $64.2 million in interest income for the three months ended September 30, 2019, approximately $61.4 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 $47.7 million and $1.4 million, respectively, of the $49.1 million interest income for the three months ended September 30, 2018.

Of the $181.4 million in interest income for the nine months ended September 30, 2019, approximately $175.3 million represents recurring income from the contractual servicing of our loan portfolio and approximately $6.1 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 $131.9 million and $6.0 million, respectively, of the $137.9 million interest income for the nine months ended September 30, 2018.

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

(in thousands)	Nine Months Ended September 30, 2019	2018
Beginning PIK interest receivable balance	$ 12,717	$ 15,487
PIK interest income during the period	6,558	6,992
PIK accrued (capitalized) to principal but not recorded as income during the period	—	(1,472)
Payments received from PIK loans	(4,482)	(9,473)
Realized gain (loss)	—	—
Ending PIK interest receivable balance	$ 14,793	$ 11,534

The slight decrease in PIK interest income during the nine months ended September 30, 2019 as compared to the nine months ended September 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 September 30, 2019 totaled approximately $5.0 million as compared to approximately $3.5 million for the three months ended September 30, 2018. Fee income from commitment, facility and loan related fees for the nine months ended September 30, 2019 totaled approximately $15.9 million as compared to approximately $12.9 million for the nine months ended September 30, 2018. The increase in fee income for both of the three and nine months ended September 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 $5.0 million in fee income for the three months ended September 30, 2019, approximately $2.3 million represents income from recurring fee amortization and approximately $2.7 million represents income related to the acceleration of unamortized fees due to early repayments, including one-time fees of $1.4 million for the period. Income from recurring fee amortization and the acceleration of unamortized fees due to early loan repayments represented $1.6 million and $1.9 million, respectively, of the $3.5 million in income for the three months ended September 30, 2018.

Of the $15.9 million in fee income for the nine months ended September 30, 2019, approximately $7.0 million represents income from recurring fee amortization and approximately $8.9 million represents income related to the acceleration of unamortized fees due to early repayments, including one-time fees of $4.6 million for the period. Income from recurring fee amortization and the acceleration of unamortized fees due to early loan repayments represented $4.7 million and $8.2 million, respectively, of the $12.9 million in income for the nine months ended September 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 nine months ended September 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 $30.4 million and $23.3 million during the three months ended September 30, 2019 and 2018, respectively. Our operating expenses totaled approximately $94.1 million and $72.7 million during the nine months ended September 30, 2019 and 2018, respectively.

Interest and Fees on our Borrowings

Interest and fees on our borrowings totaled approximately $15.0 million and $11.0 million for the three months ended September 30, 2019 and 2018, respectively, and approximately $45.7 million and $34.8 million during the nine months ended September 30, 2019 and 2018, respectively. Interest and fee expense during the three and nine months ended September 30, 2019, as compared to the same periods ended September 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 5.1% and 5.6% for the three months ended September 30, 2019 and 2018, respectively, and a weighted average cost of debt of approximately 5.4% and 5.8% for the nine months ended September 30, 2019 and 2018, respectively. The decrease in the weighted average cost of debt for the three and nine months ended September 30, 2019, as compared to the same period ended September 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 $6.4 million from $3.7 million for the three months ended September 30, 2019 and 2018, respectively. Our general and administrative expenses increased to $16.3 million from $11.4 million for the nine months ended September 30, 2019 and 2018. Subsequent to the events of March 12, 2019, we received broad document requests from the SEC and are fully cooperating with them. The increase in general and administrative expenses for both of the three and nine months ended September 30, 2019 is partially due to an increase in legal fees and related expenses associated with such cooperation, as well as the negotiation and settlement with our former Chairman and Chief Executive Officer. An increase in tax and rent expense are other drivers contributing to the increase in general and administrative expenses for both of the three and nine months ended September 30, 2019.

Employee Compensation

Employee compensation and benefits totaled $7.6 million for the three months ended September 30, 2019 as compared to $5.3 million for the three months ended September 30, 2018, and $23.4 million for the nine months ended September 30, 2019 as compared to $18.1 million for the nine months ended September 30, 2018. The increase between both of the three and nine months ended September 30, 2019 and 2018 was primarily due to increased variable compensation and payroll related expenses.

Employee stock-based compensation totaled $1.4 million for the three months ended September 30, 2019 as compared to $3.3 million for the three months ended September 30, 2018, and $8.7 million for the nine months ended September 30, 2019 as compared to $8.5 million for the nine months ended September 30, 2018. The decrease between the three months ended September 30, 2019 and 2018 was primarily due to a settlement with our former Chairman and Chief Executive Officer, and elimination of associated stock-based compensation expense. The slight increase between the nine months ended September 30, 2019 and 2018 was primarily related to increased stock-based compensation awards and retention rewards.

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

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

A summary of realized gains and losses for the three and nine months ended September 30, 2019 and 2018 is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands)	**2019**	**2018**	**2019**	**2018**
Realized gains	$ 9,015	$ 4,618	$ 23,957	$ 12,607
Realized losses	(4,208)	(1,268)	(10,324)	(23,088)
Net realized gains (losses)	$ 4,807	$ 3,350	$ 13,633	$ (10,481)

During the three and nine months ended September 30, 2019, we recognized net realized gains of $4.8 million and $13.6 million, respectively, on the portfolio. During the three months ended September 30, 2019, we recorded gross realized gains of $9.0 million primarily from the sale our public equity holdings. These gains were partially offset by gross realized losses of $4.2 million primarily from the liquidation or write-off of our debt, equity, or warrant positions during the period.

During the nine months ended September 30, 2019, we recorded gross realized gains of $23.9 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 $10.3 million primarily from the liquidation or write-off of our debt, equity, or warrant positions during the period.

During the three and nine months ended September 30, 2018, we recognized net realized gains of $3.3 million and net realized losses of $10.5 million, respectively, on the portfolio. During the three months ended September 30, 2018, we recorded gross realized gains of $4.6 million primarily from the sale or acquisition of our holdings. These gains were offset by gross realized losses of $1.3 million primarily from the liquidation or write-off of our equity and warrant positions during the period.

During the nine months ended September 30, 2018, we recorded gross realized gains of $12.6 million primarily from the sale or acquisition of our holdings. These gains were offset by gross realized losses of $23.1 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 nine months ended September 30, 2019 and 2018:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands)	**2019**	**2018**	**2019**	**2018**
Gross unrealized appreciation on portfolio investments	$ 12,341	$ 14,366	$ 100,827	$ 53,133
Gross unrealized depreciation on portfolio investments	(33,595)	(9,317)	(79,526)	(53,684)
Reversal of prior period net unrealized appreciation (depreciation) upon a realization event	(4,211)	(2,018)	(10,278)	25,573
Net unrealized appreciation (depreciation) on debt, equity, and warrant investments	(25,465)	3,031	11,023	25,022
Other net unrealized appreciation (depreciation)	1,056	(54)	1,158	954
Total net unrealized appreciation (depreciation) on investments	$ (24,409)	$ 2,977	$ 12,181	$ 25,976

During the three months ended September 30, 2019, we recorded $24.4 million of net unrealized depreciation, of which $25.5 million was net unrealized depreciation from our debt, equity and warrant investments. We recorded $5.8 million of net unrealized depreciation on our debt investments which was primarily related to $9.9 million of net unrealized depreciation on the debt portfolio partially offset by $4.1 million of unrealized appreciation due to the reversal of unrealized depreciation upon pay-off or write-off of our portfolio companies.

We recorded $13.9 million of net unrealized depreciation on our equity investments and $5.8 million of net unrealized depreciation on our warrant investments during the three months ended September 30, 2019. This net unrealized depreciation of $19.7 million was primarily attributable to $11.5 million of unrealized depreciation on the equity and warrant portfolio and $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 nine months ended September 30, 2019, we recorded $12.2 million of net unrealized appreciation, of which $11.0 million was net unrealized appreciation from our debt, equity and warrant investments. We recorded $1.9 million of net unrealized depreciation on our debt investments which was primarily related to $8.3 million of unrealized depreciation on the debt portfolio and partially offset by $6.4 million of unrealized appreciation primarily due to the reversal of unrealized depreciation upon pay-off or write-off of our portfolio companies.

We recorded $19.1 million of net unrealized appreciation on our equity investments and $6.2 million of net unrealized depreciation on our warrant investments during the nine months ended September 30, 2019. This net unrealized appreciation of $12.9 million was primarily attributable to $29.6 million of unrealized appreciation on the equity and warrant portfolio partially offset by the $16.7 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 September 30, 2018, we recorded $3.0 million of net unrealized appreciation which was mainly from our debt, equity and warrant investments. We recorded $3.5 million of net unrealized appreciation on our debt investments which was attributable to $4.2 million of unrealized appreciation on the debt portfolio, partially offset by $0.7 million of unrealized depreciation primarily due to the reversal of unrealized appreciation upon pay-off or write-off of our portfolio companies.

We recorded $1.5 million of net unrealized appreciation on our equity investments and $1.9 million of net unrealized depreciation on our warrant investments during the three months ended September 30, 2018. This net unrealized depreciation of $0.4 million was primarily attributable to $1.3 million of unrealized depreciation due to the reversal of unrealized appreciation upon acquisition or liquidation of our equity and warrant investments. This is partially offset by $0.9 million of unrealized appreciation on the equity and warrant portfolio investments.

During the nine months ended September 30, 2018, we recorded $26.0 million of net unrealized appreciation, of which $25.0 million was net unrealized appreciation from our debt, equity and warrant investments. We recorded $19.3 million of net unrealized appreciation on our debt investments which was primarily related to $24.7 million of unrealized appreciation primarily due to the reversal of unrealized depreciation upon pay-off or write-off of our portfolio companies. This unrealized appreciation was partially offset by $5.3 million of unrealized depreciation on the debt portfolio.

We recorded $5.6 million of net unrealized appreciation on our equity investments and $0.1 million of net unrealized appreciation on our warrant investments during the nine months ended September 30, 2018. This net unrealized appreciation of $5.7 million was due to $4.8 million of unrealized appreciation on the equity and warrant portfolio and $0.9 million of unrealized appreciation primarily due to the reversal of unrealized depreciation upon being realized as a gain or loss due to the 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 September 30, 2019, we had a net increase in net assets resulting from operations of approximately $19.3 million and for the three months ended September 30, 2018, we had a net increase in net assets resulting from operations of approximately $35.6 million. For the nine months ended September 30, 2019, we had a net increase in net assets resulting from operations of approximately $129.0 million and for the nine months ended September 30, 2018, we had a net increase in net assets resulting from operations of approximately $93.6 million.

Both the basic and fully diluted net change in net assets per common share were $0.18 per share and $1.29 per share for the three and nine months ended September 30, 2019, respectively. Both the basic and fully diluted net change in net assets per common share were $0.37 per share and $1.04 per share for the three and nine months ended September 30, 2018, respectively.

For the purpose of calculating diluted earnings per share for three and nine months ended September 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 nine months ended September 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, July 2024 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, Hercules Funding II entered into the Wells Facility Seventh Amendment. The Wells Facility Seventh Amendment, among other things, 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 whollyowned 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. Under the Union Bank Credit Facility, the lenders have made commitments of $200.0 million.

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 nine months ended September 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 September 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).

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).

On July 16, 2019, we issued $105.0 million in aggregate principal amount of July 2024 Notes. The sale of the July 2024 Notes generated net proceeds of approximately $103.7 million. Aggregate estimated offering expenses in connection with the transaction, including the underwriter’s discount and commissions, were approximately $1.3 million.

At September 30, 2019, we had $149.0 million of SBA debentures, $150.0 million of 2022 Notes, $105.0 million of July 2024 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 no outstanding borrowings on the Wells Facility, and $11.6 million of borrowings outstanding on the Union Bank Facility.

At September 30, 2019, we had $284.4 million in available liquidity, including $21.0million in cash and cash equivalents. We had available borrowing capacity of $75.0 million under the Wells Facility and $188.4 million under the Union Bank Facility, both subject to existing terms, borrowing base, advance rates and regulatory requirements. We primarily invest cash on hand in interest bearing deposit accounts.

At September 30, 2019, we had $74.5 million of capital outstanding in restricted accounts related to our 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 September 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 September 30, 2019, we had approximately $14.9million 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 with any excess distributed to us or available for our general operations.

During the nine months ended September 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 nine months ended September 30, 2019, our operating activities used $226.8 million of cash and cash equivalents, compared to $115.4 million used during the nine months ended September 30, 2018. This $111.4 million increase in cash used in operating activities is primarily related to an increase of $78.7 million investment purchases and decrease of $79.5 million in principal and fee payments received on investments.

During the nine months ended September 30, 2019, our investing activities used approximately $484,000 of cash, compared to $325,000 used during the nine months ended September 30, 2018. The $159,000 increase in cash used in investing activities was due to an increase in purchase of capital equipment.

During the nine months ended September 30, 2019, our financing activities provided $217.3 million of cash, compared to $66.3 million provided during the nine months ended September 30, 2018. The net change of $151.0 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 the July 2024 Notes of $105.0 million, partially offset by $122.3 million increase in repayment of the credit facilities.

As of September 30, 2019, net assets totaled $1.1 billion, with a NAV per share of $10.38. 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 September 30, 2019, our asset coverage ratio under our regulatory requirements as a BDC was 202.1% 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 189.5% at September 30, 2019.

Refer to "Note 4 – Borrowings" included in the notes to our consolidated financial statements appearing elsewhere in this report for a discussion of our borrowings.

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 September 30, 2019, we had approximately $167.5 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 $213.5 million of non-binding term sheets outstanding to five new companies and one existing company, 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.

Contractual Obligations

The following table shows our contractual obligations as of September 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)	$ 1,210,585	$ 10,000	$ 344,250	$ 291,335	$ 565,000
Lease and License Obligations (4)	14,197	3,174	5,872	3,639	1,512
Total	$ 1,224,782	$ 13,174	$ 350,122	$ 294,974	$ 566,512

(1) Excludes commitments to extend credit to our portfolio companies.
(2) Includes $149.0 million principal outstanding under the SBA debentures, $150.0 million of the 2022 Notes, $105.0 million of the July 2024 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, and $11.6 million under the Union Bank Credit Facility as of September 30, 2019. There were no outstanding borrowings under the Wells Facility as of September 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 $764,000 and $2.0 million during the three and nine months ended September 30, 2019 and approximately $522,000 and $1.5 million during the three and nine months ended September 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

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 September 30, 2019, we declared and paid a distribution of $0.34 per share. If we had determined the tax attributes of our distributions year-to-date as of September 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 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 September 30, 2019, approximately 97.0% 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 nine months ended September 30, 2019.

Income Recognition

See “— Changes in Portfolio” for a discussion of our income recognition policies and results during the three and nine months ended September 30, 2019. See “— Results of Operations” for a comparison of investment income for the three and nine months ended September 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

On October 23, 2019, the Board of Directors declared a cash distribution of $0.32 per share to be paid on November 18, 2019 to stockholders of record as of November 11, 2019.

In addition to the cash distribution, on October 23, 2019, the Board of Directors declared a supplemental cash distribution of $0.03 per share to be paid on November 18, 2019 to stockholders of record as of November 11, 2019.

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 September 30, 2019, approximately 97.6% 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, July 2024 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 September 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)	$ (6,790)	$ (7)	$ (6,783)	$ (0.07)
(50)	$ (4,867)	$ (5)	$ (4,862)	$ (0.05)
(25)	$ (2,615)	$ (2)	$ (2,613)	$ (0.03)
25	$ 3,051	$ 2	$ 3,049	$ 0.03
50	$ 6,346	$ 5	$ 6,341	$ 0.06
75	$ 10,896	$ 7	$ 10,889	$ 0.10
100	$ 15,646	$ 10	$ 15,636	$ 0.15
200	$ 35,797	$ 19	$ 35,778	$ 0.34

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 nine months ended September 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, July 2024 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, July 2024 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 (the "Annual Report").

If we do not invest a sufficient portion of our assets in qualifying assets, we could fail to qualify as a business development company or be precluded from investing according to our current business strategy.

As a business development company, we may not acquire any assets other than "qualifying assets" as defined under the 1940 Act, unless, at the time of and after giving effect to such acquisition, at least 70% of our total assets are qualifying assets. See "Item 1. Business –Regulation" of our Annual Report.

We believe that most of the senior loans we make will constitute qualifying assets. However, we may be precluded from investing in what we believe are attractive investments if such investments are not qualifying assets for purposes of the 1940 Act. If we do not invest a sufficient portion of our assets in qualifying assets, we could lose our status as a business development company, which would have a material adverse effect on our business, financial condition and results of operations. In addition, a rise in the equity markets may result in increased market valuations of certain of our existing and prospective portfolio companies, which may lead to new investments with such companies being qualified as non-eligible portfolio company assets and would require that we invest in qualified assets going forward. Similarly, these rules could prevent us from making follow-on investments in existing portfolio companies (which could result in the dilution of our position) or could require us to dispose of investments at inopportune times in order to comply with the 1940 Act. If we need to dispose of such investments quickly, it would be difficult to dispose of such investments on favorable terms. For example, we may have difficulty in finding a buyer and, even if we do find a buyer, we may have to sell the investments at a substantial loss. Although we are exploring alternatives, such as entering into joint venture arrangements, to increase our flexibility to make investments in assets that are not qualifying assets, there can be no assurance that we will ultimately pursue such alternatives or that such alternatives will achieve this goal.

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 September 30, 2019, approximately 97.6% of our loans were at floating rates or floating rates with a floor and 2.4% 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 September 30, 2019 that represent greater than 5% of our net assets:

	September 30, 2019	
(in thousands)	**Fair Value**	**Percentage of Net Assets**
BridgeBio Pharma LLC	$ 80,276	7.4 %
Paratek Pharmaceuticals, Inc.	72,176	6.6 %
EverFi, Inc.	71,787	6.6 %
Oak Street Health	60,683	5.6 %
Businessolver.com, Inc.	57,233	5.3 %
Lithium Technologies, Inc.	54,705	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.
- Lithium Technologies, Inc. is technology company that develops a software platform that helps customers to connect, engage, and understand their total community.

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 nine months ended September 30, 2019, we issued 132,040 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 $1.7 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	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. (1)
10.2	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. (1)
10.3	Separation Agreement, dated as of July 13, 2019, by and between Hercules Capital, Inc. and Manuel Henriquez(2)
10.4	Note Purchase Agreement, dated July 16, 2019, by and among Hercules Capital, Inc. and the Purchasers party thereto(3)
10.5*	Form of Amended and Restated Global Custody Agreement, by and between Hercules Capital, Inc. and MUFG Union Bank, N.A.
31.1*	Chief Executive Officer Certification Pursuant to Exchange Act Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Chief Financial Officer Certification Pursuant to Exchange Act Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Chief Executive Officer Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Chief Financial Officer Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* Filed herewith.

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

(2) Previously filed as part of the Quarterly Report on Form 10-Q of the Company, as filed on August 1, 2019.

(3) 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 Nine Months Ended September 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 September 30, 2019 Fair Value
Control Investments								
Majority Owned Control Investments								
Gibraltar Business Capital, LLC(7)	Unsecured Debt	$ 1,673	$ —	$ 14,401	$ 37	$ —	$ 367	$ 14,805
	Preferred Stock	—	—	23,402	—	—	8,450	31,852
	Common Stock	—	—	1,688	—	—	610	2,298
Total Majority Owned Control Investments		$ 1,673	$ —	$ 39,491	$ 37	$ —	$ 9,427	$ 48,955
Other Control Investments								
Tectura Corporation(5)	Senior Debt	$ 1,446	$ —	$ 18,128	$ 483	$ —	$ (9,006)	$ 9,605
	Preferred Stock	—	—	—	—	—	—	—
	Common Stock	—	—	—	—	—	—	—
Total Other Control Investments		$ 1,446	$ —	$ 18,128	$ 483	$ —	$ (9,006)	$ 9,605
Total Control Investments		$ 3,119	$ —	$ 57,619	$ 520	$ —	$ 421	$ 58,560
Affiliate Investments								
Optiscan BioMedical, Corp.	Preferred Warrants	$ —	$ —	$ 178	$ —	$ —	$ 35	$ 213
	Preferred Stock	—	—	6,799	1,631	—	(583)	7,847
Solar Spectrum Holdings LLC (p.k.a. Sungevity, Inc.) (6)	Senior Debt	1,740	—	11,404	1,610	—	(110)	12,904
	Common Stock	—	—	3,115	—	—	(3,115)	—
Total Affiliate Investments		$ 1,740	$ —	$ 21,496	$ 3,241	$ —	$ (3,773)	$ 20,964
Total Control and Affiliate Investments		$ 4,859	$ —	$ 79,115	$ 3,761	$ —	$ (3,352)	$ 79,524

(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 September 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	$ 14,766	$ 14,805
	Diversified Financial Services	Preferred Series A Equity			10,602,752	26,122	31,852
	Diversified Financial Services	Common Stock			830,000	1,884	2,298
Total Gibraltar Business Capital, LLC						$ 42,772	$ 48,955
Total Majority Owned Control Investments (4.51%)*						$ 42,772	$ 48,955
Other Control Investments							
Tectura Corporation	Internet Consumer & Business Services	Senior Secured Debt	June 2021	Interest rate FIXED 6.00%, PIK Interest 3.00%	$ 21,407	$ 21,407	$ 9,605
	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						$ 22,547	$ 9,605
Total Other Control Investments (0.88%)*						$ 22,547	$ 9,605
Total Control Investments (5.39%)*						**$ 65,319**	**$ 58,560**
Affiliate Investments							
Optiscan BioMedical, Corp.	Medical Devices & Equipment	Preferred Series B Equity			61,855	$ 3,000	$ 393
	Medical Devices & Equipment	Preferred Series C Equity			19,273	655	111
	Medical Devices & Equipment	Preferred Series D Equity			551,038	5,257	3,282
	Medical Devices & Equipment	Preferred Series E Equity			507,103	4,239	4,061
	Medical Devices & Equipment	Preferred Series E Warrants			74,424	572	213
Total Optiscan BioMedical, Corp.						$ 13,723	$ 8,060
Solar Spectrum Holdings LLC (p.k.a. Sungevity, Inc.)	Sustainable and Renewable Technology	Senior Secured Debt	October 2019	Interest rate PRIME + 8.70% or Floor rate of 12.95%, 6.67% Exit Fee	$ 10,000	$ 10,775	$ 10,696
	Sustainable and Renewable Technology	Senior Secured Debt	October 2019	PIK Interest 10.00%	$ 683	683	679
	Sustainable and Renewable Technology	Senior Secured Debt	October 2019	Interest rate PRIME + 10.70% or Floor rate of 15.70%, PIK Interest 2.00%	$ 1,555	1,555	1,529
	Sustainable and Renewable Technology	Common Stock			380	61,502	—
	Sustainable and Renewable Technology	Common Warrants			0.69	—	—
Total Solar Spectrum Holdings LLC (p.k.a. Sungevity, Inc.)						$ 74,515	$ 12,904
Total Affiliate Investments (1.93%)*						**$ 88,238**	**$ 20,964**
Total Control and Affiliate Investments (7.32%)*						**$ 153,557**	**$ 79,524**

* 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: October 30, 2019

/S/ SCOTT BLUESTEIN

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

Dated: October 30, 2019

/S/ SETH H. MEYER

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

Exhibit 10.5

AMENDED AND RESTATED GLOBAL CUSTODY AGREEMENT

For Foreign and Domestic Securities and Non-Custody Assets

This Amended and Restated Global Custody Agreement ("**Amended and Restated Agreement**") is made as of, by and between Hercules Capitail, ("***Principal***") and MUFG Union Bank, N.A. ("***Custodian***"), and hereby supersedes that certain Custody Agreement dated as of (May 4, 2016), the Addendum to Custody Agreement for Special Assets, and other supplements thereto (collectively, the **Custody Agreement**), by and between Custodian and Principal, and any amendments thereof.

WHEREAS, Custodian is a bank meeting the qualifications required by Section 17(f)(1) of the Act to act as custodian of the portfolio securities and other assets of investment companies;

WHEREAS, Principal wishes to retain Custodian to act as custodian of its portfolio securities and certain assets and Custodian has indicated its willingness to so act;

WHEREAS, solely for consolidated recordkeeping purposes and as an accommodation to Principal, Principal wishes to have Custodian continue reflecting on account statements, with appropriate descriptions and disclaimers, and pursuant to policies and procedures adopted by Custodian from time to time, certain assets which Principal and Custodian acknowledge Custodian has not registered under Custodian's name or Custodian's nominee name and Custodian has not exercised control over such assets;

WHEREAS, assets which Custodian has not registered under Custodian's name or nominee name and Custodian has not exercised control over such assets, were previously referred to as "**Special Assets**" in the "*Addendum to Custody Agreement for Special Assets*" and Custody Agreement executed between Principal and Custodian;

WHEREAS, for added clarity and avoidance of doubt, Special Assets are now referred to in this Amended and Restated Agreement as "**Non-Custody Assets**" as defined herein.

NOW, THEREFORE, in consideration of the promises and mutual covenants herein contained, and intending to be legally bound hereby, the parties hereto agree as follows:

1. **DEFINITIONS.** Certain terms used in this Amended and Restated Agreement are defined as follows:

1.1. ***"Account"*** means, collectively, each account maintained by Custodian on behalf of Principal pursuant to Paragraph 4 of this Amended and Restated Agreement.

1.2. ***"Act"*** means the Investment Company Act of 1940, as amended, and the rules and regulations adopted by the U.S. Securities and Exchange Commission ("SEC") thereunder, including §270.17f-4, §270.17f-5 and §270.17f-7, all as may be amended from time to time.

1.3. ***"Authorized Agent"*** means a representative duly appointed by Principal or Investment Manager provided in writing to Custodian, for the purpose of directing Custodian to effect certain transactions or activities related to Property, including without limitation shareholder activities and fund expenses.

1.4. ***"Board"*** means the Board of Trustees or the Board of Directors of Principal.

1.5. ***"Depository"*** means both any "securities depository" within the meaning of §270.17f-4 of the Act and any Eligible Securities Depository.

1.6. ***"Eligible Foreign Custodian"*** means an entity that is incorporated or organized under the laws of a country other than the United States and that is a Qualified Foreign Bank, as defined in §270.17f-5(a)(5) of the Act.

1.7. ***"Eligible Securities Depository"***, ("Depository", or collectively "Depositories") means a system for the central handling of securities as defined in §270.17f-7(b)(1) of the Act.

1.8. ***"Emerging Market"*** means each market so identified in **Appendix A** attached hereto as appropriate.

1.9. ***"Foreign Account"*** means an Account in which Foreign Currencies or Securities are held by Custodian for the benefit of clients whether in comingled accounts or accounts designated for each beneficial owner as is required under the regulatory jurisdiction where the Foreign Account is established.

1.10. ***"Foreign Assets"*** has the meaning provided in §270.17f-5(a)(2) of the Act.

1.11. ***"Foreign Currency"*** ("Currencies") means any currency or any composite currency unit issued by a government or entity other than the United States Department of Treasury.

1.12. ***"Foreign Market"*** means each market so identified in **Appendix A** attached hereto as appropriate.

1.13. ***"Global Sub-Agent Network" ("Sub- Agent Network" or "Sub-Agents")*** means any Sub-Custodian located in the United States and any sub-agents located in the countries and markets where Eligible Foreign Sub-Custodians and Eligible Foreign Depositories are maintained by Custodian or any Sub-Custodian located in the United States which utilizes a Sub-Agent Network on behalf of Custodian.

1.14. ***"Governing Documents"*** means, with respect to each of the portfolios, (i) the declaration of trust or other constituting document of the Principal of which the portfolio is a series or portfolio, (ii) the currently effective prospectus under the Securities Act, (ii) the most recent statement of additional information, and (iii) a certified copy of the Board approving the engagement of Custodian to act as custodian of the Securities.

1.15. ***"Investment Manager" or "Manager"*** means an investment advisor or manager identified by Principal in a written notice to Custodian as having the authority to direct Custodian regarding the management, acquisition, or disposition of Securities.

1.16. ***"Monitoring System"*** means the policies and procedures established by Custodian to fulfill its duties to monitor the custody risks associated with maintaining Securities with a Sub-Custodian or Depository on a continuing basis, pursuant to this Amended and Restated Agreement.

1.17. ***" Non-Custody Assets" (previously referred to as "Special Assets")*** means Property as defined herein, which are not registered in Custodian's name or its nominee name and not under the control of Custodian, as indicated to Custodian in writing by Principal or Manager at the time of receipt or purchase of such Property and as accepted by Custodian, and which Custodian has agreed to report only for consolidated recordkeeping purposes and as an accommodation to the Principal.

1.18. ***"Property"*** means Securities and Non-Custody Assets, as those terms are defined herein, which are subject to the terms of this Amended and Restated Agreement.

1.19. ***"Securities***" means securities as defined in §2(a)(36) of the Act together with cash or any currency or other property of Principal and all income and proceeds of sale of such securities or other property of Principal that are held by Custodian in the Account, excluding Non-Custody Assets.

1.20. ***"Securities Act***" means the Securities Act of 1933, as amended.

1.21. ***"Sub-Custodian"*** *me*ans another custodian, including without limitation an Eligible Foreign Custodian and its agents, retained by Custodian to hold Securities.

1.22. ***"Valuation Agent"*** means as a qualified agent which includes Sub- Custodian under Subparagraph 1.2,1 or an agent which Principal designates in writing to Custodian. A Valuation Agent may be an SEC registered transfer agent or a PCAOB qualified accounting firm, or other qualified agent, which Custodian may, in its absolute discretion, consider a reasonable pricing source for certain Non-Custody Assets under Subparagraph 8.9.1 of this Agreement**.**

2. APPOINTMENT AS CUSTODIAN OF SECURITIES

2.1. Principal hereby appoints Custodian as the custodian of the Securities of each of its portfolios, and Custodian hereby accepts such appointment and agrees to establish and maintain one or more Accounts for Principal in which Custodian will hold the Securities.

2.2. Custodian hereby accepts appointment as custodian of the Securities of Principal and agrees to perform the duties of such custodian in accordance with the provisions of this Amended and Restated Agreement.

2.3. Principal has provided Custodian with a copy of its Governing Documents, and will provide Custodian with a copy of amendments, supplements and modifications thereof from time to time.

3. REPRESENTATIONS AND ACKNOWLEDGEMENTS

3.1. ***Power to Enter Agreement***. Principal represents that, with respect to the Account, Principal is authorized to enter into this Amended and Restated Agreement and to retain Custodian on the terms and conditions and for the purposes described herein.

3.2. ***Foreign Custody Manager***. Custodian agrees to serve as Principal's "Foreign Custody Manager" as defined in Rule
§270.17f-5(a)(3) of the Act, in respect of Principal's Foreign Assets held from time to time by Custodian with any Sub-Custodian that is an Eligible Foreign Custodian or with any Eligible Securities Depository.

3.3. ***Custodian's Sub-Agent Network.*** Principal hereby acknowledges receiving appropriate notice of Custodian's selection of the use of those Eligible Foreign Custodians and Eligible Securities Depositories that are identified in **Appendix A** of this Amended and Restated Agreement, as appropriate and amended from time to time.

4. ESTABLISHMENT OF ACCOUNTS FOR SECURITIES AND NON-CUSTODY ASSETS

Custodian shall open and maintain a separate Account or Accounts in the name of Principal and shall hold in such Account or Accounts, subject to the provisions hereof, all Securities received by Custodian from Principal or for the Account of Principal as Custodian, and to report any Non-Custody Assets as an accommodation and for consolidated recordkeeping purposes only as agreed to by Custodian from time to time. Custodian, in its sole discretion, may reasonably refuse to accept any Security or Non-Custody Asset now or hereafter delivered to Custodian for inclusion in the Account.
Principal shall be notified promptly of such refusal and any such property shall be immediately returned to Principal. Custodian shall be under no duty to take any action hereunder on behalf of the Principal except as specifically set forth herein or as may be specifically agreed to by Custodian and the Principal in a written amendment hereto.

5. CUSTODY AND REGISTRATION OF SECURITIES

Custodian may (i) maintain possession of all or any portion of the Securities, including possession in a foreign branch or other office of Custodian; or (ii) retain, in accordance with this Paragraph 5 and Paragraph 6 of this Amended and Restated Agreement, one or more Sub- Custodians to hold all or any portion of the Securities. Custodian and any Sub-Custodian may, in accordance with this Paragraph 5 and Paragraph 6 of this Amended and Restated Agreement, deposit definitive or book-entry Securities with one or more Depositories.

5.1. ***Identification of Securities***. Custodian shall ensure the Securities are at all times properly identified as being held for the appropriate Account. Custodian shall
separate the Securities from other securities owned by Custodian. Custodian shall not be required to separate Securities held for Principal from other securities or property held by Custodian for third parties as custodian or other representative capacity, but Custodian shall maintain adequate

records indicating that the Principal is the beneficial owner of the Securities.

5.2. ***Use of Depositories and Sub- Custodians***. Custodian may, in its discretion, deposit any Securities which, under applicable law, are eligible to be so deposited in a Depository or Sub-Custodian account. Securities and Foreign Currencies held by a Sub-Custodian or Depository will be held subject to the rules, terms, and conditions of such securities markets or securities depositories. If Custodian deposits Securities with a Sub-Custodian or Depository, Custodian shall maintain adequate records showing the identity and location of the Sub-Custodian or Depository, the Securities held by the Sub-Custodian or Depository and each account to which such Securities belong. With respect to Securities that are held for Custodian or any Sub-Custodian at a Depository, as defined in §270.17f-4 of the Act, Custodian shall satisfy or cause the Sub-Custodian to satisfy the requirements of §270.17f-4 of the Act.

5.3. ***Use of Nominees***. Custodian shall have the right to hold or cause to be held all Securities in the name of Custodian, or for any Sub-Custodian or Depository, or in the name of a nominee of any of them as Custodian shall determine to be appropriate under the circumstances.

5.4. ***Foreign Currency Deposits***. Custodian may in accordance with customary practices hold any currency in which any cash is denominated on deposit, and effect transactions relating thereto, through an account with an affiliate of Custodian, or Sub-Custodian or Depository in the country where such currency is the lawful currency or in other countries where such currency may be lawfully held on deposit.

5.5. ***Transferability and Convertibility of Currency***. Custodian shall have no liability for any loss or damage arising from the applicability of any law or regulation now or hereafter in effect, or from the occurrence of any event, which may affect the transferability, convertibility, or availability of any currency in the countries where such Foreign Accounts are maintained and in no event shall Custodian be obligated to substitute another currency for a currency whose transferability, convertibility, or availability has been affected by such law, regulation or event. To the extent that any such law, regulation or event imposes a cost or charge upon Custodian in relation to the transferability, convertibility, or availability of any such currency, such cost or charge shall be for the Account.

5.6. ***Delivery of Securities***. If Principal or Investment Manager directs Custodian to deliver assets, certificates or other physical evidence of ownership of Securities to any broker or other party, other than a Sub- Custodian or Depository employed by Custodian for purposes of maintaining the Account, Custodian's sole responsibility shall be to exercise care and diligence in effecting the delivery as instructed by Principal or Manager. Upon completion of the delivery, Custodian shall be discharged completely of any further liability or responsibility with respect to the safekeeping and custody of Securities so delivered.

5.7. ***Transferability of Securities.*** Except as otherwise provided under this Amended and Restated Agreement or as the parties may otherwise agree, Custodian shall ensure that (i) the Securities will not be subject to any right, charge, security interest, lien, or claim of any kind in favor of Custodian or any Sub-Custodian or any person claiming through any of them except for Custodian's expenses relating to the Securities' safe custody or administration or other services made available under contractual agreements to Account by Custodian, and in the case of cash deposits at an Eligible Foreign Custodian, liens or rights in favor of the creditors of the Eligible Foreign Custodian arising under bankruptcy, insolvency, or similar laws, and (ii) the beneficial ownership of the Securities will be freely transferable without the payment of money or value other than for safe custody or administration.

5.8. ***Access to Account Records***. Principal or its designee, shall have access, upon reasonable prior notice to Custodian, during regular business hours to the books and records relating to the Accounts, or shall be given confirmation of the contents of the books and records, maintained by Custodian or any Sub-Custodian holding securities hereunder to verify the accuracy of such books and records. Custodian shall notify Principal promptly of any applicable law or regulation in any country where Securities are held that would restrict such access or confirmation.

6. SELECTION AND MONITORING OF GLOBAL SUB-AGENT NETWORK

Upon written notice to Principal, as provided in Subparagraph 6.3 of this Amended and Restated Agreement, Custodian may from time to time select one or more Sub-Custodians and Eligible Foreign Custodians and, subject to the provisions of Subparagraph 6.5, one or more Eligible Securities Depositories, to hold Securities hereunder.

6.1. ***Governing Sub-Agent Agreement***. Any relationship Custodian establishes with an Eligible Foreign Custodian with respect to Securities shall be governed by a written contract providing for the reasonable care of Securities based on the standards specified in Section §270.17(f)-5(c)(1) of the Act, and including the provisions set forth in Sections §270.17(f)-5(c)(2)(i)(A) through (F) of the Act, or provisions which Custodian determines provide the same or greater protection of Principal's Securities.

6.2. ***Sub-Agent Network Selection.***

6.2.1. **Foreign Sub-Custodian.** In selecting an Eligible Foreign Custodian on behalf of Custodian, the Sub-Custodian shall exercise reasonable care, prudence and diligence and shall consider whether the Securities will be subject to reasonable care, based on the standards applicable to custodians in the relevant market, including (i) the Eligible Foreign Custodian's practices, procedures, and internal controls, including, but not limited to, the physical protections available for certificated securities (if applicable), the method of keeping custodial records, and the security and data protection practices;
(ii) the Eligible Foreign Custodian's financial strength, general reputation and standing in the country in which it is located, its ability to provide efficiently the custodial services required, and the relative cost of such services; and, (iii) whether the Eligible Foreign Custodian has branch offices in the United States, or consents to service of process in the United States, in order to facilitate jurisdiction over and enforcement of judgments against it.

6.2.2. **Securities Depository**. In selecting an Eligible Securities Depository, Custodian shall exercise reasonable care, prudence, and diligence in evaluating the custody risks associated with maintaining Securities with the Eligible Securities Depository under Custodian's custody arrangements with any relevant Eligible Foreign Custodian and the Eligible Securities Depository.

6.3. ***Notices to Principal***. Custodian shall give written notice to Principal of the deposit of Securities with an Eligible Foreign Custodian or, directly or through an Eligible Foreign Sub-Custodian, with an Eligible Securities Depository. The notice shall identify the Eligible Foreign Custodian or Eligible Securities Depository and shall include reasonably available information relied on by Custodian in making the selection.

6.4. ***Monitoring of Sub-Agent Network***. Custodian shall monitor under its Monitoring System the appropriateness of the continued custody or maintenance of Principal's Securities with each Sub- Custodian and their Global Network of Eligible Foreign Custodian or Eligible Securities Depository.

6.4.1. Custodian shall evaluate and determine at least annually the continued eligibility of its Sub-Custodian and each Eligible Foreign Custodian and Eligible Securities Depository approved by Principal to act as such hereunder. In discharging this responsibility, Custodian shall (i) monitor on a continuing basis the services and reports provided by its Sub-Custodian for each of its Eligible Foreign Custodians or Eligible Securities

Depositories; (ii) at least annually, obtain and review the periodic reports published by its Sub-Custodian confirming the Sub-Custodian's review of the continued eligibility of each Foreign Sub-Custodian and Foreign Securities Depository; and (iii) review periodic reports related to the Sub-Custodian's periodic physical inspections of the operations of each Eligible Foreign Custodian or Eligible Securities Depository as deemed appropriate.

6.4.2. Custodian shall provide to the Board annually and at such other times as the Board may reasonably request based on the circumstances of the Principal's foreign custody arrangements, written reports notifying the Board of the placement of Securities of Principal with a particular Sub-Custodian or a particular foreign Eligible Foreign Custodian within a Foreign Market or an Emerging Market and of any material change in the arrangements (including any material changes in any contracts governing such arrangements or any material changes in the established practices or procedures of Depositories) with respect to Securities of the Principal held by the Eligible Foreign Custodian.

6.4.3. If Custodian determines that (i) any Eligible Foreign Custodian or Eligible Securities Depository no longer satisfies the applicable requirements described in Subparagraph 1.5 of this Amended and Restated Agreement (in the case of an Eligible Foreign Custodian) or Subparagraph 1.6 of this Amended and Restated Agreement (in the case of an Eligible Securities Depository); or, (ii) any Eligible Foreign Custodian or Eligible Securities Depository is otherwise no longer capable or qualified to perform the functions contemplated herein; or, (iii) any change in a contract with a Eligible Foreign Custodian or any change in established Eligible Securities Depository or market practices or procedures shall cause a custody arrangement to no longer meet the requirements of the Act, Custodian shall promptly give written notice thereof to Principal. The notice shall either indicate Custodian's intention to transfer Securities held by the removed Eligible Foreign Custodian or Eligible Securities Depository to another Eligible Foreign Custodian or Eligible Securities Depository previously identified to Principal, or include a notice pursuant to Subparagraph 6.3 of this Amended and Restated Agreement of Custodian's intention to deposit Securities with a new Eligible Foreign Custodian or Eligible Securities Depository, in either instance such transfer of Securities to be effected as soon as reasonably practical.

6.5. ***Compulsory Depositories***. Notwithstanding the foregoing subparagraphs of this Paragraph 6**,** Custodian shall have no responsibility for the selection or monitoring of any Eligible Securities Depository or Eligible Securities Depository's agent ("Compulsory Depository") (i) the use of which is mandated by law or regulation; (ii) because securities cannot be withdrawn from the depository; or (iii) because maintaining securities outside the securities depository is not consistent with prevailing market practices in the relevant market; provided however, that Custodian shall notify Principal if Principal has directed a trade in a market containing a Compulsory Depository, so Principal and Advisor shall have an opportunity to determine the appropriateness of investing in such market.

6.6. ***Assessment of Custody Risk***. Principal and Custodian agree that, for purposes of this Paragraph 6**,** Custodian's determination of appropriateness shall only include custody risk, and shall not include any evaluation of "country risk" or systemic risk associated with the investment or holding of assets in a particular country or market, including, but not limited to (i) the use of Compulsory Depositories; (ii) the country's or market's financial infrastructure;
(iii) the country's or market's prevailing custody and settlement practices; (iv) risk of nationalization, expropriation or other governmental actions; (v) regulation of the banking or securities industries; (vi) currency controls, restrictions, devaluation

or fluctuation; and (vii) country or market conditions which may affect the orderly execution of securities transactions or affect the value of the transactions. Principal and Custodian further agree that the evaluation of any such country and systemic risks shall be solely the responsibility of Principal and the Investment Manager.

7. TRANSACTIONS

7.1. ***Instructions and Immediately Available Funds***. Principal, or where applicable, the Investment Manager, is responsible for ensuring that Custodian receives timely instructions and sufficient immediately available funds for all transactions by such time and date as conditions in the relevant market dictates. As used herein, "sufficient immediately available funds" shall mean either (i) sufficient cash denominated in the currency of Principal's home jurisdiction to purchase the necessary foreign currency, or (ii) sufficient applicable foreign currency, to settle the transaction. If Custodian does not receive such timely instructions and/or immediately available funds, Custodian shall have no liability of any kind to any person, including Principal, for failing to effect settlement. However, Custodian shall use reasonable efforts to effect settlement as soon as possible after receipt of appropriate instructions. Unless otherwise specified by Principal or Manager, foreign exchange transactions will be processed according to the instructions in **Appendix B as appropriate and amended from time to time**.

7.2. ***Customary or Established Settlement Practices***. Principal and Manager acknowledge settlement of and payment for Securities received for and delivered from the Account may be made in accordance with the customary or established securities trading and securities processing practices in the market in which the transaction occurs. Principal understands that when Custodian is instructed to deliver Foreign Securities or Foreign Currencies against payment, delivery of such Foreign Securities and Foreign Currencies and receipt of payment therefore may not be completed simultaneously. Principal assumes full responsibility for all credit risks involved in connection with Custodian's delivery of Foreign Securities or Foreign Currencies pursuant to instructions of Principal or Manager.

7.3. ***Additions to and Withdrawals from Account.*** Custodian shall make all additions and withdrawals of Securities to and from this Account only upon receipt of and pursuant to written instructions from Principal or Manager and in accordance with Custodian's procedures. Principal acknowledges Authorized Agents are permitted to process shareholder movement and fund expenses, without prior approval by Principal or Manager.

7.4. ***Purchase or Sales***. Principal or Manager from time to time may instruct Custodian regarding the purchase or sale of Securities in accordance with this Paragraph 7.

7.5. ***Purchases***. Provided the Account contains sufficient funds, Custodian shall settle purchases by charging the Account with the amount necessary to make the purchase and effecting payment to the seller or broker for the Securities as provided in this subparagraph and as provided herein. Custodian shall have no liability of any kind to any person, including Principal, if Custodian is unable to settle a purchase or sale because the Account does not contain sufficient funds, or if Custodian effects payment on behalf of the Account, and the settler or broker specified by Manager fails to deliver the Securities purchased. Custodian shall exercise such ordinary care and diligence as would be employed by a reasonably prudent custodian in examining and verifying the certificates or other indicia of ownership of the Securities purchased before accepting them, except with respect to assets described in Paragraph 7.7.

7.6. ***Sales***. Custodian shall settle sales by delivering certificates or other indicia of ownership of the Securities, and as instructed, shall receive cash for such sales. Custodian shall have no liability of any kind to any person, including Principal, if Custodian exercises due diligence and delivers such certificates or indicia of ownership and the purchaser or broker fails to effect payment.

7.7. ***Depository Settlement**.* If a purchase or sale is settled through a Sub-Custodian or Depository, Custodian shall exercise such ordinary care and diligence as would be employed by a reasonably prudent custodian in verifying proper consummation of the transaction by the Sub-Custodian or Depository.

7.8. ***Income and Principal**.* Custodian or its designated Sub-Agents are authorized, as Principal's agent, to surrender against payment maturing obligations and obligations called for redemption, and to collect and receive payments of interest and principal, dividends, warrants, and other things of value in connection with Securities. Absent written instructions from Principal or Manager, funds will remain in the currency of collection upon receipt of payment.

7.9. ***Foreign Currency Transactions**.* At the direction of Principal or Manager, as the case may be, Custodian shall convert currency in the Account to other currencies through customary channels including, without limitation, Custodian or any of its affiliates or Sub-Custodian Network, as shall be necessary to effect any transaction directed by Principal or Manager. If Principal or Manager gives Custodian standing instructions to execute foreign currency exchange transactions on Principal's behalf, such transactions will be performed in accordance with the FX Standing Instructions Defined Spread Program Description as amended from time to time.

7.10. ***Taxes**.* Custodian shall pay or cause to be paid from the Account all taxes and levies in the nature of taxes imposed on the Account or the Foreign Securities thereof by any country. Custodian will use reasonable efforts to give the Principal or Manager, as the case may be, advance notice of the imposition of such taxes. Custodian shall have no responsibility or liability for any obligations now or hereafter imposed on the Principal or Custodian as custodian of the Principal by the tax law of the United States or of any state or political subdivision thereof or any foreign jurisdiction. The sole responsibilities of Custodian with regard to such tax law shall be to use reasonable efforts to effect the withholding of local taxes and related charges with regard to market entitlement/payment in accordance with local law and subject to local market practice or custom and to assist Principal with respect to any claim for exemption or refund under the tax law of countries for which Principal has provided such information. Except as specifically provided in this Amended and Restated Agreement or otherwise agreed to in writing by Custodian, Custodian shall have no independent obligation to determine the tax obligations now or hereafter imposed on Principal by any taxing authority or to obtain or provide information relating thereto, and shall have no obligation or liability with respect to such tax obligations.

7.11. ***Foreign Tax Reclamation**.* Custodian shall use reasonable efforts to obtain refunds of taxes withheld on Foreign Securities or the income thereof that are available under applicable tax laws, treaties and regulations subject to Principal's provision of all documentation and certifications as required by U.S. and foreign tax authorities to establish the eligibility of Principal for tax reclamation under applicable law or treaty. Principal hereby agrees to indemnify and hold harmless Custodian and its agents in respect to any liability arising from any underwithholding or underpayment of any tax which results from the inaccuracy or invalidity of any such forms or other documentation, and such obligation to indemnify shall be a continuing obligation of Principal, its successor and assignees, notwithstanding the termination of this Amended and Restated Agreement. Custodian is authorized to disclose any information required by any such tax or other governmental authority in relation to processing any claim for exemption from or reduction or refund of any taxes relating to the Principal's transactions and holdings.

7.12. ***Collection Obligations**.* Custodian shall diligently collect income and principal of Securities which Custodian has received actual notice in accordance with normal industry practices. However, Custodian shall be under no obligation or duty to take any action to effect collection of any amount if the Securities upon which such amount is payable is in default, or if payment is refused after due demand. Custodian shall notify Principal and Manager promptly of such default or refusal to pay. Custodian shall have no duty to file or pursue any bankruptcy or class action claims with respect to Account, unless indemnified by Principal in manner and amount satisfactory to Custodian provided, however, unless Principal directs otherwise, Custodian will use its best efforts to file claims in class actions and pay any recovery to account, net of Custodian's fees as disclosed in the fee schedule.

7.13. ***Capital Changes***. Custodian may, without further instruction from Principal or Manager, exchange temporary certificates and may surrender and exchange Securities for other securities in connection with any reorganization, recapitalization or similar transaction in which the owner of the Securities is not given an option. Custodian has no responsibility to effect any such exchange unless it has received notice of the event permitting or requiring such exchange at the office of Custodian's designated agents.

7.14. ***Fractional Interest***. Custodian shall sell or distribute all stock distributed by a corporation as a dividend, stock split, or otherwise, unless otherwise instructed.

7.15. ***Delivery of Instructions and Funds***. Instructions and Funds shall be directed to Custodian or Sub-Custodian, as applicable with respect to the foregoing.

8. NON-CUSTODY ASSETS

8.1. ***Consolidated Recordkeeping Services***. As an accommodation to Principal, Custodian may provide consolidated recordkeeping services for Non-Custody Assets as indicated by Principal. Non-Custody Assets shall be designated on Custodian's books as "**Held Away,**" "**Shares Not Held**" or by similar characterization. Principal acknowledges and agrees that it shall have no security entitlement against Custodian with respect to Non-Custody Assets, that Custodian may rely, without independent verification, on information provided by Principal, Manager, Valuation Agent or an appropriate Authorized Agent regarding Non-Custody Asset descriptions and other relevant information. Custodian shall have no responsibility whatsoever with respect to Non-Custody Assets or the accuracy of any information maintained on Custodian's books or set forth on account statements concerning Non-Custody Assets. Principal acknowledges and agrees any account statement or report generated by Custodian for Accounts holding Non-Custody Assets are not to be relied upon by Principal, Manager, Valuation Agent, their respective agents, current or potential investors for valuation, reporting, or disclosure purposes in furtherance of Principal's ongoing regulatory or statutory obligations.

8.2. ***Recognition of Non-Custody Assets***. Notwithstanding any other provision in this Amended and Restated Agreement, Custodian's sole duty and responsibility with respect to each Non-Custody Asset shall be to **list each Non-Custody Asset on the asset statement** at the last known price provided by Valuation Agent or at zero value pursuant to Subparagraph 8.10 below.

8.3. ***Identification of Non-Custody Assets.*** Custodian shall have no duty or obligation to hold, verify or perfect title or ownership to any Non-Custody Asset, review or make recommendations as to the disposition of such Non-Custody Asset or to authenticate the existence, value, or nature of any Non-Custody Asset.

8.4. ***Instructions***. Principal represents that for each and every Non-Custody Asset transaction, the documentation has been or will be prepared to the satisfaction of Principal, Manager and Custodian as appropriate, and Custodian will not be held in any way responsible for any of the provisions of any documentation nor for any aspect of the closing of any Non-Custody Asset transaction other than as directed in writing by Principal, Manager, Authorized Agents or other duly appointed authorized agents herein.

8.5. ***Income and Other Payments***. Any interest, dividends, rents, royalties or other payments that may be received by Custodian in the Account with respect to Non-Custody Assets shall be maintained in the Account until invested or otherwise disposed of pursuant to written instructions from Principal, Manager or Authorized Agent, or otherwise directed in accordance with the Amended and Restated Agreement.

8.6. ***Use of Sub-Custodian's System***. Upon written notice to Principal and where appropriate as determined by Custodian, Custodian may utilize the record keeping system of its Sub-Custodian to account for certain transactions related to Non-Custody Assets. Notwithstanding Custodian's use of Sub-Custodian's record keeping system, Custodian shall provide Principal and/or Authorized Agents consolidated reports of all Non-Custody Assets.

8.7. ***Collection Obligations***. Custodian shall have no duty or obligation to make demand or to take any action to effect collection of any payments that may become due and shall not be required to notify Principal, Manager or Authorized Agent of any default or refusal to pay.

8.8.Representations and Warranties as to Non-Custody Assets

8.8.1. **Investment Authority**. Principal, Manager or Authorized Agent will retain full investment authority over all Non- Custody Assets pursuant to the provision of this Amended and Restated Agreement.

*8.8.2.***Investment Accreditation.** Principal hereby certifies to Custodian that Principal, Manager and Authorized Agents meet any and all required accreditation or other standards needed to invest in any Non-Custody Asset and that no license of any nature or consent by any governmental entity is required in connection with the ownership of any Non-Custody Asset.

8.8.3. **Investment Due Diligence**. Principal hereby represents that Principal, Manager or Authorized Agent has completed such due diligence as needed to confirm the value and substance of each and every Non- Custody Asset, including, but not limited to any credit questions regarding any Non-Custody Asset. Principal confirms that Principal is fully responsible for any matters which may arise in regard to any Non-Custody Asset.

8.9.Accounting and Reporting of Non- Custody Assets

8.9.1. **Valuation at Zero.** Non-Custody Assets will be listed on the account statement by Custodian at **zero value** by Custodian, such value which Principal agrees is reported for recordkeeping purposes only and not an indication of any market value. In its absolute discretion, Custodian may agree to report certain Non-Custody Asset at a value **other than zero**, provided such value is submitted by a Valuation Agent accompanied by appropriate documentation acceptable to and received by Custodian within a stated period of time. Principal acknowledges Custodian shall have no independent duty or obligation to verify or ascertain the value or to request or obtain valuation updates on any Non- Custody Asset, except as agreed to by Custodian in writing from time to time.

8.9.2. **Transaction Accounting**. Custodian shall have no duty or obligation to provide Principal or Authorized Agent with a separate accounting for payments or receipts or to allocate such receipts between principal and income. For certain Non- Custody Assets, Custodian shall use Sub-Custodian's record keeping system upon proper notice to Principal as provided herein under Paragraph 8 of this Amended and Restated Agreement.

*8.9.3.***Limited Power of Attorney**. The limited power of attorney granted by Principal to Custodian in this Amended and Restated Agreement shall not apply to the Non-Custody Assets.

9. CREDITS TO ACCOUNT RELATING TO SECURITIES

9.1. ***Payment***. Custodian may, as a matter of bookkeeping convenience or by separate agreement with the Principal, credit the account with the proceeds from the sale, redemption or other disposition of Securities or interest or dividends or other distributions payable on Securities prior to its actual receipt of final payment; therefore, all such credits shall be conditional until Custodian's actual receipt of final payment and may be reversed by Custodian to the extent that final payment is not received. Payment with respect to a transaction will not be final until Custodian receives immediately available funds under which applicable local law, rule and/or practice are irreversible and not subject to any security interest, levy or other encumbrance, and which are specifically applicable to such transaction. Principal acknowledges and agrees that any currency risk associated with such credits will be borne by Principal.

9.2. ***Emerging Market Settlement Dates***. Notwithstanding the foregoing Paragraph 8.1, Principal understands and agrees that settlement of Securities transactions is available only on settlement date basis in certain Emerging Markets, which are identified in **Appendix A,** as appropriate and amended from time to time.

*9.2.1.***Cash Deposits**. For Emerging Markets with restricted settlement conditions, cash of any currency deposited or delivered to the Account shall be available for use by Principal or Investment Manager only on the business day on which actual receipt of final payment and funds of good value are available to Sub-Custodian in the Account.

*9.2.2.***Securities**. For Emerging Markets with restricted settlement conditions, Securities deposited or delivered to the Account shall be available for use by Principal or Investment Manager only on the business day on which such Securities are held in the nominee name or are otherwise subject to the control of, and in a form for good delivery by, the Sub- Custodian.

10.OVERDRAFT AND INDEBTEDNESS

10.1. ***Advance Funds.*** Custodian, in its sole discretion, may advance funds to or for the benefit of Account in connection with the settlement of securities or currency transactions or other activity in the Account including overdrafts or other indebtedness incurred in connection with the Account transactions. Principal agrees to reimburse Custodian on demand the amount of the advance or overdraft and any related fees and interest as established in Custodian's fee schedule or as otherwise established by Custodian. Principal will bear the risk from any currency valuation differences associated with Principal's reimbursement obligations to Custodian. Custodian shall also have the right to utilize any cash in the Account in order to obtain reimbursement hereunder and to setoff Custodian's obligations with respect to any deposits or credit balances in the Account against any obligation of Principal hereunder.

10.2. ***Pledge of Accounts to Secure Repayment***. To the extent permissible by applicable law, in order to secure repayment of Account's obligations to Custodian hereunder, Principal hereby pledges and grants to Custodian a continuing lien and security interest in, and right of set-off against, all of Principal's right, title and interest in and to all Accounts in Principal's name and the Securities, money and other property now or hereafter held in such Accounts (including proceeds thereof), provided however, that if Principal is comprised of more than one entity, Custodian's rights under this subparagraph shall be limited to the cash, Property or proceeds thereof held in the Account(s) as to which the advance or overdraft relates. In this regard, Custodian shall be entitled to all the rights and remedies of a pledgee and secured creditor under applicable laws, rules or regulations as then in effect. Principal authorizes Custodian, in Custodian's sole discretion, at any time to charge any overdraft or indebtedness, together with interest due thereon, against any balance of account standing to the credit of Principal on Custodian's books. In addition, Custodian shall be entitled to utilize available cash and to dispose of such Principal's Property to the extent necessary to obtain reimbursement.

11.CORPORATE ACTIONS, PROXIES AND LITERATURE RELATING TO SECURITIES

11.1. ***Corporate Actions***. Custodian shall notify Manager of the receipt of notices of redemptions, conversions, exchanges, calls, puts, subscription rights, and scrip documents ("Corporate Action(s)"). Custodian need not monitor financial publications for notices of Corporate Actions and shall not be obligated to take any action unless actual notice has been received by Custodian at the offices of its Sub- Custodian. Custodian's sole responsibility in this regard shall be to give such notices to Principal or Investment Manager, as the case may be, within a reasonable time after Custodian receives them. Custodian has no responsibility to respond or otherwise act with respect to any such notice unless and until Custodian has received timely and appropriate instructions from Principal or Manager. Principal or Manager is responsible to ensure all required documentation and funds are available to Custodian and its agents as required under the terms of the offer or by legal jurisdiction in order for Custodian and its agent to take action on behalf of Account.

11.2. ***Proxies***. Custodian shall forward to Manager or Principal, as directed, all proxies and accompanying material actually received by Custodian's Sub-Custodian relating to Securities held in the Account. Principal and Manager acknowledge that proxy services are limited in foreign markets and Custodian's sole responsibility with respect to such proxy materials will be to forward the proxy and accompanying material received by Custodian's Sub- Custodian to Principal or Manager. Custodian shall have no duty to translate or retain any material received unless required to do so by law.

11.2.1. **Proxies related to Non- Custody Assets** . Notwithstanding any provision in this Amended and Restated Agreement, Custodian shall have no duty to forward to Principal or Authorized Agent any notices, correspondence or other communication it may receive relating to any Non- Custody Asset other than proxies, corporate actions and other notices from partnerships and other limited liability entities that are actually delivered to Custodian. Custodian shall have no duty or obligation to take any action of any kind with respect to any Non-Custody Asset. Custodian's duties as to any Non-Custody Asset shall be limited to those under Paragraph 8.

11.3. ***Corporate Literature***. Custodian shall have no duty to forward or to retain any other corporate material received by Custodian for the Account unless required to do so by law. Custodian shall have no duty to translate or retain any material received from its Global Sub-Agent Network unless required to do so by law.

11.4. ***Disclosure to Issuers of Securities***. Unless Principal directs Custodian in writing to the contrary, Principal agrees that Custodian or its Sub-Custodian or its Sub- Agents may disclose the name and address of the party with the authority to vote the proxies of the Securities held in this Account as well as the number of shares held, to any issuer of said Securities or its agents upon the written request of such issuer or agent in conformity with the provisions of the applicable law. Principal acknowledges that Custodian or its Sub-Custodian or its Sub- Agents may be required under jurisdictional law to disclose to issuers beneficial owner information regardless of Principal's instructions otherwise.

12.INSTRUCTIONS

12.1. ***Written***. All instructions, directions, and other notices to Custodian from Principal, Manager, Authorized Agent, Valuation Agent, and other duly authorized agents, except those described in Paragraph 7, given in connection with this Amended and Restated Agreement ("**Instructions**") shall be in writing, and shall continue in force until changed by subsequent instructions. As used herein, written Instructions include Instructions which may be electronically executed pursuant to the Federal Electronic

Signatures in Global and National Commerce Act (ACT) delivered via: (a) e- mail instructions/communications with an affixed Adobe Digital Signature mark, (b) facsimile transmission or email with an imaged or scanned attachment (in portable document or similar format or other similar electronic transmission (receipt confirmed), or (c) secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by Custodian, or another method or system specified by Custodian, as available for use in connection with its services hereunder ("**Electronic Means**"); provided, however, that Principal, Manager, Authorized Agent, and Valuation Agent shall provide to Custodian an incumbency certificate listing officers with the authority to provide such Instructions ("**Authorized Officers**") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by Principal, Manager, Authorized Agent, and Valuation Agent whenever a person is to be added or deleted from the listing. If Principal, Manager, Authorized Agent, and Valuation Agent elects to give Custodian Instructions using Electronic Means and Custodian in its discretion elects to act upon such Instructions, Custodian's understanding of such Instructions shall be deemed controlling. Principal understands and agrees that Custodian cannot determine the identity of the actual sender of such Instructions and that Custodian shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to Custodian have been sent by such Authorized Officer. Principal, Manager, Authorized Agent, and Valuation Agent shall be responsible for ensuring that only Authorized Officers transmit such Instructions to Custodian and that Principal and Manager and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by Principal, Manager, Authorized Agent, Valuation Agent, and other duly authorized agents. Pending receipt of written authority, Custodian may in its absolute discretion at any time, accept orally transmitted instructions from Principal, Manager, Authorized Agent, or Valuation Agent provided Custodian believes in good faith that the instructions are genuine and in such circumstance, Principal, Manager, Authorized Agent, and Valuation Agent shall promptly confirm such instructions in writing or by Electronic Means. Principal will hold Custodian harmless for the failure of any authorized party to send confirmation in writing to Custodian in a timely manner, the failure of such confirmation to conform to the telephone instructions received or Custodian's failure to produce such confirmation at any subsequent time. Only those individuals as may be designated as described above are authorized to give instructions as described in this Amended and Restated Agreement.

12.2. ***Reliance on Instructions***. Except as otherwise provided herein, all instructions shall be in writing as described in Paragraph 12.1 and shall continue in force until changed by subsequent instructions. Custodian may assume that any written or oral instructions received hereunder are consistent with the provisions of organizational documents of the Principal or of any vote, resolution or proceeding of the Principal's board of directors or the Principal's shareholders, unless and until Custodian receives written instructions to the contrary. Custodian shall not be liable for any losses, costs or expenses arising directly or indirectly from Custodian's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. Principal agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to Custodian, including without limitation the risk of Custodian acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to Custodian and that there may be more secure methods of transmitting Instructions than the method(s) selected by Principal, Manager, Authorized Agent, Valuation Agent, and other authorized agents; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify Custodian immediately upon learning of any compromise or unauthorized use of the security procedures.

13.RIGHT TO RECEIVE ADVICE

13.1. ***Advice of the Principal***. If Custodian is in doubt as to any action it should or should not take under this Amended and Restated Agreement, Custodian may request directions or advice, including oral instructions or written instructions, from the Principal or Manager.

13.2. ***Advice of Counsel***. If Custodian shall be in doubt as to any question of law pertaining to any action it should or should not take, Custodian may request advice from counsel of its own choosing (who may be counsel for the Principal, Manager or Custodian, at the option of Custodian). Principal shall pay the reasonable cost of any counsel retained by Custodian with prior notice to Principal. .

13.3. ***Conflicting Advice***. In the event of a conflict between directions or advice or oral instructions or written instructions Custodian receives from the Principal, Manager, Authorized Agent, and Valuation Agent, and the advice it receives from counsel, Custodian shall be entitled to rely upon and follow the advice of counsel.

13.4. ***Protection of Custodian***. Custodian shall be indemnified by Principal and without liability for any action Custodian takes or does not take in reliance upon directions or advice or oral instructions or written instructions Custodian receives from or on behalf of the Principal, or from counsel and which Custodian believes, in good faith, to be consistent with those directions or advice or oral instructions or written instructions. Nothing in this paragraph shall be construed so as to impose an obligation upon Custodian (i) to seek such directions or advice or oral instructions or written instructions, or (ii) to act in accordance with such directions or advice or oral instructions or written instructions.

14.ACCOUNTING AND REPORTING OF SECURITIES

14.1. ***Cost and Nominal Value***. Principal agrees to furnish Custodian with the income tax cost basis and dates of acquisition of all Securities held in the Account to be carried on its records. If Principal does not furnish such information, Custodian shall carry the Securities at any such nominal value it determines, such value to be for bookkeeping purposes only. All statements and reporting of any matters requiring this information will use this nominal value. Custodian shall have no duty to verify the accuracy of the cost basis and dates of acquisition furnished by Principal.
Securities purchased in the Account shall be carried at cost.

14.2. ***Valuations***. To the extent that Custodian has agreed to provide pricing or other information services, Custodian is authorized to utilize any vendor (including brokers and dealers of Securities and pricing services embedded in Custodian's securities processing or accounting systems) reasonably believed by Custodian to be reliable to provide such information. Principal understands that certain pricing information with respect to complex financial instruments including, without limitation, derivatives, may be based on calculated amounts rather than actual market transactions and may not reflect actual market values, and that the variance between such calculated amounts and actual market values may or may not be material. Where pricing vendors used by Custodian do not provide information for Securities, a qualified party may advise Custodian regarding the fair market value of, or provide other information with respect to, such held Securities. If such information is not available, Custodian shall use the cost or nominal value for such Securities, solely for administrative convenience. Custodian shall not be liable for any loss, damage or expense incurred as a result of errors or omissions with respect to any pricing or other information utilized by Custodian hereunder and shall have no responsibility or duty to ascertain or authenticate the value of pricing applied to any such Security.

14.3. ***Activity Reports****.* Custodian shall provide access to Principal, Manager, Authorized Agents Valuation Agent,, and other persons authorized by Principal to advices of transactions and other information regarding the Account by means of Custodian's online system.

14.4. ***Statements****.* Custodian shall provide Principal, Manager, and other authorized agents with copies of Account statements and other reports periodically via paper delivery or electronically by means of Custodian's online service or as otherwise as agreed to by Principal and Custodian showing all income and principal transactions and cash positions, and a list of Property. Principal and Manager are responsible for providing Custodian with accurate and updated contact information for themselves and their respective agents, to allow Custodian to deliver Account statements in a timely manner. Principal may approve or disapprove any such Account statement within thirty (30) days of its receipt, and, if no written objections are received within the thirty (30) day period, such Account statement of Account shall be deemed approved.

Principal acknowledges and agrees that if Custodian's online service is selected, paper statements will be provided only upon request and that Custodian's online statements, trade confirms and related online communications satisfy all of Custodian's existing legal and contractual obligations to provide statements, reports and confirmations with respect to the account. Printed trade confirmations for trades effected by Custodian will be available upon request and at no additional cost. Principal and Manager may request printed trade confirmations for other securities transactions from the broker through which they direct such trades.

14.5. ***Shared Data****.* For the purpose of operational efficiencies, including without limitation trade settlement, proxy voting, trade reconciliation, performance reporting, on-line access and the like, Custodian, upon direction of the Principal's appointed Manager, on occasion may send electronic trade, holdings, and or Principal's information to third party vendors (TPV) who are agents of the aforementioned Manager. Principal's appointed Manager is responsible for any due diligence and monitoring of TPV with whom they have contracted and Custodian shall have no obligation to do so.

15.USE OF OTHER BANK SERVICES

15.1. ***Mutual Fund Investments.*** Principal or Manager may direct Custodian to invest cash balances carried in the Account in any mutual fund available in the market as permitted by law. These investment directions may include, but are not limited to, money market mutual funds or long equity and fixed income mutual funds. Such funds may be sub-advised by an affiliate or subsidiary of Custodian and/or for which Custodian may also act as the mutual fund's custodian and/or provide other services for the mutual fund. Principal or Manager shall designate the particular mutual fund that Principal or Manager deems appropriate for the Account. Principal hereby acknowledges that Custodian or its affiliate or subsidiary will receive fees for such services which are in addition to those fees charged by Custodian as agent for the Principal's custody Account.

15.2. ***Foreign Exchange****.* Custodian makes available to Principal or Manager foreign exchange services directly with Custodian or through Custodian's Sub-Custodian to convert currencies in conjunction with transactions in the Principal's Account under direction provided in **Appendix B,** as amended from time to time. Principal acknowledges that Custodian is the counterparty with respect to foreign exchange transactions provided under the Standing Instructions Defined Spread Service (Defined Spread Service) with Custodian's Sub-Custodian and are subject to Paragraph 9 of this Amended and Restated Agreement.

15.2.1. ***Standing Instructions Defined Spread Service****.* Foreign currency exchanges offered under the Defined Spread Service are directed to Custodian's Sub-Custodian or, for markets with currency restrictions, to the local market Sub-Agent. Both services may be amended from time to time.

15.2.2. ***Direct with Custodian's Institutional Banking & Markets***. Principal or Manager may elect to have foreign currency exchanges provided under separate agreement with Custodian's Institutional Banking & Markets and performed in accordance with Custodian's Foreign Exchange Agreement.

Principal acknowledges that (i) Principal or Manager is not obligated to effect foreign currency exchange with Custodian or Custodian's Sub- Custodian, (ii) Custodian will make available the relevant data so that Principal or Manager, as the case may be, can independently monitor foreign exchange activities, and (iii) Custodian will receive benefits for such foreign currency transactions as defined in Paragraph 15.2, which are in addition to the compensation which Custodian receives for administering the Account.

15.3. ***Interest Bearing Deposits***. Principal or Manager may direct that assets of the Account be invested in deposits with Custodian, affiliates or Sub-Custodian as a sweep vehicle or other deposit held in Custodian's nominee name for the benefit of its clients. Principal and Manager acknowledge deposits at MUFG Union Bank, N.A. are covered by FDIC insurance up to the designated value in effect for each beneficial owner. Principal and Manager acknowledge deposits at affiliates, existing now or in the future, are not subject to FDIC insurance.

15.4. ***Other Transaction Services***. Principal or Manager may direct Custodian to utilize for the Account other services or facilities provided by Custodian, its subsidiaries or affiliates. Such services may include, but are not limited to the placing of orders for the purchase or sale of units or shares of any registered investment company, including such registered investment company to which Custodian, MUFG Americas Holdings Corporation, or their subsidiaries or affiliates, manage, provide investment advice, act as custodian or provide other services.

15.5. ***Credit Facilities***. Custodian may, in accordance with its commercial lending practices, enter into a credit facility with Principal for use with the operation of the Account. Such credit facility will be agreed to under separate agreement and subject to the terms and conditions, therein. Principal acknowledges that any such credit facility is subject to the lien provisions of Paragraph 10.2 of this Amended and Restated Agreement.

16.CUSTODIAN'S RESPONSIBILITIES AND LIABILITIES

16.1. ***Standard of Care***. In performing the responsibilities delegated to it under this Amended and Restated Agreement, Custodian agrees to exercise reasonable care and shall not be liable for any damages arising out of Custodian's performance of or failure to perform its duties under this Amended and Restated Agreement except to the extent that damages arise directly out of Custodian's willful misconduct or gross negligence.

16.2. ***Investment Authority***. The parties intend and acknowledge that Custodian shall **not** be considered a fiduciary of the Account.

16.3. ***Insurance and Force Majeure****. Without limiting the generality of Paragraph 16.1 or of any other provision of this Amended and Restated Agreement, Custodian shall not be liable so long as and to the extent that it exercises reasonable care, for any defect in the title, validity or genuineness of any Property in the evidence of title thereto received by it or delivered by it pursuant to this Amended and Restated Agreement. In addition, Custodian (i) shall not be required to maintain any special insurance for the benefit of Principal, and (ii) shall not be liable or responsible for any loss, damage, expense, failure to perform or delay caused by accidents, strikes, fire, flood, war, riot, electrical or mechanical or communication line or facility failures, acts of third parties (including without limitation any messenger, telephone or delivery* service), acts of God, war, government action, civil commotion, fire, earthquake, or other casualty or disaster or any other cause or causes which are beyond Custodian's reasonable control. However, Custodian shall use reasonable efforts to replace Securities lost or damaged due to such causes with securities of the same class and issue with all rights and privileges pertaining thereto. Custodian shall not be liable to Principal for any loss which shall occur as the result of the failure of a Sub-Custodian to exercise reasonable care with respect to the safekeeping of assets.

16.4. ***Legal Proceedings***.

16.4.1. Custodian shall not be required to appear in or defend any legal proceedings with respect to the Account, the Securities, or Non- Custody Asset unless Custodian has been indemnified to its reasonable satisfaction against loss and expense (including reasonable attorneys' fees).

16.4.2. With respect to legal proceedings, Custodian may consult with counsel acceptable to it after written notification to Principal concerning its duties and responsibilities under this Amended and Restated Agreement, and shall not be liable for any action taken or not taken in good faith on the advice of such counsel.

16.4.3. To the extent permissible by law or regulation and upon Principal's request, the Principal shall be subrogated to the rights of Custodian with respect to any claim for any loss, damage or claim suffered by Principal, in each case to the extent that Custodian fails to pursue any such claim or Principal is not made whole in respect of such loss, damage or claim.

17. SANCTIONED PERSONS

17.1. Principal hereby represents and warrants that neither it nor any of its subsidiaries nor, to the knowledge of Principal any affiliate or any director, officer, agent or other Person acting on behalf of Principal: (i) is a Sanctioned Person, (ii) has any business affiliation or commercial dealings with, or investments in, any Sanctioned Country or Sanctioned Person or (iii) is the subject of any action or investigation under any Sanctions Laws or Anti-Money Laundering Laws. In addition, Neither Principal nor any of its subsidiaries nor, to the knowledge of Principal, any affiliate or any director, officer, agent or other Person acting on behalf of Principal has taken any action, directly or indirectly, that would result in a violation by such persons of Anti-Corruption Laws; and Principal has instituted and maintains policies and procedures designed to ensure continued compliance therewith.

17.2. For the purpose of the foregoing: "Sanctioned Person" means, at any time, any Person (a) that is listed on the Specially Designated Nationals and Blocked Persons list or the Consolidated Sanctions list maintained by OFAC, or any similar list maintained by OFAC, the U.S. Department of State or the United Nations Security Council; (b) that is fifty-percent or more owned, directly or indirectly, in the aggregate by one or more Persons described in clause (a) above; (c) that is operating, organized or resident in a Sanctioned Country or (d) with whom a U.S. Person is otherwise prohibited or restricted by Sanctions Laws from engaging in trade, business or other activities, "Sanctions Laws" means the laws, rules, regulations and executive orders promulgated or administered to implement economic sanctions or anti-terrorism programs by (a) any U.S. Governmental Authority (including, without limitation, OFAC), including Executive Order 13224, the Patriot Act, the Trading with the Enemy Act , the International Emergency Economic Powers Act and the laws, regulations, rules and/or executive orders relating to restrictive measures against Iran; and (b) the United Nations Security Council or any other legislative body of the United Nations. "Sanctioned Country" means a country or territory that is or whose government is subject to a U.S. sanctions program that broadly prohibits dealings with that country, territory or government (including, without limitation, Iran and North Korea). "Anti- Corruption Laws" means the Foreign Corrupt Practices Act of 1977, the UK Bribery Act of 2010, and the rules and regulations promulgated thereunder, and all other laws, rules, and regulations of any jurisdiction applicable to Principal or any of its subsidiaries concerning or relating to bribery or corruption.

18.INDEMNITIES AND LIMITATION OF LIABILITY

18.1. In addition to the indemnification provisions contained in this Amended and Restated Agreement, Principal agrees to indemnify, defend, and hold harmless Custodian and its affiliates providing services under this Amended and Restated Agreement, including their respective officers, directors, agents, and employees from all taxes, charges, expenses, assessments, claims and liabilities including, without limitation, reasonable attorneys' fees, and disbursements and liabilities ("Claims") arising directly or indirectly from any action or omission to act which Custodian takes in connection with the provision of services to Principal, Manager, Authorized Agents Valuation Agent, and other , authorized agents. Neither Custodian, nor any of its affiliates, shall be indemnified against any liability (or any expenses incident to such liability) caused by Custodian’s or its affiliates' own willful misconduct, gross negligence or reckless disregard in the performance of Custodian's or its affiliates' activities under this Amended and Restated Agreement. The provisions of this Paragraph 18 shall survive termination of this Amended and Restated Agreement.

18.2. In all cases, Custodian’s liability under this Amended and Restated Agreement shall be limited to the resulting direct loss, if any, incurred by Principal. Under no circumstances shall Custodian be liable for any incidental, consequential, indirect, punitive, or special damage which Principal may incur or suffer in connection with this Amended and Restated Agreement.

19.COMPENSATION AND OTHER CHARGES

19.1. ***Compensation***. Principal shall pay Custodian compensation for its services hereunder as specified in **Appendix C** as amended from time to time. Fees shall accrue and be taken in arrears as specified on the active fee schedule and charged to the Account unless Principal has requested that it be billed directly. However, any fees not paid within sixty (60) days of billing will be charged automatically to the Account(s) based on the active fee schedule.

19.2. ***Expenses***. Principal shall reimburse Custodian by debiting the Account(s) for all reasonable out-of-pocket expenses and processing costs incurred by Custodian and Global Sub-Custodian Network in the administration of the Account and Sub-Account including, without limitation, reasonable counsel fees incurred by Custodian pursuant to Subparagraph 13.2 of this Amended and Restated Agreement.

19.3. ***Other Compensation for Services***. All disbursements from the Account are drawn on an account in Custodian's or its affiliate's name. Any "float" (earnings from the investment of funds pending negotiation of the disbursement or check) is retained by Custodian or its affiliate as partial compensation for handling such transaction.

20.AMENDMENT AND TERMINATION

20.1. ***Amendment***. This Amended and Restated Agreement may be amended at any time by a written instrument signed by the parties or by Custodian immediately if required by applicable law or upon thirty (30) days written notice to Principal.

20.2. ***Termination.*** Custodian may terminate this Amended and Restated Agreement immediately if Custodian, in its sole discretion, determines that (i) Principal failed to strictly comply with any provision of this Amended and Restated Agreement; or (ii) any representation, warranty or covenant of the other party in this Amended and Restated Agreement is false or misleading. Any such termination shall not constitute a waiver of any other rights that Custodian may have under this Amended and Restated Agreement.

In addition, either party may terminate this Amended and Restated Agreement and the Account upon ninety (90) days' written notice. Upon such termination and within ninety (90) days from the date of the written termination notice, both parties agree to

cooperate to ensure an orderly transition of services to a successor custodian, the Principal, or as otherwise instructed by Principal. Custodian shall deliver or cause to be delivered the Property, less any amounts due and owing to Custodian under this Amended and Restated Agreement.
Custodian shall have reasonable time to transfer Non-Custody Assets. If a successor custodian has not accepted an appointment by the effective termination date of the Account, Custodian may petition a court of competent jurisdiction unless an extension is agreed to in writing by both parties.
Expenses related to such court filing shall be reimbursed by Principal and further subject to the provisions of Subparagraph 10.2.

Upon completion of such delivery, Custodian shall be discharged of any further liability or responsibility with respect to the Securities and any Non-Custody Asset so delivered. In the event that Securities, Non- Custody Assets or other properties remain in the possession of Custodian after the date of termination hereof owing to failure of Principal to provide proper instructions, Custodian shall be entitled to fair compensation for its services during such period as Custodian retains possession of such securities, funds, Non-Custody Assets, and other properties and the provisions of this Amended and Restated Agreement relating to the duties and obligations of Custodian shall remain in full force and effect. Costs associated with transferring Property including Non-Custody Assets shall be charged to the Account(s) based on Custodian's active fee schedule.

SUCCESSORS

This Amended and Restated Agreement shall be binding upon and inure to the benefit of the parties hereto and their successors in interest. This Amended and Restated Agreement may not be assigned by either party, nor may the duties of either party hereunder be delegated, without the prior written consent of the other party.

21.GOVERNING LAW

The validity, construction, and administration of this Amended and Restated Agreement shall be governed by the applicable laws of the United States from time to time in force and effect and, to the extent not preempted by such laws of the United States, by the laws of the State of New York from time to time in force and effect. Any action or proceeding to enforce, interpret or adjudicate the rights and responsibilities of the parties hereunder shall be commenced in the State or Federal courts located in the State of New York.

22.NOTICES

Except as otherwise specified herein, all notices, requests, demands and other communications under this Amended and Restated Agreement shall be signed and in writing and shall be deemed as having been duly given on the date of service, if served personally on the party to whom notice is to be given, or on the fifth (5) day after mailing, if mailed to the party to whom notice is to be given and properly addressed as follows:

To Principal: Hercules Capital, Inc. 400 Hamilton Avenue,
Suite 310 Palo Alto, Califonria 94310
Attn: General Counsel Email: legal@htgc.com

To Custodian:
Global Custody Services – SF Office Mail Code H-17001
350 California Street, 17th Fl San Francisco, CA 94104
Email: ITCS_Funds_ 1@unionbank.com
ITCS_Funds_2@unionbank.com

This Amended and Restated Agreement and any amendment, notice or other document required to be signed and in writing under this Amended and Restated Agreement may be delivered by personal service or U.S. first class mail postage prepaid or via fax, email with an imaged or scanned attachment (such as a .PDF), or similar electronic transmission with electronic signature through Custodian's online secure messaging service pursuant to security protocols established and agreed by the parties, unless otherwise specified herein. Signatures delivered via fax, email, or similar electronic transmission shall be effective as original signatures in binding the parties and shall be effective upon receipt.

Periodic communications related to foreign currencies and global market updates will be available to authorized parties through Custodian's secure messaging service.

23.CONFIDENTIALITY

All non-public information and advice furnished by either party to the other shall be treated as confidential and will not be disclosed to third parties unless required by law, except Custodian may disclose (a) the identity of Principal as a client or client reference of Custodian; (b) any information to any government regulator of Custodian or its affiliated entities or as otherwise required by law; and (c) any information to Custodian's affiliated entities and product and service providers to the extent necessary to provide the financial products and services under this Amended and Restated Agreement.

24.EFFECTIVE DATE

This Amended and Restated Agreement shall be effective as of the date appearing below, and shall supersede any prior or existing agreements between the parties pertaining to the subject matter hereof.

25.COUNTERPARTS

This Amended and Restated Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. This Amended and Restated Agreement and all exhibits, appendices, attachments and amendments hereto may be reproduced by any reasonable means. The parties hereto each agree that any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding, whether or not the original is in existence and whether or not such reproduction was made by a party in the regular course of business, and that any enlargement, facsimile or further reproduction of such reproduction shall likewise be admissible in evidence.

26.LIMITED POWER OF ATTORNEY

Except in connection with Non-Custody Assets, Custodian is hereby granted a limited power of attorney by Principal to execute on Principal's behalf any declarations, endorsements, assignments, stock or bond powers, affidavits, certificates of ownership or other documents required (i) to effect the sale, transfer, or other disposition of assets held in the Account, (ii) to obtain payment with respect to assets held in the Account, (iii) to exercise its rights as a secured party hereunder, or (iv) to take any other action required with respect to the assets held in the Account, and in the Custodian's own name to guarantee as Principal's signature any signature so affixed.

27.MISCELLANEOUS

Each party agrees to perform such further acts and execute such further documents as are necessary to effectuate the purposes hereof. This Amended and Restated Agreement embodies the entire agreement and understanding between the parties and supersedes all prior agreements and understandings relating to the subject matter hereof. The captions and headings in this Amended and Restated Agreement are included for convenience of reference only and in no way define or delimit any of the provisions hereof or otherwise affect their construction or effect.

ACCEPTED BY PRINCIPAL:

By: ____

Name: ____

Title: ____

Date: ____

By: ____

Name:

Title:

Date:

ACCEPTED BY CUSTODIAN:

By:

Name:

Title:

Date:

By:

Name:

Title:

Date:

Appendix A: **Attached ☐** **Not Applicable ☐**

Appendix B: **Attached ☐** **Not Applicable ☐**

Appendix C: **Attached ☐**

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: October 30, 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: October 30, 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 September 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: October 30, 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 September 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: October 30, 2019

By: /S/ SETH H. MEYER

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