PROSPECTUS (1933 Act file no. 333-219511)
Filed pursuant to Rule 497

Pathway Capital Opportunity Fund, Inc.
Class A Shares and Class C Shares
$1,000 minimum purchase amount

Pathway Capital Opportunity Fund, Inc. (“we”, “us”, “our”, the “Company”) is an externally managed, non-diversified, closed-end management investment company that has registered as an investment company under the Investment Company Act of 1940, as amended. Going forward, we will operate as an interval fund under Rule 23c-3 of the 1940 Act. As such, on October 25, 2017 we adopted a fundamental policy to make a mandatory repurchase offer of no less than 5% of the shares outstanding in each calendar quarter of each year, at a price equal to the net asset value (“NAV”) per share. See “Share Repurchase Program” in this prospectus. We have elected to be treated for federal income tax purposes as a regulated investment company under the Internal Revenue Code of 1986, as amended. We are managed by Pathway Capital Opportunity Fund Management, LLC, a private investment firm that is registered as an investment adviser with the Securities and Exchange Commission and is an affiliate of ours. Pathway Capital Opportunity Fund Management, LLC oversees the management of our activities and is responsible for making investment decisions for our portfolio. Our administrator, Prospect Administration LLC, provides administration services necessary for us to operate.

Investment Objective. Our investment objective is to generate current income and, as a secondary objective, long-term capital appreciation.

Investment Strategy. We expect to seek to achieve our investment objective by investing, under normal circumstances, at least 50% of our total assets, that is net assets plus borrowings, in securities of Infrastructure companies and Infrastructure-Related companies. We consider Infrastructure companies to include companies that derive at least 50% of their revenues, gross profit or EBITDA from the ownership, management, development, construction, maintenance, renovation, enhancement or operation of Infrastructure assets, as defined later in this Prospectus. We consider Infrastructure-Related companies to be those that derive at least 50% of their revenues, gross profit or EBITDA from providing products or services to Infrastructure companies. This investment strategy may be changed by our Board of Directors if we provide our stockholders with at least 60 days prior written notice. As part of our investment objective to generate current income, we expect to invest up to 50% of our total assets in other securities, including senior debt, subordinated debt, preferred equity, dividend paying equity and the equity and junior debt tranches of a type of pools of broadly syndicated loans known as Collateralized Loan Obligations, or “CLOs.” The CLOs include a diversified portfolio of broadly syndicated loans and do not have direct exposure to real estate or mortgages.

Securities Offered. Through Provasi Capital Partners LP, an affiliate of our investment adviser and the Dealer Manager (the “Dealer Manager”) for this offering, we are offering shares of our common stock (our “shares”) in this offering at their current net asset value per share plus any applicable sales charge. Class A shares and Class C shares are offered by this prospectus. The Company has registered 100,000,000 shares and is authorized pursuant to its articles of incorporation to issue 200,000,000 shares. The initial net asset value is $13.53 per share for both Class A shares and Class C shares. The maximum sales load is 5.75% of the amount invested for Class A shares, while Class C shares are not subject to sales loads. The minimum initial investment by a shareholder for Class A and Class C is $1,000. Subsequent investments may be made with at least $100. Class I shares and Class L shares are offered through separate prospectuses. The Company reserves the right to waive investment minimums. The Dealer Manager is not required to sell any specific number or dollar amount of the Company’s shares, but will use its best efforts to solicit orders for the sale of the shares. Monies received will be invested promptly and no arrangements have been made to place such monies in an escrow, trust or similar account. During the continuous offering, shares will be sold at the net asset value of the Company next determined plus the applicable sales load. See “Plan of Distribution.”

Neither the SEC nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Investing in our shares may be considered speculative and involves a high degree of risk, including the risk of a substantial loss of investment. See "Risk Factors" beginning on page 28 to read about the risks you should consider before buying our shares, including the risk of leverage.

- **Our shares will not be publicly traded and you should not expect to be able to sell your shares regardless of how we perform.**
- **If you are able to sell your shares, you will likely receive less than your purchase price.**
- **Our shares are not currently listed on any securities exchange, and we do not expect a secondary market in the shares to develop in the foreseeable future, if ever.**
- **In order to provide limited liquidity to its stockholders, the Company will offer to repurchase its outstanding shares on a quarterly basis. The Company's repurchase offers will be conducted pursuant to a fundamental policy, pursuant to which the Company will offer to repurchase at least 5% of its outstanding shares on a non-discretionary basis in each calendar quarter of each year. See "Share Repurchase Program."**
- **You may be charged an early withdrawal charge of 1% if you elect to have the Company repurchase your Class C shares within one year of your purchase.**
- **You will have no right to require us to repurchase your shares or any portion thereof except as permitted by the Company's fundamental policy, pursuant to which the Company will offer to repurchase at least 5% of its outstanding shares on a non-discretionary basis in each calendar quarter of each year. Also, if you invest through a fee-based program, also known as a wrap account, of an investment dealer, your liquidity may be further restricted by the terms and conditions of such program, which may limit your ability to request the repurchase of your shares that are held in such account. See "Share Repurchase Program." Accordingly, you should consider that you may not have access to the money you invest for an indefinite period of time.**
- **Because you will be unable to sell your shares, you will be unable to reduce your exposure on any market downturn.**
- **If and to the extent that a public trading market ever develops, shares of closed-end investment companies, such as us, may have a tendency to trade frequently at a discount from their NAV per share, which is determined weekly, and initial offering prices.**
- **Our distributions may be funded from offering proceeds or borrowings, which may constitute a return of capital and reduce the amount of capital available to us for investment. Any capital returned to stockholders through distributions will be distributed after payment of fees and expenses.**
- **Our distributions to stockholders may be funded from the reimbursement of certain expenses, including through the waiver of certain investment advisory fees, and additional support payments that are subject to repayment to our adviser if certain conditions are met. Our distributions may not be based on our investment performance and may not continue in the future. The reimbursement of these payments to our adviser (if any such reimbursements are made) would reduce the future distributions to which you would otherwise be entitled.**

Purchasers of our shares are subject to dilution as a result of expenses we will incur in connection with this offering. In addition, we intend to continue to issue shares, which subjects your ownership percentage in us to further dilution. See "Risk Factors—Risks Related to an Investment in Our Shares" and "—Your interest in us will be diluted if we issue additional shares, which could reduce the overall value of an investment in us."

This prospectus contains important information about us that a prospective investor should know before investing in our shares. Please read this prospectus before investing and keep it for future reference. We have filed with the SEC a statement of additional information dated as of the date of this prospectus, as may be amended ("SAI"), containing additional information about us. The SAI is incorporated by reference in its entirety into this prospectus. See "Available Information" for a listing of the contents of the SAI. We will also file annual, semi-annual and quarterly reports, proxy statements and other information about us with the Securities and Exchange Commission, or the "SEC." This information and the SAI will be available free of charge by contacting us at 10 East 40th Street, 42nd Floor, New York, New York, 10016, or by telephone at (212) 448-0702 or on our website at *www.pathwaycapitalfund.com*. The SEC also maintains a website at *www.sec.gov* that contains the SAI, and any amendments thereto, and other information regarding us.

	Price to Public (estimated)	Sales Load	Proceeds to Registrant
Per Class A Share	$14.43	$0.78	$13.65
Per Class C Share	$13.65	None	$13.65
Total Maximum*	$773,393,896	$ 27,300,245	$746,093,651

*The number of shares used to determine the maximum offering were based on designating 35% as Class A, 20% as Class C, 20% as Class I and 25% as Class L of the total amount to be registered.

The date of this prospectus is October 31, 2017.

Provasi Capital Partners LP

ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the SEC, using a continuous offering process. Periodically, as we make material investments or have other material developments, we will provide a prospectus supplement that may add, update or change information contained in this prospectus.

Any statement that we make in this prospectus will be modified or superseded by any inconsistent statement made by us in a subsequent prospectus supplement. The registration statement we filed with the SEC includes exhibits that provide more detailed descriptions of the matters discussed in this prospectus. You should read this prospectus and the related exhibits filed with the SEC and any prospectus supplement, together with additional information described below under “Available Information.”

You should rely only on the information contained in this prospectus. Neither we nor the Dealer Manager have authorized any other person to provide you with different information from that contained in this prospectus. The information contained in this prospectus is complete and accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or sale of our shares. If there is a material change in the affairs of our company, we will amend or supplement this prospectus.

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PROSPECTUS SUMMARY

This summary highlights some of the information in this prospectus. It is not complete and may not contain all of the information that you may want to consider. To understand this offering fully, you should read the entire prospectus carefully, including the section entitled "Risk Factors," before making a decision to invest in our shares.

Unless otherwise noted, the terms "we," "us," "our," and the "Company" refer to Pathway Capital Opportunity Fund, Inc.; the term the "Adviser" refers to Pathway Capital Opportunity Fund Management, LLC; the term "Prospect Capital Management" refers to Prospect Capital Management L.P.; the term "Priority Income Fund" refers to Priority Income Fund, Inc.; the term "Priority Senior Secured Income Management" refers to Priority Senior Secured Income Management, LLC; the term "Stratera Holdings" refers to Stratera Holdings, LLC; and the terms "Prospect Administration" and the "Administrator" refer to Prospect Administration LLC. In addition, in this prospectus, we use the term "day" to refer to a calendar day, and we use the term "business day" to refer to any day other than Saturday, Sunday, a legal holiday or a day on which banks in New York City are authorized or required to close.

Pathway Capital Opportunity Fund, Inc.

We are an externally managed, non-diversified, closed-end management investment company that has registered as an investment company under the Investment Company Act of 1940, as amended, or the 1940 Act. As such, we are required to comply with certain regulatory requirements. See "Regulation" in the statement of additional information, or SAI. Going forward, we will operate as an interval fund under Rule 23c-3 of the 1940 Act. As such, on October 25, 2017 we adopted a fundamental policy to make a mandatory repurchase offer of no less than 5% of the shares outstanding in each calendar quarter of each year, at a price equal to the net asset value ("NAV") per share. See "Share Repurchase Program" below. We are managed by Pathway Capital Opportunity Fund Management, LLC, a registered investment adviser under the Investment Advisers Act of 1940, as amended, or the Advisers Act, which oversees the management of our activities and is responsible for making investment decisions for our portfolio. We intend to elect to be treated for federal income tax purposes as a regulated investment company, or RIC, under Subchapter M of the Internal Revenue Code of 1986, as amended, or the Code.

Our investment objective is to generate current income and, as a secondary objective, long-term capital appreciation. We seek to achieve our investment objective by investing, under normal circumstances, at least 50% of our total assets, that is net assets plus borrowings, in securities of Infrastructure companies and Infrastructure-Related companies. We consider Infrastructure companies to include companies that derive at least 50% of their revenues, gross profit or EBITDA from the ownership, management, development, construction, maintenance, renovation, enhancement or operation of Infrastructure assets. We consider Infrastructure-Related companies to be those that derive at least 50% of their revenues, gross profit or EBITDA from providing products or services to Infrastructure companies. This investment strategy may be changed by our Board of Directors if we provide our stockholders with at least 60 days prior written notice and make any necessary corresponding change to our name. Examples of Infrastructure assets include, but are not limited to, assets related to:

- transportation (e.g., airports, metro systems, maritime, shipping, pipelines, mass transit, subways, railroads, ports, highways, bridges, tunnels, toll roads);
- transportation equipment (e.g., shipping, aircraft, railcars, containers);
- defense industrial base sector (e.g., equipment, arms, facilities);
- emergency services sector (e.g., police stations, fire departments, public works departments, private security);
- electric utilities and power (e.g., development, generation, transmission, distribution);
- energy (e.g., exploration, development, production, gathering, transportation, processing, storage, refining, supply, distribution, mining, transmission, servicing, industrial products and services, energy efficiency, management, generation or marketing of energy), including renewable energies (e.g., wind, solar, hydro, geothermal);
- chemicals (e.g. manufacturing, refining, processing, transportation, storage, distribution);
- communication networks and equipment (e.g., cable, wireline, wireless, satellite, data network, data storage, software);
- water and wastewater systems (e.g. dams, pipelines, treatment plants);
- food and agriculture sector (e.g., farms, food manufacturing, processing and storage facilities);
- social infrastructure (e.g., health care facilities, government building and other public service facilities);
- financial services sector (e.g, depository institutions, providers of investment products, insurance companies, other credit and financing organizations);
- metals, industrials, materials (e.g., steel, processing, storage, manufacturing, distribution);
- real estate (e.g., offices, shopping centers, industrial buildings); and
- other resources and services (including manufacturing) related to infrastructure assets (e.g., cement, paper, staffing, logistics, environmental, software, forest product companies).

As part of our investment objective to generate current income, we expect to invest up to 50% of our total assets in other securities, including senior debt, subordinated debt, preferred equity, dividend paying equity and the equity and junior

debt tranches of a type of pools of broadly syndicated loans known as Collateralized Loan Obligations, or "CLOs." The CLOs include a diversified portfolio of broadly syndicated loans and do not have direct exposure to real estate or mortgages.

A CLO is a special purpose vehicle (typically formed in the Cayman Islands or another similar foreign jurisdiction) formed to purchase the senior secured loans and issue rated debt securities and equity tranches and/or unrated debt securities (generally treated as equity interests). The rated debt tranches consist of long-term, financing with specified financing terms, including floating interest rates at a stated spread to LIBOR. See "Risk Factors—Risks Related to Our Investments—Investments in foreign securities may involve significant risks in addition to the risks inherent in U.S. investments" and "—Our financial results may be affected adversely if one or more of our significant equity or junior debt investments in a CLO vehicle defaults on its payment obligations or fails to perform as we expect." The equity tranche represents the most junior tranche in the CLO capital structure. The equity tranche is typically not rated and is subordinated to the debt tranches. The holders of equity tranche interests are typically entitled to any cash reserves that form part of the structure at the point at which such reserves are permitted to be released. The equity tranche captures available payments at the bottom of the payment waterfall, after operational and administrative costs of the CLO and servicing of the debt securities.

Our investment objective is to generate current income and, as a secondary objective, long-term capital appreciation. We seek to meet our investment objective by:

- utilizing the experience and expertise of our Adviser in sourcing, evaluating and structuring transactions;
- employing a conservative investment approach focused on current income and long-term investment performance;
- focusing primarily on debt investments in a broad array of private or public Infrastructure companies within North America;
- making select equity investments in certain Infrastructure companies that have consistent dividends and growth potential, including companies in which we hold debt investments;
- investing primarily in established, stable enterprises with positive cash flow and strong asset and collateral coverage so as to limit the risk of potential principal loss; and
- maintaining rigorous portfolio monitoring in an attempt to anticipate and preempt negative events within our portfolio.

We seek to maximize returns to our investors by applying rigorous credit analysis and asset-based lending techniques to make and monitor our investments in asset intensive Infrastructure companies.

Our portfolio is expected to be comprised primarily of income-oriented securities, which includes debt securities and income-focused preferred and common equity interests, of private or public Infrastructure companies within North America. We dynamically allocate our assets in varying types of investments based on our analysis of the credit markets, which may result in our portfolio becoming more concentrated in particular types of credit instruments (such as senior secured floating rate loans) and less invested in other types of credit instruments. These securities are generally rated below investment grade by rating agencies or would be rated below investment grade if they were rated. Below investment grade securities, which are often referred to as "high yield" or "junk," have predominantly speculative characteristics with respect to the issuer's capacity to pay interest and repay principal. We currently intend to initially weight our portfolio towards senior secured and unsecured debt. In addition to investments purchased from other dealers or investors in the secondary markets, we expect to invest in self-originated investments as we believe this should provide us with the ability to tailor investments to best match an issuer's needs with our investment objectives. Our portfolio may also be comprised of select income-focused preferred or common equity interests, which refers to equity interests that pay consistent, high-yielding dividends, that we believe should produce both current income and long-term capital appreciation. These income-focused preferred or common equity interests may include interests in A) master limited partnerships, or MLPs and B) private companies. MLPs are entities that (i) are structured as limited partnerships or limited liability companies, (ii) are publicly traded, (iii) satisfy certain requirements to be treated as partnerships for federal income tax purposes and (iv) primarily own and operate midstream and upstream energy and related infrastructure assets. Where we hold equity investments in companies, we may also hold senior secured and/or unsecured debt investments in such companies.

Under current market conditions, we expect that our investments will generally range in size from $3 million to $25 million, although this investment size may vary proportionately as the size of our capital base changes and will ultimately be at the discretion of our Adviser, subject to oversight by our Board of Directors. Prior to raising sufficient capital, we may make significantly smaller investments to have a diversified portfolio for RIC qualification purposes.

Our Adviser manages our investments and its affiliate, Prospect Administration, provides the administrative services necessary for us to operate.

Status of Our Ongoing Public Offering

Since commencing our initial public offering and through September 15, 2017, we have sold 599,315 shares of our common stock for gross proceeds of approximately $9 million, including approximately $0.2 million contributed by principals of our Adviser. The following table summarizes the sales of our common stock on a quarterly basis since we formally commenced investment operations in August 2015. Dollar amounts are presented in thousands, except per share data:

Quarter Ended	Shares Sold	Average Price per Share(1)	Gross Proceeds
Fiscal 2016			
September 30, 2015	251,191	$ 14.76	$ 3,707
December 31, 2015	89,612	14.95	1,340
March 31, 2016	59,760	14.96	894
June 30, 2016	40,081	14.99	601
Total Fiscal 2016	440,644	$ 14.85	$ 6,542
Fiscal 2017			
September 30, 2016	40,045	$ 14.93	$ 601
December 31, 2016	35,504	14.90	534
March 31, 2017	22,820	15.25	351
June 30, 2017	40,146	15.40	617
Total Fiscal 2017	138,515	$ 15.18	2,103
Fiscal 2018			
September 30, 2017	24,052	$ 15.38	$ 370
December 31, 2017 (through October 20, 2017)	17,016	$ 15.28	260
Total Fiscal 2018	41,068	$ 15.34	630
Total	603,211	$ 14.95	$ 9,015

(1) Class R, Class RIA and Class I shares were initially sold at a price of $15.00, $14.10 and $13.80 per share, respectively, for net proceeds of $13.80 per share for each class. On December 7, 2016, Class R, Class RIA and Class I shares were increased to a price of $15.25, $14.34 and $14.03 per share, respectively, for net proceeds of $14.03 per share for each class. On December 15, 2016, Class R, Class RIA and Class I shares were increased to a price of $15.40, $14.48 and $14.17 per share, respectively, for net proceeds of $14.17 per share for each class.

About Our Adviser

We are managed by Pathway Capital Opportunity Fund Management, LLC pursuant to an Investment Advisory Agreement (the “Investment Advisory Agreement”). Our Adviser is owned 50% by Prospect Capital Management, an asset management firm and registered investment adviser under the Advisers Act, and 50% by Stratera Holdings, a national provider of specialized investment products designed for the individual and institutional investor. Our Adviser is registered as an investment adviser with the SEC under the Advisers Act and is led by a team of investment professionals from the investment and operations team of Prospect Capital Management. These individuals are responsible for our day-to-day operations on behalf of our Adviser and are responsible for developing, recommending and implementing our investment strategy. Prospect Capital Management also manages Prospect Capital Corporation, a business development company traded on the NASDAQ Global Select Market. See “Risk Factors—Risks Related to our Adviser and Its Affiliates.” Prospect Capital Corporation commenced operations on July 27, 2004, focusing on generating current income and, to a lesser extent, long-term capital appreciation for stockholders, primarily by making investments in senior secured loans, subordinated debt, unsecured debt, and equity of a broad portfolio of U.S. companies. Prospect Capital Corporation had total assets of approximately $6.2 billion as of June 30, 2017 and capital under management of approximately $6.3 billion (including undrawn credit facilities) as of June 30, 2017. Our Adviser’s professionals also manage Priority Income Fund, an externally managed, non-diversified, closed-end management investment company that invests primarily in senior secured loans, including via CLO debt and equity investments, of companies whose debt is rated below investment grade or, in limited circumstances, unrated.

Our Adviser’s investment professionals have significant experience and an extensive track record of investing in companies, managing high-yielding debt and equity investments in Infrastructure companies and have developed an expertise

in using all levels of a firm's capital structure to produce income-generating investments, while focusing on risk management. Such parties also have extensive knowledge of the managerial, operational and regulatory requirements of publicly registered investment companies. Our Adviser does not currently have employees, but has access to certain investment, finance, accounting, legal and administrative personnel of Prospect Capital Management, Prospect Administration and Stratera Holdings and may retain additional personnel as our activities expand. In particular, certain personnel of Prospect Capital Management will be made available to our Adviser to assist it in managing our portfolio and operations, provided that they are supervised at all times by our Adviser's management team. See "Investment Objective and Strategy—About Our Adviser." All references to our Adviser's professionals in this prospectus or the SAI refer to the executive officers of our Adviser and the professionals made available to our Adviser by Prospect Capital Management. See "Management" and "Portfolio Management." We believe that this depth of experience and disciplined investment approach will help our Adviser to successfully execute our investment strategy. See "Management" and "Portfolio Management" for biographical information regarding our Adviser's professionals.

All investment decisions will be made by our Adviser's professionals. Our Board of Directors, including a majority of independent directors, will oversee and monitor our investment performance and relationship with our Adviser. See "Investment Advisory Agreement."

Risk Factors

An investment in our shares involves a high degree of risk and may be considered speculative. You should carefully consider the information found in "Risk Factors" before deciding to invest in our shares. The following are some of the risks an investment in us involves:

- We have only a limited operating history and are subject to business risks and uncertainties, including the risk that we will not achieve or investment objective.
- While the management team of our Adviser consists of personnel from the investment and operations team of Prospect Capital Management, the adviser to Prospect Capital Corporation, a RIC, and of Prospect Administration, our Adviser has limited prior entity experience managing a registered closed-end management investment company or a RIC. Therefore, our Adviser may not be able to successfully operate our business or achieve our investment objective.
- Capital markets may experience periods of disruption and instability. These conditions may make it more difficult for us to achieve our investment objective.
- The downgrade of the U.S. credit rating and economic crisis in Europe could negatively impact our business, financial condition and earnings.
- In order to provide limited liquidity to its stockholders, the Company will offer to repurchase its outstanding shares on a quarterly basis. The Company's repurchase offers will be conducted pursuant to a fundamental policy, pursuant to which the Company will offer to repurchase 5% of its outstanding shares on a non-discretionary basis in each calendar quarter of each year. See "Share Repurchase Program."
- You may be charged an early withdrawal charge of 1% if you elect to have the Company repurchase your Class C shares within one year of your purchase.
- Unlike most closed-end investment companies, our shares may not be listed on any securities exchange.
- Unlike an investor in most closed-end investment companies, you should not expect to be able to sell your shares regardless of how we perform.
- If you are able to sell your shares to a third party, you may receive less than your purchase price and the current net asset value per share. Although we will implement a share repurchase program, only a limited number of shares will be eligible for repurchase. See "Share Repurchase Program."
- If you may need access to the money you invest, our shares are not a suitable investment because you may not have access to the money you invest for an indefinite time.
- Distributions may be funded from the capital you invest, or from borrowings, if we do not have sufficient earnings. Any invested capital that is returned to you will be reduced by our fees and expenses, as well as the sales load.
- Even if we eventually list our shares on an exchange, shares of closed-end funds frequently trade at a discount from net asset value and this creates a risk of loss for investors who purchase our shares at the current offering price. This risk is separate and distinct from the risk that our net asset value will decrease.
- The amount of any distributions we may make is uncertain. Our distribution proceeds may exceed our earnings, particularly during the period before we have substantially invested the net proceeds from this offering. Therefore, portions of the distributions that we make may be a return of the money that you originally invested and represent a

return of capital to you for tax purposes. Such a return of capital is not immediately taxable, but reduces your tax basis in our shares, which may result in higher taxes for you even if your shares are sold at a price below your original investment.

- Our distributions to stockholders may be funded from expense support payments provided by our Adviser that are subject to repayment to our Adviser if certain conditions are met. Our distributions may not be based on our investment performance and may not continue in the future. The reimbursement of these payments to our Adviser (if any such reimbursements are made) would reduce the future distributions to which you would otherwise be entitled.
- We intend to continue to qualify as a RIC but may fail to do so. Such failure would subject us to federal income tax on all of our income, which would have a material adverse effect on our financial performance
- As a result of the annual distribution requirement to qualify as a RIC, we will likely need to continually raise equity, make borrowings or sell existing investments to fund new investments. At times, these sources of funding may not be available to us on acceptable terms, if at all.
- We are subject to financial market risks, including changes in interest rates, which may have a substantially negative impact on our investments.
- A significant portion of our portfolio will be recorded at fair value as determined in good faith by our Board of Directors and, as a result, there may be uncertainty as to the value of our investments.
- An investment strategy focused in part on privately-held companies and structures presents certain challenges, including the lack of available information about these companies and structures.
- Investments in foreign securities may involve significant risks in addition to the risks inherent in U.S. securities.
- Our investment strategy is to invest, under normal circumstances, at least 50% of our assets in securities of Infrastructure companies, with a primary objective of generating current income. The revenues, income (or losses) and valuations of Infrastructure companies can fluctuate suddenly and dramatically due to a number of environmental, regulatory, political and general market risks, which will impact our financial performance.
- Continuation of the current decline in oil and natural gas prices for a prolonged period could have a material adverse effect on us.
- We invest primarily in income-oriented securities of private or public Infrastructure companies within North America, including middle market companies. Our investments in these companies may be risky and we could lose all or a portion of our investment.
- The senior debt in which we invest will typically be secured by assets of the issuing company. The collateral securing these investments may decrease in value or lose its entire value over time or may fluctuate based on the performance of the portfolio company which may lead to a loss in principal. Subordinated debt investments are typically unsecured, as are preferred and common equity interests, and this may involve a heightened level of risk, including a loss of principal or the loss of the entire investment.
- We will be exposed to leveraged credit risk.
- We may enter into total return swap agreements or other derivative transactions which expose us to certain risks, including market risk, liquidity risk and other risks similar to those associated with the use of leverage.
- Non-investment grade debt involves a greater risk of default and higher price volatility than investment grade debt.
- We may invest in assets with no or limited performance or operating history.
- We are exposed to underlying borrower fraud through our portfolio securities.
- Our investments are subject to prepayments and calls, increasing re-investment risk.
- Our investments in the equity and junior debt tranches of CLOs may be riskier and less transparent to us and our stockholders than direct investments in the underlying companies.
- CLOs typically will have no significant assets other than their underlying senior secured loans; payments on CLO investments are and will be payable solely from the cash flows from such senior secured loans.
- Our investments in the equity and junior debt tranches of CLOs are exposed to leveraged credit risk.
- There is the potential for interruption and deferral of cash flow from investments in the equity and junior debt tranches of CLOs.

- The payment of underlying portfolio manager fees and other charges on investments in the equity and junior debt tranches of CLOs could adversely impact our returns.
- The inability of a CLO collateral manager to reinvest the proceeds of the prepayment of senior secured loans may adversely affect us.
- Our investments in the equity and junior debt tranches of CLOs are subject to prepayments and calls, increasing re-investment risk.
- We have limited control of the administration and amendment of senior secured loans owned by the CLOs in which we invest.
- We have limited control of the administration and amendment of any CLO in which we invest.
- Our financial results may be affected adversely if one or more of our significant equity or junior debt investments in a CLO vehicle defaults on its payment obligations or fails to perform as we expect.
- Non-investment grade debt involves a greater risk of default and higher price volatility than investment grade debt.
- We will have no influence on management of underlying investments managed by non-affiliated third party CLO collateral managers.
- We have not identified specific investments that we will make with the proceeds of this offering, and therefore you will not have the opportunity to evaluate our investments prior to purchasing our shares.
- We may be more susceptible than a diversified fund to being adversely affected by any single corporate, economic, political or regulatory occurrence.
- The Dealer Manager in our continuous offering has limited experience selling shares on behalf of an interval fund and may be unable to sell a sufficient number shares for us to achieve our investment objective.
- Because the Dealer Manager is an affiliate of our Adviser, you will not have the benefit of an independent due diligence review of us, which is customarily performed in firm commitment underwritten offerings; the absence of an independent due diligence review increases the risks and uncertainty you face as a stockholder.
- The potential for our Adviser to earn incentive fees under the Investment Advisory Agreement may create an incentive for it to enter into investments that are riskier or more speculative than would otherwise be in our best interests, and, since the base management fee is based on average total assets, our Adviser may have an incentive to increase portfolio leverage in order to earn higher base management fees. These incentives, including the hurdle rate and catch-up provision, create an inherent conflict.
- This is a “best efforts” offering and if we are unable to raise substantial funds then we will be more limited in the number and type of investments we may make.
- Our Adviser and its affiliates face conflicts of interest as a result of compensation arrangements, time constraints and competition for investments, which they will attempt to resolve in a fair and equitable manner, but which may result in actions that are not in our stockholders’ best interests.
- Our ability to enter into transactions with our affiliates will be restricted.
- The purchase price at which you may purchase shares will be determined at each closing date. As a result, such purchase price may be higher than the prior closing price per share, and therefore you may receive a smaller number of shares than if you had subscribed at the prior closing price.
- We may be unable to invest a significant portion of the net proceeds of our offering on acceptable terms in an acceptable timeframe.
- Investors in this offering will incur dilution.
- We may borrow funds to make investments. As a result, we would be exposed to the risks of borrowing, also known as leverage, which may be considered a speculative investment technique. Leverage increases the volatility of investments and magnifies the potential for loss on amounts invested, therefore increasing the risks associated with investing in our shares.
- Our investments, especially until we raise significant capital from this offering, may be concentrated in a limited number of investments, which would magnify the effect of any losses suffered by a few of these investments.

See “Risk Factors” and the other information included in this prospectus for a discussion of factors you should carefully consider before deciding to invest in our shares.

Investment Strategy

Our investment objective is to generate current income and, as a secondary objective, long-term capital appreciation. We seek to achieve our investment objective by investing, under normal circumstances, at least 50% of our total assets, that is net assets plus borrowings, in securities of Infrastructure companies and Infrastructure-Related companies.

We consider Infrastructure companies to include (a) companies engaged in the ownership, development, construction, maintenance, renovation, enhancement, or operation of infrastructure assets; (b) companies that invest in, own, lease or hold infrastructure assets; and (c) companies that operate infrastructure assets or provide services, products or raw materials related to the development, construction, maintenance, renovation, enhancement or operation of infrastructure assets. This investment strategy may be changed by our Board of Directors if we provide our stockholders with at least 60 days prior written notice and make a corresponding change to our name. In accordance with the best interests of our stockholders, our Adviser will continue to monitor our targeted investment mix as economic conditions evolve. We expect to invest up to 50% of our total assets in other securities, including senior debt, subordinated debt, preferred equity, dividend paying equity and the equity and junior debt tranches of a type of pools of broadly syndicated loans known as Collateralized Loan Obligations, or "CLOs." The CLOs include a diversified portfolio of broadly syndicated loans and do not have direct exposure to real estate or mortgages. Our investments in the equity and junior debt tranches of CLOs will be subordinated to senior loans and are generally unsecured. We may invest in debt and equity positions of CLOs which are a form of securitization in which the cash flows of a portfolio of loans are pooled and passed on to different classes of owners in various tranches. Our CLO investments will be derived from portfolios of corporate debt securities which are generally majority risk rated from BB to B.

When identifying prospective portfolio companies, we focus primarily on the attributes set forth below, which we believe should help us generate attractive total returns with an acceptable level of risk. While these criteria provide general guidelines for our investment decisions, we caution investors that, if we believe the benefits of investing are sufficiently strong, not all of these criteria necessarily will be met by each prospective portfolio company in which we choose to invest. These attributes are:

- *Significant/meaningful asset value.* We target companies that have significant asset value rather than speculative investments or factors beyond the control of a portfolio company. We focus on Infrastructure companies that have strong potential for enhancing asset value through factors within their control. Examples of these types of factors include operating cost reductions and revenue increases driven by improved operations of previously under-performing or under- exploited assets. Such investments are expected to have significant collateral coverage and downside protection irrespective of the broader economy.
- *Defensible market positions.* We target companies that have developed strong positions within their sub-sector and exhibit the potential to maintain sufficient cash flows and profitability to service our debt in a range of economic environments. We seek companies that can protect their competitive advantage through scale, scope, customer loyalty, asset base, product pricing or product quality, thereby minimizing business risk and protecting profitability.
- *Proven management teams.* We focus on companies that have experienced management teams with an established track record of success. We typically require our portfolio companies to have proper incentives in place to align management's goals with ours.
- *Commodity price management.* We prioritize companies that appropriately manage their commodity price exposure through the use of hedging with highly-rated counterparties, contracts such as power purchase agreements, or PPAs, or tolling agreements and other instruments that seek to minimize the company's exposure to significant commodity price swings.
- *Allocation among various issuers and industries.* We seek to allocate our portfolio broadly among issuers and sub-sectors within the universe of Infrastructure companies, thereby attempting to reduce the risk of a downturn in any one company or sub-sector having a disproportionate impact on the performance of our portfolio. This flexible mandate allows the Company to take advantage of anticipated trends and avoid developments that we believe are less favorable.
- *Viable exit strategy.* We attempt to invest a majority of our assets in securities that may be sold in a privately negotiated over-the-counter market or public market, providing us a means by which we may exit our positions. We expect that a large portion of our portfolio may be sold on this secondary market for the foreseeable future, depending on market conditions. For investments that are not able to be sold within this market, we intend to focus primarily on investing in companies whose business models and growth prospects offer attractive exit possibilities, including repayment of our investments, an initial public offering of equity securities, a merger, a sale or a recapitalization, in each case with the potential for capital gains.

We will be subject to certain regulatory restrictions in making our investments. We have received an exemptive order from the SEC (the "Order") granting us the ability to negotiate terms, other than price and quantity, of co-investment transactions with other funds managed by our Adviser or certain affiliates, including Prospect Capital Corporation and Priority

Income Fund. We may only co-invest with certain entities affiliated with our Adviser in negotiated transactions originated by our Adviser or its affiliates in accordance with such Order and existing regulatory guidance. See "Certain Relationships and Related Party Transactions - Allocation of Investments" in the statement of additional information.

To seek to enhance our returns, we may borrow money from time to time at the discretion of our Adviser within the levels permitted by the 1940 Act (which generally allows us to incur leverage for up to one-third of our assets) when the terms and conditions available are favorable to long-term investing and well-aligned with our investment strategy and portfolio composition, including before we have fully invested the initial proceeds of this offering. We currently expect to use leverage in an aggregate amount up to $33^{1}/_{3}$% of our total assets, which includes assets obtained through such leverage, although we may increase our leverage under the 1940 Act. See "Regulation" in the SAI. We do not intend to issue preferred shares in the 12 months following effectiveness of the registration statement, of which this prospectus forms a part, or, thereafter, until after the proceeds of this offering are substantially invested in accordance with our investment objective. In determining whether to borrow money, we will analyze the maturity, covenant package and rate structure of the proposed borrowings as well as the risks of such borrowings compared to our investment outlook. The use of borrowed funds or the proceeds of preferred stock to make investments would have its own specific set of benefits and risks, and all of the costs of borrowing funds or issuing preferred stock would be borne by holders of our common stock. See "Risk Factors—Risks Related to Debt Financing" for a discussion of the risks inherent to employing leverage.

While a registered closed-end management investment company may list its shares for trading in the public markets, we have currently elected not to do so. We believe that a non-traded structure initially is appropriate for the long-term nature of the assets in which we invest. This structure allows us to operate with a long-term view, similar to that of other types of private investment funds—instead of managing to quarterly market expectations—and to pursue our investment objective without subjecting our investors to the daily share price volatility associated with the public markets because our shares will not be listed on a national securities exchange. In addition, we believe that this continuous offering may allow us to raise a greater amount of proceeds over an extended time frame than we could through a traditional firm commitment underwritten offering, in view of our lack of an operating history or existing portfolio. Correspondingly, we believe that we may have a greater ability to raise capital on attractive terms through a traditional firm commitment underwritten offering after we have established an investment track record. To provide our stockholders with limited liquidity, we have adopted a fundamental policy to conduct quarterly repurchase offers pursuant to our share repurchase program. This will be the only method of liquidity that we offer. Also, if you invest through a fee-based program, also known as a wrap account, of an investment dealer, your liquidity may be further restricted by the terms and conditions of such program, which may limit your ability to request the repurchase of your shares that are held in such account. See "Share Repurchase Program." Therefore, stockholders may not be able to sell their shares promptly or at a desired price.

Our shares are not currently listed on an exchange, and we do not expect a public market to develop for them in the foreseeable future, if ever.

See "Investment Objective and Strategy" for additional information regarding our investment strategy.

Market Opportunity

We believe that there are and will continue to be significant investment opportunities in income-oriented securities of private or public Infrastructure companies within the United States that will provide attractive risk-adjusted returns compared to other types of investments. According to Bloomberg, such investments are expected to be made across all sub-sectors of the Infrastructure markets, which markets include over 10,000 private companies and 1,000 public companies whose aggregate traded market capitalization exceeds $10 trillion.

Assets of Infrastructure companies are growing both in size and importance to the U.S. and the global economy. According to McKinsey, the world spent $9.6 trillion, or 14% of global GDP, on infrastructure in 2013. Like most developed countries, the U.S. has substantial infrastructure in place; however, the condition of these assets is deteriorating rapidly. According to the American Society of Civil Engineers, the cumulative infrastructure investment needs from 2016-2025 in the

U.S. will be approximately $3.3 trillion and $10.8 trillion from 2016-2040.

	Surface Transportation	Water / Wastewater	Electricity	Airports	Inland Waterways & Marine Ports	Aggregate Economic Impact of All Sectors
Investment Funding Gap - 2016 through 2025						
Total Needs	$2,042	$150	$934	$157	$37	**$3,320**
Funded	$941	$45	$757	$115	$22	**$1,880**
Funding Gap	**$1,101**	**$105**	**$177**	**$42**	**$15**	**$1,440**
Investment Funding Gap - 2016 through 2040						
Total Needs	$7,646	$204	$2,458	$376	$112	**$10,796**
Funded	$3,312	$52	$1,893	$288	$69	**$5,614**
Funding Gap	**$4,334**	**$152**	**$565**	**$88**	**$43**	**$5,182**

Source: American Society of Civil Engineers (figures in $ billions)

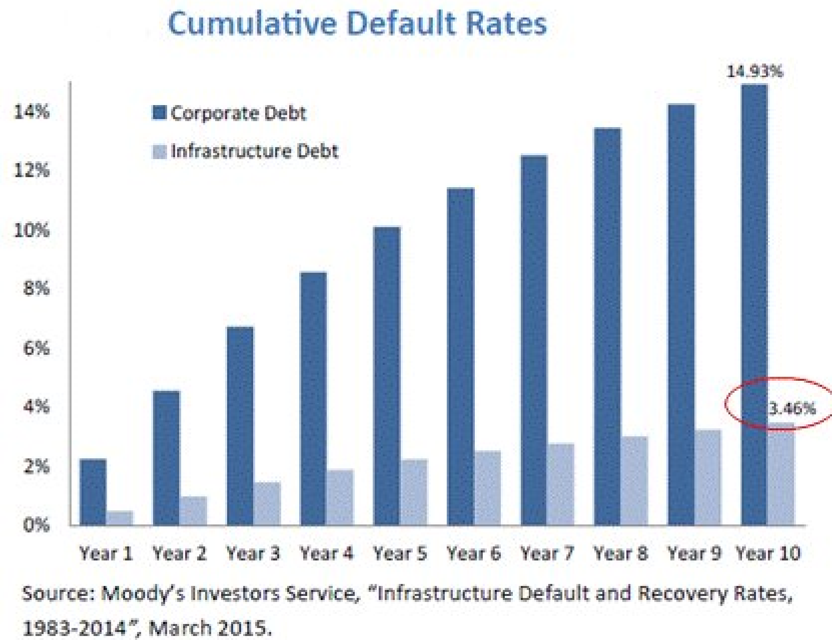
Infrastructure is essential to the functioning of society and the modern economy. It consists of the physical structures and essential services that connect society and facilitate its orderly operation. Infrastructure has a direct impact on the quality of life of individuals, by providing access to a broad range of essential resources, including water and energy, and other services, such as transportation and telecommunications. Given its strategic importance and its impact on quality of life, as well as its high capital cost, the provision of infrastructure has traditionally been a government responsibility.

With constrained government budgets facing challenges with respect to spending requirements, infrastructure funding is increasingly coming from the private sector and additional funding will be required to meet spending needs. Private market infrastructure investments have traditionally been funded by banks. However, with increasing capital regulations forcing banks to de-lever their balance sheets, other types of private market investors have begun to fill the void. The large increase in assets under management invested in infrastructure funds over the last few years marks this growing trend.

In December 2015, the Fixing America's Surface Transportation (FAST) Act was passed, which is a $305 billion five-year bill focuses on repairing the highways and is the first long-term national transportation spending package to be passed in a decade. In May 2016, the American Society of Civil Engineers published a report called "Failure to Act - Closing the Infrastructure Gap for America's Economic Future." In the report, they estimate that from 2016-2025, the United States will have an investment funding gap of $1.1 trillion for its surface transportation (highways, bridges, commuter rail, and transit systems) and a total funding gap of $1.4 trillion for all sectors.

According to the PwC and GIIA Global Infrastructure Investment 2017 report, politicians have responded to pressure by promising new major improvements with the Trump administration pledging US$1 trillion of investment in roads, bridges, schools and hospitals to be largely funded through tax-incentivised private capital.

We believe that Infrastructure debt offers investors a degree of safety versus the broader corporate market. As shown in the chart below, according to Moody's, the default rate for infrastructure debt is significantly lower than the corporate debt default rate. Infrastructure firms have real assets behind their businesses and have stable cash flows stemming from the typically long-term nature of their contractual agreements.



Source: Moody's Investors Service, "Infrastructure Default and Recovery Rates, 1983-2014", March 2015.

We believe we are well positioned to take advantage of any increase in global infrastructure spending. We continue to believe that the combination of urbanization, rising standards of living and population growth can propel infrastructure spending for decades to come. We believe that this large and diversified asset class maintains attractive and distinct investment characteristics, including stable cash flows, high barriers to entry and steady interest payments and distributions with attractive growth profiles.

Potential Competitive Strengths

We believe that we offer our investors the following potential competitive strengths:

Established platform with seasoned investment professionals. We will benefit from the wider resources of our Adviser through the personnel it utilizes from Prospect Capital Management, which is focused on sourcing, structuring, executing, monitoring and exiting a broad range of investments. We believe these personnel possess market knowledge, experience and industry relationships that enable them to identify potentially attractive investment opportunities in Infrastructure companies.

Long-term investment horizon. Unlike private equity and venture capital funds, we are not subject to standard periodic capital return requirements. Such requirements typically stipulate that capital invested in these funds, together with any capital gains on such investment, can be invested only once and must be returned to investors after a pre-determined time period. We believe our ability to make investments with a longer-term view and without the capital return requirements of traditional private investment vehicles will provide us with greater flexibility to seek investments that can generate attractive returns on invested capital.

Our Adviser's transaction sourcing capability. Our Adviser seeks to leverage its professionals' significant access to transaction flow. Our Adviser seeks to generate investment opportunities through syndicate and club deals (generally, investments made by a small group of investment firms) and, subject to regulatory constraints imposing certain restrictions on co-investment with affiliates, also through our Adviser's proprietary origination channels. These include significant contacts to participants in the credit and leveraged finance marketplace, which it can draw upon in sourcing investment opportunities for us. With respect to syndicate and club deals, our Adviser has access to a network of relationships with commercial and investment banks, finance companies and other investment funds as a result of the long track record of its investment professionals in the leveraged finance marketplace. Our Adviser seeks to leverage its investment professionals' long-standing personal contacts within the infrastructure industry to generate access to a substantial amount of originated transactions with attractive investment characteristics, including contacts with private equity sponsors and finance intermediaries. We believe that the broad network available to our Adviser should produce a significant amount of investment opportunities for us.

Efficient tax structure. As a regulated investment company, or "RIC," we generally will not be required to pay federal income taxes on any ordinary income or capital gains that we receive from our investments and distribute to our stockholders as dividends. Because we are not required to pay federal income taxes on our income or capital gains that we distribute to our stockholders, we expect to be able to offer investment terms to potential issuers that are comparable to those offered by our corporate-taxpaying competitors, and achieve after-tax net returns that are often greater than their after-tax net returns. Furthermore, tax-exempt investors in our shares who do not finance their acquisition of our shares with indebtedness should not

be required to recognize unrelated business taxable income, or "UBTI," unlike certain direct investors in MLPs. We expect to form wholly owned taxable subsidiaries to make or hold certain investments in non-traded limited partnerships. Although, as a RIC, dividends received by us from taxable entities and distributed to our stockholders will not be subject to federal income taxes, any taxable entities we own will generally be subject to federal and state income taxes on their income. As a result, the net return to us on such investments that are held by such subsidiaries will be reduced to the extent that the subsidiaries are subject to income taxes.

Disciplined, income-oriented investment philosophy. Our Adviser employs a conservative investment approach focused on current income and long-term investment performance. This investment approach involves a multi-stage selection process for each investment opportunity, as well as ongoing monitoring of each investment made, with particular emphasis on early detection of deteriorating credit conditions at portfolio companies, which could result in adverse portfolio developments. This strategy is designed to maximize current income and minimize the risk of capital loss while maintaining potential for long-term capital appreciation.

Investment expertise across all levels of the corporate capital structure. We believe the personnel available to our Adviser have broad expertise and experience investing in companies, managing high-yielding debt and equity investments in Infrastructure companies and have developed an expertise in using all levels of a firm's capital structure to produce income-generating investments, while focusing on risk management. We attempt to capitalize on this expertise in an effort to produce and maintain an investment portfolio that will perform well in a broad range of economic conditions.

Plan of Distribution

We intend to offer, in reliance on Rule 415 under the Securities Act of 1933, our shares, on a continual basis, through the Dealer Manager. No arrangement has been made to place funds received in an escrow, trust or similar account. The Dealer Manager is not required to sell any specific number or dollar amount of our shares, but will use its best efforts to solicit orders for the purchase of the shares. Our shares will not be listed on any national securities exchange and the Dealer Manager will not act as a market marker in our shares. Class A shares will pay to the Dealer Manager an up-front sales load of 5.75% of the amount invested and a shareholder servicing fee that will accrue at an annual rate equal to 0.25% of our average weekly net assets attributable to Class A shares on a quarterly basis. Class A shares are not currently subject to a Distribution Fee. Class C shares will not pay an up-front sales load. Class C shares will pay a shareholder servicing fee at an annual rate equal to 0.25% of our average weekly net assets attributable to Class C shares on a quarterly basis. Class C shares will also pay to the Dealer Manager a Distribution Fee that will accrue at an annual rate equal to 0.75% of our average weekly net assets attributable to Class C shares and is payable on a quarterly basis.

The Adviser or its affiliates, in the Adviser's discretion and from their own resources, may pay additional compensation to financial intermediaries in connection with the sale and servicing of our shares (the "Additional Compensation"). In return for the Additional Compensation, we may receive certain marketing advantages including access to financial intermediaries' registered representatives, placement on a list of investment options offered by a financial intermediary, or the ability to assist in training and educating the financial intermediaries. The Additional Compensation may differ among financial intermediaries in amount or in the manner of calculation: payments of Additional Compensation may be fixed dollar amounts, or based on the aggregate value of outstanding shares held by shareholders introduced by the financial intermediary, or determined in some other manner. The receipt of Additional Compensation by a selling financial intermediary may create potential conflicts of interest between an investor and its financial intermediary who is recommending our shares over other potential investments. Additionally, the Adviser or its affiliates pay a servicing fee to the Dealer Manager for providing ongoing services in respect of clients with whom they have distributed shares of the Company. Such services may include electronic processing of client orders, electronic fund transfers between clients and us, account reconciliations with our transfer agent, facilitation of electronic delivery to clients of our documentation, monitoring client accounts for back-up withholding and any other special tax reporting obligations, maintenance of books and records with respect to the foregoing, and such other information and ongoing liaison services as we or the Adviser may reasonably request.

Provasi Capital Partners LP acts as the dealer manager in connection with the sale of shares registered in this offering. The Dealer Manager was formed in 2001 and is an affiliate of our Adviser. Provasi Capital Partners LP also serves as the Dealer Manager in the initial public offering of shares of common stock of Priority Income Fund, a registered closed-end investment company and our affiliate.

Purchasing Shares

Investors may purchase shares directly from us in accordance with the instructions below. Investors will be assessed fees for returned checks and stop payment orders at prevailing rates charged by DST, our transfer agent. The returned check and stop payment fee is currently $25. Investors may buy and sell our shares through participating broker dealers that have made arrangements with us and are authorized to buy and sell shares of the Company (collectively, "Participating Broker Dealers"). Orders will be priced at the appropriate price next computed after it is received by a Participating Broker Dealer and accepted by us. A Participating Broker Dealer may hold shares in an omnibus account in the Participating Broker Dealer's name or the

Participating Broker Dealer may maintain individual ownership records. Participating Broker Dealers may charge fees for the services they provide in connection with processing your transaction order or maintaining an investor's account with them. Investors should check with their Participating Broker Dealer to determine if it is subject to these arrangements. Participating Broker Dealers are responsible for placing orders correctly and promptly with the Company, forwarding payment promptly. The Company will admit investors into the Company and calculate its NAV on a weekly basis. Orders transmitted with a Participating Broker Dealer at any time during the week and before the close of regular trading (generally 4:00 p.m., Eastern Time) on a Friday that the NYSE is open for business, will be priced based on the Company's NAV calculated as of the close of trading on that Friday.

By Mail

To make an initial purchase by mail, complete an account application and mail the application, together with a check made payable to Pathway Capital Opportunity Fund, Inc. to:

Via Mail:	Via Express/Overnight Delivery:
Pathway Capital Opportunity Fund, Inc. c/o Stratera Investor Services P.O. Box 219768 Kansas City, MO 64121-9768 866-655-3650	Pathway Capital Opportunity Fund, Inc. c/o Stratera Investor Services 430 West 7th Street Kansas City, MO 64105-1407 866-655-3650

All checks must be in US Dollars drawn on a domestic bank. We will not accept payment in cash or money orders. We also do not accept cashier's checks in amounts of less than $10,000. To prevent check fraud, we will neither accept third party checks, Treasury checks, credit card checks, traveler's checks or starter checks for the purchase of shares, nor post-dated checks, postdated on-line bill pay checks, or any conditional purchase order or payment.

It is our policy not to accept applications under certain circumstances or in amounts considered disadvantageous to shareholders. We reserve the right to reject any application.

By Wire - Initial Investment

To make an initial investment in our shares, the transfer agent must receive a completed account application before an investor wires funds. Investors may mail or overnight deliver an account application to the transfer agent. Upon receipt of the completed account application, the transfer agent will establish an account. The account number assigned will be required as part of the instruction that should be provided to an investor's bank to send the wire. An investor's bank must include both our name, the account number, and the investor's name so that monies can be correctly applied. If you wish to wire money to make an investment in us, please call us at 888-655-3650 for wiring instructions and to notify us that a wire transfer is coming. Any commercial bank can transfer same-day funds via wire. We will normally accept wired funds for investment on the day received if they are received by our designated bank before the close of regular trading on the NYSE. Wired funds must be received prior to 4:00 p.m. Eastern time on Friday to be eligible for that week's pricing. Your bank may charge you a fee for wiring same-day funds. The bank should transmit funds by wire to:

ABA #: (number provided by calling toll-free number above)

Credit: (TO BE COMPLETED)

Account #: (number provided by calling toll-free number above)

Further Credit:

Pathway Capital Opportunity Fund, Inc.

(shareholder registration)

(shareholder account number)

By Wire - Subsequent Investments

Before sending a wire, investors must contact DST, our transfer agent, to advise them of the intent to wire funds. This will ensure prompt and accurate credit upon receipt of the wire. Wired funds must be received prior to 4:00 p.m. Eastern time on Friday to be eligible for that week's pricing. We, and our agents, including the transfer agent and custodian, are not responsible for the consequences of delays resulting from the banking or Federal Reserve wire system, or from incomplete wiring instructions.

Automatic Investment Plan - Subsequent Investments

You may participate in our Automatic Investment Plan, an investment plan that automatically moves money from your bank account and invests it in our shares through the use of electronic funds transfers or automatic bank drafts. You may elect to make subsequent investments by transfers of a minimum of $100.

By Telephone

Investors may purchase additional shares of the Company by calling 888-655-3650. If an investor elected this option on the account application, and the account has been open for at least 15 days, telephone orders will be accepted via electronic funds transfer from your bank account through the Automated Clearing House (ACH) network. Banking information must be established on the account prior to making a purchase. Orders for shares received prior to 4 p.m. Eastern time on Friday will be purchased at the appropriate price calculated for that week.

Telephone trades must be received by or prior to market close. During periods of high market activity, shareholders may encounter higher than usual call waits. Please allow sufficient time to place your telephone transaction.

In compliance with the USA Patriot Act of 2001, DST, our transfer agent, will verify certain information on each account application as part of our Anti-Money Laundering Program. As requested on the application, investors must supply full name, date of birth, social security number and permanent street address. Mailing addresses containing only a P.O. Box will not be accepted.

If DST does not have a reasonable belief of the identity of a customer, the account will be rejected or the customer will not be allowed to perform a transaction on the account until such information is received. We also may reserve the right to close the account within 5 business days if clarifying information/documentation is not received.

Use of Proceeds

We intend to use substantially all of the proceeds from this offering, net of expenses, to make investments in private or public U.S. companies, with a primary objective of generating current income, in accordance with our investment objective and using the strategies described in this prospectus. The remainder we expect to be used for working capital and general corporate purposes. There can be no assurance we will be able to sell all the shares we are registering. If we sell only a portion of the shares we are registering, we may be unable to achieve our investment objective or provide variation in our portfolio, including the variation necessary to meet the asset diversification requirements applicable to RICs. See “Risk Factors—Federal Income Tax Risks.”

We estimate that it will take up to six months for us to substantially invest the net proceeds from each closing of this continuous offering, depending on the availability of attractive opportunities and market conditions. However, we can offer no assurance that we will be able to achieve this goal. Pending such use, we will invest the net proceeds of this offering primarily in cash, cash equivalents, U.S. government securities, money market funds, repurchase agreements and high-quality debt instruments maturing in one year or less from the time of investment, consistent with our election to be taxed as a RIC. See “Use of Proceeds.”

Share Repurchase Program

Our shares are not currently listed on any securities exchange, and we do not expect a public market for them to develop in the foreseeable future, if ever. Therefore, stockholders should not expect to be able to sell their shares promptly or at a desired price.

In order to provide limited liquidity to our stockholders, the Company intends to offer to repurchase 5% of our outstanding shares on a quarterly basis. The Company is an interval fund and, as such, has adopted a fundamental policy to make one mandatory repurchase offer in each calendar quarter of each year, at a price equal to the NAV per share, of no less than 5% of the shares outstanding. We refer to such repurchase as a "Mandatory Repurchase" because the Company is required to conduct this minimum repurchase offer unless certain limited circumstances occur. However, investors should not rely on Mandatory Repurchases being made in amounts in excess of 5% of Company assets. See "Share Repurchase Program." There is no guarantee that Stockholders will be able to sell all of the shares they desire in a Mandatory Repurchase offer because stockholders, in total, may wish to sell more than the percentage of the Company's shares being repurchased. See "Share Repurchase Program."

Advisory Fees

Our Adviser is compensated for its services. Under the Investment Advisory Agreement, our Adviser is entitled to a fee consisting of two components—a base management fee and an incentive fee. The base management fee is calculated at an annual rate of 2.0% of our total assets. The base management fee is payable quarterly in arrears and is calculated based on the average value of our total assets as of the end of the two most recently completed calendar quarters. The subordinated incentive fee, which we refer to as the subordinated incentive fee on income, will be calculated and payable quarterly in arrears based upon our "pre-incentive fee net investment income" for the immediately preceding quarter and will be subordinated to a fixed preferred return on the value of our net assets at the end of the immediately preceding calendar quarter equal to 1.5% per quarter, or an annualized rate of 6.0%. See "Investment Advisory Agreement—Overview of Our Adviser—Advisory Fees."

Expense Support and Conditional Reimbursement Agreement

Pursuant to an expense support and conditional reimbursement agreement (as amended, the "Expense Support Agreement") our Adviser has agreed to reimburse us for operating expenses in an amount equal to the difference between distributions to our stockholders for which a record date has occurred in each quarter less our available operating income during such period. Under the Expense Support Agreement, we have a conditional obligation to reimburse our Adviser for any amounts funded by our Adviser under the Expense Support Agreement following any calendar quarter in which available operating funds in such calendar quarter exceed the cumulative distributions to stockholders for which a record date has occurred in such calendar quarter. The original expense support agreement was entered into between us and our Adviser on September 2, 2014 and amended and restated on December 17, 2014 and February 24, 2015 (the "Original Expense Support Agreement").

On March 30, 2016, we and our Adviser entered into the Third Amended and Restated Expense Support and Conditional Reimbursement Agreement (the "Amended Expense Support Agreement"), which removed unrealized losses from the calculation of available operating funds and extended the period during which reimbursements by the Adviser must be made from September 2, 2017 to the date upon which the public offering period of shares of our common stock ends. Expense support payments by us to our Adviser, and reimbursements related to those future expense support payments, will be made pursuant to the Amended Expense Support Agreement.

The recoupment of expense support payments made by the Adviser to us prior to the Amended Expense Support Agreement will be under the terms of the Original Expense Support Agreement, however, we will calculate "available operating funds" for the purpose of making such reimbursements, including the change in unrealized losses in the formula for calculating available operating funds as opposed to unrealized losses. For all expense support payments made prior to the Amended Expense Support Agreement, our Adviser will recoup its previously provided expense support payments when the sum of our net investment income, the net realized capital gains/losses, the changes in unrealized losses, and dividends and other distributions paid to us from our portfolio investments during such period exceeds our dividends and distributions to shareholders. The calculation of changes in unrealized losses shall only reflect further reduction in value of individual investments from the largest previously recorded unrealized loss for such individual investment. Realized losses for such period will only include the amount in excess of the largest previously recorded unrealized loss for the same investment. The calculations related to expense support payments pursuant to the Amended Expense Support Agreement have been adjusted solely for purposes of determining the expense support payment and reimbursement obligations of the Adviser and the Company, respectively, and not for any other purpose, including the calculation of the subordinated incentive fee pursuant to the Investment Advisory Agreement.

The Expense Support Agreement will terminate with the adoption of the Expense Limitation Agreement, however, we will continue to be obligated to reimburse the Adviser for expense support payments pursuant to the terms of the Expense Support Agreement described above. Reimbursements for payments prior to March 29, 2016 will be made per the Original Expense Support Agreement terms. Reimbursement payments from March 29, 2016 to the present will be made under the Amended Expense Support Agreement. The Amended Expense Support Agreement will terminate, but the obligation to reimburse expenses will continue for three years from the date on which the relevant expense support payment was made by the Adviser to us. The Company will have no obligation to reimburse the Adviser for expense support payments beyond three

years from the date on which the expense support payment was made, regardless of whether the Adviser waives reimbursement at any point during this period.

Expense Limitation Agreement

The Adviser and the Company have entered into an Expense Limitation Agreement under which the Adviser has agreed contractually to waive its fees and to pay or absorb the operating expenses of the Company, including organization and offering expenses, any shareholder servicing fees, and other expenses described in the Investment Advisory Agreement, but not including any portfolio transaction or other investment-related costs (including brokerage commissions, dealer and underwriter spreads, prime broker fees and expenses and dividend expenses related to short sales), interest expenses and other financing costs, distribution fees, extraordinary expenses and acquired fund fees and expenses, to the extent that they exceed 8% on a per annum basis of the Company's average weekly net assets, through October 31, 2018 (the "Expense Limitation"). In consideration of the Adviser's agreement to limit the Company's expenses, the Company has agreed to repay the Adviser in the amount of any fees waived and Company expenses paid or absorbed, subject to the limitations that: (1) the reimbursement will be made only for fees and expenses incurred not more than three years following the end of the fiscal quarter in which they were incurred; and (2) the reimbursement may not be made if it would cause the Expense Limitation, or any lower limit that has been put in place, to be exceeded. The Expense Limitation Agreement may be terminated only by the Company's Board of Directors on written notice to the Adviser. After October 31, 2018, the Expense Limitation Agreement may expire or be renewed or modified to limit expenses to a level different than 8% at the Adviser's and Board's discretion.

Deferral of Certain Organization and Offering Expense Reimbursement Payments

Under the Investment Advisory Agreement, our Adviser is entitled to receive reimbursement from the Company of organization and offering expenses it has paid on our behalf in an amount of up to 5.0% of the aggregate gross proceeds of the offering of our securities until all of the organization and offering expenses incurred and/or paid by our Adviser have been recovered. On September 2, 2014, our Adviser agreed to reduce such reimbursement and accept a maximum of 2.0% of the aggregate gross proceeds of the offering of our securities until all of the organization and offering expenses incurred and/or paid by our Adviser have been recovered. The Adviser will not recoup all of the organization and offering expenses it has paid on our behalf if we do not raise a sufficient amount of capital. Additionally, as a result of our operation as a multi-class fund and related agreement to comply with Rule 12b-1 under the 1940 Act, the Adviser may be prohibited from recouping certain of these expenses.

Administration

We have entered into an administration agreement (the "Administration Agreement") under which we have agreed to reimburse Prospect Administration for our allocable portion of overhead and other expenses incurred by it in performing its obligations under the Administration Agreement, including furnishing us with office facilities, equipment and clerical, bookkeeping and record keeping services at such facilities, as well as providing us with other administrative services. Prospect Administration is controlled by Prospect Capital Management, which owns 50% of our Adviser. In addition, we have entered into an investor services agreement (the "Investor Services Agreement") under which we have agreed to reimburse a subsidiary of Stratera Holdings for providing investor relations support and related back-office services with respect to our investors. Stratera Holdings owns 50% of our Adviser. Our Board of Directors will monitor payments we make pursuant to the Administration Agreement and Investor Services Agreement for compliance with the 1940 Act. See "Administration Agreements."

Conflicts of Interest

Our Adviser and certain of its affiliates may experience conflicts of interest in connection with the management of our business affairs, including, but not limited to, the following:

- The directors, officers and other personnel of our Adviser and its affiliates allocate their time between advising us and managing other investment activities and business activities in which they may be involved, including managing and operating Prospect Capital Corporation and Priority Income Fund;
- The compensation payable by us to our Adviser and other affiliates will be approved by our Board of Directors consistent with the exercise of the requisite standard of care applicable to directors under Maryland law and our charter and bylaws. Such compensation is payable, in most cases, whether or not our stockholders receive distributions;
- We compete with certain affiliates for investments, including Prospect Capital Corporation and Priority Income Fund, subjecting our Adviser and its affiliates to certain conflicts of interest in evaluating the suitability of investment opportunities and making or recommending acquisitions on our behalf;

- Regardless of the quality of the assets acquired or the services provided to us, or whether we make distributions to our stockholders, our Adviser will receive base management fees and reimbursement of routine non-compensation overhead expenses in connection with the management of our portfolio and may receive subordinated incentive fees in connection with the generation of net investment income;
- Because the Dealer Manager, Provasi Capital Partners LP, is an affiliate of our Adviser, its due diligence review and investigation of us and this prospectus cannot be considered to be an independent review;
- The personnel of our Adviser and its affiliates allocate their time between assisting our Adviser in connection with identifying investment opportunities and making investment recommendations and performing similar functions for other business activities in which they may be involved, including in their capacity as personnel of Prospect Capital Management, the investment adviser to Prospect Capital Corporation, and Priority Senior Secured Income Management, the investment adviser to Priority Income Fund;
- We may compete with other funds managed by affiliates of our Adviser for investment opportunities, subjecting our Adviser and its affiliates to certain conflicts of interest in evaluating the suitability of investment opportunities and making or recommending acquisitions to us;
- From time to time, to the extent consistent with the 1940 Act and the rules and regulations promulgated thereunder, we and other clients (if any) for which our Adviser provides investment management services or carries on investment activities may make investments at different levels of an investment entity's capital structure or otherwise in different classes of an issuer's securities. These investments may inherently give rise to conflicts of interest or perceived conflicts of interest between or among the various classes of securities that may be held by us and such other clients;
- Our Adviser and its respective affiliates may give advice and recommend securities to other clients which may differ from advice given to, or securities recommended or bought for, us, even though their investment objective may be similar to ours;
- Prospect Capital Management and Stratera Holdings and their affiliates may have existing business relationships or access to material, non-public information that would prevent our Adviser from recommending certain investment opportunities that would otherwise fit within our investment objective;
- Our Adviser and its affiliates are not restricted from forming additional investment funds, from entering into other investment advisory relationships or from engaging in other business activities, even though such activities may be in competition with us and/or may involve substantial time and resources of our Adviser or its affiliates. Affiliates of our Adviser, whose primary business includes the origination of investments, engage in investment advisory business with accounts that compete with us; and
- To the extent permitted by the 1940 Act and staff interpretations, our Adviser may seek to have us and one or more other investment accounts managed by our Adviser or any of its affiliates participate in an investment opportunity. We have received an exemptive order from the SEC (the "Order") granting us the ability to negotiate terms other than price and quantity of co-investment transactions with other funds managed by our Adviser or certain affiliates, including Prospect Capital Corporation and Priority Income Fund, Inc., subject to the conditions included therein. Under the terms of the Order permitting us to co-invest with other funds managed by our Adviser or its affiliates, a majority of our independent directors who have no financial interest in the transaction must make certain conclusions in connection with a co-investment transaction, including that (1) the terms of the proposed transaction, including the consideration to be paid, are reasonable and fair to us and our stockholders and do not involve overreaching of us or our stockholders on the part of any person concerned and (2) the transaction is consistent with the interests of our stockholders and is consistent with our investment objective and strategies. The Order also imposes reporting and record keeping requirements and limitations on transactional fees. We may only co-invest with certain entities affiliated with our Adviser in negotiated transactions originated by our Adviser or its affiliates in accordance with such Order and existing regulatory guidance. See "Certain Relationships and Related Party Transactions—Allocation of Investments" in the statement of additional information. These co-investment transactions may give rise to conflicts of interest or perceived conflicts of interest among us and the other participating accounts. To mitigate these conflicts, our Adviser and its affiliates will seek to allocate portfolio transactions for all of the participating investment accounts, including us, on a fair and equitable basis, taking into account such factors as the relative amounts of capital available for new investments, the applicable investment programs and portfolio positions, the clients for which participation is appropriate and any other factors deemed appropriate.

Available Information

We file periodic reports, proxy statements and other information with the SEC. This information will be available at the SEC's public reference room at 100 F Street, NE, Washington, D.C. 20549 and on the SEC's website at www.sec.gov. The public may obtain information on the operation of the SEC's public reference room by calling the SEC at 1-800-SEC-0330. This information will also be available free of charge by contacting us at 10 East 40th Street, 42nd Floor, New York, New York, 10016, or by telephone at (212) 448-0702 or on our website at *www.pathwaycapitalfund.com*. These reports should not be considered a part of or as incorporated by reference in this prospectus, or the registration statement of which this prospectus is a part.

Portfolio Update

We intend to continue to add securities to our portfolio as our offering progresses. The following is our investment portfolio as of June 30, 2017:

					June 30, 2017			
Portfolio Investments [1]	**Industry**	**Sector [2]**	**Coupon /Yield**	**Legal Maturity**	**Principal Amount**	**Amortized Cost**	**Fair Value [3]**	**% of Net Assets**
LEVEL 2 PORTFOLIO INVESTMENTS [4]								
Senior Unsecured Bonds								
Archrock Partners, LP	Energy	Services	6.00%	4/1/2021	$ 1,000,000	$ 974,131	$ 983,332	11.7 %
Brand Energy & Infrastructure Services, Inc.	Energy	Industrial	8.50%	7/15/2025	1,000,000	1,000,000	1,042,675	12.4 %
Calumet Specialty Products	Energy	Downstream	7.75%	4/15/2023	300,000	281,131	263,250	3.1 %
Carrizo Oil and Gas, Inc.	Energy	Upstream	7.50%	9/15/2020	884,000	882,638	897,260	10.7 %
CSI Compressco LP	Energy	Services	7.25%	8/15/2022	500,000	431,024	460,625	5.5 %
Ferrellgas Partners LP	Energy	Downstream	8.63%	6/15/2020	750,000	743,507	711,191	8.5 %
Global Partners LP	Energy	Midstream	7.00%	6/15/2023	350,000	327,963	350,538	4.2 %
Laredo Petroleum, Inc.	Energy	Upstream	7.38%	5/1/2022	500,000	497,901	508,125	6.0 %
Martin Midstream Partners LP	Energy	Midstream	7.25%	2/15/2021	500,000	480,014	509,167	6.1 %
NGL Energy Partners LP	Energy	Midstream	6.88%	10/15/2021	500,000	495,903	500,104	5.9 %
PDC Energy, Inc.	Energy	Upstream	7.75%	10/15/2022	350,000	351,188	365,012	4.3 %
Rice Energy, Inc.	Energy	Upstream	7.25%	5/1/2023	350,000	333,967	378,461	4.5 %
RSP Permian, Inc.	Energy	Upstream	6.63%	10/1/2022	300,000	290,898	310,875	3.7 %
Weatherford Bermuda	Energy	Services	9.88%	3/1/2039	350,000	322,550	377,672	4.5 %
Western Refining Logistics LP	Energy	Midstream	7.50%	2/15/2023	400,000	403,097	432,500	5.1 %
WPX Energy, Inc.	Energy	Upstream	7.50%	8/1/2020	400,000	393,610	421,769	5.0 %
					Total Senior Unsecured Bonds	**$ 8,209,522**	**$ 8,512,556**	**101.3 %**
Senior Secured Bonds								
Hexion Inc.	Energy	Chemicals	6.63%	4/15/2020	$ 550,000	$ 511,496	$ 504,281	6.0 %
Westmoreland Coal Co.	Energy	Coal	8.75%	1/1/2022	450,000	375,194	396,394	4.7 %

					Total Senior Secured Bonds	**$ 886,690**	**$ 900,675**	**10.7 %**
					Total Level 2 Portfolio Investments	**$ 9,096,212**	**$ 9,413,231**	**112.0 %**
LEVEL 3 PORTFOLIO INVESTMENTS								
Second Lien Term Loan								
Jonah Energy LLC [5]	Energy	Upstream	7.54%	5/12/2021	$ 1,000,000	$ 978,515	$ 967,000	11.5 %
					Total Second Lien Term Loan	**$ 978,515**	**$ 967,000**	**11.5 %**
CLO - subordinated notes[4]								
Carlyle Global Market Strategies CLO 2014-4, Ltd. [6] [7]	Structured Finance	N/A	21.61%	10/15/2026	$ 250,000	$ 190,868	$ 193,437	2.3 %
Galaxy XIX CLO, Ltd. [6] [7]	Structured Finance	N/A	17.89%	1/24/2027	250,000	166,177	143,818	1.7 %
GoldenTree 2013-7A [6] [7]	Structured Finance	N/A	21.10%	4/25/2025	250,000	159,172	138,420	1.6 %
Madison Park Funding XIII, Ltd.[6] [7]	Structured Finance	N/A	42.42%	1/19/2025	250,000	175,847	199,490	2.4 %
Madison Park Funding XIV, Ltd. [6] [7]	Structured Finance	N/A	31.30%	7/20/2026	250,000	194,589	225,047	2.7 %
Octagon Investment Partners XXI, Ltd. [6] [7]	Structured Finance	N/A	29.94%	11/14/2026	300,000	178,743	211,206	2.5 %
OZLM XII, Ltd. [6] [7]	Structured Finance	N/A	14.53%	4/30/2027	275,000	217,734	205,077	2.4 %
Voya IM CLO 2013-1, Ltd. [6] [7]	Structured Finance	N/A	19.17%	4/15/2024	250,000	154,559	145,112	1.7 %
Voya CLO 2016-1, Ltd. [6] [7]	Structured Finance	N/A	17.33%	1/20/2027	250,000	199,480	218,598	2.6 %
					Total CLO - subordinated notes	**$ 1,637,169**	**$ 1,680,205**	**20.0 %**
					Total Level 3 Portfolio Investments	**$ 2,615,684**	**$ 2,647,205**	**31.5 %**
Total Portfolio Investments						**$ 11,711,896**	**$ 12,060,436**	**143.5 %**
Liabilities in excess of other assets							(3,654,692)	(43.5)%
Net Assets							**$ 8,405,744**	**100.0 %**

[1] The Company does not "control" and is not an "affiliate" of any of the portfolio investments, each term as defined in the Investment Company Act of 1940, as amended (the "1940 Act"). In general, under the 1940 Act, the Company would be presumed to "control" a portfolio company if the Company owned 25% or more of its voting securities and would be an "affiliate" of a portfolio company if the Company owned 5% or more of its voting securities.

[2] The upstream sector includes businesses that locate, develop or extract energy in its most basic, raw form. The midstream sector includes businesses that process, gather, transport, ship, transmit or store raw energy resources or by-products in a form suitable for refining or power generation. The downstream sector includes businesses that refine, market or distribute energy to end-user customers.

[3] Fair value is determined pursuant to policies and procedures adopted by the Company's Board of Directors.

[4] All securities are pledged as collateral supporting the amounts outstanding under a revolving credit facility with BNP Paribas Prime Brokerage International, Ltd. that was closed on August 25, 2015.

[5] The interest rate on this investment is subject to the base rate of 1-Month LIBOR, with a minimum floor of 1.00%. 1-Month LIBOR was 1.22% at June 30, 2017. The current base rate for this investment may be different from the reference rate on June 30, 2017.

[6] The CLO subordinated notes/securities, income notes and preference/preferred shares are considered equity positions in the Collateralized Loan Obligations ("CLOs"). The CLO equity investments are entitled to recurring distributions which are generally equal to the excess cash flow generated from the underlying investments after payment of the contractual payments to debt holders and fund expenses. The current estimated yield is based on the current projections of this excess cash flow taking into account assumptions which have been made regarding expected prepayments, losses and future reinvestment rates. These assumptions are periodically reviewed and adjusted. Ultimately, the actual yield may be higher or lower than the estimated yield if actual results differ from those used for the assumptions.

[7] Co-investment with another fund managed by an affiliate of the Adviser.

Distributions

Subject to our Board of Directors' discretion and applicable legal restrictions, we intend to authorize and declare ordinary cash distributions and pay such distributions on a monthly basis. We will then calculate each stockholder's specific distribution amount for the period using weekly record dates with each stockholder eligible to receive distributions beginning the week we accept the stockholder's order for our shares. From time to time, we may also pay interim special distributions in cash or in our shares at the discretion of our Board of Directors. Our distributions may exceed our earnings, especially during the period before we have substantially invested the proceeds from this offering. Therefore, portions of the distributions that we make may be a return of the money that you originally invested and represent a return of capital to you for tax purposes. Such a return of capital is not immediately taxable, but reduces your tax basis in our shares, which may result in higher taxes for you even if your shares are sold at a price below your original investment. Each year a statement on Form 1099-DIV identifying the source of the distribution will be mailed to our U.S. stockholders. There can be no assurance that we will be able to pay distributions at a specific rate or at all. See "Material U.S. Federal Income Tax Considerations."

We intend to make our ordinary distributions in the form of cash, out of assets legally available, unless stockholders elect to receive their distributions in additional shares under our distribution reinvestment plan. Any distributions reinvested under the plan will nevertheless remain taxable to a U.S. stockholder. If stockholders hold shares in the name of a broker or financial intermediary, they should contact the broker or financial intermediary regarding their election to receive distributions in additional shares.

Distribution Reinvestment Plan

We have adopted an "opt in" distribution reinvestment plan pursuant to which you may elect to have the full amount of your cash distributions reinvested in additional shares. Participants in our distribution reinvestment plan are free to elect or revoke reinstatement in the distribution reinvestment plan within a reasonable time as specified in the plan. If you do not elect to participate in the plan you will automatically receive any distributions we declare in cash. For example, if our Board of Directors authorizes, and we declare, a cash distribution, then if you have "opted in" to our distribution reinvestment plan you will have your cash distributions reinvested in additional shares, rather than receiving the cash distributions. During this offering, we generally intend to coordinate distribution payment dates so that the same price that is used for the closing date immediately following such distribution payment date will be used to calculate the purchase price for purchasers under the distribution reinvestment plan. In such case, your reinvested distributions will purchase shares at a price equal to 95% of the price that shares are sold in the offering at the closing immediately following the distribution payment date. See "Distribution Reinvestment Plan." No commissions or fees will be assessed pursuant to our distribution reinvestment plan.

Taxation

We intend to elect to be treated for federal income tax purposes, and intend to qualify annually thereafter, as a RIC under Subchapter M of the Code. As a RIC, we generally will not have to pay corporate-level federal income taxes on any ordinary income or capital gains that we distribute to our stockholders from our tax earnings and profits. To maintain our RIC tax treatment, we must meet specified source-of-income and asset diversification requirements and distribute annually at least 90% of our ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any. See "Material U.S. Federal Income Tax Considerations."

Corporate Information

Our principal executive offices are located at 10 East 40th Street, 42nd Floor, New York, New York, 10016. We maintain a website at *www.pathwaycapitalfund.com*. Information contained on our website is not incorporated by reference into this prospectus, and you should not consider that information to be part of this prospectus.

Recent Events

During the period from July 1, 2017 through October 26, 2017, we raised $581,908 of capital, net of offering proceeds, through the issuance of 41,068 shares.

During the period from July 1, 2017 through October 26, 2017, we made distributions of $72,195, which are all deemed return of capital.

During the period from July 1, 2017 through October 26, 2017, we made three additional investments in existing bonds totaling $995,000.

During the period from July 1, 2017 through October 26, 2017, we made one investment in a new bond totaling $1,000,000.

During the period from July 1, 2017 through October 26, 2017, we sold one bond investment for proceeds of $381,375.

During the period from July 1, 2017 through October 26, 2017, one loan repaid for proceeds of $1,001,068.

During the period from July 1, 2017 through October 26, 2017, we made one new CLO equity investment totaling $180,313. This is a co-investment with PRIS.

During the period from July 1, 2017 through October 26, 2017, we made one additional investment in an existing CLO totaling $17,554. This is a co-investment with PRIS.

On August 28, 2017, our Board of Directors declared a series of distributions for the months of September through October 2017 reflected in the following table. Stockholders of record as of each respective record date will be entitled to receive the distribution.

Record Date	Payment Date	Total Amount per Share[a]
September 1, 8, 15, 22 and 29, 2017	October 2, 2017	$ 0.08860
October 6, 13, 20 and 27, 2017	October 30, 2017	0.07088

[a] Total amount per share represents the total distribution rate for the record dates indicated.

On October 24, 2017, our Board of Directors declared a series of distributions for the month of November 2017 reflected in the following table. Stockholders of record as of each respective record date will be entitled to receive the distribution.

Record Date	Payment Date	Total Amount per Share[a]
November 3, 10, 17 and 24, 2017	November 28, 2017	0.07088

On July 27, 2017, the Company filed a new registration statement on Form N-2. Subsequently, on August 11, 2017, the Company filed a Preliminary Proxy Statement in connection with a proposed special meeting of the stockholders.

FEES AND EXPENSES

Shareholder Transaction Expenses	Class A	Class C
Maximum Sales Load (as a percentage of offering price)	5.75%	None
Early Withdrawal Fee(1)	None	—%
Annual Expenses (as a percentage of net assets attributable to shares)(2)		
Management Fees(3)	3.32%	3.32%
Incentive Fees(4)	—%	—%
Interest Payments on Borrowed Funds(5)	0.68%	0.68%
Shareholder Servicing Expenses	0.25%	0.25%
Distribution Fee(6)	None	0.75%
Other Expenses(7)	12.75%	12.75%
Acquired Fund Fees and Expenses(8)	0.84%	0.84%
Total Annual Expenses(9)	17.84%	18.59%
Fee Waiver and Reimbursement	(8.32)%	(8.32)%
Total Annual Expenses (after fee waiver and reimbursement)	9.52%	10.27%

(1) Class C shareholders may be subject to an early withdrawal fee of 1% on shares repurchased during the first 365 days after their purchase

(2) Amount assumes that we sell $2.45 million worth of our shares during the 12 months following June 30, 2017, which represents the average monthly rate of capital raising during the 3 months from April 1, 2017 to June 30, 2017 over 12 months. As of June 30, 2017, we had net assets of approximately $8.41 million. Assuming we raise an additional $2.45 million over the 12 months following June 30, 2017, we would receive net offering proceeds from such sales of $2.37 million (not including the conditional reimbursement of offering costs to our Adviser), resulting in estimated net assets of $10.78 million and average net assets of $9.69 million, based on our net assets of $8.41 million as of June 30, 2017. For this calculation of future capital raising, it is under the assumption of 35% as Class A, 20% as Class C, 20% as Class I and 25% as Class L were issued at their applicable sales load and the net assets at June 30, 2017 were allocated in the same proportion. The amount also assumes that we do not borrow additional funds during such period. Actual expenses will depend on the number of shares we sell in this offering and the amount of leverage we employ. For example, if we were to raise proceeds significantly less than this amount over the next twelve months, our expenses as a percentage of our average net assets would be significantly higher. There can be no assurance that we will sell $2.45 million of our shares during the twelve months following June 30, 2017.

(3) Our base management fee under the Investment Advisory Agreement will be payable quarterly in arrears, and will be calculated at an annual rate of 2.0% of the value of our average total assets, payable quarterly in arrears and based on the average value of our total assets as of the end of the two most recently completed calendar quarters). The figure in the table is calculated on the basis of our average net assets over the following twelve months. The amount also assumes that we do not borrow additional funds during such period. The fees include routine non-compensation overhead expenses of our Adviser under the Investment Advisory Agreement (up to a maximum of 0.0625% of our total assets per quarter, or 0.25% per year). Routine non-compensation overhead expenses consist primarily of expenses related to office space, furnishings, supplies, equipment, communications equipment and services, and insurance. The percentage reflected in the table is higher than 2.0% because it is calculated on our average net assets (rather than our average total assets). See "Investment Advisory Agreement—Overview of Our Adviser—Advisory Fees."

(4) Based on our current business plan, it is possible that we may have net investment income that could result in the payment of a subordinated incentive fee to our Adviser in the following twelve months. However, the subordinated incentive fee payable to our Adviser is based on our performance and will not be paid unless we achieve certain performance targets. For example, the subordinated incentive fee, which we refer to as the subordinated incentive fee on income, will be calculated and payable quarterly in arrears based upon our "pre-incentive fee net investment income" for the immediately preceding quarter and will be subordinated to a fixed preferred return on the value of our net assets at the end of the immediately preceding calendar quarter equal to 1.5% per quarter, or an annualized rate of 6.0%. As we cannot predict whether we will meet the necessary performance target, we have assumed that no subordinated incentive fee will be paid for purposes of this table. We expect the subordinated incentive fees we pay to increase to the extent we earn greater net investment income through our investments. Because the example below assumes a 5.0% annual return, as required by the SEC, no subordinated incentive fee would be payable in the following 12 months. See "Investment Advisory Agreement—Overview of Our Adviser—Advisory Fees" for a full explanation of how this incentive fee is calculated.

(5) Interest payments on borrowed funds is estimated based on the interest rate currently in effect with respect to the Company's credit facilities and includes the ongoing commitment fees payable under the terms of the credit facilities. We may borrow funds to make investments, including before we have fully invested the initial proceeds of this offering. To the extent that we determine it is appropriate to borrow funds to make investments, the costs associated with such borrowing will be indirectly borne by our investors. The figure in the table is based on the amount of interest expense on our borrowings under the revolving credit facility with BNP Paribas Prime Brokerage International, Ltd. (the "Revolving Credit Facility"), which bears interest at an annual rate of three-month LIBOR plus 120 basis points with no minimum LIBOR floor. The average interest rate on borrowings under the Revolving Credit Facility for the year ended June 30, 2017 was 2.19%. We do not intend to issue preferred shares in the first 12 months following effectiveness of the registration statement, of which this prospectus forms, or, thereafter, until after the proceeds of this offering are substantially invested in accordance with our investment objective.

(6) Class C shares will pay to the Dealer Manager a Distribution Fee that will accrue at an annual rate equal to 0.75% of the average weekly net assets attributable to Class C shares and is payable on a quarterly basis. See Plan of Distribution.

(7) Other expenses include accounting, legal and auditing fees as well as the reimbursement of our portion of the Administrator's cost including compensation of our chief financial officer, chief compliance officer, treasurer and secretary and other administrative personnel of our Administrator, and fees payable to our independent directors. The amount presented in the table estimates the amounts that will be paid during the 12 months following June 30, 2017 and does not include preferred pricing arrangements we may receive from certain parties as a newly-formed entity. The estimate of our administrative costs is based on our projected allocable portion of overhead and other expenses incurred by Prospect Administration in performing its obligations under the Administration Agreement. "Other expenses" does not include non-recurring expenses. See "Administration Agreements" and "Investment Advisory Agreement."

(8) Amount reflects the estimated annual asset management fees incurred indirectly by us in connection with our investment in CLOs during the next 12 months, including asset management fees payable to the collateral managers of CLO equity tranches and incentive fees due to the collateral managers of CLO equity tranches. The 0.96% is composed of 0.96% of collateral manager fees and 0.00% of incentive fees. The 0.96% of collateral manager fees are determined by multiplying 0.483% (collateral managers fees historically paid) by 10.2 (the leverage in such CLOs) by 17%, which is the fair value of CLOs at June 30, 2017 as of a percentage of projected net assets as of June 30, 2018. The 0.0% of incentive fees are determined by multiplying 0.0% (an estimate if the CLOs were redeemed in the next 12 months and the underlying portfolios were liquidated) by 100% (the assumed amount of total assets invested in equity tranches of CLOs). However, such amounts are uncertain and difficult to predict. Future fees and expenses may be substantially higher or lower because certain fees and expenses are based on the performance of the CLOs, which may fluctuate over time. As a result of such investments, our stockholders may be required to pay two levels of fees in connection with their investment in our shares, including fees payable under our Investment Advisory Agreement, and fees charged to us on such investments.

(9) The Adviser and the Company have entered into an expense limitation and reimbursement agreement (the Expense Limitation Agreement) under which the Adviser has agreed contractually to waive its fees and to pay or absorb the operating expenses of the Company, including organization and offering expenses, any shareholder servicing fees, and other expenses described in the Investment Advisory Agreement, but not including any portfolio transaction or other investment-related costs (including brokerage commissions, dealer and underwriter spreads, prime broker fees and expenses and dividend expenses related to short sales), interest expenses and other financing costs, distribution fees, extraordinary expenses and acquired fund fees and expenses, to the extent that they exceed 8% on a per annum basis of the Company's average weekly net assets attributable to Class A and Class C shares, respectively (the Expense Limitation). In consideration of the Adviser's agreement to limit the Company's expenses, the Company has agreed to repay the Adviser in the amount of any fees waived and Company expenses paid or absorbed, subject to the limitations that: (1) the reimbursement for fees and expenses will be made only if payable not more than three fiscal years following the fiscal quarter in which they were incurred; and (2) the reimbursement may not be made if it would cause the Expense Limitation, or any lower limit that has been put in place, to be exceeded. The Expense Limitation Agreement will remain in effect until October 31, 2018, unless and until the Board approves its modification or termination. This agreement may be terminated only by the Company's Board of Directors on 60 days written notice to the Adviser. See Management of the Company.

Example

The following example illustrates the hypothetical expenses that you would pay on $1,000 investment assuming annual expenses attributable to shares remain unchanged, shares earn a 5% annual return (the example assumes the Company's Expense Limitation Agreement will remain in effect for only one year), and you redeemed your shares in full at the end of such period.

Fund Expense Hypothetical

	1 Year	3 Years	5 Years	10 Years
Class A	$ 145	$ 426	$ 640	$ 976
Class C*	$ 109	$ 406	$ 634	$ 983

*The 1 Year hypothetical expenses include the early withdrawal fee of 1%.

The example and the expenses in the tables above should not be considered a representation of our future expenses, and actual expenses may be greater or less than those shown. While the example assumes, as required by the SEC, a 5.0% annual return, our performance will vary and may result in a return greater or less than 5.0%. In addition, while the example assumes reinvestment of all distributions at net asset value, we generally intend that participants in our distribution reinvestment plan during this offering will receive a number of our shares determined by dividing the total dollar amount of the distribution payable to a participant by a price equal to 95% of the price that shares are sold in the offering at the closing immediately following the distribution payment date. See "Distribution Reinvestment Plan" for additional information regarding our distribution reinvestment plan. See "Plan of Distribution" for additional information regarding stockholder transaction expenses.

FINANCIAL HIGHLIGHTS

The table below sets forth financial data for one share of common stock outstanding throughout the period presented.

	Year Ended June 30, 2017	Period Ended June 30, 2016[a]
Per share data:		
Net asset value, beginning of year	$ 12.81	$ 13.80
Net investment income[b]	0.71	1.21
Net realized and unrealized gain (loss) on investments[b]	0.68	(0.03)
Net increase in net assets resulting from operations	1.39	1.18
Return of capital distributions[c]	(0.92)	(0.75)
Offering costs[b]	0.03	(0.62)
Other[d]	0.22	(0.80)
Net asset value, end of year	$ 13.53	$ 12.81
Total return, based on NAV[e]	13.20%	(1.75)%
Supplemental Data:		
Net assets, end of year	$ 8,405,744	$ 5,976,355
Ratio to average net assets:		
Expenses without expense support payments	22.05%	36.65 %
Expenses after expense support payments	10.52%	3.41 %
Net investment income	5.19%	11.50 %
Portfolio turnover	27.54%	4.27 %

(a) The net asset value at the beginning of the period is the net offering price as of August 25, 2015, which is the date that the Company satisfied its minimum offering requirement by raising over $2.5 million from selling shares to persons not affiliated with the Company or the Adviser (the "Minimum Offering Requirement"), and as a result, broke escrow and commenced making investments.

(b) Calculated based on weighted average shares outstanding.

(c) The per share data for distributions is the actual amount of distributions paid or payable per share of common stock outstanding during the year or period. Distributions per share are rounded to the nearest $0.01.

(d) The amount shown represents the balancing figure derived from the other figures in the schedule, and is primarily attributable to the accretive effects from the sales of the Company's shares and the effects of share repurchases during the year or period.

(e) Total return is based upon the change in net asset value per share between the opening and ending net asset values per share during the year or period and assumes that distributions are reinvested in accordance with the Company's dividend reinvestment plan. The computation does not reflect the sales load for any class of shares. Total return based on market value is not presented since the Company's shares are not publicly traded. For the period less than one year, total return is not annualized.

The Company's complete audited Financial Statements, which include the Financial Highlights presented above, and independent registered public accounting firm's report thereon contained in the Company's annual report dated June 30, 2017, are incorporated by reference in the Company's SAI. The Company's SAI, annual report and semi-annual report are available upon request, without charge, by calling the Company at (212) 448-0702.

QUESTIONS AND ANSWERS ABOUT THIS OFFERING

Set forth below are some of the more frequently asked questions and answers relating to our structure, our management, our business and an offering of this type. See “Prospectus Summary” and the remainder of this prospectus for more detailed information about our structure, our business and this offering.

Q: What is a “RIC”?

A: A “RIC” is a regulated investment company under Subchapter M of the Code. A RIC generally does not have to pay corporate level federal income taxes on any income or capital gains that it distributes to its stockholders from its taxable earnings and profits. To qualify as a RIC, a company must, among other things, meet certain source-of-income and asset diversification requirements. In addition, in order to obtain RIC tax treatment, a company must distribute to its stockholders, for each taxable year, at least 90% of its “investment company taxable income,” which is generally its net ordinary income plus the excess, if any, of realized net short-term capital gains over realized net long-term capital losses. See “Material U.S. Federal Income Tax Considerations” for more information regarding RICs.

Q: What is an “Interval Fund”?

A: An interval fund is a closed-end investment company registered under the 1940 Act that has adopted a fundamental policy to make periodic offers to repurchase no less than 5% of its shares outstanding.

Q: Will I be able to liquidate my investment?

A: In order to provide limited liquidity to its stockholders, we intend to offer to repurchase our outstanding shares on a quarterly basis. As an interval fund we have adopted a fundamental policy to make repurchase offers in each calendar quarter of each year at a price equal to the NAV per share of no less than 5% and no more than 25% of the shares outstanding. We refer to such repurchase as a “Mandatory Repurchase” because we are required to conduct these repurchase offers unless certain limited circumstances occur. There is no guarantee that stockholders will be able to sell all of the shares they desire in a Mandatory Repurchase offer because stockholders, in total, may wish to sell more than the percentage of our shares being repurchased. We intend to maintain liquid securities, cash or access to a bank line of credit in amounts sufficient to meet the quarterly redemption offer requirements.

Q: Who will choose which investments to make?

A: All investment decisions will be made by our Adviser. Our Board of Directors, including a majority of independent directors, will oversee and monitor our investment performance. Beginning with the second anniversary of the date of the Investment Advisory Agreement, our Board of Directors will annually review the compensation we pay to our Adviser to determine that the provisions of the Investment Advisory Agreement are carried out.

Q: What is the experience of our Adviser?

A: Our investment activities are managed by our Adviser, who oversees the management of our activities and the day-to-day management of our investment operations. Our Adviser is owned 50% by Prospect Capital Management, an asset management firm registered as an investment adviser under the Advisers Act, and 50% by Stratera Holdings, a national sponsor of alternative investment products designed for the individual and institutional investor. Our Adviser’s professionals have significant experience across private lending and private equity investing, including experience advising and managing a business development company through Prospect Capital Management’s management agreement with Prospect Capital Corporation. See “Management” and “Portfolio Management” for more information on the experience of our Adviser’s professionals.

Q: How does a “best efforts” offering work?

A: When shares are offered to the public on a “best efforts” basis, the broker-dealers participating in the offering are only required to use their best efforts to sell our shares. Broker-dealers do not have a firm commitment or obligation to purchase any of the shares.

Q: Will I receive a share certificate?

A: No. Our Board of Directors has authorized the issuance of our shares without certificates. We expect that we will not issue shares in certificated form, although we may decide to issue certificates at such time, if ever, as we list our shares on a national securities exchange. We anticipate that all of our shares will be issued in book-entry form only. The use of book-entry registration protects against loss, theft or destruction of share certificates and reduces the offering costs.

Q: How do I purchase shares?

A: Investors may purchase shares directly from us in accordance with the instructions below. Investors will be assessed fees for returned checks and stop payment orders at prevailing rates charged by DST, our transfer agent. The returned check and stop payment fee is currently $25. Investors may buy and sell our shares through participating broker dealers and their agents that have made arrangements with us and are authorized to buy and sell shares of the Company (collectively, "Participating Broker Dealers"). Orders will be priced at the appropriate price next computed after it is received by a Participating Broker Dealer and accepted by us. A Participating Broker Dealer may hold shares in an omnibus account in the Participating Broker Dealer's name or the Participating Broker Dealer may maintain individual ownership records. Participating Broker Dealers may charge fees for the services they provide in connection with processing your transaction order or maintaining an investor's account with them. Investors should check with their Participating Broker Dealer to determine if it is subject to these arrangements. Participating Broker Dealers are responsible for placing orders correctly and promptly with the Company, forwarding payment promptly. The Company will admit investors into the Company and calculate its NAV on a weekly basis. Orders transmitted with a Participating Broker Dealer at any time during the week and before the close of regular trading (generally 4:00 p.m., Eastern Time) on a Friday that the NYSE is open for business, will be priced based on the Company's NAV calculated as of the close of trading on that Friday.

Q: Is there any minimum initial investment required?

A: Yes. To purchase shares in this offering, you must make an initial purchase of at least $1,000. Once you have satisfied the minimum initial purchase requirement, any additional purchases of our shares in this offering must be in amounts of at least $100 except for additional purchases pursuant to our distribution reinvestment plan. See "Plan of Distribution."

Q: Can I invest through my IRA, Keogh or after-tax deferred account?

A: Yes. An approved trustee must process and forward to us subscriptions made through IRAs, Keogh plans and 401(k) plans. In the case of investments through IRAs, Keogh plans and 401(k) plans, we will send the confirmation and notice of our acceptance to the trustee. Please be aware that in purchasing shares, custodians or directors of employee pension benefit plans or IRAs may be subject to the fiduciary duties imposed by the Employee Retirement Income Security Act of 1974, or ERISA, or other applicable laws and to the prohibited transaction rules prescribed by ERISA and related provisions of the Code. In addition, prior to purchasing shares, the trustee or custodian of an employee pension benefit plan or an IRA should determine that such an investment would be permissible under the governing instruments of such plan or account and applicable law.

Q: How will the payment of fees and expenses affect my invested capital?

A: The payment of fees and expenses will reduce the funds available to us for investments and the income generated by the portfolio as well as funds available for distribution to stockholders. The payment of fees and expenses will also reduce the book value of your shares.

Q: Will the distributions I receive be taxable?

A: Cash distributions by us generally are taxable to U.S. stockholders as ordinary income or capital gains. Distributions of our "investment company taxable income" (which is, generally, our net ordinary income plus realized net short-term capital gains in excess of realized net long-term capital losses) will be taxable as ordinary income to U.S. stockholders to the extent of our current or accumulated earnings and profits, whether paid in cash or reinvested in additional shares. To the extent such distributions paid by us to non-corporate stockholders (including individuals) are attributable to dividends from U.S. corporations and certain qualified foreign corporations, such distributions, or Qualifying Dividends, may be eligible for a current maximum tax rate of 20%. In this regard, it is anticipated that distributions paid by us generally will not be attributable to dividends and, therefore, generally will not qualify for the current 20% maximum rate applicable to Qualifying Dividends. Distributions in excess of our earnings and profits first will represent a return of capital and reduce a U.S. stockholder's adjusted tax basis in such stockholder's shares and, after the adjusted basis is reduced to zero, will constitute capital gains to such U.S. stockholder. Special share distributions that we pay ratably to all investors from time to time, if any, may represent a return of capital. While a return of capital is not immediately taxable, it reduces your tax basis in our shares, which may result in higher taxes for you even if your shares are sold at a price below your original investment.

Q: When will I get my detailed tax information?

A: We (or the applicable withholding agent) will send to each of our U.S. stockholders, as promptly as possible after the end of each calendar year, a notice reporting the amounts to be included in such U.S. stockholder's taxable income for such year as ordinary income and as long-term capital gain.

Q: Will I be notified on how my investment is doing?

A: We are required to file periodic reports, proxy statements and other information with the SEC. This information will be available at the SEC's public reference room at 100 F Street, NE, Washington, D.C. 20549 and on the SEC's website at www.sec.gov. The public may obtain information on the operation of the SEC's public reference room by calling the SEC at 1-800-SEC-0330. This information will also be available free of charge by contacting us at 10 East 40th Street, 42nd Floor, New York, New York, 10016, or by telephone at (212) 448-0702 or on our website at *www.pathwaycapitalfund.com*. These reports should not be considered a part of or as incorporated by reference in this prospectus, or the registration statement of which this prospectus is a part. Our net asset value disclosed in the financial statements included in the reports filed with the SEC should not be considered an indication of the price at which our shares would trade if there was a market for such shares.

Q: Will I be able to sell my shares in a secondary market?

A: Our shares are not currently listed on an exchange, and we do not expect a public trading market to develop for them in the foreseeable future, if ever. Because of the lack of a trading market for our shares, holders of shares may not be able to sell their shares promptly or at a desired price. If you are able to sell your shares, you may have to sell them at a discount to the purchase price of your shares.

Q: Are there any restrictions on the transfer of shares?

A: No. Shares will have no preemptive, exchange, conversion or redemption rights and will be freely transferable, except where their transfer is restricted by federal and state securities laws or by contract. However, our shares are not listed on an exchange, and we do not expect a public trading market to develop for them in the foreseeable future, if ever. We intend to institute a share repurchase program, but we will limit the number of shares that we will offer to repurchase. As a result, your ability to sell your shares will be limited and you may not receive a full return of invested capital upon selling your shares. We will not charge for transfers of our shares except for necessary and reasonable costs actually incurred by us. See "Risk Factors—Risks Related to an Investment in Our Shares."

Q: Who can help answer my questions?

A: If you have more questions about the offering or if you would like additional copies of this prospectus, you should contact your registered representative or the Dealer Manager at:

Provasi Capital Partners LP
14675 Dallas Parkway, Suite 600
Dallas, Texas, 75244
(866) 655-3650

RISK FACTORS

Investing in our shares involves a number of significant risks. In addition to the other information contained elsewhere in this prospectus, you should consider carefully the following information before making an investment in our shares. If any of the following events occur, our business, financial condition and results of operations could be materially and adversely affected. In such case, the net asset value of our shares could decline, and you may lose all or part of your investment.

Risks Related to Our Business and Structure

We have limited operating history.

We were formed in February 2013 and commenced investment operations on August 25, 2015 upon satisfying our minimum offering requirement by selling over $3.25 million of our shares, at least $2.5 million of which was from persons who are not affiliated with us or our Adviser. We have limited operating history and are subject to all of the business risks and uncertainties associated with any new business, including the risk that we will not achieve our investment objective and that the value of our shares could decline substantially.

Our Board of Directors may change our investment strategy by providing our stockholders with 60 days prior written notice, or may modify or waive our current operating policies and strategies without prior notice or stockholder approval, the effects of which may be adverse.

Our investment objective is to generate current income and, as a secondary objective, long-term capital appreciation. We expect to seek to achieve our investment objective by investing, under normal circumstances, at least 50% of our total assets, that is net assets plus borrowings, in securities of Infrastructure companies. This investment strategy may be changed by our Board of Directors if we provide our stockholders with at least 60 days prior written notice and make a corresponding change to our name. In addition, our Board of Directors has the authority to modify or waive our current operating policies, investment criteria and strategies without prior notice and without stockholder approval. We cannot predict the effect any changes to our investment strategy, current operating policies, investment criteria and strategies would have on our business, net asset value, operating results or the value of our shares. However, the effects might be adverse, which could negatively impact our ability to pay you distributions and cause you to lose all or part of your investment. Moreover, we will have significant flexibility in investing the net proceeds of this offering and may use the net proceeds from our public offering in ways with which investors may not agree or for purposes other than those contemplated at the time of our public offering. Finally, since our shares are not listed on a national securities exchange, you will be limited in your ability to sell your shares in response to any changes in our investment strategy, operating policies, investment criteria or strategies.

The SEC's position on certain non-traditional investments, including investments in CLOs is under review.

The staff of the SEC has undertaken a broad review of the potential risks associated with different asset management activities, focusing on, among other things, liquidity risk and risk from leverage. The staff of the Division of Investment Management has, in correspondence with registered management investment companies, raised questions about the level and special risks of investments in CLOs. While it is not possible to predict what conclusions the staff will reach in these areas, or what recommendations the staff might make to the SEC, the imposition of limitations on investments by registered management investment companies in CLOs could adversely impact our ability to implement our investment strategy and/or our ability to raise capital through public offerings, or cause us to take certain actions with potential negative impacts on our financial condition and results of operations. We are unable at this time to assess the likelihood or timing of any such regulatory development.

Capital markets may experience periods of disruption and instability. Such market conditions may materially and adversely affect debt and equity capital markets in the United States and abroad, which may have a negative impact on our business and operations.

The U.S. and global capital markets experienced extreme volatility and disruption during the economic downturn that began in mid-2007, and the U.S. economy was in a recession for several consecutive calendar quarters during the same period. In 2010, a financial crisis emerged in Europe, triggered by high budget deficits and rising direct and contingent sovereign debt, which created concerns about the ability of certain nations to continue to service their sovereign debt obligations. Risks resulting from such debt crisis and any future debt crisis in Europe or any similar crisis elsewhere could have a detrimental impact on the global economic recovery, sovereign and non-sovereign debt in certain countries and the financial condition of financial institutions generally. In July and August 2015, Greece reached agreements with its creditors for bailouts that provide aid in exchange for certain austerity measures. These and similar austerity measures may adversely affect world economic conditions and have an adverse impact on our business and that of our portfolio companies. In the second quarter of 2015, stock prices in China experienced a significant drop, resulting primarily from continued sell-off of shares trading in Chinese markets. In August 2015, Chinese authorities sharply devalued China's currency. In addition, the referendum by British voters to exit the European Union in June 2016 has led to further disruption and instability in the global markets and the full extent of its

impact remains uncertain. These market conditions have historically and could again have a material adverse effect on debt and equity capital markets in the United States and Europe, which could have a materially negative impact on our business, financial condition and results of operations. We and other companies in the financial services sector may have to access, if available, alternative markets for debt and equity capital. In such circumstances, equity capital may be difficult to raise because subject to some limited exceptions, as a closed end fund, we are generally not able to issue additional shares of our common stock at a price less than net asset value without general approval by our stockholders and approval of the specific issuance by our Board of Directors. In addition, our ability to incur indebtedness or issue preferred stock is limited by applicable regulations such that our asset coverage, as defined in the 1940 Act, must equal at least 300% immediately after each time we incur indebtedness or at least 200% immediately after each time we issue preferred stock. The debt capital that may be available, if at all, may be at a higher cost and on less favorable terms and conditions in the future. Any inability to raise capital could have a negative effect on our business, financial condition and results of operations.

Given the extreme volatility and dislocation that the capital markets have historically experienced, many closed end funds have faced, and may in the future face, a challenging environment in which to raise capital. We may in the future have difficulty accessing debt and equity capital, and a severe disruption in the global financial markets or deterioration in credit and financing conditions could have a material adverse effect on our business, financial condition and results of operations. In addition, significant changes in the capital markets, including the extreme volatility and disruption, have had, and may in the future have, a negative effect on the valuations of our investments and on the potential for liquidity events involving our investments. An inability to raise capital, and any required sale of our investments for liquidity purposes, could have a material adverse impact on our business, financial condition or results of operations. The Adviser does not know how long the financial markets will continue to be affected by these events and cannot predict the effects of these or similar events in the future on the United States economy and securities markets or on our investments. The Adviser monitors developments and seeks to manage our investments in a manner consistent with achieving our investment objective, but there can be no assurance that it will be successful in doing so; and the Adviser may not timely anticipate or manage existing, new or additional risks, contingencies or developments, including regulatory developments in the current or future market environment.

We are required to record certain of our assets at fair value, as determined in good faith by our Board of Directors in accordance with our valuation policy. As a result, volatility in the capital markets may have a material adverse effect on our investment valuations and our net asset value, even if we plan to hold investments to maturity.

The downgrade of the U.S. credit rating and economic crisis in Europe could negatively impact our business, financial condition and earnings.

Although U.S. lawmakers passed legislation to raise the federal debt ceiling and Standard & Poor's Ratings Services affirmed its 'AA+' long-term sovereign credit rating on the United States and revised the outlook on the long-term rating from negative to stable in June of 2013, U.S. debt ceiling and budget deficit concerns together with signs of deteriorating sovereign debt conditions in Europe continue to present the possibility of a credit-rating downgrade, economic slowdowns, or a recession for the United States. The impact of any further downgrades to the U.S. government's sovereign credit rating or downgraded sovereign credit ratings of European countries or the Russian Federation, or their perceived creditworthiness could adversely affect the U.S. and global financial markets and economic conditions. These developments, along with any further European sovereign debt issues, could cause interest rates and borrowing costs to rise, which may negatively impact our ability to access the debt markets on favorable terms. Continued adverse economic conditions could have a material adverse effect on our business, financial condition and results of operations.

In October 2014, the Federal Reserve announced that it was concluding its bond-buying program. It is unknown what effect, if any, the conclusion of this program will have on credit markets and the value of our investments. These and any future developments and reactions of the credit markets toward these developments could cause interest rates and borrowing costs to rise, which may negatively impact our ability to obtain debt financing on favorable terms. Additionally, in January 2015, the Federal Reserve reaffirmed its view that the current target range for the federal funds rate was appropriate based on current economic conditions. However, if key economic indicators, such as the unemployment rate or inflation, do not progress at a rate consistent with the Federal Reserve’s objectives, the target range for the federal funds rate may increase and cause interest rates and borrowing costs to rise, which may negatively impact our ability to access the debt markets on favorable terms.

Rising interest rates may adversely affect the value of our portfolio investments which could have an adverse effect on our business, financial condition and results of operations.

Our debt investments may be based on floating rates, such as London Interbank Offer Rate ("LIBOR"), EURIBOR, the Federal Funds Rate or the Prime Rate. General interest rate fluctuations may have a substantial negative impact on our investments, the value of our common stock and our rate of return on invested capital. A reduction in the interest rates on new investments relative to interest rates on current investments could also have an adverse impact on our net investment income. An increase in interest rates could decrease the value of any investments we hold which earn fixed interest rates, including subordinated loans, senior and junior secured and unsecured debt securities and loans and high yield bonds, and also could

increase our interest expense, thereby decreasing our net investment income. Also, an increase in interest rates available to investors could make investment in our common stock less attractive if we are not able to increase our dividend rate, which could reduce the value of our common stock.

Because we have borrowed money, and may issue preferred stock to finance investments, our net investment income depends, in part, upon the difference between the rate at which we borrow funds or pay distributions on preferred stock and the rate that our investments yield. As a result, we can offer 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 except to the extent we have issued fixed rate debt or preferred stock, which could reduce our net investment income.

You should also be aware that a change in the general level of interest rates can be expected to lead to a change in the interest rate we receive on many of our debt investments. Accordingly, a change in the interest rate could make it easier for us to meet or exceed the performance threshold and may result in a substantial increase in the amount of incentive fees payable to our Adviser with respect to the portion of the Incentive Fee based on income.

Changes relating to the LIBOR calculation process may adversely affect the value of our portfolio of LIBOR-indexed, floating-rate debt securities.

In the recent past, concerns have been publicized that some of the member banks surveyed by the British Bankers' Association ("BBA") in connection with the calculation of LIBOR across a range of maturities and currencies may have been under-reporting or otherwise manipulating the inter-bank lending rate applicable to them in order to profit on their derivatives positions or to avoid an appearance of capital insufficiency or adverse reputational or other consequences that may have resulted from reporting inter-bank lending rates higher than those they actually submitted. A number of BBA member banks entered into settlements with their regulators and law enforcement agencies with respect to alleged manipulation of LIBOR, and investigations by regulators and governmental authorities in various jurisdictions are ongoing.

Actions by the BBA, regulators or law enforcement agencies as a result of these or future events, may result in changes to the manner in which LIBOR is determined. Potential changes, or uncertainty related to such potential changes may adversely affect the market for LIBOR-based securities, including our portfolio of LIBOR-indexed, floating-rate debt securities. 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 for LIBOR-based securities or the value of our portfolio of LIBOR-indexed, floating-rate debt securities.

Volatility in the global financial markets resulting from relapse of the Eurozone crisis, geopolitical developments in Eastern Europe, turbulence in the Chinese stock markets and global commodity markets or otherwise could have a material adverse effect on our business, financial condition and results of operations.

Volatility in the global financial markets could have an adverse effect on the economic recovery in the United States and could result from a number of causes, including a relapse in the Eurozone crisis, geopolitical developments in Eastern Europe, turbulence in the Chinese stock markets and global commodity markets or otherwise. The effects of the Eurozone crisis, which began in late 2009 as part of the global economic and financial crisis, continued to impact the global financial markets through 2015. Numerous factors continued to fuel the Eurozone crisis, including continued high levels of government debt, the undercapitalization and liquidity problems of many banks in the Eurozone and relatively low levels of economic growth. These factors made it difficult or impossible for some countries in the Eurozone, including Greece, Ireland and Portugal, to repay or refinance their debt without the assistance of third parties. As a combination of austerity programs, debt write-downs and the European Central Bank’s commitment to restore financial stability to the Eurozone and the finalization of the primary European Stability Mechanism bailout fund, in 2013 and into 2014 interest rates began to fall and stock prices began to increase. Although these trends helped to stabilize the effects of the Eurozone crisis in the first half of 2014, the underlying causes of the crisis were not completely eliminated. As a result, the financial markets relapsed toward the end of 2014. In particular, Greece’s newly elected government, which campaigned against austerity measures, has been unable to reach an acceptable solution to the country’s debt crisis with the European Union, and in June 2015, Greece failed to make a scheduled debt repayment to the International Monetary Fund, falling into arrears. Following further unsuccessful negotiations between the government of Greece and the European Union to solve the Greek debt crisis, on July 5, 2015, Greek voters rejected a bailout package submitted by the European Commission, the European Central Bank and the International Monetary Fund, and while the European Central Bank continues to extend credit to Greece, it is uncertain how long such support will last, whether Greece will receive and accept any future bailout packages and whether Greece will default on future payments. The result of continued defaults and the removal of credit support for Greek banks may cause Greece to exit the European Union, which could lead to significant economic uncertainty and abandonment of the Euro common currency, resulting in destabilization in the financial markets. Continued financial instability in Greece and in other similarly situated Eurozone countries could have a continued contagion effect on the financial markets. Stock prices in China have experienced a significant drop in the second quarter of 2015, resulting primarily from continued sell-off of shares trading in Chinese markets. The volatility has been followed by volatility in stock markets around the world, including in the United States, as well as increased turbulence in

commodity markets, such as reductions in prices of crude oil. Although the Chinese government has already taken steps to halt the collapse, it is uncertain what effect such measures will have, if any. Continued sell-off and price drops in the Chinese stock markets may have a contagion effect across the financial markets. In addition, Russian intervention in Ukraine during 2014 significantly increased regional geopolitical tensions. In response to Russian actions, U.S. and European governments have imposed sanctions on a limited number of Russian individuals and business entities. The situation remains fluid with potential for further escalation of geopolitical tensions, increased severity of sanctions against Russian interests, and possible Russian counter-measures. Further economic sanctions could destabilize the economic environment and result in increased volatility. Should the economic recovery in the United States be adversely impacted by increased volatility in the global financial markets caused by continued contagion from the Eurozone crisis, developments in respect of the Russian sanctions, further turbulence in Chinese stock markets and global commodity markets or for any other reason, loan and asset growth and liquidity conditions at U.S. financial institutions, including us, may deteriorate.

Our ability to achieve our investment objective depends on our Adviser's ability to manage and support our investment process. If our Adviser were to lose access to its professionals, our ability to achieve our investment objective could be significantly harmed.

Since we have no employees, we will depend on the investment expertise, skill and network of business contacts of our Adviser. Our Adviser will evaluate, negotiate, structure, execute, monitor and service our investments. Our future success will depend to a significant extent on the continued service and coordination of the professionals of our Adviser. The departure of any of our Adviser's professionals could have a material adverse effect on our ability to achieve our investment objective.

Our ability to achieve our investment objective depends on our Adviser's ability to identify, analyze, invest in, finance and monitor companies and investments that meet our investment criteria. Our Adviser's capabilities in structuring the investment process, providing competent, attentive and efficient services to us, and facilitating access to financing on acceptable terms depend on the employment of investment professionals in an adequate number and of adequate sophistication to match the corresponding flow of transactions. To achieve our investment objective, our Adviser may need to hire, train, supervise and manage new investment professionals to participate in our investment selection and monitoring process. Our Adviser may not be able to find investment professionals in a timely manner or at all. Failure to support our investment process could have a material adverse effect on our business, financial condition and results of operations.

Both the Investment Advisory Agreement and Administration Agreement have termination provisions that allow the parties to terminate the agreements without penalty. For example, the Investment Advisory Agreement may be terminated at any time, without penalty, by our Adviser upon 60 days' notice to us. If either agreement is terminated, it may adversely affect the quality of our investment opportunities. In addition, in the event such agreements are terminated, it may be difficult for us to replace our Adviser or Prospect Administration.

Because our business model depends to a significant extent upon relationships with investment banks, commercial banks and private equity sponsors, the inability of our Adviser to maintain or develop these relationships, or the failure of these relationships to generate investment opportunities, could adversely affect our business.

We expect that our Adviser will depend on its relationships with investment banks, commercial banks and private equity sponsors, and we will rely to a significant extent upon these relationships to provide us with potential investment opportunities. If our Adviser fails to maintain its existing relationships or develop new relationships with other sources of investment opportunities, we may not be able to grow our investment portfolio. In addition, individuals with whom our Adviser have relationships are not obligated to provide us with investment opportunities, and, therefore, there is no assurance that such relationships will generate investment opportunities for us.

We may face increasing competition for investment opportunities, which could delay deployment of our capital, reduce returns and result in losses.

We compete for investments with other investment companies and investment funds (including private equity funds, mezzanine funds and CLOs), as well as traditional financial services companies such as commercial banks and other sources of funding. Moreover, alternative investment vehicles, such as hedge funds, invest in small to mid-sized U.S. companies in the energy and related infrastructure and industrial sectors. As a result of these new entrants, competition for investment opportunities in our targeted investments may intensify. Many of our competitors are substantially larger and have considerably greater financial, technical and marketing resources than we do. For example, some competitors may have a lower cost of capital and access to funding sources that are not available to us. In addition, some of our competitors may have higher risk tolerances or different risk assessments than we have. These characteristics could allow our competitors to consider a wider variety of investments, establish more relationships and offer better pricing and more flexible structuring than we are able to do. We may lose investment opportunities if we do not match our competitors' pricing, terms and structure. If we are forced to match our competitors' pricing, terms and structure, we may not be able to achieve acceptable returns on our investments or may bear substantial risk of capital loss. A significant part of our competitive advantage stems from the fact that the market for investments in small and mid-sized U.S. companies in the energy and related infrastructure and industrial sectors is

underserved by financing sources generally. A significant increase in the number and/or the size of our competitors in this target market could force us to accept less attractive investment terms. Furthermore, many of our competitors have greater experience operating under, or are not subject to, the regulatory restrictions that the 1940 Act will impose on us as a registered closed-end management investment company.

A significant portion of our investment portfolio will be recorded at fair value as determined in good faith pursuant to our valuation procedures and, as a result, there will be uncertainty as to the value of our investments.

Under the 1940 Act, we are required to carry our investments at market value or, if there is no readily available market value, at fair value as determined pursuant to our valuation procedures. Typically, there will not be a public market for the investments that we intend to make. Many of our investments, and particularly our investments in the equity and junior debt tranches of CLOs, will not be publicly traded or actively traded on a secondary market but, instead, will be traded on a privately negotiated over-the-counter secondary market for institutional investors. As a result, we will value these securities at fair value as determined in good faith pursuant to our valuation procedures. Certain factors that may be considered in determining the fair value of our investments include dealer quotes for securities traded on the secondary market for institutional investors, the nature and realizable value of any collateral, the portfolio company's earnings and its ability to make payments on its indebtedness, the markets in which the portfolio company does business, comparison to comparable publicly-traded companies, discounted cash flow and other relevant factors and estimates of the value of securities in which we invest, which will be supplied, directly or indirectly, by banks, other market counterparties or pricing systems or estimates approved for such purpose by our Board of Directors. Such estimates may be unaudited or may be subject to little verification or other due diligence and may not comply with generally accepted accounting practices or other valuation principles. In addition, these entities may not provide estimates of the value of the securities in which we invest on a regular or timely basis or at all with the result that the values of such investments may be estimated by our Adviser on the basis of information available at the time. Because such valuations, and particularly valuations of private securities, are inherently uncertain, may fluctuate over short periods of time and may be based on estimates, our determinations of fair value may differ materially from the values that would have been used if a ready market for these non-traded securities existed or if we tried to sell our investments. Due to this uncertainty, our fair value determinations may cause our net asset value on a given date to materially understate or overstate the value that we may ultimately realize upon the sale of one or more of our investments.

There is a risk that investors in our shares may not receive distributions and that our distributions may not grow over time.

We intend to make distributions to our stockholders out of assets legally available for distribution. As of the date of this prospectus, we have not raised sufficient capital to build a large enough portfolio to generate sufficient revenue to cover our operating expenses and have only been able to fund distributions to shareholders through Expense Payments from the Adviser. We cannot assure you that we will achieve investment results that will allow us to make a specified level of cash distributions or year-to-year increases in cash distributions, particularly if we are unable to raise sufficient capital to build a portfolio large enough to generate sufficient revenue to pay such cash distributions. In addition, due to the asset coverage test applicable to us as a registered closed-end management investment company, we may be limited in our ability to make distributions. See "Regulation-Senior Securities" in the SAI. Our distributions to stockholders may be funded from the reimbursement of certain expenses, including through the waiver of certain investment advisory fees, and additional support payments that are subject to repayment to our Adviser if certain conditions are met. Our distributions may not be based on our investment performance and may not continue in the future. The reimbursement of these payments to our Adviser (if any such reimbursements are made) would reduce the future distributions to which you would otherwise be entitled. There can be no assurance that we will achieve the performance necessary to sustain our distributions or that we will be able to pay distributions at all.

The amount of any distributions we may make is uncertain. Our distribution proceeds may exceed our earnings, particularly during the period before we have substantially invested the net proceeds from our public offering. Therefore, portions of the distributions that we make may be a return of the money that you originally invested and represent a return of capital to you for tax purposes.

We intend, subject to change by our Board of Directors, to declare distributions and pay distributions on a monthly basis. We will pay these distributions to our stockholders out of assets legally available for distribution. While our Adviser may agree to limit our expenses to ensure that such expenses are reasonable in relation to our income, we cannot assure you that we will achieve investment results that will allow us to make a targeted level of cash distributions or year-to-year increases in cash distributions. Our ability to pay distributions might be adversely affected by, among other things, the impact of one or more of the risk factors described in this prospectus. In addition, the inability to satisfy the asset coverage test applicable to us as an investment company may limit our ability to pay distributions. All distributions will be paid at the discretion of our Board of Directors and will depend on our earnings, our financial condition, maintenance of our RIC status, compliance with applicable investment company regulations and such other factors as our Board of Directors may deem relevant from time to time. We cannot assure you that we will pay distributions to our stockholders in the future. In the event that we encounter delays in locating suitable investment opportunities, we may pay all or a substantial portion of our distributions from the proceeds of our public offering or from borrowings in anticipation of future cash flow, which may constitute a return of your capital. Such a

return of capital is not immediately taxable, but reduces your tax basis in our shares, which may result in you recognizing more gain (or less loss) when your shares are sold. Distributions from the proceeds of our public offering or from borrowings also could reduce the amount of capital we ultimately invest in our investments.

If we internalize our management and administrative functions, your interest in us could be diluted, and we could incur other significant costs associated with being self-managed.

Our Board of Directors may decide in the future to internalize our management and administrative functions. If we do so, we may elect to negotiate to acquire certain assets and personnel of our Adviser, Prospect Capital Management, Prospect Administration or Stratera Holdings. At this time, we cannot anticipate the form or amount of consideration or other terms relating to any such acquisition. Such consideration could take many forms, including cash payments, promissory notes and our shares. The payment of such consideration could result in dilution of your interests as a stockholder and could reduce the earnings per share attributable to your investment.

In addition, while we would no longer bear the costs of the various fees and expenses we expect to pay to our Adviser, Prospect Administration and a subsidiary of Stratera Holdings under the Investment Advisory Agreement, Administration Agreement and Investor Services Agreement, respectively, we would incur the compensation and benefits costs of our officers and other employees and consultants that are now being paid by our Adviser or its affiliates. In addition, we may issue equity awards to officers, employees and consultants. These awards would decrease net income and may further dilute your investment. We cannot reasonably estimate the amount of fees we would save or the costs we would incur if we became self-managed. If the expenses we assume as a result of an internalization are higher than the expenses we avoid paying to our Adviser, our earnings per share would be lower as a result of the internalization than it otherwise would have been, potentially decreasing the amount of funds available to distribute to our stockholders and the value of our shares. As we are currently organized, we will not have any employees. If we elect to internalize our operations, we would employ personnel and would be subject to potential liabilities commonly faced by employers, such as workers disability and compensation claims and other employee-related liabilities and grievances.

If we internalize our management functions, we could have difficulty integrating these functions as a stand-alone entity. Currently, individuals employed by Prospect Capital Management, Prospect Administration, Stratera Holdings and their affiliates perform asset management and general and administrative functions, including accounting and financial reporting, for multiple entities. These personnel have a great deal of know-how and experience. We may fail to properly identify the appropriate mix of personnel and capital needs to operate as a stand-alone entity. An inability to manage an internalization transaction effectively could thus result in our incurring excess costs and/or suffering deficiencies in our disclosure controls and procedures or our internal control over financial reporting. Such deficiencies could cause us to incur additional costs, and our management's attention could be diverted from effectively managing our investments.

Efforts to comply with the Sarbanes-Oxley Act will involve significant expenditures, and non-compliance with such regulations may adversely affect us.

We are subject to the Sarbanes-Oxley Act and the related rules and regulations promulgated by the SEC. We will be required to periodically review our internal control over financial reporting, and evaluate and disclose changes in our internal controls over financial reporting. As a newly-formed company, developing an effective system of internal controls may require significant expenditures, which may negatively impact our financial performance and our ability to make distributions. This process will also result in a diversion of management's time and attention. We cannot be certain as to the timing of the completion of our evaluation, testing and remediation actions or the impact of the same on our operations and we may not be able to ensure that the process is effective or that our internal controls over financial reporting are or will be effective in a timely manner. In the event that we are unable to develop or maintain an effective system of internal controls and maintain or achieve compliance with the Sarbanes-Oxley Act and related rules, we may be adversely affected.

Changes in laws or regulations governing our operations may adversely affect our business or cause us to alter our business strategy.

We, our portfolio companies, and our investments will be subject to regulation at the local, state and federal level. New legislation may be enacted or new interpretations, rulings or regulations could be adopted, including those governing the types of investments we are permitted to make, any of which could harm us and our stockholders, potentially with retroactive effect.

Additionally, any changes to the laws and regulations governing our operations relating to permitted investments may cause us to alter our investment strategy to avail ourselves of new or different opportunities. Such changes could result in material differences to our strategies and plans as set forth in this prospectus and may result in our investment focus shifting from the areas of expertise of our Adviser to other types of investments in which our Adviser may have less expertise or little or no experience. Thus, any such changes, if they occur, could have a material adverse effect on our results of operations and the value of your investment.

Changes in the laws or regulations or the interpretations of the laws and regulations that govern registered closed-end management investment companies, RICs or non-depository commercial lenders could significantly affect our operations and our cost of doing business. Our portfolio companies are subject to federal, state and local laws and regulations. New legislation may be enacted or new interpretations, rulings or regulations could be adopted, any of which could materially adversely affect our business, including with respect to the types of investments we are permitted to make, and your interest as a stockholder potentially with retroactive effect. In addition, any changes to the laws and regulations governing our operations relating to permitted investments may cause us to alter its investment strategy in order to avail ourselves of new or different opportunities. These changes could result in material changes to the strategies and plans set forth in this prospectus and may result in our investment focus shifting from the areas of expertise of our Adviser to other types of investments in which our Adviser may have less expertise or little or no experience. Any such changes, if they occur, could have a material adverse effect on our business, results of operations and financial condition and, consequently, the value of your investment in us.

On July 21, 2010, the Wall Street Reform and Consumer Protection Act, or Dodd-Frank Act, was signed into law. Although passage of the Dodd-Frank Act has resulted in extensive rulemaking and regulatory changes that affect us and the financial industry as a whole, many of its provisions remain subject to extended implementation periods and delayed effective dates and will require extensive rulemaking by regulatory authorities. While the full impact of the Dodd-Frank Act on us and our portfolio investments may not be known for an extended period of time, the Dodd-Frank Act, including future rules implementing its provisions and the interpretation of those rules, along with other legislative and regulatory proposals directed at the financial services industry or affecting taxation that are proposed or pending in the U.S. Congress, may negatively impact our or our portfolio investments' cash flows or financial condition, impose additional costs on us or our portfolio companies, intensify the regulatory supervision of us or our portfolio investments or otherwise adversely affect our business or our portfolio investments.

Over the last several years, there has been an increase in regulatory attention to the extension of credit outside of the traditional banking sector, raising the possibility that some portion of the non-bank financial sector will be subject to new regulation. While it cannot be known at this time whether these regulations will be implemented or what form they will take, increased regulation of non-bank credit extension could negatively impact our operations, cash flows or financial condition, impose additional costs on us, intensify the regulatory supervision of us or otherwise adversely affect our business.

We may experience fluctuations in our quarterly results.

We could experience fluctuations in our quarterly operating results due to a number of factors, including our ability or inability to make investments that meet our investment criteria, the yield earned or interest rate payable on the securities we acquire, the level of our expenses, variations in and the timing of the recognition of realized and unrealized gains or losses, the degree to which we encounter competition in our markets and general economic conditions. As a result of these factors, results for any previous period should not be relied upon as being indicative of performance in future periods.

We may be more susceptible than a diversified fund to being adversely affected by any single corporate, economic, political or regulatory occurrence.

We are classified as "non-diversified" under the 1940 Act. As a result, we can invest a greater portion of our assets in obligations of a single issuer than a "diversified" fund. We may therefore be more susceptible than a diversified fund to being adversely affected by any single corporate, economic, political or regulatory occurrence. We intend to qualify as a RIC under Subchapter M of the Code, and thus we intend to satisfy the diversification requirements of Subchapter M, including its less stringent diversification requirements that apply to the percentage of our total assets that are represented by cash and cash items (including receivables), U.S. government securities, the securities of other regulated investment companies and certain other securities.

Regulations governing our operation as a registered closed-end management investment company affect our ability to raise additional capital and the way in which we do so. As a registered closed-end management investment company, the necessity of raising additional capital may expose us to risks, including the typical risks associated with leverage.

We may in the future issue debt securities or preferred stock and/or borrow money from banks or other financial institutions, which we refer to collectively as "senior securities," up to the maximum amount permitted by the 1940 Act. Under the provisions of the 1940 Act, we will be permitted, as a registered closed-end management investment company, to issue senior securities representing indebtedness so long as our asset coverage ratio with respect thereto, defined under the 1940 Act as the ratio of our gross assets (less all liabilities and indebtedness not represented by senior securities) to our outstanding senior securities representing indebtedness, is at least 300% after each issuance of such senior securities. In addition, we will be permitted to issue additional shares of preferred stock so long as our asset coverage ratio with respect thereto, defined under the 1940 Act as the ratio of our gross assets (less all liabilities and indebtedness not represented by senior securities) to our outstanding senior securities representing indebtedness, plus the aggregate involuntary liquidation preference of our outstanding preferred stock, is at least 200% after each issuance of such preferred stock. If the value of our assets declines, we

may be unable to satisfy these tests. If that happens, we may be required to sell a portion of our investments and, depending on the nature of our leverage, repay a portion of our indebtedness or redeem outstanding shares of preferred stock, in each case at a time when doing so may be disadvantageous. Also, any amounts that we use to service our indebtedness or preferred dividends would not be available for distributions to our common stockholders. Furthermore, as a result of issuing senior securities, we would also be exposed to typical risks associated with leverage, including an increased risk of loss. If we issue preferred stock, the preferred stock would rank "senior" to common stock in our capital structure, preferred stockholders would have separate voting rights on certain matters and might have other rights, preferences, or privileges more favorable than those of our common stockholders, and the issuance of shares of preferred stock could have the effect of delaying, deferring or preventing a transaction or a change of control that might involve a premium price for holders of our common stock or otherwise be in your best interest.

We will not generally be able to issue and sell our shares at a price below net asset value per share. We may, however, sell our shares at a price below the then-current net asset value per share if our Board of Directors determines that such sale is in the best interests of us and our stockholders, and our common stockholders approve such sale. In any such case, the price at which our securities are to be issued and sold may not be less than a price that, in the determination of our Board of Directors, closely approximates the market value of such securities (less any distributing commission or discount). If we raise additional funds by issuing more shares, then the percentage ownership of our stockholders at that time will decrease, and you may experience dilution.

Our ability to enter into transactions with our affiliates will be restricted.

We will be prohibited under the 1940 Act from participating in certain transactions with our affiliates without the prior approval of the SEC. Any person that owns, directly or indirectly, 5% or more of our outstanding voting securities will be our affiliate for purposes of the 1940 Act and we will generally be prohibited from buying or selling any securities from or to such affiliate. The 1940 Act also prohibits certain "joint" transactions with certain of our affiliates, which could include investments in the same portfolio company (whether at the same or different times), without prior approval of the SEC. If a person acquires more than 25% of our voting securities, we will be prohibited from buying or selling any security from or to such person or certain of that person's affiliates, or entering into prohibited joint transactions with such persons, absent the prior approval of the SEC. Similar restrictions limit our ability to transact business with our officers or directors or its affiliates. As a result of these restrictions, we may be prohibited from buying or selling any security from or to any portfolio company of an investment fund managed by our Adviser or its affiliates without the prior approval of the SEC, which may limit the scope of investment opportunities that would otherwise be available to us.

We are uncertain of our sources for funding our future capital needs; if we cannot obtain equity or debt financing on acceptable terms, our ability to acquire investments and to expand our operations will be adversely affected.

The net proceeds from the sale of shares will be used for our investment opportunities, operating expenses and for payment of various fees and expenses such as base management fees, incentive fees and other fees. Any working capital reserves we maintain may not be sufficient for investment purposes, and we may require debt or equity financing to operate. Accordingly, in the event that we develop a need for additional capital in the future for investments or for any other reason, these sources of funding may not be available to us. Consequently, if we cannot obtain debt or equity financing on acceptable terms, our ability to acquire investments and to expand our operations will be adversely affected. As a result, we would be less able to broaden our portfolio and achieve our investment objective, which may negatively impact our results of operations and reduce our ability to make distributions to our stockholders.

If we fail to maintain an effective system of internal control over financial reporting, we may not be able to accurately report our financial results or prevent fraud. As a result, stockholders could lose confidence in our financial and other public reporting, which would harm our business and our ability to continue the offering.

Effective internal controls over financial reporting are necessary for us to provide reliable financial reports and, together with adequate disclosure controls and procedures, are designed to prevent fraud. Any failure to implement required new or improved controls, or difficulties encountered in their implementation could cause us to fail to meet our reporting obligations. In addition, any testing by us conducted in connection with Section 404 of the Sarbanes-Oxley Act, or the subsequent testing by our independent registered public accounting firm (when undertaken, as noted below), may reveal deficiencies in our internal controls over financial reporting that are deemed to be material weaknesses or that may require prospective or retroactive changes to our consolidated financial statements or identify other areas for further attention or improvement. Inferior internal controls could also cause investors and lenders to lose confidence in our reported financial information, which could have a negative effect on our ability to continue the offering.

We face cyber-security risks.

Our business operations rely upon secure information technology systems for data processing, storage and reporting. Despite careful security and controls design, implementation and updating, our information technology systems could become

subject to cyber-attacks. Network, system, application and data breaches could result in operational disruptions or information misappropriation, which could have a material adverse effect on our business, results of operations and financial condition.

The failure in cyber-security systems, as well as the occurrence of events unanticipated in our disaster recovery systems and management continuity planning could impair our ability to conduct business effectively.

The occurrence of a disaster such as a cyber-attack, a natural catastrophe, an industrial accident, a terrorist attack or war, events unanticipated in our disaster recovery systems, or a support failure from external providers, could have an adverse effect on our ability to conduct business and on our results of operations and financial condition, particularly if those events affect our computer-based data processing, transmission, storage, and retrieval systems or destroy data. If a significant number of our managers were unavailable in the event of a disaster, our ability to effectively conduct our business could be severely compromised.

We depend heavily upon computer systems to perform necessary business functions. Despite our implementation of a variety of security measures, our computer systems could be subject to cyber-attacks and unauthorized access, such as physical and electronic break-ins or unauthorized tampering. Like other companies, we may experience threats to our data and systems, including malware and computer virus attacks, unauthorized access, system failures and disruptions. If one or more of these events occurs, it could potentially jeopardize the confidential, proprietary and other information processed and stored in, and transmitted through, our computer systems and networks, or otherwise cause interruptions or malfunctions in our operations, which could result in damage to our reputation, financial losses, litigation, increased costs, regulatory penalties and/or customer dissatisfaction or loss.

We are dependent on information systems and systems failures could significantly disrupt our business, which may, in turn, negatively affect the market price of our common stock and our ability to pay dividends.

Our business is dependent on our and third parties' communications and information systems. Any failure or interruption of those systems, including as a result of the termination of an agreement with any third-party service providers, could cause delays or other problems in our activities. Our financial, accounting, data processing, backup or other operating systems and facilities may fail to operate properly or become disabled or damaged as a result of a number of factors including events that are wholly or partially beyond our control and adversely affect our business. There could be:

- sudden electrical or telecommunications outages;
- natural disasters such as earthquakes, tornadoes and hurricanes;
- disease pandemics;
- events arising from local or larger scale political or social matters, including terrorist acts; and
- cyber-attacks.

These events, in turn, could have a material adverse effect on our operating results and negatively affect the market price of our common stock and our ability to pay dividends to our stockholders.

Risks Related to an Investment in Our Shares

This is a “best efforts” offering, and if we are unable to raise substantial funds, we will be unable to build a large enough portfolio to generate sufficient revenue to cover our operating expenses and make distributions to our stockholders.

This offering is being made on a best efforts basis, whereby the Dealer Manager and broker-dealers participating in the offering are only required to use their best efforts to sell our shares and have no firm commitment or obligation to purchase any of the shares. Even though we have satisfied the minimum size of our offering necessary for us to release funds from the escrow account and utilized additional subscription funds, such amounts will not be sufficient for us to purchase a relatively diversified portfolio of investments. Additionally, as of the date of this prospectus we have not raised sufficient capital to build a large enough portfolio to generate sufficient revenue to cover our operating expenses and have only been able to fund distributions to stockholders through Expense Payments from the Adviser. There can be no assurance that we will raise sufficient capital to build such a portfolio. If we are not able to raise additional funds, the opportunity to make a broad range of investments may be decreased and the returns achieved on those investments may be reduced as a result of allocating all of our expenses among a smaller capital base. The Company has entered into an Expense Limitation Agreement with the Adviser under which the Adviser has agreed to waive fees and to pay a portion of our operating expenses through October 31, 2018, however, there can be no assurance that the Adviser will renew this agreement after such time. If we are unable to build a large enough portfolio to operate at an efficient scale and/or the Adviser elects not to renew the Expense Limitation Agreement, our Board of Directors may determine that it is in our stockholders’ best interest to liquidate all of our assets and dissolve the Company and you may lose a significant portion of your investment.

The shares sold in this offering will not be listed on an exchange or quoted through a quotation system for the foreseeable future, if ever. Therefore, if you purchase shares in this offering, you will have limited liquidity and may not receive a full return of your invested capital if you sell your shares.

We are a closed-end investment management company and designed for long-term investors. Unlike many closed-end funds, our shares are not listed on any securities exchange and are not publicly traded, and does not currently intend to list its shares on any securities exchange. There is currently no secondary market for the shares and we expect that no secondary market will develop. Therefore, shareholders should expect that they will be unable to sell their shares for an indefinite time or at a desired price. Limited liquidity is provided to shareholders only through Mandatory Repurchases. There is no guarantee that shareholders will be able to sell all of the shares they desire in either a Mandatory Repurchase. Our share repurchases may provide a limited opportunity for shareholders to have their shares repurchased, subject to certain restrictions and limitations, at a price which may reflect a discount from the purchase price the shareholder paid for the shares being repurchased. See "Repurchases of Shares" for detailed description of our Mandatory Repurchases.

The shares offered by us are illiquid assets for which there is not expected to be any secondary market nor is it expected that any will develop in the foreseeable future, if ever. In addition, although we will conduct quarterly repurchase offers of our shares (four Mandatory Repurchases each year), there is no guarantee that all tendered shares will be accepted for repurchase or that stockholders will be able to sell all of the shares they desire in a quarterly repurchase offer. In certain instances, repurchase offers may be suspended or postponed. See "Share Repurchase Program" for a detailed description of our share repurchase program. Also, if you invest through a fee-based program, also known as a wrap account, of an investment dealer, your liquidity may be further restricted by the terms and conditions of such program, which may limit your ability to request the repurchase of your shares that are held in such account. However, the completion of a liquidity event is in the sole discretion of our Board of Directors, and depending upon the event, may require shareholder approval, and there can be no assurance that we will complete a liquidity event within our proposed timeframe or at all.

In making the decision to apply for listing of our shares, our directors will try to determine whether listing our shares or liquidating our assets will result in greater value for our stockholders. In making a determination of what type of liquidity event is in the best interest of our stockholders, our Board of Directors, including our independent directors, may consider a variety of criteria, including, but not limited to, market conditions, portfolio diversification, portfolio performance, our financial condition, potential access to capital as a listed company, market conditions for the sale of our assets or listing of our shares, and the potential for stockholder liquidity. If our shares are listed, we cannot assure you that a public trading market will develop.

We are not obligated to complete a liquidity event; therefore, it may be difficult or impossible for an investor to sell his or her shares.

Our securities are not currently listed on any securities exchange, and we do not expect a public market for them to develop in the foreseeable future, if ever. Therefore, stockholders should not expect to be able to sell their shares promptly or at a desired price. No stockholder will have the right to require us to repurchase his or her shares or any portion thereof. Because no public market will exist for our shares, and none is expected to develop, stockholders will not be able to liquidate their investment prior to our liquidation or other liquidity event, other than through our share repurchase program, or, in limited circumstances, as a result of transfers of shares to other investors. Stockholders that are unable to sell their shares will be unable to reduce their exposure on any market downturn.

The Dealer Manager in our continuous offering has limited experience selling shares on behalf of an interval fund and may be unable to sell a sufficient number shares for us to achieve our investment objective.

The Dealer Manager for our public offering is Provasi Capital Partners LP. Although certain personnel of our Dealer Manager have experience selling shares on behalf of a registered closed-end management investment company, our Dealer Manager has limited such experience. There is no assurance that it will be able to sell a sufficient number of shares to allow us to have adequate funds to purchase a relatively broad portfolio of investments and generate income sufficient to cover our expenses. As a result, we may be unable to achieve our investment objective, and you could lose some or all of the value of your investment.

Because the Dealer Manager is an affiliate of our Adviser, you will not have the benefit of an independent due diligence review of us, which is customarily performed in firm commitment underwritten offerings; the absence of an independent due diligence review increases the risks and uncertainty you face as a stockholder.

The Dealer Manager, Provasi Capital Partners LP, is an affiliate of our Adviser. As a result, its due diligence review and investigation of us and this prospectus cannot be considered to be an independent review. Therefore, you do not have the benefit of an independent review and investigation of this offering of the type normally performed by an unaffiliated, independent underwriter in a firm commitment underwritten public securities offering. This inherent conflict increases the risks and uncertainty you face as a stockholder.

Our ability to successfully conduct our continuous offering is dependent, in part, on the ability of the Dealer Manager to successfully establish, operate and maintain a network of broker-dealers.

The success of our public offering, and correspondingly our ability to implement our business strategy, is dependent upon the ability of the Dealer Manager to establish and maintain a network of licensed securities broker-dealers and other agents to sell our shares. If the Dealer Manager fails to perform, we may not be able to raise adequate proceeds through our public offering to implement our investment strategy. If we are unsuccessful in implementing our investment strategy, you could lose all or a part of your investment.

Our repurchase policy may subject us to additional risks.

Repurchases of shares will reduce the amount of outstanding shares and, thus, our net assets. To the extent that additional shares are not sold, a reduction in our net assets may increase our expense ratio (subject to the Adviser's reimbursement of expenses) and limit our investment opportunities.

If a repurchase offer is oversubscribed by stockholders, we will repurchase only a pro rata portion of the shares tendered by each stockholder. In addition, because of the potential for such proration, stockholders may tender more shares than they may wish to have repurchased in order to ensure the repurchase of a specific number of their shares, increasing the likelihood that other stockholders may be unable to liquidate all or a given percentage of their investment in the Company. To the extent stockholders have the ability to sell their shares to the Company pursuant to a repurchase offer, the price at which a stockholder may sell shares, which will be the NAV per share most recently determined as of the last day of the offer, may be lower than the price that such stockholder paid for its shares.

From the time we send a notification of a quarterly repurchase until the repurchase date, we will be required to hold assets equal to at least 100% of the repurchase offer amount in assets that can be sold or disposed of in the ordinary course of business. We may find it necessary to hold a portion of our net assets in cash or other liquid assets, sell a portion of our portfolio investments or borrow money in order to finance any repurchases of our shares. We may accumulate cash by holding back (i.e., not reinvesting or distributing to stockholders) payments received in connection with our investments, which could potentially limit our ability to generate income. We also may be required to sell our more liquid, higher quality portfolio investments to purchase shares that are tendered, which may increase risks for remaining stockholders and increase our expenses. Although most, if not all, of our investments are expected to be illiquid and the secondary market for such investments is likely to be limited, we believe we would be able to find willing purchasers of our investments if such sales were ever necessary to supplement such cash generated by payments received in connection with our investments. However, we may be required to sell such investments during times and at prices when we otherwise would not, which may cause us to lose money. We may also borrow money in order to meet our repurchase obligations. There can be no assurance that we will be able to obtain financing for our repurchase offers. If we borrow to finance repurchases, interest on any such borrowings will negatively affect Stockholders who do not tender their shares in a repurchase offer by increasing our expenses (subject to the Adviser's reimbursement of expenses) and reducing any net investment income. The purchase of shares by the Company in a repurchase offer may limit our ability to participate in new investment opportunities.

In the event a stockholder chooses to participate in a repurchase offer, the stockholder will be required to provide us with notice of intent to participate prior to knowing what the repurchase price will be on the repurchase date. Although the stockholder may have the ability to withdraw a repurchase request prior to the repurchase date, to the extent the stockholder seeks to sell shares to us as part of a repurchase offer, the stockholder will be required to do so without knowledge of what the repurchase price of the shares will be on the repurchase date. It is possible that general economic and market conditions could cause a decline in the NAV per share prior to the repurchase date. See "Share Repurchase Program" below for additional information on, and the risks associated with, our repurchase policy.

The timing of our repurchase offers pursuant to our share repurchase program may be at a time that is disadvantageous to our stockholders.

When we make quarterly repurchase offers pursuant to the share repurchase program, we may offer to repurchase shares at a price that is lower than the price that investors paid for shares in our offering. As a result, to the extent investors have the ability to sell their shares to us as part of our share repurchase program, the price at which an investor may sell shares, which will be equal to the net asset value per share of our common stock as of the date of repurchase, may be lower than what an investor paid in connection with the purchase of shares in our offering.

In addition, in the event an investor chooses to participate in our share repurchase program, the investor will be required to provide us with notice of intent to participate prior to knowing what the net asset value per share will be on the repurchase date. Although an investor will have the ability to withdraw a repurchase request prior to the repurchase date, to the extent an investor seeks to sell shares to us as part of our periodic share repurchase program, the investor will be required to do so without knowledge of what the repurchase price of our shares will be on the repurchase date.

We may be unable to invest a significant portion of the net proceeds of our offering on acceptable terms in an acceptable timeframe.

Delays in investing the net proceeds of our offering may impair our performance. We cannot assure you that we will be able to identify any investments that meet our investment objective or that any investment that we make will produce a positive return. We may be unable to invest the net proceeds of our offering on acceptable terms within the time period that we anticipate or at all, which could harm our financial condition and operating results.

Before making investments, we will invest the net proceeds of our public offering primarily in cash, cash equivalents, U.S. government securities, money market funds, repurchase agreements and high-quality debt instruments maturing in one year or less from the time of investment, which may produce returns that are significantly lower than the returns which we expect to achieve when our portfolio is fully invested in securities meeting our investment objective. As a result, any distributions that we pay while our portfolio is not fully invested in securities meeting our investment objective may be lower than the distributions that we may be able to pay when our portfolio is fully invested in securities meeting our investment objective.

Your interest in us will be diluted if we issue additional shares, which could reduce the overall value of an investment in us.

Potential investors will not have preemptive rights to any shares we issue in the future. Our charter authorizes us to issue 200,000,000 shares. Pursuant to our charter, a majority of our entire Board of Directors may amend our charter to increase the number of authorized shares without stockholder approval. After an investor purchases shares, our Board of Directors may elect to sell additional shares in the future, issue equity interests in private offerings or issue share-based awards to our independent directors or investment personnel of our Adviser. To the extent we issue additional equity interests after an investor purchases our shares, an investor’s percentage ownership interest in us will be diluted. In addition, depending upon the terms and pricing of any additional offerings and the value of our investments, you may also experience dilution in the book value and fair value of your shares.

Certain provisions of our charter and bylaws could deter takeover attempts and have an adverse impact on the value of our shares.

Our charter and bylaws, as well as certain statutory and regulatory requirements, contain certain provisions that may have the effect of discouraging a third party from attempting to acquire us. Our charter provides that a director may be removed only for “cause,” as defined in our charter, and then only by the affirmative vote of at least two-thirds of the votes entitled to be cast generally in the election of directors.

Under our charter, certain charter amendments and certain transactions such as a merger, conversion of the Company to an open-end company, liquidation, or other transactions that may result in a change of control of us, must be approved by stockholders entitled to cast at least 80 percent of the votes entitled to be cast on such matter, unless the matter has been approved by at least two-thirds of our “continuing directors,” as defined in our charter. Additionally, our Board of Directors may, without stockholder action, authorize the issuance of shares in one or more classes or series, including preferred shares; and our Board of Directors may, without stockholder action, amend our charter to increase the number of our shares of any class or series that we have authority to issue. These and other takeover defense provisions may inhibit a change of control in circumstances that could give the holders of our shares the opportunity to realize a premium over the value of our shares.

We entered into a royalty-free license to use the name “Pathway Capital Opportunity Fund, Inc.” which may be terminated if our Adviser is no longer our investment adviser.

We entered into a royalty-free license agreement with our Adviser. Under this agreement, our Adviser has granted us a non-exclusive license to use the name “Pathway Capital Opportunity Fund, Inc.” Under the license agreement, we will have the right to use the “Pathway Capital Opportunity Fund, Inc.” name for so long as our Adviser remains our investment adviser.

Risks Related to Our Adviser and Its Affiliates

Our Adviser has no prior entity experience managing a registered closed-end management investment company or a regulated investment company, or RIC.

While our Adviser’s management team consists of personnel from the investment and operations team of Prospect Capital Management, the investment adviser to Prospect Capital Corporation, and of Prospect Administration, and members of the management team have significant experience investing in Infrastructure companies, our Adviser is a new entity and has no prior entity experience managing a registered closed-end management investment company or a RIC and has no prior entity experience investing in Infrastructure companies. Therefore, our Adviser may not be able to successfully operate our business or achieve our investment objective. As a result, an investment in our shares may entail more risk than the shares of a comparable company with a substantial operating history.

The 1940 Act and the Code impose numerous constraints on the operations of registered closed-end management investment companies and RICs that do not apply to the other types of investment vehicles. Moreover, qualification for RIC tax treatment under subchapter M of the Code requires satisfaction of source-of-income, diversification and other requirements. The failure to comply with these provisions in a timely manner could prevent us from qualifying as a RIC or could force us to pay unexpected taxes and penalties, which could be material. Our Adviser has no experience managing a registered closed-end management investment company or RIC. Its lack of experience in managing a portfolio of assets under such constraints may hinder our Adviser's ability to take advantage of attractive investment opportunities and, as a result, achieve our investment objective.

Our Adviser and its affiliates, including our officers and some of our directors, will face conflicts of interest caused by compensation arrangements with us and our affiliates, which could result in actions that are not in the best interests of our stockholders.

Our Adviser and its affiliates will receive substantial fees from us in return for their services, and these fees could influence the advice provided to us. Among other matters, the compensation arrangements could affect their judgment with respect to public offerings of equity by us, which allow the Dealer Manager to earn additional dealer manager fees and our Adviser to earn increased asset management fees. In addition, if we decide to utilize leverage, it will increase our assets and, as a result, will increase the amount of management fees payable to our Adviser.

We may be obligated to pay our Adviser incentive compensation even if we incur a net loss due to a decline in the value of our portfolio.

Our Investment Advisory Agreement entitles our Adviser to receive incentive compensation on income regardless of any capital losses. In such case, we may be required to pay our Adviser incentive compensation for a fiscal quarter even if there is a decline in the value of our portfolio or if we incur a net loss for that quarter.

Any incentive fee payable by us that relates to our net investment income may be computed and paid on income that may include interest that has been accrued but not yet received. If an investment defaults and was structured to provide accrued interest, it is possible that accrued interest previously included in the calculation of the subordinated incentive fee will become uncollectible. Our Adviser is not under any obligation to reimburse us for any part of the subordinated incentive fee it received that was based on accrued income that we never received as a result of a default by an entity on the obligation that resulted in the accrual of such income, and such circumstances would result in our paying a subordinated incentive fee on income we never received.

Our Adviser's professionals' time and resources may be diverted due to obligations they have to other clients.

Our Adviser's professionals serve or may serve as officers, directors or principals of entities that operate in the same or a related line of business as we do, or of investment funds managed by the same personnel. In serving in these multiple capacities, they may have obligations to other clients or investors in those entities, the fulfillment of which may not be in our best interests or in the best interest of our stockholders. Our investment objective may overlap with the investment objectives of such investment funds, accounts or other investment vehicles. For example, we rely on our Adviser to manage our day-to-day activities and to implement our investment strategy. Our Adviser and certain of its affiliates are currently, and plan in the future to continue to be, involved with activities which are unrelated to us. As a result of these activities, our Adviser, its personnel and certain of its affiliates will have conflicts of interest in allocating their time and resources between us and other activities in which they are or may become involved, including, but not limited to, the management of Prospect Capital Management, Prospect Capital Corporation, Priority Income Fund and Stratera Holdings's affiliates. Our Adviser and its personnel will devote only as much of its or their time and resources to our business as our Adviser and its personnel, in their judgment, determine is reasonably required, which may be substantially less than their full time and resources.

Furthermore, our Adviser and its affiliates may have existing business relationships or access to material, non-public information that may prevent it from recommending investment opportunities that would otherwise fit within our investment objective. These activities could be viewed as creating a conflict of interest in that the time, effort and ability of the members of our Adviser and its affiliates and their officers and employees will not be devoted exclusively to our business but will be allocated between us and the management of the monies of other advisees of our Adviser and its affiliates.

We may face additional competition due to the fact that individuals associated with our Adviser are not prohibited from raising money for or managing another entity that makes the same types of investments that we target.

Our Adviser's professionals are not prohibited from raising money for and managing another investment entity that makes the same types of investments as those we target. For example, certain professionals of our Adviser are simultaneously providing advisory services to other affiliated entities, including Prospect Capital Management, which serves as the investment adviser to Prospect Capital Corporation, and Priority Senior Secured Income Management, which serves as the investment adviser to Priority Income Fund. Prospect Capital Corporation is a publicly-traded business development company that focuses on generating current income and, to a lesser extent, long-term capital appreciation for stockholders, primarily by making

investments in senior secured loans, subordinated debt, unsecured debt, and equity of a diversified portfolio of U.S. companies and collateralized loan obligation, or CLO, debt and equity investments. Priority Income Fund is an externally managed, non-diversified, closed-end management investment company that invests primarily in senior secured loans, via CLO debt and equity investments, of companies whose debt is rated below investment grade or, in limited circumstances, unrated. As a result, the time and resources that our Adviser's professionals may devote to us may be diverted to another investment entity. In addition, we may compete with any such investment entity for the same investors and investment opportunities. We have received the Order from the SEC granting us the ability to negotiate terms other than price and quantity of co-investment transactions with other funds managed by our Adviser or certain affiliates, including Prospect Capital Corporation and Priority Income Fund. We may only co-invest with certain entities affiliated with our Adviser in negotiated transactions originated by our Adviser or its affiliates in accordance with such Order and existing regulatory guidance. To the extent we are able to make co-investments with our Adviser's affiliates, these co-investment transactions may give rise to conflicts of interest or perceived conflicts of interest among us and the other participating accounts.

Our incentive fee may induce our Adviser to make speculative investments.

The subordinated incentive fee payable by us to our Adviser may create an incentive for it to make investments on our behalf that are risky or more speculative than would be the case in the absence of such compensation arrangement. The way in which the subordinated incentive fee payable to our Adviser is determined may encourage it to use leverage to increase the return on our investments. In addition, the fact that our base management fee is payable based upon our average total assets, which would include any borrowings for investment purposes, may encourage our Adviser to use leverage to make additional investments. Under certain circumstances, the use of leverage may increase the likelihood of a default, which would adversely affect holders of our common stock. Such a practice could result in our investing in more speculative securities than would otherwise be in our best interests, which could result in higher investment losses, particularly during cyclical economic downturns.

The recognition of income in connection with investments that we purchase with original issue discount may result in the payment of an incentive fee to our Adviser without a corresponding receipt of cash income.

In the event we recognize loan interest income in excess of the cash we receive in connection with an investment that we purchase with original issue discount, we may be required to liquidate assets in order to pay a portion of the incentive fee. Our Adviser, however, is not required to reimburse us for the portion of any incentive fees attributable to non-cash income in the event of a subsequent default on such investment and non-payment of such non-cash income.

Risks Related to Our Investments

Our investments in prospective portfolio companies may be risky, and we could lose all or part of our investment.

We intend to invest primarily in senior secured and unsecured debt and select equity investments issued by private or public U.S.-based Infrastructure companies. As part of our investment objective to generate current income, we expect to invest up to 50% of our total assets in other securities, including senior debt, subordinated debt, preferred equity, dividend paying equity and the equity and junior debt tranches of CLOs.

Senior debt. When we invest in senior debt through secured term loans (1st lien and 2nd lien) we will generally take a security interest in the available assets of the portfolio companies, generally including the equity interests of their subsidiaries. We expect this security interest to help mitigate the risk that we will not be repaid. However, there is a risk that the collateral securing our senior secured debt may decrease in value over time or lose its entire value, may be difficult to sell in a timely manner, may be difficult to appraise and may fluctuate in value based upon the success of the business and market conditions, including as a result of the inability of the portfolio company to raise additional capital. To the extent our debt investment is collateralized by the securities of a portfolio company's subsidiaries, such securities may lose some or all of their value in the event of the bankruptcy or insolvency of the portfolio company. Also, in some circumstances, our security interest could be subordinated to claims of other secured creditors. In addition, deterioration in a portfolio company's financial condition and prospects, including its inability to raise additional capital, may be accompanied by deterioration in the value of the collateral for the loan. Loans that are under-collateralized involve a greater risk of loss. Consequently, the fact that a loan is secured does not guarantee that we will receive principal and interest payments according to the senior debt's terms, or at all, or that we will be able to collect on the loan should we be forced to enforce our remedies.

Subordinated debt. Our subordinated debt investments will be subordinated to more senior debt and will generally be unsecured. This may result in a heightened level of risk and volatility or a loss of principal which could lead to the loss of the entire investment. These investments may involve additional risks that could adversely affect our investment returns. To the extent interest payments associated with such debt are deferred, such debt may be subject to greater fluctuations in valuations, and such debt could subject us and our stockholders to non-cash income. Since we will not receive any principal repayments prior to the maturity of some of our subordinated debt investments, such investments will be of greater risk than amortizing debt.

Equity investments. We expect to make select equity investments in income-focused preferred or common equity interests, which may include interests in MLPs. In addition, when we invest in senior secured loans and notes or subordinated debt, we may acquire warrants to purchase equity securities. Our goal is ultimately to dispose of these equity interests and realize gains upon our disposition of such interests. However, the equity interests we receive may not appreciate in value and, in fact, may decline in value. Accordingly, we may not be able to realize gains from our equity interests, and any gains that we do realize on the disposition of any equity interests may not be sufficient to offset any other losses we experience.

Net profits interests, royalty interests, volumetric production payments (VPPs). We may invest in energy-specific non-operating investments including net profits interests, royalty interests or VPPs. Net profits interests and royalty interests are contractual agreements whereby the holders of such interests are entitled to a portion of the natural resource production or the cash proceeds received therefrom (either as a share of revenues or net income). A VPP is a type of structured investment whereby the owner sells a specific volume of production in a field or property to an investor and the investor receives a specific quota of production on a monthly basis in either raw output or proceeds therefrom. We will not have any operational control over these investments and our receipt of payments is contingent on the producer's ability to meet its supply obligations, which can make these types of investments highly speculative.

Non-U.S. securities. We may invest in non-U.S. securities, which may include securities denominated in U.S. dollars or in non-U.S. currencies. Because evidences of ownership of such securities usually are held outside the United States, we would be subject to additional risks if we invested in non-U.S. securities, which include possible adverse political and economic developments, seizure or nationalization of foreign deposits and adoption of governmental restrictions which might adversely affect or restrict the payment of principal and interest on the non-U.S. securities to investors located outside the country of the issuer, whether from currency blockage or otherwise. Since non-U.S. securities may be purchased with and payable in foreign currencies, the value of these assets as measured in U.S. dollars may be affected unfavorably by changes in currency rates and exchange control regulations. U.S. companies in which we invest may have international operations subject to the same risks.

Equity and junior debt tranches of CLOs. Our investments in the equity and junior debt tranches of CLOs involve a number of significant risks. CLOs are typically highly levered (~10 times), and therefore the equity and junior debt tranches that we will invest in are subject to a higher risk of total loss. As of June 30, 2017, the range of leverage ratios of the CLO investments in our portfolio was 9.0 times to 11.3 times and the weighted average was 10.2 times. In particular, investors in CLOs indirectly bear risks of the underlying debt investments held by such CLOs. We will generally have the right to receive payments only from the CLOs, and will generally not have direct rights against the underlying borrowers or the entity that sponsored the CLOs. Although it is difficult to predict whether the prices of indices and securities underlying CLOs will rise or fall, these prices (and, therefore, the prices of the CLOs) will be influenced by the same types of political and economic events that affect issuers of securities and capital markets generally. See "Risks Related to Our Investments in CLOs" below.

Our portfolio companies may incur debt that ranks equally with, or senior to, our investments in such companies.

We intend to invest primarily in senior secured and unsecured debt and select equity investments issued by private or public U.S.-based Infrastructure companies. Our portfolio companies may have, or may be permitted to incur, other debt that ranks equally with, or senior to, the debt in which we invest. By their terms, such debt instruments may entitle the holders to receive payment of interest or principal on or before the dates on which we are entitled to receive payments with respect to the debt instruments in which we invest. Also, in the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of a portfolio company, holders of debt instruments ranking senior to our investment in that portfolio company would typically be entitled to receive payment in full before we receive any proceeds. After repaying such senior creditors, such portfolio company may not have any remaining assets to use for repaying its obligation to us. In the case of debt ranking equally with debt instruments in which we invest, we would have to share on an equal basis any distributions with other creditors holding such debt in the event of an insolvency, liquidation, dissolution, reorganization or bankruptcy of the relevant portfolio company.

There may be circumstances where our debt investments could be subordinated to claims of other creditors or we could be subject to lender liability claims.

Even though we intend to generally structure certain of our investments as senior debt, if one of our portfolio companies were to go bankrupt, depending on the facts and circumstances, a bankruptcy court might recharacterize our debt investment and subordinate all or a portion of our claim to that of other creditors. In situations where a bankruptcy carries a high degree of political significance, our legal rights may be subordinated to other creditors. We may also be subject to lender liability claims for actions taken by us with respect to a borrower's business or instances where we exercise control over the borrower.

We generally will not control our portfolio companies.

We do not expect to control most or any of our portfolio companies, even though we may have board representation or board observation rights, and our debt agreements with such portfolio companies may contain certain restrictive covenants. As a result, we are subject to the risk that a portfolio company in which we invest may make business decisions with which we

disagree and the management of such company, as representatives of the holders of their common equity, may take risks or otherwise act in ways that do not serve our interests as debt investors. Due to the lack of liquidity for our investments in non-traded companies, we may not be able to dispose of our interests in our portfolio companies as readily as we would like or at an appropriate valuation. As a result, a portfolio company may make decisions that could decrease the value of our portfolio holdings.

We will be exposed to risks associated with changes in interest rates.

We are subject to financial market risks, including changes in interest rates. General interest rate fluctuations may have a substantial negative impact on our investments and investment opportunities and, accordingly have a material adverse effect on our investment objective and our rate of return on invested capital. To mitigate such interest rate exposure, we may focus on investments with floating interest rates. In addition, an increase in interest rates would make it more expensive to use debt for our financing needs, if any.

Investments in foreign securities may involve significant risks in addition to the risks inherent in U.S. investments.

Our investment strategy may involve investments in securities issued by foreign entities, including those that operate in emerging market countries. Investing in such entities may expose us to additional risks not typically associated with investing in U.S. issuers. These risks include changes in exchange control regulations, political and social instability, expropriation, imposition of foreign taxes, less liquid markets and less available information than is generally the case in the United States, higher transaction costs, less government supervision of exchanges, brokers and issuers, less developed bankruptcy laws, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility. Further, we may have difficulty enforcing creditor's rights in foreign jurisdictions. Such risks are more pronounced in emerging market countries.

Although we expect that most of our investments will be U.S. dollar-denominated, any investments denominated in a foreign currency will be subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation, and political developments. We may employ hedging techniques to minimize these risks, but we can offer no assurance that we will, in fact, hedge currency risk, or that if we do, such strategies will be effective.

We may enter into total return swap agreements or other derivative transactions which expose us to certain risks, including market risk, liquidity risk and other risks similar to those associated with the use of leverage.

A total return swap agreement (a "TRS") is a contract in which one party agrees to make periodic payments to another party based on the change in the market value of the assets underlying the TRS, which may include a specified security, basket of securities or securities indices during the specified period, in return for periodic payments based on a fixed or variable interest rate. A TRS effectively adds leverage to a portfolio by providing investment exposure to a security or market without owning or taking physical custody of such security or investing directly in such market. Because of the unique structure of a TRS, a TRS often offers lower financing costs than are offered through more traditional borrowing arrangements.

A TRS is subject to market risk, liquidity risk and risk of imperfect correlation between the value of the TRS and the loans underlying the TRS. In addition, we may incur certain costs in connection with a TRS that could in the aggregate be significant. A TRS is also subject to the risk that a counterparty will default on its payment obligations thereunder or that we will not be able to meet our obligations to the counterparty. In addition, because a TRS is a form of synthetic leverage, such arrangements are subject to risks similar to those associated with the use of leverage. See "—Risks Related to Debt Financing" below.

Second priority liens on collateral securing debt investments that we make in our portfolio companies may be subject to control by senior creditors with first priority liens. If there is a default, the value of the collateral may not be sufficient to repay in full both the first priority creditors and us.

Certain debt investments that we intend to make to portfolio companies may be secured on a second priority basis by the same collateral securing first priority debt of such companies. The first priority liens on the collateral will secure the portfolio company's obligations under any outstanding senior debt and may secure certain other future debt that may be permitted to be incurred by the company under the agreements governing the loans. The holders of obligations secured by the first priority liens on the collateral will generally control the liquidation of and be entitled to receive proceeds from any realization of the collateral to repay their obligations in full before repaying our investment. In addition, the value of the collateral in the event of liquidation will depend on market and economic conditions, the availability of buyers and other factors. There can be no assurance that the proceeds, if any, from the sale or sales of all of the collateral would be sufficient to satisfy the debt obligations secured by the second priority liens after payment in full of all obligations secured by the first priority liens on the collateral. If such proceeds are not sufficient to repay amounts outstanding under the debt obligations secured by the second

priority liens, then we, to the extent not repaid from the proceeds of the sale of the collateral, will only have an unsecured claim against the company's remaining assets, if any.

The rights we may have with respect to the collateral securing the debt investments we make to our portfolio companies with senior first lien outstanding may also be limited pursuant to the terms of one or more intercreditor agreements that we enter into with the holders of first lien debt. Under such an intercreditor agreement, at any time that obligations that have the benefit of the first priority liens are outstanding, any of the following actions that may be taken in respect of the collateral will be at the direction of the holders of the obligations secured by the first priority liens: the ability to cause the commencement of enforcement proceedings against the collateral; the ability to control the conduct of such proceedings; the approval of amendments to collateral documents; releases of liens on the collateral; waivers of past defaults under collateral documents; and potentially others. We may not have the ability to control or direct such actions, even if our rights are adversely affected.

Economic recessions or downturns could impair our portfolio companies and harm our operating results.

Many of our portfolio companies may be susceptible to economic slowdowns or recessions and may be unable to repay our debt investments during these periods. Therefore, our non-performing assets are likely to increase, and the value of our portfolio is likely to decrease, during these periods. Adverse economic conditions may also decrease the value of any collateral securing our first lien or second lien secured loans. A prolonged recession may further decrease the value of such collateral and result in losses of value in our portfolio and a decrease in our revenues, net income, assets and net worth. Unfavorable economic conditions also could increase our funding costs, limit our access to the capital markets or result in a decision by lenders not to extend credit to us on terms we deem acceptable. These events could prevent us from increasing investments and harm our operating results.

A covenant breach by our portfolio companies may harm our operating results.

A portfolio company's failure to satisfy financial or operating covenants imposed by us or other lenders could lead to defaults and, potentially, termination of its loans and foreclosure on its secured assets, which could trigger cross-defaults under other agreements and jeopardize a portfolio company's ability to meet its obligations under the debt or equity securities that we hold. We may incur expenses to the extent necessary to seek recovery upon default or to negotiate new terms, which may include the waiver of certain financial covenants, with a defaulting portfolio company.

Investing in small and middle market companies involves a number of significant risks, any one of which could have an adverse effect on our operating results.

Investments in small and middle market companies involve the same risks that apply generally to investments in larger, more established companies. However, such investments have more pronounced risks in that they:

- may have limited financial resources and may be unable to meet their obligations under their debt securities that we hold, which may be accompanied by a deterioration in the value of any collateral and a reduction in the likelihood of us realizing any guarantees we may have obtained in connection with our investment;
- have shorter operating histories, narrower product lines and smaller market shares than larger businesses, which tends to render them more vulnerable to competitors' actions and changing market conditions, as well as general economic downturns;
- are more likely to depend on the management talents and efforts of a small group of persons; therefore, the death, disability, resignation or termination of one or more of these persons could have a material adverse impact on our portfolio company and, in turn, on us;
- generally have less predictable operating results, may from time to time be parties to litigation, may be engaged in rapidly changing businesses with products subject to a substantial risk of obsolescence, and may require substantial additional capital to support their operations, finance expansion or maintain their competitive position. In addition, our executive officers, directors and members of our Adviser may, in the ordinary course of business, be named as defendants in litigation arising from our investments in the portfolio companies; and
- may have difficulty accessing the capital markets to meet future capital needs, which may limit their ability to grow or to repay their outstanding indebtedness upon maturity.

We may not realize gains from our equity investments.

Certain investments that we may make could include warrants or other equity securities. In addition, we may make direct equity investments in portfolio companies. Our goal is ultimately to realize gains upon our disposition of such equity interests. However, the equity interests we receive may not appreciate in value and, in fact, may decline in value. Accordingly, we may not be able to realize gains from our equity interests, and any gains that we do realize on the disposition of any equity interests may not be sufficient to offset any other losses we experience. We also may be unable to realize any value if a portfolio

company does not have a liquidity event, such as a sale of the business, recapitalization or public offering, which would allow us to sell the underlying equity interests.

An investment strategy focused in part on privately-held companies presents certain challenges, including the lack of available information about these companies.

We intend to invest in privately-held companies. Investments in private companies pose significantly greater risks than investments in public companies. First, private companies have reduced access to the capital markets, resulting in diminished capital resources and the ability to withstand financial distress. Second, the investments themselves tend to be less liquid. As such, we may have difficulty exiting an investment promptly or at a desired price prior to maturity or outside of a normal amortization schedule. As a result, the relative lack of liquidity and the potential diminished capital resources of our target portfolio companies may affect our investment returns. Finally, little public information generally exists about private companies and these companies may not have third-party debt ratings or, in some circumstances, audited financial statements. We must therefore rely on the ability of our Adviser to obtain adequate information through due diligence to evaluate the creditworthiness and potential returns from investing in these companies. These companies and their financial information will generally not be subject to the Sarbanes-Oxley Act and other rules that govern public companies. If we are unable to uncover all material information about these companies, we may not make a fully informed investment decision, and we may lose money on our investments.

A lack of liquidity in certain of our investments may adversely affect our business.

We intend to invest in certain companies whose securities are not publicly traded or actively traded on the secondary market and are, instead, traded on a privately negotiated over-the-counter secondary market for institutional investors or not at all, and whose securities will be subject to legal and other restrictions on resale or will otherwise be less liquid than publicly-traded securities. The illiquidity of certain of our investments may make it difficult for us to sell these investments when desired. In addition, if we are required to liquidate all or a portion of our portfolio quickly, we may realize significantly less than the value at which we had previously recorded these investments. The reduced liquidity of our investments may make it difficult for us to dispose of them at a favorable price, and, as a result, we may suffer losses.

We may not have the funds or ability to make additional investments in our portfolio companies.

We may not have the funds or ability to make additional investments in our portfolio companies. After our initial investment in a portfolio company, we may be called upon from time to time to provide additional funds to such company or have the opportunity to increase our investment. There is no assurance that we will make, or will have sufficient funds to make, follow-on investments. Any decisions not to make a follow-on investment or any inability on our part to make such an investment may have a negative impact on a portfolio company in need of such an investment, may result in a missed opportunity for us to increase our participation in a successful operation or may reduce the expected return on the investment.

Risk Related to Our Investments in Infrastructure Companies

Our investment strategy is to invest, under normal circumstances, at least 50% of our assets in securities of Infrastructure companies. This investment strategy may be changed by our Board of Directors if we provide our stockholders with at least 60 days prior written notice and make a corresponding change to our name. The revenues, income (or losses) and valuations of Infrastructure companies can fluctuate suddenly and dramatically due to a number of factors including costs associated with environmental, governmental and other regulations, high interest costs for capital construction programs, high leverage, the effects of economic slowdowns, surplus capacity, increased competition, fluctuations of commodity prices, the effects of energy conservation policies, unfavorable tax laws or accounting policies, environmental damage, difficulty in raising capital, increased susceptibility to terrorist acts or political actions, and general changes in market sentiment towards infrastructure assets.

Sector-specific risks may adversely affect the values of the Company's investments.

A summary of some of the principal sector specific risks is included below. The inclusion of a specific risk below with respect to a specific sector does not mean that that risk does not also apply in respect of the Company's other investments.

Transportation. Transportation-related infrastructure assets may be adversely affected by, among other things, economic and market changes, fuel prices, labor relations, geo-political concerns and insurance costs. Transportation-related infrastructure assets and related businesses may also be subject to significant government regulation and oversight, which may adversely affect their businesses.

Electric Utilities and Power. Utility- and power-related infrastructure assets may have difficulty obtaining financing during periods of inflation or unsettled capital markets; may be subject to greater competition as a result of deregulation; face changes in climate or environmental policy; face restrictions on operations and increased cost and delays attributable to environmental considerations and regulation; find that existing plants, equipment or products have been rendered obsolete by

technological innovations; or be subject to increased costs because of the scarcity of certain fuels or the effects of man-made or natural disasters.

Energy. Energy-related infrastructure assets may be adversely affected by one or more of the following: the levels and volatility of global energy commodity prices, energy supply and demand, capital expenditures on exploration and production of energy sources, energy conservation efforts, exchange rates, interest rates, economic conditions, tax treatment, increased competition, government regulation, technological advances, risk of liability from accidents resulting in injury or loss of life or property, supply of products and services, and world events.

Renewable Energy. Renewable-energy related infrastructure assets may be adversely affected by changes in government policy relating to incentives and subsidies for renewable energy assets, technological developments (or the application thereof), unforeseen technical deficiencies with installations, and the reliance of any renewable energy project, or group of projects, on variable resources.

Communication Networks and Equipment. Infrastructure assets in the telecommunications sector may be adversely affected by increased competition, regulation by various regulatory authorities, distressed cash flows due to the need to commit substantial capital to meet increasing competition, technological advances, limited availability of franchise and licensing rights, and high barriers to market entry. Various forms of cyber-attack threaten communication networks and could severely hamper any infrastructure project dependent upon communication networks and equipment.

Public and Social Infrastructure. Public and social infrastructure assets, such as hospitals, schools, government accommodations, and other public service facilities projects, may be subject to risks that include, but are not limited to, costs associated with governmental, environmental and other regulations, the effects of economic slowdowns, increased competition from other providers of such services, uncertainties concerning costs, adverse political developments, and the level of government spending on infrastructure projects.

Metals and Mining. Investments in metals and mining related infrastructure assets may be speculative and subject to greater price volatility than investments in other types of companies. The performance of assets in this sector is related to, among other things, worldwide metal prices, and extraction and production costs.

Industrial. Industrial-related infrastructure assets may be adversely affected by supply and demand both for their specific product or service and for industrial sector products in general. Government regulation, world events, exchange rates and economic conditions, changes or trends in commodity prices, technological developments and liabilities for environmental damage and general civil liabilities will likewise affect the performance of these assets and their ability to repay their debts.

While we intend to invest in a number of different issuers, because our investment strategy is to invest, under normal circumstances, at least 50% of our assets in securities of Infrastructure companies, our portfolio will not be well diversified by industry.

We expect to seek to achieve our investment objective by investing, under normal circumstances, at least 50% of our assets in securities of Infrastructure companies. We may invest substantially all of our assets in companies that derive the majority of their revenue from activities in the infrastructure sector. As there can be a correlation in the valuation of the securities in our portfolio and a change in value of the securities of one company may be accompanied by a decline in the valuations of the securities of other companies within the energy industry that we may hold in our portfolio. A decline in value of the securities of such issuers or a downturn in the energy sector might have a more severe impact on us than on an entity that is more broadly diversified among various industries.

Continuation of the current decline in oil and natural gas prices for a prolonged period could have a material adverse effect on us.

A prolonged continuation of the current decline in oil and natural gas prices would adversely affect the credit quality of our debt investments and the underlying operating performance of our equity investments in Infrastructure companies. A decrease in credit quality and the operating performance would, in turn, negatively affect the fair value of these investments, which would consequently negatively affect our net asset value. Should the current decline in oil and natural gas prices persist, it is likely that our energy-related portfolio companies' abilities to satisfy financial or operating covenants imposed by us or other lenders will be adversely affected, thereby negatively impacting their financial condition and their ability to satisfy their debt service and other obligations to us. Likewise, should the current decline in oil and natural gas prices persist, it is likely that our energy-related portfolio companies' cash flow and profit generating capacities would also be adversely affected thereby, negatively impacting their ability to pay us dividends or distributions on our equity investments.

An increase or decrease in commodity supply or demand may adversely affect our business.

A decrease in the production of natural gas, natural gas liquids, crude oil, coal or other energy commodities, a decrease in the volume of such commodities available for transportation, refining, mining, processing, storage or distribution, or a sustained decline in demand for such commodities, may adversely impact the financial performance or prospects of

Infrastructure companies in which we may invest. Infrastructure companies are subject to supply and demand fluctuations in the markets they serve which will be impacted by a wide range of factors, including fluctuating commodity prices, weather, increased conservation or use of traditional or alternative fuel sources, increased governmental or environmental regulation, depletion of natural gas, natural gas liquids, crude oil or coal production, rising interest rates, declines in domestic or foreign production of natural gas, natural gas liquids and crude oil, accidents or catastrophic events and economic conditions, among others.

An increase or decrease in commodity pricing may adversely affect our business.

The return on our prospective investments in Infrastructure companies will be dependent on the margins received by those companies for the exploration, development, production, gathering, transportation, refining, processing, storing, refining, distribution, mining, generation or marketing of natural gas, natural gas liquids, crude oil, refined products, coal or power, as well as other energy related industrial companies with businesses engaged in, but not limited to, manufacturing, chemicals, infrastructure, materials, logistics, marketing, waste and environmental services. These margins may fluctuate widely in response to a variety of factors including global and domestic economic conditions, weather conditions, natural disasters, the supply and price of imported energy commodities, the production and storage levels of energy commodities in certain regions or in the world, political instability, terrorist activities, transportation facilities, energy conservation, domestic and foreign governmental regulation and taxation and the availability of local, intrastate and interstate transportation systems. Volatility of commodity prices may also make it more difficult for Infrastructure companies in which we may invest to raise capital to the extent the market perceives that their performance may be directly or indirectly tied to commodity prices.

Cyclicality within the energy sector may adversely affect our business.

Industries within the energy sector are cyclical with fluctuations in commodity prices and demand for, and production of commodities driven by a variety of factors. The highly cyclical nature of the industries within the energy sector may lead to volatile changes in commodity prices, which may adversely affect the earnings of energy companies in which we may invest and the performance and valuation of our portfolio.

Changes in international, foreign, federal, state or local government regulation may adversely affect our business.

Infrastructure companies are subject to significant international, foreign, federal, state and local government regulation, including how natural resources are produced, how facilities are constructed, maintained and operated, the prices they may charge for the products and services they provide and environmental and safety controls, including regulations related to climate change or in response to a catastrophic accident. Various governmental authorities have the power to enforce compliance with these regulations and the permits issued under them, and violators are subject to administrative, civil and criminal penalties, including civil fines, injunctions or both. For example, many state and federal environmental laws provide for civil penalties as well as regulatory remediation, thus adding to the potential liability an Infrastructure company may face. More extensive laws, regulations or enforcement policies could be enacted in the future which would likely increase compliance costs and may adversely affect the financial performance of Infrastructure companies in which we may invest.

Infrastructure companies are subject to various operational risks.

Infrastructure companies are subject to various operational risks, such as disruption of operations, mining, exploration, drilling, or installation accidents, inability to timely and effectively integrate newly acquired assets, unanticipated operation and maintenance expenses, lack of proper asset integrity, underestimated cost projections, inability to renew or increased costs of rights of way, failure to obtain the necessary permits to operate and failure of third-party contractors to perform their contractual obligations. Thus, some Infrastructure companies may be subject to construction risk, acquisition risk or other risks arising from their specific business strategies and operations.

Energy companies that focus on exploration and production are subject to numerous reserve and production related risks.

Exploration and production businesses are subject to overstatement of the quantities of their reserves based upon any reserve estimates that prove to be inaccurate, the possibility that no commercially productive oil, natural gas or other energy reservoirs will be discovered as a result of drilling or other exploration activities, the curtailment, delay or cancellation of exploration activities as a result of unexpected conditions or miscalculations, title problems, pressure or irregularities in formations, equipment failures or accidents, adverse weather conditions, compliance with environmental and other governmental requirements and cost of, or shortages or delays in the availability of, drilling rigs and other exploration equipment, and operational risks and hazards associated with the development of the underlying properties, including natural disasters, blowouts, explosions, fires, leakage of crude oil, natural gas or other resources, mechanical failures, cratering and pollution.

Competition between Infrastructure companies may adversely affect our business.

The Infrastructure companies in which we may invest face substantial competition in acquiring assets, expanding or constructing assets and facilities, obtaining and retaining customers and contracts, securing trained personnel and operating their assets. Many of their competitors may have superior financial and other resources.

Inability by companies in which we invest to make accretive acquisitions may adversely affect our business.

The ability of Infrastructure companies in which we may invest to grow and, where applicable, to maintain or increase dividends or distributions to their equity holders can be highly dependent on their ability to make acquisitions of infrastructure assets that result in an increase in free cash flow. In the event that such companies are unable to make such accretive acquisitions because they are unable to identify attractive acquisition candidates or negotiate acceptable purchase contracts, because they are unable to raise financing for such acquisitions on economically acceptable terms, or because they are outbid by competitors, their future growth and ability to make or raise dividends or distributions will be limited and their ability to repay their debt and make payments to preferred equity holders may be weakened. Furthermore, even if these companies do consummate acquisitions that they believe will be accretive, the acquisitions may instead result in a decrease in free cash flow.

A significant accident or event that is not fully insured could adversely affect the operations and financial condition of Infrastructure companies in which we may invest.

The operations of Infrastructure companies in which we may invest are subject to many hazards inherent in the transporting, processing, storing, distributing, mining, generating or marketing of natural gas, natural gas liquids, crude oil, coal, refined products, power or other commodities, or in the exploring, managing or producing of such commodities, including: damage to pipelines, storage tanks, vessels or related equipment and surrounding properties caused by hurricanes, tornadoes, floods, fires and other natural disasters or by acts of terrorism; inadvertent damage from construction or other equipment; leaks of natural gas, natural gas liquids, crude oil, refined products or other commodities (such as those suffered by the Deepwater Horizon drilling platform in 2010); and fires and explosions. These risks could result in substantial losses due to personal injury or loss of life, severe damage to and destruction of property and equipment and pollution or other environmental damage and may result in the curtailment or suspension of the related operations. Not all Infrastructure companies are fully insured against all risks inherent to their businesses. If a significant accident or event occurs that is not fully insured, it could adversely affect the Infrastructure company's operations and financial condition.

Energy reserves naturally deplete as they are produced over time and this may adversely affect our business.

Energy reserves naturally deplete as they are produced over time. Many energy companies are either engaged in the production of natural gas, natural gas liquids, crude oil or coal, or are engaged in transporting, storing, distributing and processing these items or their derivatives. To maintain or grow their revenues, these companies or their customers need to maintain or expand their reserves through exploration of new sources of supply, through the development of existing sources or through acquisitions. The financial performance of energy companies in which we may invest may be adversely affected if they, or the companies to whom they provide services, are unable to cost-effectively acquire additional reserves sufficient to replace the depleted reserves. If an energy company fails to add reserves by acquiring or developing them, its reserves and production will decline over time as the reserves are produced. If an energy company is not able to raise capital on favorable terms, it may not be able to add to or maintain its reserves.

Infrastructure assets may be the target of terrorist organizations.

The terrorist attacks in the United States on September 11, 2001, had a disruptive effect on the economy and the securities markets. United States military and related action in the Middle East and elsewhere could have significant adverse effects on the U.S. economy and the stock market. Uncertainty surrounding military strikes or actions or a sustained military campaign may affect an Infrastructure company's operations in unpredictable ways, including disruptions of fuel supplies and markets, and energy and related infrastructure and industrial assets could be direct targets, or indirect casualties, of an act of terror. The U.S. government has issued warnings that energy and related infrastructure and industrial assets, specifically the United States' pipeline infrastructure, may be the future target of terrorist organizations. In addition, changes in the insurance markets have made certain types of insurance more difficult, if not impossible, to obtain and have generally resulted in increased premium costs.

Certain Infrastructure companies are dependent on their parents or sponsors for a majority of their revenues and may be subject to affiliate party risk.

Certain Infrastructure companies in which we may invest are dependent on their parents or sponsors for a majority of their revenues. Any failure by an Infrastructure company's parent or sponsor to satisfy its payments or obligations would impact the Infrastructure company's revenues and cash flows and ability to make distributions.

Changing economic, regulatory and political conditions in some countries, including political and military conflicts, may adversely affect the businesses in which we invest.

Changing economic, regulatory and political conditions in some countries, including political and military conflicts, have from time to time resulted in attacks on vessels, mining of waterways, expropriation of privately owned assets by governments, piracy, terrorism, labor strikes, boycotts and government inspections or requisitioning of vessels. These types of events could impact the delivery of commodities or impact pricing of commodities.

Risks Related to Our Investments in MLPs

An investment in MLP units involves certain risks which differ from an investment in the common stock of a corporation. Holders of MLP units have limited control and voting rights on matters affecting the partnership. In addition, there are certain tax risks associated with an investment in MLP units. See "Risk Factors—Federal Income Tax Risks."

An MLP's cash flow, and consequently its distributions, are subject to operational and general energy industry risks, which may result in disparate monthly distributions.

A portion of the cash flow received by us may be derived from investments in the equity securities of MLPs. The amount of cash that an MLP has available for distributions and the tax character of such distributions depends upon the amount of cash generated by the MLP's operations. Cash available for distribution will vary from quarter to quarter and is largely dependent on factors affecting the MLP's operations and factors affecting the energy industry in general. In addition to the risk factors described above, other factors which may reduce the amount of cash an MLP has available for distribution in a given quarter include increased operating costs, maintenance capital expenditures, acquisition costs, expansion, construction or exploration costs and borrowing costs.

Investments in MLPs may have limited liquidity.

Although common units of some MLPs may trade on public exchanges, certain of these securities may trade less frequently, particularly those with smaller capitalizations. Securities with limited trading volumes may display volatile or erratic price movements. As a result, these securities may be difficult to dispose of at a fair price at the times when we believe it is desirable or necessary to do so. These securities are also more difficult to value, and our judgment as to value will often be given greater weight than market quotations, if any exist. Investment of our capital in securities that are less actively traded, or over time experience decreased trading volume, may restrict our ability to take advantage of other market opportunities. In addition, many MLP units are privately held. See "Risk Factors—Risks Related to Our Investments—A lack of liquidity in certain of our investments may adversely affect our business."

Investments in MLPs are susceptible to interest rate fluctuation risks.

Interest rate risk is the risk that securities will decline in value because of changes in market interest rates. The yields of equity and debt securities of MLPs are susceptible in the short-term to fluctuations in interest rates and the prices of these securities typically decline when interest rates rise. Accordingly, our net asset value may be impacted by an increase in interest rates. Further, rising interest rates could adversely impact the financial performance of MLPs in which we invest by increasing their costs of capital. This may reduce their ability to execute acquisitions or expansion projects in a cost-effective manner.

Our investments in MLPs may be subject to additional fees and expenses, including management and incentive fees, and, as a result, our investments in MLPs may achieve a lower rate of return for you than our other investments.

MLPs are subject to additional fees, some of which are paid regardless of the performance of its assets. We (and other investors) will pay certain management fees to the adviser entity of any MLP in which we invest. Our Adviser will also earn its base management fee from us based on our total assets, including our investment in any such MLP; therefore, we will be paying both our Adviser's base management fee and any management fees earned by the manager of an MLP. As a result, our investment returns attributable to MLPs in which we invest may be lower than other investments we select. In addition, because the fees received by an MLP adviser are typically based on the managed assets of the MLP, including the proceeds of any leverage it may incur, the MLP adviser has a financial incentive to utilize leverage, which may create a conflict of interest between the MLP adviser and us as a stockholder in the MLP.

Risks Related to Our Investments in CLOs

Our investments in CLOs may be riskier and less transparent to us and our stockholders than direct investments in the underlying companies.

We will invest in CLOs, including the equity and junior debt tranches of CLOs. Generally, there may be less information available to us regarding the underlying debt investments held by CLOs than if we had invested directly in the debt of the underlying companies. As a result, our stockholders will not know the details of the underlying securities of the CLOs in which we will invest. Our investments in the equity and junior debt tranches of CLOs are subject to the risk of leverage associated

with the debt issued by such CLOs and the repayment priority of senior debt holders in such CLOs. Our investments in portfolio companies may be risky, and we could lose all or part of our investment.

CLOs typically will have no significant assets other than their underlying senior secured loans; payments on CLO investments are and will be payable solely from the cash flows from such senior secured loans.

CLOs typically will have no significant assets other than their underlying senior secured loans. Accordingly, payments on CLO investments are and will be payable solely from the cash flows from such senior secured loans, net of all management fees and other expenses. Payments to us as a holder of CLO junior securities are and will be made only after payments due on the senior secured notes, and, where appropriate, the junior secured notes, have been made in full. This means that relatively small numbers of defaults of senior secured loans may adversely impact our returns.

Our CLO investments are exposed to leveraged credit risk.

Generally, we are in a subordinated position with respect to realized losses on the senior secured loans underlying our investments in the equity and junior debt tranches of CLOs. The leveraged nature of CLOs, in particular, magnifies the adverse impact of senior secured loan defaults. CLO investments represent a leveraged investment with respect to the underlying senior secured loans. Therefore, changes in the market value of the CLO investments could be greater than the change in the market value of the underlying senior secured loans, which are subject to credit, liquidity and interest rate risk.

There is the potential for interruption and deferral of cash flow from CLO investments.

If certain minimum collateral value ratios and/or interest coverage ratios are not met by a CLO, primarily due to senior secured loan defaults, then cash flow that otherwise would have been available to pay distributions to us on our investments in the equity and junior debt tranches of CLOs may instead be used to redeem any senior notes or to purchase additional senior secured loans, until the ratios again exceed the minimum required levels or any senior notes are repaid in full. This could result in an elimination, reduction or deferral in the distribution and/or principal paid to the holders of the CLO investments, which would adversely impact our returns.

Investments in foreign securities may involve significant risks in addition to the risks inherent in U.S. investments.

Our CLO investment strategy allows investments in foreign CLOs. Investing in foreign entities may expose us to additional risks not typically associated with investing in U.S. issuers. These risks include changes in exchange control regulations, political and social instability, expropriation, imposition of foreign taxes, less liquid markets and less available information than is generally the case in the United States, higher transaction costs, less government supervision of exchanges, brokers and issuers, less developed bankruptcy laws, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility. Further, we, and the CLOs in which we invest, may have difficulty enforcing creditor's rights in foreign jurisdictions. In addition, the underlying companies of the CLOs in which we invest may be foreign, which may create greater exposure for us to foreign economic developments.

The payment of underlying portfolio manager fees and other charges on CLO investments could adversely impact our returns.

We may invest in CLO investments where the underlying portfolio securities may be subject to management, administration and incentive or performance fees, in addition to those payable by us. Payment of such additional fees could adversely impact the returns we achieve.

The inability of a CLO collateral manager to reinvest the proceeds of the prepayment of senior secured loans may adversely affect us.

There can be no assurance that for any CLO investment, in the event that any of the senior secured loans of a CLO underlying such investment are prepaid, the CLO collateral manager will be able to reinvest such proceeds in new senior secured loans with equivalent investment returns. If the CLO collateral manager cannot reinvest in new senior secured loans with equivalent investment returns, the interest proceeds available to pay interest on the rated liabilities and investments may be adversely affected.

Our CLO investments are subject to prepayments and calls, increasing re-investment risk.

Our CLO investments and/or the underlying senior secured loans may prepay more quickly than expected, which could have an adverse impact on our value. Prepayment rates are influenced by changes in interest rates and a variety of economic, geographic and other factors beyond our control and consequently cannot be predicted with certainty. In addition, for a CLO collateral manager there is often a strong incentive to refinance well performing portfolios once the senior tranches amortize. The yield to maturity of the investments will depend on the amount and timing of payments of principal on the loans and the price paid for the investments. Such yield may be adversely affected by a higher or lower than anticipated rate of prepayments of the debt.

Furthermore, our CLO investments generally do not contain optional call provisions, other than a call at the option of the holders of the equity tranches for the senior notes and the junior secured notes to be paid in full after the expiration of an initial period in the deal (referred to as the "non-call period").

The exercise of the call option is by the relevant percentage (usually a majority) of the holders of the equity tranches and, therefore, where we do not hold the relevant percentage we will not be able to control the timing of the exercise of the call option. The equity tranches also generally have a call at any time based on certain tax event triggers. In any event, the call can only be exercised by the holders of equity tranches if they can demonstrate (in accordance with the detailed provisions in the transaction) that the senior notes and junior secured notes will be paid in full if the call is exercised.

Early prepayments and/or the exercise of a call option otherwise than at our request may also give rise to increased re-investment risk with respect to certain investments, as we may realize excess cash earlier than expected. If we are unable to reinvest such cash in a new investment with an expected rate of return at least equal to that of the investment repaid, this may reduce our net income and, consequently, could have an adverse impact on our ability to pay dividends.

We have limited control of the administration and amendment of senior secured loans owned by the CLOs in which we invest.

We are not able to directly enforce any rights and remedies in the event of a default of a senior secured loan held by a CLO vehicle. In addition, the terms and conditions of the senior secured loans underlying our CLO investments may be amended, modified or waived only by the agreement of the underlying lenders. Generally, any such agreement must include a majority or a super majority (measured by outstanding loans or commitments) or, in certain circumstances, a unanimous vote of the lenders. Consequently, the terms and conditions of the payment obligations arising from senior secured loans could be modified, amended or waived in a manner contrary to our preferences.

We have limited control of the administration and amendment of any CLO in which we invest.

The terms and conditions of target securities may be amended, modified or waived only by the agreement of the underlying security holders. Generally, any such agreement must include a majority or a super majority (measured by outstanding amounts) or, in certain circumstances, a unanimous vote of the security holders. Consequently, the terms and conditions of the payment obligation arising from the CLOs in which we invest be modified, amended or waived in a manner contrary to our preferences.

Senior secured loans of CLOs may be sold and replaced resulting in a loss to us. The senior secured loans underlying our CLO investments may be sold and replacement collateral purchased within the parameters set out in the relevant CLO indenture between the CLO and the CLO trustee and those parameters may typically only be amended, modified or waived by the agreement of a majority of the holders of the senior notes and/or the junior secured notes and/or the equity tranche once the CLO has been established. If these transactions result in a net loss, the magnitude of the loss from the perspective of the equity tranche would be increased by the leveraged nature of the investment.

Our financial results may be affected adversely if one or more of our significant equity or junior debt investments in a CLO vehicle defaults on its payment obligations or fails to perform as we expect.

We expect that a majority of our portfolio will consist of equity and junior debt investments in CLOs, which involve a number of significant risks. CLOs are typically highly levered up to approximately 10 times, and therefore the junior debt and equity tranches that we will invest in are subject to a higher risk of total loss. As of June 30, 2017, the range of leverage ratios of the CLO investments in our portfolio was 9.0 times to 11.3 times and the weighted average was 10.2 times. In particular, investors in CLOs indirectly bear risks of the underlying debt investments held by such CLOs. We will generally have the right to receive payments only from the CLOs, and will generally not have direct rights against the underlying borrowers or the entities that sponsored the CLOs. Although it is difficult to predict whether the prices of indices and securities underlying CLOs will rise or fall, these prices, and, therefore, the prices of the CLOs will be influenced by the same types of political and economic events that affect issuers of securities and capital markets generally.

The investments we make in CLOs are thinly traded or have only a limited trading market. CLO investments are typically privately offered and sold, in the primary and secondary markets. As a result, investments in CLOs may be characterized as illiquid securities. In addition to the general risks associated with investing in debt securities, CLOs carry additional risks, including, but not limited to: (i) the possibility that distributions from the underlying senior secured loans will not be adequate to make interest or other payments; (ii) the quality of the underlying senior secured loans may decline in value or default; and (iii) the complex structure of the security may not be fully understood at the time of investment and may produce disputes with the CLO or unexpected investment results. Further, our investments in equity and junior debt tranches of CLOs are subordinate to the senior debt tranches thereof.

Investments in structured vehicles, including equity and junior debt instruments issued by CLOs, involve risks, including credit risk and market risk. Changes in interest rates and credit quality may cause significant price fluctuations. Additionally,

changes in the underlying senior secured loans held by a CLO may cause payments on the instruments we hold to be reduced, either temporarily or permanently. Structured investments, particularly the subordinated interests in which we invest, are less liquid than many other types of securities and may be more volatile than the senior secured loans underlying the CLOs in which we invest.

Non-investment grade debt involves a greater risk of default and higher price volatility than investment grade debt.

The senior secured loans underlying our CLO investments typically are BB or B rated (non-investment grade) and in limited circumstances, unrated, senior secured loans. Non-investment grade securities are predominantly speculative with respect to the issuer's capacity to pay interest and repay principal when due and therefore involve a greater risk of default and higher price volatility than investment grade debt.

We will have no influence on management of underlying investments managed by non-affiliated third party CLO collateral managers.

We are not responsible for and have no influence over the asset management of the portfolios underlying the CLO investments we hold as those portfolios are managed by non-affiliated third party CLO collateral managers. Similarly, we are not responsible for and have no influence over the day-to-day management, administration or any other aspect of the issuers of the individual securities. As a result, the values of the portfolios underlying our CLO investments could decrease as a result of decisions made by third party CLO collateral managers.

Risks Related to Debt Financing

If we borrow money, the potential for loss on amounts invested in us will be magnified and may increase the risk of investing in us.

We may borrow funds to make investments, including before we have fully invested the initial proceeds of this offering. We currently expect to use leverage in an aggregate amount up to $33^{1}/_{3}$% of our total assets, which includes assets obtained through such leverage, although we may increase our leverage under the 1940 Act. See "Regulation" in the SAI. The use of borrowings, also known as leverage, increases the volatility of investments and magnifies the potential for loss on invested equity capital. If we use leverage to partially finance our investments, through borrowing from banks and other lenders, you will experience increased risks of investing in our shares. If the value of our assets decreases, leveraging would cause net asset value to decline more sharply than it otherwise would have had we not leveraged. Similarly, any decrease in our income would cause net income attributable to our stockholders to decline more sharply than it would have had we not borrowed. Such a decline could negatively affect our ability to make share distribution payments. Leverage is generally considered a speculative investment technique.

In addition, the way in which the subordinated incentive fee payable to our Adviser is determined may encourage it to use leverage to increase the return on our investments. Also, the fact that our base management fee is payable based upon our average total assets, which would include any borrowings for investment purposes, may encourage our Adviser to use leverage to make additional investments. Under certain circumstances, the use of leverage may increase the likelihood of a default by us, which would adversely affect holders of our common stock. Such a practice could result in our investing in more speculative securities than would otherwise be in our best interests, which could result in higher investment losses, particularly during cyclical economic downturns.

Changes in interest rates may affect our cost of capital and net investment income.

If we borrow funds to make investments, which we do not expect to do before we have fully invested the initial proceeds of this offering in accordance with our investment objective, our net investment income will depend, in part, upon the difference between the rate at which we borrow funds and the rate at which we invest those funds. As a result, we can offer 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 when we have debt outstanding, our cost of funds will increase, which could reduce our net investment income. We expect that our long-term fixed-rate investments will be financed primarily with equity and long-term debt. We may use interest rate risk management techniques in an effort to limit our exposure to interest rate fluctuations. These techniques may include various interest rate hedging activities to the extent permitted by the 1940 Act. These activities 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. Also, we have limited experience in entering into hedging transactions, and we may have to purchase or develop such expertise.

You should also be aware that a rise in the general level of interest rates can be expected to lead to higher interest rates applicable to our debt investments. Accordingly, an increase in interest rates may make it easier for us to meet or exceed the subordinated incentive fee fixed preferred return and may result in a substantial increase of the amount of incentive fees payable to our Adviser with respect to pre-incentive fee net investment income. See "Investment Advisory Agreement."

Holders of any preferred stock we might issue would have the right to elect members of our Board of Directors and class voting rights on certain matters.

Holders of any preferred stock we might issue would have the right to elect members of our Board of Directors and class voting rights on certain matters. Holders of any preferred stock we might issue, voting separately as a single class, would have the right to elect two members of our Board of Directors at all times and, in the event dividends become two full years in arrears, would have the right to elect a majority of the directors until such arrearage is completely eliminated. In addition, preferred stockholders have class voting rights on certain matters, including changes in fundamental investment restrictions and conversion to open-end status, and accordingly can veto any such changes. Restrictions imposed on the declarations and payment of dividends or other distributions to the holders of our common stock and preferred stock, both by the 1940 Act and by requirements imposed by rating agencies or the terms of our credit facilities, might impair our ability to maintain our qualification as a RIC for federal income tax purposes. While we would intend to redeem our preferred stock to the extent necessary to enable us to distribute our income as required to maintain our qualification as a RIC, there can be no assurance that such actions could be effected in time to meet the tax requirements. We do not intend to issue preferred shares in the 12 months following the effective date of this prospectus.

Federal Income Tax Risks

We will be subject to corporate-level income tax if we are unable to qualify as a RIC under Subchapter M of the Code or to satisfy RIC distribution requirements.

To maintain RIC tax treatment under the Code, we must meet the following annual distribution, income source and asset diversification requirements. See "Material U.S. Federal Income Tax Considerations."

- The annual distribution requirement for a RIC will be satisfied if we distribute to our stockholders on an annual basis at least 90% of our net ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any. We are subject to an asset coverage ratio requirement under the 1940 Act and may in the future become subject to certain financial covenants under loan and credit agreements that could, under certain circumstances, restrict us from making distributions necessary to satisfy the distribution requirement. If we are unable to obtain cash from other sources, we could fail to qualify for RIC tax treatment and thus become subject to corporate-level income tax.
- The income source requirement will be satisfied if we obtain at least 90% of our income for each year from dividends, interest, gains from the sale of shares or securities or similar sources.
- The asset diversification requirement will be satisfied if we meet certain asset diversification requirements at the end of each quarter of our taxable year. To satisfy this requirement, at least 50% of the value of our assets must consist of cash, cash equivalents, U.S. government securities, securities of other RICs, and other acceptable securities; and no more than 25% of the value of our assets can be invested in the securities, other than U.S. government securities or securities of other RICs, of one issuer, of two or more issuers that are controlled, as determined under applicable Code rules, by us and that are engaged in the same or similar or related trades or businesses or of certain "qualified publicly traded partnerships." Failure to meet these requirements may result in our having to dispose of certain investments quickly in order to prevent the loss of RIC status. Because some of our investments will be in private companies, and therefore will be relatively illiquid, any such dispositions could be made at disadvantageous prices and could result in substantial losses.

If we fail to qualify for or maintain RIC tax treatment for any reason and are subject to corporate income tax, the resulting corporate taxes could substantially reduce our net assets, the amount of income available for distribution and the amount of our distributions.

We may have difficulty paying our required distributions if we recognize income before or without receiving cash representing such income.

For federal income tax purposes, we may be required to recognize taxable income in circumstances in which we do not receive a corresponding payment in cash. For example, if we hold debt or equity investments that are treated under applicable tax rules as having original issue discount (such as debt instruments with PIK interest or, in certain cases, debt instruments that were issued with warrants), we must include in income each year a portion of the original issue discount that accrues over the life of the obligation, regardless of whether cash representing such income is received by us in the same taxable year. We may also have to include in income other amounts that we have not yet received in cash, such as deferred loan origination fees that are paid after origination of the loan or are paid in non-cash compensation such as warrants or stock. We anticipate that a portion of our income may constitute original issue discount or other income required to be included in taxable income prior to receipt of cash. Further, we may elect to amortize market discounts and include such amounts in our taxable income in the

current year, instead of upon disposition, as an election not to do so would limit our ability to deduct interest expenses for tax purposes.

Because any original issue discount or other amounts accrued will be included in our investment company taxable income for the year of the accrual, we may be required to make a distribution to our stockholders in order to satisfy the annual distribution requirement, even though we will not have received any corresponding cash amount. As a result, we may have difficulty meeting the annual distribution requirement necessary to qualify for and maintain RIC tax treatment under the Code. We may have to sell some of our investments at times and/or at prices we would not consider advantageous, raise additional debt or equity capital or forgo new investment opportunities for this purpose. If we are not able to obtain cash from other sources, we may fail to qualify for RIC tax treatment and thus become subject to corporate-level income tax. If we fail to qualify for or maintain RIC tax treatment for any reason and are subject to corporate income tax, the resulting corporate taxes could substantially reduce our net assets, the amount of income available for distribution and the amount of our distributions. For additional discussion regarding the tax implications of a RIC, see "Material U.S. Federal Income Tax Considerations—Taxation as a Regulated Investment Company."

If we do not qualify as a "publicly offered regulated investment company," as defined in the Code, you will be taxed as though you received a distribution of some of our expenses.

A "publicly offered regulated investment company" is a RIC whose shares are either (i) continuously offered pursuant to a public offering, (ii) regularly traded on an established securities market or (iii) held by at least 500 persons at all times during the taxable year. If we are not a publicly offered RIC for any period, a non-corporate stockholder's allocable portion of our affected expenses, including our management fees, will be treated as an additional distribution to the stockholder and will be deductible by such stockholder only to the extent permitted under the limitations described below. For non-corporate stockholders, including individuals, trusts, and estates, significant limitations generally apply to the deductibility of certain expenses of a non-publicly offered RIC, including advisory fees. In particular, these expenses, referred to as miscellaneous itemized deductions, are deductible to an individual only to the extent they exceed 2% of such a stockholder's adjusted gross income, and are not deductible for alternative minimum tax purposes. While we anticipate that we will constitute a publicly offered RIC for our first tax year, there can be no assurance that we will in fact so qualify for any of our taxable years.

We may in the future choose to pay dividends in part in our own stock, in which case you may be required to pay tax in excess of the cash you receive.

We may distribute taxable dividends that are payable in cash or shares of our common stock at the election of each stockholder. Under certain applicable provisions of the Code and the Treasury regulations, distributions payable in cash or in shares of stock at the election of stockholders are treated as taxable dividends. The Internal Revenue Service has issued private rulings indicating that this rule will apply even where the total amount of cash that may be distributed is limited to no more than 20% of the total distribution. Under these rulings, if too many stockholders elect to receive their distributions in cash, each such stockholder would receive a pro rata share of the total cash to be distributed and would receive the remainder of their distribution in shares of stock. If we decide to make any distributions consistent with these rulings that are payable in part in our stock, taxable stockholders receiving such dividends will be required to include the full amount of the dividend (whether received in cash, our stock, or a combination thereof) as ordinary income (or as long-term capital gain to the extent such distribution is properly reported as a capital gain dividend) to the extent of our current and accumulated earnings and profits for United States federal income tax purposes. As a result, a U.S. stockholder may be required to pay tax with respect to such dividends in excess of any cash received. If a U.S. stockholder sells the stock it receives as a dividend in order to pay this tax, the sales proceeds may be less than the amount included in income with respect to the dividend, depending on the market price of our stock at the time of the sale. Furthermore, with respect to non-U.S. stockholders, we may be required to withhold U.S. tax with respect to such dividends, including in respect of all or a portion of such dividend that is payable in stock.

We may be adversely affected if an MLP or other non-corporate business structure in which we invest is treated as a corporation, rather than a partnership, for federal income tax purposes.

Our ability to meet our investment objective may partially depend on the level of taxable income and distributions and dividends we receive from the MLPs and other energy company securities in which we may invest, a factor over which we have no control. The benefit we derive from an investment in MLPs is largely dependent on the MLPs being treated as partnerships for federal income tax purposes. As a partnership, an MLP has no tax liability at the entity level. If, as a result of a change in current law or a change in an MLP's business, an MLP is treated as a corporation for federal income tax purposes, such MLP would be obligated to pay federal income tax on its income at the corporate tax rate. If an MLP were classified as a corporation for federal income tax purposes, the amount of cash available for distribution would be reduced and distributions received by us would be taxed under federal income tax laws applicable to corporate distributions (as dividend income, return of capital or capital gain). Therefore, treatment of an MLP as a corporation for federal income tax purposes would result in a reduction in the after-tax return to us, likely causing a reduction in the value of our investment in such MLP.

Our investments in MLPs may exceed the cash received from such investments.

As a limited partner in the MLPs in which we seek to invest, we will receive our share of income, gains, losses, deductions, and credits from those MLPs. Historically, a significant portion of an investor's income from an MLP has been offset by tax deductions to the investor from such MLP. As a result, this income has been significantly lower than cash distributions paid by MLPs. We will incur a current tax liability on our share of an MLP's income and gains that is not offset by tax deductions, losses, and credits, or our net operating loss carryforwards, if any. The percentage of an MLP's realized income and gains that is offset by tax deductions, losses, and credits will fluctuate over time for various reasons. A significant slowdown in acquisition activity or capital spending by MLPs held in our portfolio could result in a reduction of accelerated depreciation generated by new acquisitions, which may result in an increase in our net ordinary income that we are required to distribute to stockholders to maintain our status as a RIC and to eliminate our liability for federal income tax. If our income from our investments in MLPs exceed the cash distributions received from such investments, we may need to obtain cash from other sources in order to satisfy such distribution requirements. If we are unable to obtain cash from other sources, we may fail to qualify as a RIC and become subject to corporate-level federal income tax. We may also recognize gain in excess of cash proceeds upon the sale of an interest in an MLP. Any such gain may need to be distributed or deemed distributed in order to avoid liability for corporate-level federal income taxes on such gain. See "Material U.S. Federal Income Tax Considerations."

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Some of the statements in this prospectus constitute forward-looking statements because they relate to future events or our future performance or financial condition. The forward-looking statements contained in this prospectus may include statements as to:

- our future operating results;
- the impact of interest rate volatility on our results, particularly if we elect to use leverage as part of our investment strategy;
- our business prospects and the prospects of the companies in which we may invest;
- the ability of our portfolio companies to achieve their objectives;
- our expected financings and investments;
- the adequacy of our cash resources and working capital;
- the timing of cash flows, if any, from the operations of our portfolio companies;
- our contractual arrangements and relationships with third parties;
- the dependence of our future success on the general economy and its impact on the industries in which we invest;
- our ability to source favorable investments;
- our use of financial leverage;
- our tax status;
- the tax status of the companies in which we may invest;
- the timing and amount of interest distributions and dividends from the investments we make; and
- the risks, uncertainties and other factors we identify in “Risk Factors” and elsewhere in this prospectus and in our filings with the SEC.

In addition, words such as “anticipate,” “believe,” “expect” and “intend” indicate a forward-looking statement, although not all forward-looking statements include these words. The forward-looking statements contained in this prospectus involve risks and uncertainties. Our actual results could differ materially from those implied or expressed in the forward-looking statements for any reason, including the factors set forth in “Risk Factors” and elsewhere in this prospectus. Other factors that could cause actual results to differ materially include:

- changes in the economy;
- risks associated with possible disruption in our operations or the economy generally due to terrorism or natural disasters; and
- future changes in laws or regulations and conditions that impact our operations or investments.

We have based the forward-looking statements included in this prospectus on information available to us on the date of this prospectus, and we assume no obligation to update any such forward-looking statements. Except as required by the federal securities laws, we undertake no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise. During this offering, we will provide updated information in connection with material developments and you are advised to consult any additional disclosures that we may make directly to you or through reports that we in the future may file with the SEC. The forward-looking statements and projections contained in this prospectus are excluded from the safe harbor protection provided by Section 27A of the Securities Act.

USE OF PROCEEDS

The net proceeds of the continuous offering of shares will be invested in accordance with the Company's investment objective and policies (as stated below) as soon as practicable after receipt. Pending investment of the net proceeds in accordance with the Company's investment objective and policies, the Company will invest primarily in cash, cash equivalents, U.S. government securities, money market funds, repurchase agreements and high-quality debt instruments maturing in one year or less from the time of investment, consistent with our election to be taxed as a RIC. Investors should expect, therefore, that before the Company has fully invested the proceeds of the offering in accordance with its investment objective and policies, the Company's assets would earn interest income at a modest rate. While the Company does not anticipate a delay in the investment of net proceeds from investors, the Company will seek shareholder approval if the net proceeds are not invested within six months of the Company's initial offering in accordance with the rules under the 1940 Act.

DISTRIBUTIONS

Subject to our Board of Directors' discretion and applicable legal restrictions, we intend to authorize and declare ordinary cash distributions on a quarterly basis and pay such distributions on a monthly basis. We will then calculate each stockholder's specific distribution amount for the period using weekly record dates with each stockholder eligible to receive distributions beginning the week we accept the stockholder's orders for our shares. From time to time, we may also pay interim special distributions in the form of cash or shares at the discretion of our Board of Directors. Each year a statement on Form 1099-DIV, 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) will be mailed to our stockholders. Our distributions may exceed our earnings, especially during the period before we have substantially invested the proceeds from our offering. As a result, a portion of the distributions we make may represent a return of capital for tax purposes.

From time to time and not less than quarterly, our Adviser must review our accounts to determine whether cash distributions are appropriate. We shall distribute pro rata to our stockholders funds received by us which our Adviser deems unnecessary for us to retain.

We intend to make our ordinary distributions in the form of cash, out of assets legally available, unless stockholders elect to receive their distributions in additional shares under our distribution reinvestment plan. Any distributions reinvested under the plan will nevertheless remain taxable to a U.S. stockholder. If stockholders hold shares in the name of a broker or financial intermediary, they should contact the broker or financial intermediary regarding their election to receive distributions in additional shares.

The following table reflects the cash distributions per share that we have declared and paid on our common stock during the fiscal years ended June 30, 2017 and 2016. Dollar amounts in the table below and the notes thereto are presented in thousands, except per share data:

	Distribution	
For the Year Ended June 30,	**Per Share**	**Amount**
2016	$ 0.75204	$ 280
2017	0.92301	505

The following table reflects the cash distributions per share that we have declared and paid on our common stock through August 28, 2017.

Amount Per Share	Record Date	Payment Date
$0.01726	July 1, 2016	August 1, 2016
0.01726	July 8, 2016	August 1, 2016
0.01726	July 15, 2016	August 1, 2016
0.01726	July 22, 2016	August 1, 2016
0.01726	July 29, 2016	August 1, 2016
0.01726	August 5, 2016	August 29, 2016
0.01726	August 12, 2016	August 29, 2016
0.01726	August 19, 2016	August 29, 2016
0.01726	August 26, 2016	August 29, 2016
0.01726	September 2, 2016	October 3, 2016
0.01726	September 9, 2016	October 3, 2016
0.01726	September 16, 2016	October 3, 2016
0.01726	September 23, 2016	October 3, 2016
0.01726	September 30, 2016	October 3, 2016
0.01726	October 7, 2016	October 31, 2016
0.01726	October 14, 2016	October 31, 2016
0.01726	October 21, 2016	October 31, 2016
0.01726	October 28, 2016	October 31, 2016
0.01726	November 4, 2016	November 28, 2016
0.01726	November 11, 2016	November 28, 2016
0.01726	November 18, 2016	November 28, 2016
0.01726	November 25, 2016	November 28, 2016
0.01726	December 2, 2016	January 3, 2017
0.01726	December 9, 2016	January 3, 2017
0.01726	December 16, 2016	January 3, 2017
0.01726	December 23, 2016	January 3, 2017
0.01726	December 30, 2016	January 3, 2017
0.01726	January 6, 2017	January 30, 2017
0.01726	January 13, 2017	January 30, 2017
0.01726	January 20, 2017	January 30, 2017
0.01726	January 27, 2017	January 30, 2017
0.01726	February 3, 2017	February 27, 2017
0.01726	February 10, 2017	February 27, 2017
0.01726	February 17, 2017	February 27, 2017
0.01726	February 24, 2017	February 27, 2017
0.01772	March 3, 2017	April 3, 2017
0.01772	March 10, 2017	April 3, 2017
0.01772	March 17, 2017	April 3, 2017
0.01772	March 24, 2017	April 3, 2017
0.01772	March 31, 2017	April 3, 2017

Amount Per Share	Record Date	Payment Date
0.01772	April 7, 2017	May 1, 2017
0.01772	April 13, 2017	May 1, 2017
0.01772	April 21, 2017	May 1, 2017
0.01772	April 28, 2017	May 1, 2017
0.01772	May 5, 2017	May 30, 2017
0.01772	May 12, 2017	May 30, 2017
0.01772	May 19, 2017	May 30, 2017
0.01772	May 26, 2017	May 30, 2017
0.01772	June 2, 2017	July 3, 2017
0.01772	June 9, 2017	July 3, 2017
0.01772	June 16, 2017	July 3, 2017
0.01772	June 23, 2017	July 3, 2017
0.01772	June 30, 2017	July 3, 2017
0.01772	July 7, 2017	July 31, 2017
0.01772	July 14, 2017	July 31, 2017
0.01772	July 21, 2017	July 31, 2017
0.01772	July 28, 2017	July 31, 2017
0.01772	August 4, 2017	August 28, 2017
0.01772	August 11, 2017	August 28, 2017
0.01772	August 18, 2017	August 28, 2017
0.01772	August 25, 2017	August 28, 2017
0.01772	September 1, 2017	October 2, 2017
0.01772	September 8, 2017	October 2, 2017
0.01772	September 15, 2017	October 2, 2017
0.01772	September 29, 2017	October 2, 2017

The Board of Directors declared a series of distributions through November 2017 reflected in the following table. Stockholders of record as of each respective record date will be entitled to receive the distribution.

Record Date	Payment Date	Total Amount per Share[(a)]
October 6, 13, 20 and 27, 2017	October 30, 2017	0.07088
November 3, 10, 17 and 24, 2017	November 28, 2017	0.07088

[(a)]Total amount per share represents the total distribution rate for the record dates indicated.

The timing and amount of any future distributions to stockholders are subject to applicable legal restrictions and the sole discretion of our Board of Directors.

To qualify for and maintain RIC tax treatment, we must, among other things, distribute at least 90% of our net ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any. In order to avoid certain excise taxes imposed on RICs, we currently intend to distribute during each calendar year an amount at least equal to the sum of (1) 98% of our net ordinary income for the calendar year, (2) 98.2% of our capital gains in excess of capital losses for the one-year period ending on October 31 of the calendar year and (3) any net ordinary income and net capital gains for preceding years that were not distributed during such years and on which we paid no federal income tax. We may make interim special distributions to meet our RIC distribution requirements. 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. See “Regulation” in the SAI and “Material U.S. Federal Income Tax Considerations.”

We have adopted an “opt in” distribution reinvestment plan for our stockholders. As a result, if we make a distribution, our stockholders will receive their distributions in cash unless they specifically “opt in” to the distribution reinvestment plan so as to have their cash distributions reinvested in additional shares. See “Distribution Reinvestment Plan.”

We may fund our cash distributions to stockholders from any sources of funds available to us, including offering proceeds, borrowings, net investment income from operations, capital gains proceeds from the sale of assets and non-capital gains proceeds from the sale of assets. The following table reflects, for tax purposes, the sources of the cash distributions that we have paid on our common stock during the year ended June 30, 2017 and 2016. Dollar amounts in the table below and the paragraph that follows such table are presented in thousands:

	Year ended June 30			
	2017		2016	
Source of Distribution	Distribution Amount	Percentage	Distribution Amount	Percentage
Offering proceeds	$ —	—%	$ —	—%
Borrowings	—	—%	—	—%
Ordinary income	—	—%	—	—%
Return of capital	505	100%	280	100%
Short-term capital gains proceeds from the sale of assets	—	—%	—	—%
Long-term capital gains proceeds from the sale of assets	—	—%	—	—%
Expense reimbursement from sponsor	—	—%		—%
Total	$ 505	100%	$ 280	100%

The aggregate cost of our investments for federal income tax purposes totaled $11.5 million as of June 30, 2017. Gross unrealized appreciation and depreciation on investments as of June 30, 2017 was $0.6 million and $0.1 million, which resulted in net unrealized appreciation of $0.5 million. Our taxable loss for the year ended June 30, 2017 was $0.6 million.

As of June 30, 2017. the estimated components of accumulated losses on a tax basis were as follows:

Accumulated ordinary loss	$ (1,071,888)
Temporary differences	(527,421)
Net unrealized gain on investments	518,873

In general, we may make certain adjustments to the classification of net assets as a result of permanent book-to-tax differences, which may include differences in the book and tax basis of certain assets and liabilities, amortization of offering costs, Expense Payments and nondeductible federal excise taxes, among other items. For the year ended June 30, 2017, we increased accumulated net investment loss by $653,844 and increased additional paid in capital by $653,844.

The determination of the tax attributes of our distributions is made annually as of the end of our fiscal year based upon our taxable income for the full year and distributions paid for the full year. Therefore, a determination made on a monthly basis may not be representative of the actual tax attributes of our distributions for a full year.

Expense Support and Conditional Reimbursement Agreement

Pursuant to an expense support and conditional reimbursement agreement (as amended, the “Expense Support Agreement”) our Adviser has agreed to reimburse us for operating expenses in an amount equal to the difference between distributions to our stockholders for which a record date has occurred in each quarter less our available operating income during such period. Under the Expense Support Agreement, we have a conditional obligation to reimburse our Adviser for any amounts funded by our Adviser under the Expense Support Agreement following any calendar quarter in which available operating funds in such calendar quarter exceed the cumulative distributions to stockholders for which a record date has occurred in such calendar quarter. The original expense support agreement was entered into between us and our Adviser on September 2, 2014 and amended and restated on December 17, 2014 and February 24, 2015 (the “Original Expense Support Agreement”).

On March 30, 2016, we and our Adviser entered into the Third Amended and Restated Expense Support and Conditional Reimbursement Agreement (the “Amended Expense Support Agreement”), which removed unrealized losses from the calculation of available operating funds and extended the period during which reimbursements by the Adviser must be made from September 2, 2017 to the date upon which the public offering period of shares of our common stock ends. Expense

support payments by us to our Adviser, and reimbursements related to those future expense support payments, will be made pursuant to the Amended Expense Support Agreement.

The recoupment of expense support payments made by the Adviser to us prior to the Amended Expense Support Agreement will be under the terms of the Original Expense Support Agreement, however, we will calculate "available operating funds" for the purpose of making such reimbursements, including the change in unrealized losses in the formula for calculating available operating funds as opposed to unrealized losses. For all expense support payments made prior to the Amended Expense Support Agreement, our Adviser will recoup its previously provided expense support payments when the sum of our net investment income, the net realized capital gains/losses, the changes in unrealized losses, and dividends and other distributions paid to us from our portfolio investments during such period exceeds our dividends and distributions to shareholders. The calculation of changes in unrealized losses shall only reflect further reduction in value of individual investments from the largest previously recorded unrealized loss for such individual investment. Realized losses for such period will only include the amount in excess of the largest previously recorded unrealized loss for the same investment. The calculations related to expense support payments pursuant to the Amended Expense Support Agreement have been adjusted solely for purposes of determining the expense support payment and reimbursement obligations of the Adviser and the Company, respectively, and not for any other purpose, including the calculation of the subordinated incentive fee pursuant to the Investment Advisory Agreement.

The Expense Support Agreement will terminate with the adoption of the Expense Limitation Agreement, however, we will continue to be obligated to reimburse the Adviser for expense support payments pursuant to the terms of the Expense Support Agreement described above.

The following table provides information regarding liabilities incurred by the Adviser pursuant to the Expense Support Agreement for the fiscal years ended June 30, 207, 2016, and 2015. Dollar amounts are presented in thousands.

Period Ended	Expense Support Payments Due from Adviser	Expense Support Payments Reimbursed to Adviser	Unreimbursed Support Payments	Operating Expense Ratio[1]	Annualized Distribution Rate[2]	Eligible to be Repaid Through
September 30, 2014	$ 162	—	$ 162	N/A	N/A	September 30, 2017
December 31, 2014	470	—	$ 470	N/A	N/A	December 31, 2017
March 31, 2015	401	—	$ 401	N/A	N/A	March 31, 2018
June 30, 2015	289	—	$ 289	16.39%	N/A	June 30, 2018
September 30, 2015	397	—	$ 397	8.52%	6.00%	September 30, 2018
December 31, 2015	322	—	$ 322	8.66%	6.00%	December 31, 2018
March 31, 2016	334	—	$ 334	7.36%	6.00%	March 31, 2019
June 30, 2016	126	—	$ 126	3.52%	6.00%	June 30, 2019
September 30, 2016	236	—	$ 236	4.78%	6.00%	September 30, 2019
December 31, 2016	306	—	$ 306	4.65%	5.84%	December 31, 2019
March 31, 2017	228	—	$ 228	3.59%	6.00%	March 31, 2020
June 30, 2017	95	—	$ 95	3.04%	6.00%	June 30, 2020
		Total	$ 3,366			

[1] Operating expense ratio is as of the date the expense support payment obligation was incurred by the Adviser and includes all expenses borne by the Company, except for organizational and offering expenses, base management fees, and any interest expense attributable to indebtedness incurred by the Company.

[2] Annualized distribution rate equals the annualized rate of distributions to stockholders based on the amount of the regular dividends paid immediately prior to the date the expense support payment obligation was incurred by the Adviser. Annualized distribution rate does not include bonus dividends paid to stockholders.

Reimbursements for payments prior to March 29, 2016 will be made per the Original Expense Support Agreement terms. Reimbursement payments from March 29, 2016 to the present will be made under the Amended Expense Support Agreement. The Amended Expense Support Agreement will terminate, but the obligation to reimburse expenses will continue for three years from the date on which the relevant expense support payment was made. The Company will have no obligation to reimburse the Adviser for expense support payments beyond three years from the date on which the expense support payment was made, regardless of whether the Adviser waives reimbursement at any point during this period.

Expense Limitation Agreement

The Adviser and the Company have entered into an Expense Limitation Agreement under which the Adviser has agreed contractually to waive its fees and to pay or absorb the operating expenses of the Company, including organization and offering expenses, any shareholder servicing fees, and other expenses described in the Investment Advisory Agreement, but not including any portfolio transaction or other investment-related costs (including brokerage commissions, dealer and underwriter spreads, prime broker fees and expenses and dividend expenses related to short sales), interest expenses and other financing costs, distribution fees, extraordinary expenses and acquired fund fees and expenses, to the extent that they exceed 8% on a per annum basis of the Company's average weekly net assets, through October 31, 2018 (the “Expense Limitation”). In consideration of the Adviser's agreement to limit the Company's expenses, the Company has agreed to repay the Adviser in the amount of any fees waived and Company expenses paid or absorbed, subject to the limitations that: (1) the reimbursement will be made only for fees and expenses incurred not more than three years following the end of the fiscal quarter in which they were incurred; and (2) the reimbursement may not be made if it would cause the Expense Limitation, or any lower limit that has been put in place, to be exceeded. The Expense Limitation Agreement may be terminated only by the Company's Board of Directors on written notice to the Adviser. After October 31, 2018, the Expense Limitation Agreement may expire or be renewed or modified to limit expenses to a level different than 8% at the Adviser's and Board's discretion.

INVESTMENT OBJECTIVE AND STRATEGY

We were organized in February 2013 as a Maryland corporation to invest primarily in income oriented securities of private or public Infrastructure companies, and commenced operations on August 25, 2015, after satisfying our minimum offering requirement of selling $3.25 million of our shares, at least $2.5 million of which was to persons who are not affiliated with us or our Adviser. We are an externally managed, non-diversified, closed-end management investment company that intends to elect to be treated for federal income tax purposes, and intend to qualify annually thereafter, as a RIC under the Code.

We are managed by Pathway Capital Opportunity Fund Management, LLC, a registered investment adviser under the Advisers Act, which oversees the management of our activities and is responsible for making investment decisions for our portfolio.

Investment Strategy

Our investment objective is to generate current income and, as a secondary objective, long-term capital appreciation. We seek to achieve our investment objective by investing, under normal circumstances, at least 50% of our total assets, that is net assets plus borrowings, in securities of Infrastructure companies and Infrastructure-Related companies. We consider Infrastructure companies to include companies that derive at least 50% of their revenues, gross profit or EBITDA from the ownership, management, development, construction, maintenance, renovation, enhancement or operation of Infrastructure assets. We consider Infrastructure-Related companies to be those that derive at least 50% of their revenues, gross profit or EBITDA from providing products or services to Infrastructure companies. This investment strategy may be changed by our Board of Directors if we provide our stockholders with at least 60 days prior written notice and make any necessary corresponding change to our name. Examples of Infrastructure assets include, but are not limited to, assets related to:

- transportation (e.g., airports, metro systems, maritime, shipping, pipelines, mass transit, subways, railroads, ports, highways, bridges, tunnels, toll roads);
- transportation equipment (e.g., shipping, aircraft, railcars, containers);
- defense industrial base sector (e.g., equipment, arms, facilities);
- emergency services sector (e.g., police stations, fire departments, public works departments, private security);
- electric utilities and power (e.g., development, generation, transmission, distribution);
- energy (e.g., exploration, development, production, gathering, transportation, processing, storage, refining, supply, distribution, mining, transmission, servicing, industrial products and services, energy efficiency, management, generation or marketing of energy), including renewable energies (e.g., wind, solar, hydro, geothermal);
- chemicals (e.g. manufacturing, refining, processing, transportation, storage, distribution);
- communication networks and equipment (e.g., cable, wireline, wireless, satellite, data network, data storage, software);
- water and wastewater systems (e.g. dams, pipelines, treatment plants);
- food and agriculture sector (e.g., farms, food manufacturing, processing and storage facilities);
- social infrastructure (e.g., health care facilities, government building and other public service facilities);
- financial services sector (e.g, depository institutions, providers of investment products, insurance companies, other credit and financing organizations);
- metals, industrials, materials (e.g., steel, processing, storage, manufacturing, distribution);
- real estate (e.g., offices, shopping centers, industrial buildings); and
- other resources and services (including manufacturing) related to infrastructure assets (e.g., cement, paper, staffing, logistics, environmental, software, forest product companies).

As part of our investment objective to generate current income, we expect to invest up to 50% of our total assets in other securities, including senior debt, subordinated debt, preferred equity, dividend paying equity and the equity and junior debt tranches of a type of pools of broadly syndicated loans known as Collateralized Loan Obligations, or “CLOs.” The CLOs include a diversified portfolio of broadly syndicated loans and do not have direct exposure to real estate or mortgages.

A CLO is a special purpose vehicle (typically formed in the Cayman Islands or another similar foreign jurisdiction) formed to purchase the senior secured loans and issue rated debt securities and equity tranches and/or unrated debt securities (generally treated as equity interests). The rated debt tranches consist of long-term, financing with specified financing terms, including floating interest rates at a stated spread to LIBOR. See “Risk Factors—Risks Related to Our Investments—Investments in foreign securities may involve significant risks in addition to the risks inherent in U.S. investments” and “—Our financial results may be affected adversely if one or more of our significant equity or junior debt investments in a CLO vehicle defaults on its payment obligations or fails to perform as we expect.” The equity tranche represents the most junior tranche in the CLO capital structure. The equity tranche is typically not rated and is subordinated to the debt tranches. The holders of equity tranche interests are typically entitled to any cash reserves that form part of the structure at the point at which such

reserves are permitted to be released. The equity tranche captures available payments at the bottom of the payment waterfall, after operational and administrative costs of the CLO and servicing of the debt securities.

Our investment objective is to generate current income and, as a secondary objective, long-term capital appreciation. We will seek to meet our investment objective by:

- utilizing the experience and expertise of our Adviser in sourcing, evaluating and structuring transactions;
- employing a conservative investment approach focused on current income and long-term investment performance;
- focusing primarily on debt investments in a broad array of private or public Infrastructure companies within North America;
- making select equity investments in certain Infrastructure companies that have consistent dividends and growth potential including companies in which we hold debt investments;
- investing primarily in established, stable enterprises with positive cash flow and strong asset and collateral coverage so as to limit the risk of potential principal loss; and
- maintaining rigorous portfolio monitoring in an attempt to anticipate and preempt negative events within our portfolio.

Our portfolio is expected to be comprised primarily of income-oriented securities, which includes debt securities and income-focused preferred and common equity interests, of private or public Infrastructure companies within North America. We dynamically allocate our assets in varying types of investments based on our analysis of the credit markets, which may result in our portfolio becoming more concentrated in particular types of credit instruments (such as senior secured floating rate loans) and less invested in other types of credit instruments. These securities are generally rated below investment grade by rating agencies or would be rated below investment grade if they were rated. Below investment grade securities, which are often referred to as "high yield" or "junk," have predominantly speculative characteristics with respect to the issuer's capacity to pay interest and repay principal. We currently intend to initially weight our portfolio towards senior secured and unsecured debt. In addition to investments purchased from other dealers or investors in the secondary market, we expect to invest in primary market transactions and originated investments as this will provide us with the ability to tailor investments to best match a project's or company's needs with our investment objective. Our portfolio may also be comprised of select income-focused preferred or common equity interests, which refers to equity interests that pay consistent, high-yielding dividends, that we believe will produce both current income and long-term capital appreciation. These income-focused preferred or common equity interests may include interests in MLPs. MLPs are entities that (i) are structured as limited partnerships or limited liability companies, (ii) are publicly traded, (iii) satisfy certain requirements to be treated as partnerships for federal income tax purposes and (iv) primarily own and operate midstream and upstream energy companies. In connection with certain of our debt investments, we may on occasion receive equity interests such as warrants or options as additional consideration. Once we raise sufficient capital, we expect that our investments will generally range between $3 million and $25 million each, although this investment size may vary as the size of our capital base changes and will ultimately be at the discretion of our Adviser, subject to oversight by our Board of Directors. Prior to raising sufficient capital, we may make significantly smaller investments to have a diversified portfolio for RIC qualification purposes.

Our credit analysis includes a value-oriented and research-driven process that includes assessing current and forward-looking business models and cash flow characteristics, including debt-service coverage ratios, stress-testing of company financial performance, assessing competitive advantages, assessing liquidity and balance sheet flexibility, evaluating security structure, and relative value.

In order to comply with diversification requirements applicable to RICs, with respect to half of our investment portfolio, our interest in any one investment will not exceed 5% of the value of our gross assets, and with respect to the other half of our portfolio, our interest in any one investment will not exceed 25% of the value of our gross assets. We do not intend to operate as a "diversified" investment company within the meaning of the 1940 Act. See "Material U.S. Federal Income Tax Considerations—Taxation as a Regulated Investment Company" for our detailed RIC diversification requirements.

About our Adviser

Our Adviser is owned 50% by Prospect Capital Management, an asset management firm and registered investment adviser under the Advisers Act, and 50% by Stratera Holdings, a national sponsor of alternative investment products designed for the individual and institutional investor. Our Adviser is registered as an investment adviser with the SEC under the Advisers Act and is led by a team of investment professionals from the investment and operations team of Prospect Capital Management and Prospect Administration. These individuals are responsible for our day-to-day operations on behalf of our Adviser and are responsible for developing, recommending and implementing our investment strategy. Prospect Capital Management also manages Prospect Capital Corporation, a business development company traded on the NASDAQ Global Select Market. See

"Risk Factors—Risks Related to Our Adviser and Its Affiliates." Prospect Capital Corporation commenced operations on July 27, 2004, focusing on generating current income and, to a lesser extent, long-term capital appreciation for stockholders, primarily by making investments in senior secured loans, subordinated debt, unsecured debt, and equity of a broad portfolio of U.S. companies. Prospect Capital Corporation had total assets of approximately $6.2 billion as of June 30, 2017 and capital under management of approximately $6.3 billion (including undrawn credit facilities) as of June 30, 2017. Our Adviser's professionals also manage Priority Income Fund, a newly-formed, externally managed, non-diversified, closed-end management investment company that invests primarily in senior secured loans, via CLO debt and equity investments, of companies whose debt is rated below investment grade or, in limited circumstances, unrated.

Our Adviser's investment professionals have significant experience in private lending and private equity investing, and has developed an expertise in using all levels of a firm's capital structure to produce income-generating investments, while focusing on risk management. The team also has extensive knowledge of the managerial, operational and regulatory requirements of publicly registered investment companies. Our Adviser does not currently have employees, but has access to certain investment, finance, accounting, legal and administrative personnel of Prospect Capital Management, Prospect Administration and Stratera Holdings and may retain additional personnel as our activities expand. In particular, certain personnel of Prospect Capital Management will be made available to our Adviser to assist it in managing our portfolio and operations, provided that they are supervised at all times by our Adviser's management team. See "Investment Objective and Strategy—About Our Adviser." We believe that the depth of experience and disciplined investment approach of our Adviser's management team will help our Adviser to successfully execute our investment strategy. See "Management" and "Portfolio Management" for biographical information regarding our Adviser's professionals.

Our Board of Directors, including a majority of independent directors, will oversee and monitor our investment performance and beginning with the second anniversary of the date of the Investment Advisory Agreement will annually review the compensation we pay to our Adviser to determine that the provisions of the Investment Advisory Agreement are carried out. See "Investment Advisory Agreement."

Market Opportunity

We believe that there are and will continue to be significant investment opportunities in income-oriented securities of private or public Infrastructure companies within the United States that will provide attractive risk-adjusted returns compared to other types of investments. According to Bloomberg, such investments are expected to be made across all sub-sectors of the Infrastructure markets, which markets include over 10,000 private companies and 1,000 public companies whose aggregate traded market capitalization exceeds $10 trillion.

Assets of Infrastructure companies are growing both in size and importance to the U.S. and the global economy. According to McKinsey, the world spent $9.6 trillion, or 14% of global GDP, on infrastructure in 2013. Like most developed countries, the U.S. has substantial infrastructure in place; however, the condition of these assets is deteriorating rapidly. According to the American Society of Civil Engineers, the cumulative infrastructure investment needs from 2016-2025 in the U.S. will be approximately $3.3 trillion and $10.8 trillion from 2016-2040.

	Surface Transportation	Water / Wastewater	Electricity	Airports	Inland Waterways & Marine Ports	Aggregate Economic Impact of All Sectors
Investment Funding Gap - 2016 through 2025						
Total Needs	$2,042	$150	$934	$157	$37	**$3,320**
Funded	$941	$45	$757	$115	$22	**$1,880**
Funding Gap	**$1,101**	**$105**	**$177**	**$42**	**$15**	**$1,440**
Investment Funding Gap - 2016 through 2040						
Total Needs	$7,646	$204	$2,458	$376	$112	**$10,796**
Funded	$3,312	$52	$1,893	$288	$69	**$5,614**
Funding Gap	**$4,334**	**$152**	**$565**	**$88**	**$43**	**$5,182**

Source: American Society of Civil Engineers (figures in $ billions)

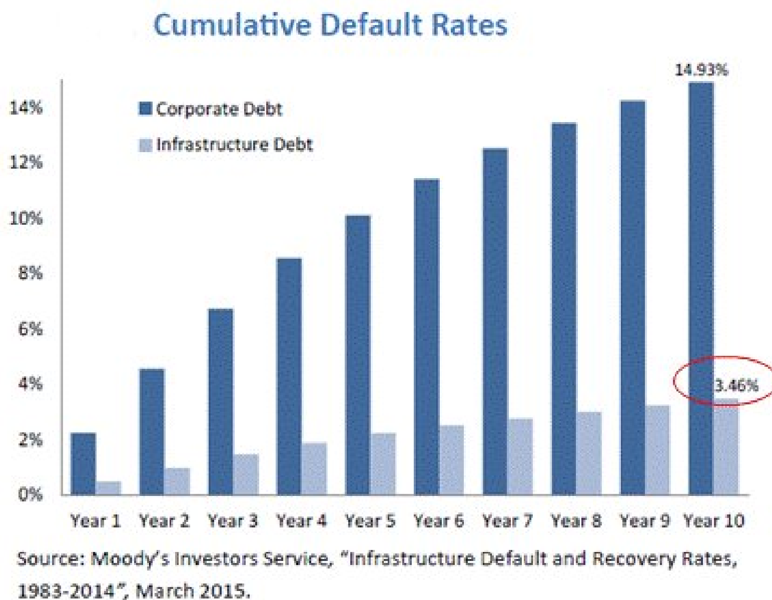
Infrastructure is essential to the functioning of society and the modern economy. It consists of the physical structures and essential services that connect society and facilitate its orderly operation. Infrastructure has a direct impact on the quality of life of individuals, by providing access to a broad range of essential resources, including water and energy, and other services, such as transportation and telecommunications. Given its strategic importance and its impact on quality of life, as well as its high capital cost, the provision of infrastructure has traditionally been a government responsibility.

With constrained government budgets facing challenges with respect to spending requirements, infrastructure funding is increasingly coming from the private sector and additional funding will be required to meet spending needs. Private market infrastructure investments have traditionally been funded by banks. However, with increasing capital regulations forcing banks to de-lever their balance sheets, other types of private market investors have begun to fill the void. The large increase in assets under management invested in infrastructure funds over the last few years marks this growing trend.

In December 2015, the Fixing America's Surface Transportation (FAST) Act was passed, which is a $305 billion five-year bill focuses on repairing the highways and is the first long-term national transportation spending package to be passed in a decade. In May 2016, the American Society of Civil Engineers published a report called "Failure to Act - Closing the Infrastructure Gap for America's Economic Future." In the report, they estimate that from 2016-2025, the United States will have an investment funding gap of $1.1 trillion for its surface transportation (highways, bridges, commuter rail, and transit systems) and a total funding gap of $1.4 trillion for all sectors.

According to the PwC and GIIA Global Infrastructure Investment 2017 report, politicians have responded to pressure by promising new major improvements with the Trump administration pledging US$1 trillion of investment in roads, bridges, schools and hospitals to be largely funded through tax-incentivised private capital.

We believe that Infrastructure debt offers investors a degree of safety versus the broader corporate market. As shown in the chart below, according to Moody's, the default rate for infrastructure debt is significantly lower than the corporate debt default rate. Infrastructure firms have real assets behind their businesses and have stable cash flows stemming from the typically long-term nature of their contractual agreements.



We believe we are well positioned to take advantage of any increase in global infrastructure spending. We continue to believe that the combination of urbanization, rising standards of living and population growth can propel infrastructure spending for decades to come. We believe that this large and diversified asset class maintains attractive and distinct investment characteristics, including stable cash flows, high barriers to entry and steady interest payments and distributions with attractive growth profiles.

We believe that this large and diversified asset class maintains the following attractive and distinct investment characteristics:

- *Stable cash flows.* We will seek to make investments in companies that have relatively stable cash flows. For example, we expect to invest in midstream companies that generate a substantial amount of their cash flow from contracted assets with limited commodity price risk. We expect to invest in Infrastructure companies that generate cash flow through a variety of contracts, which are intended to mitigate fluctuations in material costs. Our investments in companies will generally focus on those companies which we believe have lower-risk, longer-lived assets that are generating strong cash flow and that have effectively hedged a portion of their production at known prices.
- *High barriers to entry.* Due to the high cost of construction and the extensive time required to obtain all the necessary environmental and regulatory approvals required to construct new infrastructure assets, the barriers to enter the sector are high. For example, it can take up to 15 years to obtain the necessary regulatory approvals for, and to ultimately complete construction of, a new chemical plant. As a result, it may be difficult to replicate an

existing network of integrated infrastructure assets. These barriers to entry create a competitive advantage for existing Infrastructure companies with significant operations. We believe such barriers produce more operating leverage and, correspondingly, reduce market risk.

- *Steady distributions with attractive growth profiles.* As mentioned above, national and global demand for Infrastructure is expected to continue to expand over the long term due to growing demand from emerging markets, domestic economic growth, aging of existing infrastructure and the industry's dependence on fossil fuels, which are inherently finite resources. As Infrastructure companies seek to finance these assets, we foresee a growing opportunity to make income-oriented investments. Given the strong asset value in much of the Infrastructure industry, we believe there is significant support for additional debt within the capital structure of many Infrastructure companies. This includes opportunities for senior debt, subordinated debt, and equity securities with customarily increasing levels of risk and return. In general, we believe Infrastructure companies will often seek to attract capital by paying investors a steady stream of current income with some opportunity to share in the long-term growth in their underlying markets. We believe such trends are well-aligned with our investment objective.

Investments

Our investments range between approximately $3 million and $25 million each, although this investment size may vary proportionately as the size of our capital base changes.

We seek to maximize returns to our investors by applying rigorous credit analysis and asset-based lending techniques to make and monitor our investments in asset intensive Infrastructure companies. Some of the Infrastructure companies that we do invest in are involved in exploration or development activity. While the structure of our investments vary, we invest primarily in secured and unsecured debt, which may include equity interests such as net profit interests, overriding royalties, warrants or options received in connection with these loans, and dividend-paying equity securities, such as common and preferred stock, limited partnership units (common, subordinated and general partner), and convertible securities, of target energy and industrial companies.

While our primary focus is on seeking current income through investment in the debt and dividend-paying equity securities of private or public Infrastructure companies and long-term capital appreciation by acquiring accompanying warrants, options or other equity securities of such companies, we may invest a portion of our portfolio in opportunistic investments in order to seek enhanced returns for stockholders. Such investments may include investments in the debt and equity instruments of public companies that are not thinly traded. We expect that these public companies generally will have debt securities that are non-investment grade. Where we hold equity investments in companies, we may also hold senior secured and/or unsecured debt investments in such companies. We may also invest in debt and equity securities of companies located outside of the United States.

As part of our focus, a significant portion of our investments may be in U.S. based Infrastructure companies structured as limited partnerships, which may include public, private and joint venture MLPs. Limited partnerships, both public and private, have several classes of securities, including general partner interests and limited partner interests. Limited partnership interests can be further segregated into several classes including common units and subordinated units. The general partner is typically owned by a major energy company, an investment fund, the direct management of the limited partnership or one or more of such parties. The general partnership interest may be held by either a private or publicly traded corporation or other entity. The general partner typically controls the operations and management of the partnership through an equity interest in the limited partnership (typically up to 2% of total equity) plus, in many cases, ownership of common units, subordinated units and IDRs. Limited partners own the remainder of the partnership, through ownership of common and subordinated units, and have a limited role in the partnership's operations and management.

Limited partnerships may be structured such that common units have first priority to receive quarterly cash distributions up to an established minimum amount ("minimum quarterly distributions" or "MQD"). Common units also accrue arrearages in distributions to the extent the MQD is not paid. Once common units have been paid, subordinated units receive distributions of up to the MQD; however, subordinated units do not accrue arrearages. Distributable cash in excess of the MQD paid to both common and subordinated units is distributed to holders of both common and subordinated units generally on a pro rata basis. Whenever a distribution is paid to either common stockholders or subordinated stockholders, the general partner is paid a distribution. The holders of the incentive distribution rights, or IDRs, (usually the general partner) are eligible to receive incentive distributions if the general partner operates the business in a manner which results in distributions paid per unit surpassing specified target levels. As cash distributions to the limited partners increase, the IDRs receive an increasingly higher percentage of the incremental cash distributions. A common arrangement provides that the IDRs can reach a tier where the holder receives 48% of every incremental dollar paid to common and subordinated unit holders. IDRs encourage the general partner to streamline costs, increase capital expenditures and acquire assets in order to increase the partnership's cash flow and raise the quarterly cash distribution in order to reach higher tiers. Such results benefit all security holders of the MLP.

MLPs in which we intend to invest are currently classified by us as midstream MLPs, propane MLPs and other MLPs.

- Midstream MLPs are engaged in (a) natural gas pipelines and storage, (b) natural gas gathering, processing and marketing, (c) crude oil pipelines, (d) crude oil storage, gathering and marketing and (e) natural gas liquids and refined products pipelines.
- Propane MLPs are engaged in the distribution of propane to homeowners for space and water heating and to commercial, industrial and agricultural customers.
- Other MLPs are engaged in (a) the acquisition, production, and development of oil and gas properties, (b) owning, leasing, managing, producing, processing and selling coal and coal reserves and (c) the marine transportation of crude oil, refined petroleum products, liquefied natural gas, as well as other energy-related natural resources using tank vessels and bulk carriers.

Our investments may include other equity investments, such as warrants, options to buy a minority interest in a portfolio company, or contractual payment rights or rights to receive a proportional interest in the operating cash flow or net income of such company. When determined by our Adviser to be in our best interest, we will acquire a controlling interest, in a portfolio company. Any warrants we receive with our debt securities may require only a nominal cost to exercise, and thus, as a portfolio company appreciates in value, we may achieve additional investment return from this equity interest. We will structure the warrants to provide provisions protecting our rights as a minority-interest or, if applicable, controlling-interest holder, as well as puts, or rights to sell such securities back to the company, upon the occurrence of specified events. In many cases, we obtain registration rights in connection with these equity interests, which may include demand and “piggyback” registration rights.

We expect that the securities in which we primarily invest will be unregistered or otherwise restricted securities, principally securities of private or public companies. Unregistered securities are securities that cannot be sold publicly in the United States without registration under the Securities Act unless an exemption from such registration is available (such as pursuant to Rule 144A). Accordingly, our ability to dispose of such securities on favorable terms may be limited until the portfolio company becomes a public company, if ever. The term “restricted securities” refers to (i) registered securities of public companies subject to a lock-up period greater than 30 days, (ii) unregistered securities of public companies with registration rights, or (iii) unregistered securities of public companies that become freely tradeable with the passage of time. Restricted securities may be more difficult to value and we may have difficulty disposing of such assets either in a timely manner or for a reasonable price. In order to dispose of an unregistered security, we, where we have contractual rights to do so, may have to cause such security to be registered. A considerable period may elapse between the time the decision is made to sell the security and the time the security is registered so that we can sell it. Contractual restrictions on the resale of securities vary in length and scope and are generally the result of a negotiation between the issuer and purchaser of the securities. We would, in either case, bear the risks of any reduction in value during that period. The difficulties and delays associated with selling restricted securities may result in our inability to realize a favorable price upon disposition of such securities, and at times might make disposition of such securities impossible.

We may seek to enhance our total returns through the use of leverage, which may include the issuance of shares of preferred stock, or notes and other borrowings, including before we have fully invested the initial proceeds of this offering. There is no assurance that we will utilize leverage or, if leverage is utilized, that it will be successful in enhancing the level of our total return. The net asset value of our common stock may be reduced by the fees and issuance costs of any leverage. We currently expect to use leverage in an aggregate amount up to $33^1/3$% of our total assets, which includes assets obtained through such leverage, although we may increase our leverage under the 1940 Act. See “Regulation” in the SAI. We intend to qualify and elect to be treated for federal income tax purposes as a RIC under Subchapter M of the Code. As a RIC, we generally will not have to pay corporate-level federal income taxes on any ordinary income or capital gains that we distribute to our stockholders as dividends. To continue to qualify as a RIC, we must, among other things, meet certain source-of-income and asset diversification requirements (as described below). In addition, to qualify for RIC tax treatment we must distribute to our stockholders, for each taxable year, at least 90% of our “investment company taxable income,” which is generally our ordinary income plus the excess of our realized net short-term capital gains over our realized net long-term capital losses.

For a discussion of the risks inherent in our portfolio investments, see “Risk Factors.”

When identifying prospective portfolio companies, we intend to focus primarily on the attributes set forth below, which we believe will help us generate attractive total returns with an acceptable level of risk. While these criteria provide general guidelines for our investment decisions, we caution investors that, if we believe the benefits of investing are sufficiently strong, not all of these criteria necessarily will be met by each prospective portfolio company in which we choose to invest. These attributes are:

- *Significant/meaningful asset value.* We invest in companies that have significant asset value rather than speculative investments or factors beyond the control of a portfolio company. We focus on Infrastructure companies that have strong potential for enhancing asset value through factors within their control. Examples of these types of factors include operating cost reductions and revenue increases driven by improved operations of previously under-

performing or under- exploited assets. Such investments are expected to have significant collateral coverage and downside protection irrespective of the broader economy.

- *Defensible market positions.* We invest in companies that have developed strong positions within their sub-sector and exhibit the potential to maintain sufficient cash flows and profitability to service our debt in a range of economic environments. We will seek companies that can protect their competitive advantage through scale, scope, customer loyalty, asset base, product pricing or product quality, thereby minimizing business risk and protecting profitability.
- *Proven management teams.* We focus on companies that have experienced management teams with an established track record of success. We will typically require our portfolio companies to have proper incentives in place to align management's goals with ours.
- *Commodity Price Management.* We invest in companies that appropriately manage their commodity price exposure through the use of hedging with highly-rated counterparties, contracts such as PPAs or tolling agreements and other instruments that seek to minimize the company's exposure to significant commodity price swings.
- *Allocation among various issuers and industries.* We seek to allocate our portfolio broadly among issuers and sub-sectors within the universe of Infrastructure companies, thereby attempting to reduce the risk of a downturn in any one company or sub-sector having a disproportionate impact on the performance of our portfolio. This flexible mandate allows the Company to take advantage of anticipated trends and avoid developments that we believe are less favorable.
- *Viable exit strategy.* We will attempt to invest a majority of our assets in securities that may be sold in a privately negotiated over-the-counter market or public market, providing us a means by which we may exit our positions. We expect that a large portion of our portfolio may be sold on this secondary market for the foreseeable future, depending on market conditions. For investments that are not able to be sold within this market, we intend to focus primarily on investing in companies whose business models and growth prospects offer attractive exit possibilities, including repayment of our investments, an initial public offering of equity securities, a merger, a sale or a recapitalization, in each case with the potential for capital gains.

Investment Types

Senior debt

Senior debt is situated at the top of the capital structure. Because this debt has priority in payment, it carries the least risk among all investments in a firm. Generally, senior debt in which we intend to invest is expected to have a maturity period of three to seven years, offer some form of amortization, and have first priority security interests in the assets of the borrower. Senior debt is comprised of first lien and second lien debt positions. Second lien debt is granted a second priority security interest in the assets of the borrower. Generally, we expect that the variable interest rate on our first lien debt typically will range between 2.0% and 6.0% over a standard benchmark, such as the prime rate or the London Interbank Offered Rate (LIBOR). We expect that the variable interest rate on second lien debt will range between 4.0% to 8.0% over the prime rate or LIBOR. In addition, we may receive additional returns from any warrants we may receive in connection with these investments.

Subordinated debt

In addition to senior debt, we also invest a portion of our assets in subordinated debt of private or public companies. Subordinated debt usually ranks junior in priority of payment to senior secured loans and second lien secured loans and is often unsecured, but is situated above preferred equity and common stock in the capital structure. In return for their junior status compared to senior secured loans and second lien secured loans, subordinated debt typically offers higher returns through both higher interest rates and possible equity ownership in the form of warrants, enabling the lender to participate in the capital appreciation of the borrower. These warrants typically require only a nominal cost to exercise. We intend to generally target subordinated debt with interest-only payments throughout the life of the security, with the principal due at maturity. Typically, subordinated debt securities have maturities of five to ten years. Generally, we expect these securities to carry a fixed or a floating interest rate of 6.0% to 12.0% over the prime rate or LIBOR. In addition, we may receive additional returns from any warrants we may receive in connection with these investments. In some cases, a portion of the total interest may accrue or be paid in kind.

Preferred equity

Preferred equity typically includes a stated value or liquidation preference structurally ahead of common equity holders. Holders of preferred equity can be entitled to a wide range of voting and other rights, depending on the structure of each separate security. Preferred equity can also include a conversion feature whereby the securities convert into common stock based on established parameters according to set ratios.

Other equity securities

We may also invest in other equity securities which are typically structurally subordinate to all other securities within the capital structure and do not have a stated maturity. As compared to more senior securities, equity interests have greater risk exposure, but also have the potential to provide a higher return. Some of these investments may take the form of common units in MLPs. MLPs typically pay their stockholders quarterly distributions, offering investors a current yield and the opportunity for a more stable return profile.

Net profits interests, royalty interests, volumetric production payments (VPPs)

We may invest in energy-specific non-operating investments including net profits interests, royalty interests or VPPs. Such non-operating interests do not include the rights and obligations of operating a mineral property (costs of exploration, development, operation) and do not bear any part of the net losses. Net profits interests and royalty interests are contractual agreements whereby the holders of such interests are entitled to a portion of the mineral production, or proceeds therefrom. A VPP is a type of structured investment whereby the owner sells a specific volume of production in a field or property to an investor and the investor receives a specific quota of production on a monthly basis in either raw output or proceeds therefrom. A VPP is typically set to expire after a certain length of time or after a specified aggregate total volume of the commodity has been delivered. If the producer cannot meet the supply quota for a given period, the supply obligation rolls forward to future cycles until the buyer is made financially whole.

Non-U.S. securities

We may invest in non-U.S. securities, which will involve investments in the types of securities described above, but may include securities denominated in U.S. dollars or in non-U.S. currencies or securities issued by companies domiciled in foreign jurisdictions.

Sources of Income

The primary means through which our stockholders will receive a return of value is through interest income, dividends and capital gains generated by our investments. In addition to these sources of income, we may receive fees paid by our portfolio companies, including one-time closing fees paid on original issue at the time each investment is made. Closing fees typically range from 1.0% to 2.0% of the purchase price of an investment.

Risk Management

We will seek to limit the downside potential of our investment portfolio by:

- applying our investment strategy guidelines for portfolio investments;
- requiring a total return on investments (including both on-going interest, dividend payments, and potential appreciation) that adequately compensates us for credit risk;
- diversifying our portfolio, size permitting, with an adequate number of companies, across different sub-sectors of the Infrastructure industry; and
- negotiating or seeking debt and other securities with covenants or features that protect us consistent with preservation of capital.

Such restrictions may include affirmative and negative covenants, default penalties, lien protection, change of control provisions and board rights. We may also enter into interest rate hedging transactions at the sole discretion of our Adviser. Such transactions will enable us to selectively modify interest rate exposure as market conditions dictate.

Affirmative covenants

Affirmative covenants require borrowers to take actions that are meant to ensure the solvency of the company, facilitate the lenders' monitoring of the borrower, and ensure payment of interest and loan principal due to lenders. Examples of affirmative covenants include covenants requiring the borrower to maintain adequate insurance, accounting and tax records, and to produce frequent financial reports for the benefit of the lenders.

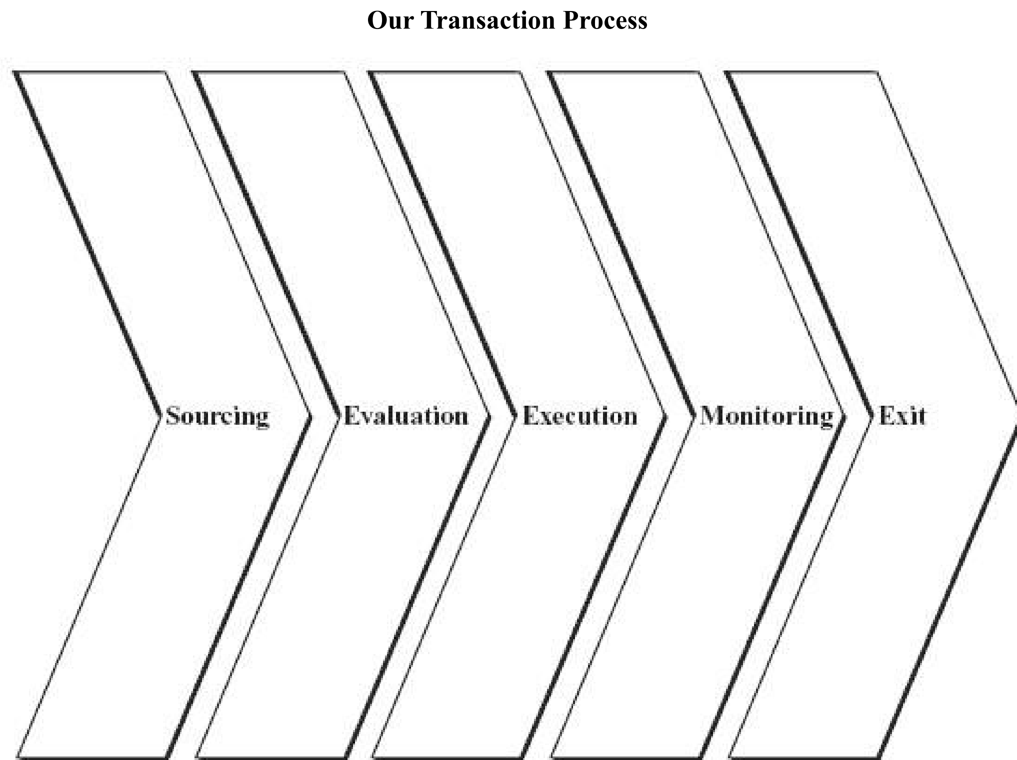
Negative covenants

Negative covenants impose restrictions on the borrower and are meant to protect lenders from actions that the borrower may take that could harm the credit quality of the lenders' investments. Examples of negative covenants include restrictions on the payment of dividends and restrictions on the issuance of additional debt or making capital expenditures without the lenders' approval. In addition, certain covenants may restrict a borrower's activities by requiring it to meet certain earnings interest coverage ratio and leverage ratio requirements. These covenants are also referred to as financial or maintenance covenants.

Investment Process

The professionals of our Advisor have spent their careers developing the resources necessary to invest in private or public companies. Our transaction process is highlighted below.

Our Transaction Process



Sourcing

In order to source transactions, our Adviser will generate investment opportunities through syndicate and club deals and, subject to regulatory constraints, through the proprietary origination channels of the investment team at our Adviser and its affiliates. With respect to syndicate and club deals, the investment professionals of our Adviser have built a network of relationships with commercial and investment banks, finance companies and other investment funds as a result of the long track record of its investment professionals in the leveraged finance marketplace. With respect to our Adviser's proprietary origination channel, our Adviser will seek to leverage the relationships with private equity sponsors and financial intermediaries. We believe that the broad networks of our Adviser and its affiliates will produce a significant pipeline of investment opportunities for us.

Evaluation

Initial review. In its initial review of an investment opportunity, our Adviser's professionals examine information furnished by the target company and external sources, such as rating agencies, if applicable, to determine whether the investment meets our basic investment criteria and other guidelines specified by our Adviser, within the context of proper portfolio diversification, and offers an acceptable probability of attractive returns with identifiable downside risk. For the majority of securities available on the secondary market, a comprehensive analysis is conducted and continuously maintained by a dedicated research analyst, the results of which are available for the investment team to review. In the case of a primary or secondary transaction, our Adviser will conduct detailed due diligence investigations as necessary.

Credit analysis/due diligence. Before undertaking an investment, the transaction team expects to conduct a thorough due diligence review of the opportunity to ensure the company fits our investment strategy, which may include:

- a full operational analysis to identify the key risks and opportunities of the company's business, including a detailed review of historical and (sometimes) projected financial results;
- a detailed analysis of industry dynamics, competitive position, regulatory, tax and legal matters;
- on-site visits, if deemed necessary;
- background checks to further evaluate management and other key personnel;
- a review by legal and accounting professionals, environmental or other industry consultants, if necessary;

- financial sponsor due diligence, including portfolio company and lender reference checks, if necessary; and
- a review of management's experience and track record.

When possible, our advisory team will seek to structure transactions in such a way that our portfolio companies are required to bear the costs of due diligence, including those costs related to any outside consulting work we may require.

Execution

Recommendation. The professionals of our Adviser will recommend investment opportunities for its approval. Our Adviser seeks to maintain a defensive approach toward its investment recommendations by emphasizing risk control in its investment process, which includes (i) the pre-review of each opportunity by one of its investment professionals to assess the general quality, value and fit relative to our portfolio and (ii) where possible, transaction structuring with a focus on preservation of capital in varying economic environments.

Approval. After completing its internal transaction process, our Adviser will make formal recommendations for review and approval by our Adviser's investment committee. In connection with its recommendation, it will transmit any relevant underwriting material and other information pertinent to the decision-making process. The consummation of a transaction will require unanimous approval of the members of our Adviser's investment committee.

Monitoring

Portfolio monitoring. Our Adviser intends to monitor our portfolio with a focus toward anticipating negative credit events. To maintain portfolio company performance and help to ensure a successful exit, our Adviser may work closely with the lead equity sponsor, loan syndicator, portfolio company management, consultants, advisers and other security holders to discuss financial position, compliance with covenants, financial requirements and execution of the company's business plan.

Typically, our Adviser will receive financial reports detailing operating performance, sales volumes, margins, cash flows, financial position and other key operating metrics on a quarterly basis from our portfolio companies. Our Adviser intends to use this data, combined with due diligence gained through contact with the company's customers, suppliers, competitors, market research, and/or other methods, to conduct an ongoing, rigorous assessment of the company's operating performance and prospects.

In addition to various risk management and monitoring tools, our Adviser will use an investment scoring system to characterize and monitor the expected level of returns on each investment in our portfolio. Our Adviser will use an investment scoring scale of 1 to 5. The following is a description of the conditions associated with each investment score:

Investment Score	Summary Description
1	Investment exceeding expectations and/or capital gain expected.
2	Performing investment generally executing in accordance with the portfolio company's business plan—full return of principal and interest expected.
3	Performing investment requiring closer monitoring.
4	Underperforming investment—some loss of interest or dividend expected, but still expecting a positive return on investment.
5	Underperforming investment with expected loss of interest and some principal.

Our Adviser will monitor and, when appropriate, will change the investment scores assigned to each investment in our portfolio. In the event that our Board of Directors or advisory team determines that an investment is underperforming, or circumstances suggest that the risk associated with a particular investment has significantly increased, we may attempt to sell the asset in the secondary market, if applicable, or to implement a plan to attempt to exit the investment or to correct the situation.

Valuation process. Each week, or more frequently if required by law, we will value investments in our portfolio, and such values will be disclosed each quarter in reports filed with the SEC. Investments for which market quotations are readily available will be recorded at such market quotations. With respect to investments for which market quotations are not readily available, our Board of Directors will determine the fair value of such investments in good faith, utilizing the input of our Adviser and any other professionals or materials that our Board of Directors deems worthy and relevant and independent third-party valuation firms, if applicable. See "Determination of Net Asset Value."

Exit

Exit transactions. We will attempt to invest in securities that may be sold in the privately negotiated over-the-counter market, providing us a means by which we may exit our positions. We expect that a large portion of our portfolio may be sold

on this secondary market for the foreseeable future, depending on market conditions. For any investments that are not able to be sold within this market, we focus primarily in investing in companies whose business models and growth prospects offer attractive exit possibilities, including repayment of our investments, an initial public offering of equity securities, a merger, a sale or a recapitalization.

Cash Uses and Cash Management Activities

In accordance with our investment strategy, our principal use of cash (including the net offering proceeds) will be to fund investments sourced by our Adviser, as well as initial expenses related to this offering, ongoing operational expenses and payment of dividends and other distributions to stockholders in accordance with our distribution policy. See "Distributions".

Potential Competitive Strengths

We believe that we offer our investors the following potential competitive strengths:

Established platform with seasoned investment professionals. We believe that our Adviser's professionals' market knowledge, experience and industry relationships enable it to identify potentially strong investment opportunities in Infrastructure companies and investments. Moreover, our Adviser's professionals have built a solid reputation in the infrastructure sector and have many long-term relationships with underwriters, trading desks, and industry executives and participants, which we believe gives us a vital advantage in sourcing and structuring transactions. We also benefit from the wider resources of our Adviser through the personnel it utilizes from Prospect Capital Management, which is focused on sourcing, structuring, executing, monitoring and exiting a broad range of investments.

Long-term investment horizon. Unlike private equity and venture capital funds, we will not be subject to standard periodic capital return requirements. Such requirements typically stipulate that capital invested in these funds, together with any capital gains on such investment, can be invested only once and must be returned to investors after a pre-determined time period. We believe our ability to make investments with a longer-term view and without the capital return requirements of traditional private investment vehicles will provide us with greater flexibility to seek investments that can generate attractive returns on invested capital.

Efficient Tax Structure. As a regulated investment company, or "RIC," we generally will not be required to pay federal income taxes on any ordinary income or capital gains that we receive from our investments and distribute to our stockholders as dividends. Because we are not required to pay federal income taxes on our income or capital gains that we distribute to our stockholders, we expect to be able to offer investment terms to potential issuers that are comparable to those offered by our corporate-taxpaying competitors, and achieve after-tax net investment returns that are often greater than their after-tax net investment returns. Furthermore, tax-exempt investors in our shares who do not finance their acquisition of our shares with indebtedness should not be required to recognize unrelated business taxable income, or "UBTI," unlike certain direct investors in Master Limited Partnerships ("MLPs"). We expect to form wholly owned taxable subsidiaries to make or hold certain investments in non-traded limited partnerships. Although, as a RIC, dividends received by us from taxable entities and distributed to our stockholders will not be subject to federal income taxes, any taxable entities we own will generally be subject to federal and state income taxes on their income. As a result, the net return to us on such investments that are held by such subsidiaries will be reduced to the extent that the subsidiaries are subject to income taxes.

Our Adviser's transaction sourcing capability. Our Adviser seeks to leverage its investment professionals significant access to transaction flow. Prospect Capital Management seeks to generate investment opportunities through syndicate and club deals (generally, investments made by a small group of investment firms) and, subject to certain regulatory restrictions on co-investments with affiliates, also through Prospect Capital Management's proprietary origination channels. These include significant contacts to participants in the credit and leveraged finance marketplace, which it can draw upon in sourcing investment opportunities for us. With respect to syndicate and club deals, Prospect Capital Management has built a network of relationships with commercial and investment banks, finance companies and other investment funds as a result of the long track record of its investment professionals in the leveraged finance marketplace. With respect to Prospect Capital Management's origination channel, our Adviser seeks to leverage Prospect Capital Management's long-standing personal contacts within the Infrastructure industry to generate access to a substantial amount of originated transactions with attractive investment characteristics, including Prospect Capital Management's contacts with private equity sponsors and finance intermediaries. We believe that the broad network of Prospect Capital Management will produce a significant amount of investment opportunities for us.

Disciplined, income-oriented investment philosophy. Our Adviser employs a conservative investment approach focused on current income and long-term investment performance. This investment approach involves a multi-stage selection process for each investment opportunity, as well as ongoing monitoring of each investment made, with particular emphasis on early detection of deteriorating credit conditions at portfolio companies which could result in adverse portfolio developments. This strategy is designed to maximize current income and minimize the risk of capital loss while maintaining potential for long-term capital appreciation.

Investment expertise across all levels of the corporate capital structure. We believe the personnel available to our Adviser have broad expertise and experience investing at all levels of a company's capital structure afford us numerous approaches to managing risk while preserving the opportunity for significant returns on our investments. We attempt to capitalize on this expertise in an effort to produce and maintain an investment portfolio that will perform well in a broad range of economic conditions. In addition, we leverage this broad-ranging capability to enable us to provide Infrastructure companies with financing that most closely aligns with their particular capital needs. We believe that such flexibility is valuable to Infrastructure companies and provides us with a competitive advantage over other capital providers that are more limited in the securities in which they invest.

Operating and Regulatory Structure

Our investment activities are managed by our Adviser and supervised by our Board of Directors, a majority of whom are independent. Under our Investment Advisory Agreement, we have agreed to pay our Adviser a base management fee based on our average total assets as well as a subordinated incentive fee based on our performance. In addition, we will reimburse our Adviser for routine non-compensation overhead expenses, such as expenses incurred by Prospect Administration or us in connection with administering our business, including expenses incurred by Prospect Administration in performing administrative services for us, and the reimbursement of the compensation of our Chief Financial Officer, Chief Compliance Officer, Treasurer and Secretary and other administrative personnel paid by Prospect Administration, subject to the limitations included in the Administration Agreement, and other expenses. See "Investment Advisory Agreement" for a description of the payments we will make to our Adviser.

Prospect Administration provides us with general ledger accounting, fund accounting, and other administrative services.

While a registered closed-end management investment company may list its shares for trading in the public markets, we have currently elected not to do so. We believe that a non-traded structure initially is appropriate for the long-term nature of the assets in which we invest. This structure allows us to operate with a long-term view, similar to that of other types of private investment funds—instead of managing to quarterly market expectations—and to pursue our investment objective without subjecting our investors to the daily share price volatility associated with the public markets because our shares will not be listed on a national securities exchange. In addition, we believe that this continuous offering may allow us to raise a greater amount of proceeds over an extended time frame than we could raise through a traditional firm commitment underwritten offering, in view of our lack of an operating history or existing portfolio. Correspondingly, we believe that we may have a greater ability to raise capital on attractive terms through a traditional firm commitment underwritten offering after we have established an investment track record. In order to provide some liquidity to our shareholders, we intend to offer to repurchase our outstanding shares on a quarterly basis. We are an interval fund and, as such, have adopted a fundamental policy to make quarterly repurchase offers in each calendar quarter of each year, at a price equal to the NAV per share, of no less than 5% and no more than 25% of the shares outstanding. This will be the only method of liquidity that we offer. Also, if you invest through a fee-based program, also known as a wrap account, of an investment dealer, your liquidity may be further restricted by the terms and conditions of such program, which may limit your ability to request the repurchase of your shares that are held in such account. See "Share Repurchase Program." Therefore, stockholders may not be able to sell their shares promptly or at a desired price.

Our shares are not currently listed on an exchange, and we do not expect a public market to develop for them in the foreseeable future, if ever.

We have elected to be treated for federal income tax purposes, and intend to qualify annually thereafter, as a RIC under Subchapter M of the Code. As a RIC, we generally will not have to pay corporate-level federal income taxes on any ordinary income or capital gains that we distribute to our stockholders as dividends. To continue to qualify as a RIC, we must, among other things, meet certain source-of-income and asset diversification requirements (as described below). In addition, to qualify for RIC tax treatment we must distribute to our stockholders, for each taxable year, at least 90% of our "investment company taxable income," which is generally our ordinary income plus the excess of our realized net short-term capital gains over our realized net long-term capital losses.

We will be subject to certain regulatory restrictions in making our investments. We have received the Order from the SEC granting us the ability to negotiate terms other than price and quantity of co-investment transactions with other funds managed by our Adviser or certain affiliates, including Prospect Capital Corporation and Priority Income Fund. We may only co-invest with certain entities affiliated with our Adviser in negotiated transactions originated by our Adviser or its affiliates in accordance with such Order and existing regulatory guidance. See "Certain Relationships and Related Party Transactions - Allocation of Investments" in the statement of additional information.

To seek to enhance our returns, we may borrow money from time to time at the discretion of our Adviser within the levels permitted by the 1940 Act (which generally allows us to incur leverage for up to one-third of our assets) when the terms and conditions available are favorable to long-term investing and well-aligned with our investment strategy and portfolio

composition, including before we have fully invested the initial proceeds of this offering. We currently expect to use leverage in an aggregate amount up to $33^{1}/_{3}\%$ of our total assets, which includes assets obtained through such leverage, although we may increase our leverage so long as our asset coverage with respect thereto, as defined in the 1940 Act, is at least equal to 300% immediately after each such increase. We do not intend to issue preferred shares in the first 12 months following effectiveness of the registration statement, of which this prospectus forms, or, thereafter, until after the proceeds of this offering are substantially invested in accordance with our investment objective. In determining whether to borrow money, we intend to analyze the maturity, covenant package and rate structure of the proposed borrowings as well as the risks of such borrowings compared to our investment outlook. The use of borrowed funds or the proceeds of preferred stock to make investments would have its own specific set of benefits and risks, and all of the costs of borrowing funds or issuing preferred stock would be borne by holders of our common stock. See "Risk Factors—Risks Related to Debt Financing" for a discussion of the risks inherent to employing leverage.

Valuation Procedures

The most significant estimate inherent in the preparation of our financial statements likely will be the valuation of investments and the related amounts of unrealized appreciation and depreciation of investments recorded. There generally is no single method for determining fair value in good faith. As a result, determining fair value usually requires that judgment be applied to the specific facts and circumstances of each investment while employing a consistently applied valuation process for the types of investments we make. We will be required to specifically fair value each individual investment on a weekly basis. In addition, in connection with our share repurchase program, our Board of Directors has adopted procedures pursuant to which our portfolio will be valued on the date of repurchases. See "Determination of Net Asset Value."

A management committee, acting under the Board of Director's supervision and pursuant to policies implemented by the Board of Directors, will determine the value of our investment portfolio on a weekly basis. Our Adviser will compile the relevant information, including a financial summary, covenant compliance review and recent trading activity in the security, if known. All available information, including non-binding indicative bids which may not be considered reliable, typically will be presented to our committee to consider in determining the value of our assets pursuant to the policies implemented by the Board of Directors. In some instances, there may be limited trading activity in a security even though the market for the security is considered not active. In such cases our pricing committee generally will consider the number of trades, the size and timing of each trade, and other circumstances around such trades, to the extent such information is available, in making its determination of fair value. Our Board of Directors has elected to engage third-party valuation firms to provide assistance to our audit committee and Board of Directors in valuing our investments. Our pricing committee expects to evaluate the impact of such additional information, and factor it into its consideration of fair value. See "Determination of Net Asset Value" for a discussion of how net asset value is determined.

Competition

We compete for investments with other investment funds (including other equity and debt funds, mezzanine funds and business development companies), as well as traditional financial services companies such as commercial banks, investment banks, finance companies, insurance companies and other sources of funding. Additionally, because we believe competition for investment opportunities generally has increased among alternative investment vehicles, such as hedge funds, invest in small to mid-sized private U.S. companies in the infrastructure sector. As a result of these new entrants, competition for investment opportunities in our targeted investments may intensify. Many of these entities may have greater financial and managerial resources than we do. We believe we will be able to compete with these entities primarily on the basis of the experience and contacts of our Adviser, and our responsive and efficient investment analysis and decision-making processes.

Employees

Our day-to-day investment operations are managed by our Adviser. Our Adviser does not currently have employees, but has access to certain investment, finance, accounting, legal, and administrative personnel of Prospect Capital Management, Prospect Administration and Stratera Holdings. In particular, certain personnel of Prospect Capital Management will be made available to our Adviser to assist it in managing our portfolio and operations, provided that they are supervised at all times by our Adviser. In addition, we reimburse Prospect Administration for an allocable portion of expenses incurred by it in performing its obligations under our Administration Agreement, including a portion of the rent and the compensation of our chief financial officer, chief compliance officer, treasurer and secretary and other administrative support personnel. We also reimburse a subsidiary of Stratera Holdings for providing investor relations support and related back-office services with respect to our investors under the Investor Services Agreement.

Facilities

We do not own any real estate or other physical properties materially important to our operation. Our corporate headquarters are located at 10 East 40th Street, 42nd Floor, New York, NY 10016, where we occupy office space pursuant to an Administration Agreement with Prospect Administration.

Legal Proceedings

Neither we nor our Adviser is currently subject to any material legal proceedings, nor, to our knowledge, is any material legal proceeding threatened against us or against our Adviser.

From time to time, our Adviser, its affiliates or its professionals may be party to certain legal proceedings in the ordinary course of business, including proceedings relating to the enforcement of our rights with respect to our investments. While the outcome of such legal proceedings cannot be predicted with certainty, we do not expect that any such proceedings will have a material effect upon our financial condition or results of operations.

DETERMINATION OF NET ASSET VALUE

We expect to determine the net asset value per share of our common stock by dividing the value of our investments, cash and other assets (including interest accrued but not collected) less all our liabilities (including accrued expenses, borrowings and interest payables) by the total number of shares of our common stock outstanding on a weekly basis and on a daily basis on the five days preceding a repurchase request deadline. The most significant estimate inherent in the preparation of our financial statements likely will be the valuation of investments and the related amounts of unrealized appreciation and depreciation of investments recorded. There generally is no single method for determining fair value in good faith. As a result, determining fair value usually requires that judgment be applied to the specific facts and circumstances of each investment while employing a consistently applied valuation process for the types of investments we make.

In most cases, the NAV of our shares is determined on Friday of each week (or more frequently if required by law), as of the close of regular trading on the NYSE (normally, 4:00 p.m., Eastern time). Each time we calculate NAV, we will accrue as a liability any amounts owed to the Adviser as payment for incentive fees, which could vary over time. In computing NAV, portfolio securities of the Company are valued at their current market values determined on the basis of market quotations. If market quotations are not readily available, securities are valued at fair value as determined by the Board of Directors. As a general matter, fair value represents the amount that we could reasonably expect to receive if our investment in the security were sold at the time of valuation, based on information reasonably available at the time the valuation is made and that the Board of Directors believes to be reliable. In connection with our weekly determination of our NAV, our committee acting under the Board of Director's supervision and pursuant to policies implemented by the Board of Directors, will assist the Board in calculating the fair value of our securities that are not priced on the basis of market quotations in accordance with our valuation policies and procedures. Fair valuation involves subjective judgments, and it is possible that the fair value determined for a security may differ materially from the value that could be realized upon the sale of the security.

Accounting Standards Codification Topic 820, *Fair Value Measurements*, or ASC Topic 820, issued by the FASB, clarifies the definition of fair value and requires companies to expand their disclosure about the use of fair value to measure assets and liabilities in interim and annual periods subsequent to initial recognition. ASC Topic 820 defines fair value as the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC Topic 820 also establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, which includes inputs such as quoted prices for similar securities in active markets and quoted prices for identical securities where there is little or no activity in the market; and Level 3, defined as unobservable inputs for which little or no market data exists, therefore requiring an entity to develop its own assumptions.

With respect to investments for which market quotations are not readily available, we will undertake a multi-step valuation process each quarter, as described below:

- our weekly valuation process will begin with each portfolio company or investment being initially valued by our Adviser's professionals, with such valuation taking into account information received from our independent valuation firms, if applicable, and the valuation CLO securities will be primarily determined using a third-party cash flow modeling tool;
- preliminary valuation conclusions will then be documented and discussed with the valuation committee; and
- the valuation committee will discuss valuations and will determine the fair value of each investment in our portfolio in good faith based on various statistical and other factors, including the input and recommendation of our Adviser and any third-party valuation firm, if applicable.

Determinations of fair value involve subjective judgments and estimates. Accordingly, the notes to our financial statements will refer to the uncertainty with respect to the possible effect of such valuations, and any change in such valuations on our financial statements. Below is a description of factors that our Board of Directors may consider when valuing our equity and debt investments.

Valuation of fixed income investments, such as loans and debt securities, depends upon a number of factors, including prevailing interest rates for like securities, expected volatility in future interest rates, call features, put features and other relevant terms of the debt. For investments without readily available market prices, we will incorporate these factors into discounted cash flow models to arrive at fair value. Other factors that our Board of Directors will consider include the borrower's ability to adequately service its debt, the fair market value of the portfolio company in relation to the face amount of its outstanding debt and the quality of collateral securing our debt investments.

Our equity interests in portfolio companies for which there is no liquid public market will be valued at fair value. Our Board of Directors, in its analysis of fair value, may consider various factors, such as multiples of EBITDA, cash flows, net income, revenues or, in limited instances, book value or liquidation value. All of these factors may be subject to adjustments based upon the particular circumstances of a portfolio company or our actual investment position. For example, adjustments to

EBITDA may take into account compensation to previous owners or acquisition, recapitalization, restructuring or other related items.

Our Board of Directors may also look to private merger and acquisition statistics, public trading multiples discounted for illiquidity and other factors, valuations implied by third-party investments in the portfolio companies or industry practices in determining fair value. Our Board of Directors may also consider the size and scope of a portfolio company and its specific strengths and weaknesses, as well as any other factors it deems relevant in assessing the value. Generally, the value of our equity interests in public companies for which market quotations are readily available will be based upon the most recent closing public market price. Portfolio securities that carry certain restrictions on sale will typically be valued at a discount from the public market value of the security.

The fair values of our investments will be determined in good faith by our Board of Directors with the assistance of our valuation committee. Our Board of Directors will be solely responsible for the valuation of our portfolio investments at fair value as determined in good faith pursuant to our valuation policy and consistently applied valuation process. We intend to value all of our Level 2 and Level 3 assets by using an independent third-party pricing service which will provide prevailing bid and ask prices that are screened for validity by the service from dealers on the date of the relevant period end. For investments for which the third-party pricing service is unable to obtain quoted prices, we intend to obtain bid and ask prices directly from dealers who make a market in such investments. To the extent that we hold investments for which no active secondary market exists and, therefore, no bid and ask prices can be readily obtained, our Board of Directors will utilize an independent third-party valuation firm to value such investments on a periodic basis. The values of CLO securities will be primarily determined using a third-party cash flow modeling tool. We will periodically benchmark the bid and ask prices received from the third-party pricing service and valuations received from the third-party valuation service, as applicable, against the actual prices at which we purchase and sell our investments. We believe that these prices will be reliable indicators of fair value.

These processes and procedures are part of our compliance policies and procedures. Records will be made contemporaneously with all determinations described in this section and these records will be maintained with other records we are required to maintain under the 1940 Act. We will also make updated information available via our website, *www.pathwaycapitalfund.com.*

INVESTMENT ADVISORY AGREEMENT

Overview of Our Adviser

Management Services and Responsibilities

Pathway Capital Opportunity Fund Management, LLC has registered as an investment adviser under the Advisers Act and serves as our investment adviser pursuant to the Investment Advisory Agreement in accordance with the 1940 Act. Subject to the overall supervision of our Board of Directors, our Adviser oversees our day-to-day operations and provides us with investment advisory services. Under the terms of the Investment Advisory Agreement, our Adviser:

- determines the composition and allocation of our portfolio, the nature and timing of the changes to our portfolio and the manner of implementing such changes;
- determines what securities we will purchase, retain or sell;
- identifies, evaluates, negotiates and structures the investments we make; and
- executes, monitors and services the investments we make.

Our Adviser's services under the Investment Advisory Agreement may not be exclusive, and our Adviser is free to furnish similar services to other entities so long as its services to us are not impaired. In addition, certain personnel of Prospect Capital Management will be made available to our Adviser to assist it in managing our portfolio and operations, provided that they are supervised at all times by our Adviser's management team.

Advisory Fees

We pay our Adviser a fee for its services under the Investment Advisory Agreement consisting of two components—a base management fee and an incentive fee. The cost of both the base management fee payable to our Adviser and any incentive fees it earns will ultimately be borne by our stockholders.

Base Management Fee. The base management fee is calculated at an annual rate of 2.0% of our total assets. The base management fee is payable quarterly in arrears and is calculated based on the average value of our total assets as of the end of the two most recently completed calendar quarters. The base management fee may or may not be taken in whole or in part at the discretion of our Adviser. The base management fee for any partial month or quarter will be appropriately prorated.

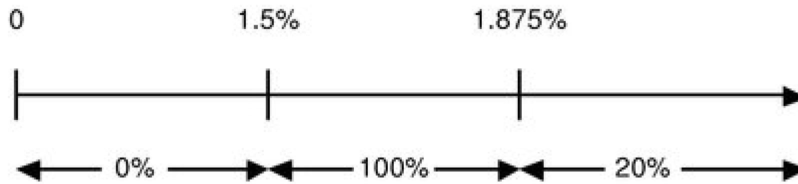
Subordinated Incentive Fee. The subordinated incentive fee, which we refer to as the subordinated incentive fee on income, will be calculated and payable quarterly in arrears based upon our "pre-incentive fee net investment income" for the immediately preceding quarter. The subordinated incentive fee on income will be subject to a quarterly fixed preferred return to investors, expressed as a rate of return on the value of our net assets at the end of the immediately preceding calendar quarter, of 1.5% (6.0% annualized), subject to a "catch up" feature. For purposes of this fee "pre-incentive fee net investment income" means interest income, dividend income and distribution cash flows from equity investments and any other income (including any other fees, such as commitment, origination, structuring, diligence and consulting fees or other fees that we receive) accrued during the calendar quarter, minus our operating expenses for the quarter (including the base management fee, expenses reimbursed under the Investment Advisory Agreement, Administration Agreement and Investor Services Agreement, any interest expense and dividends paid on any issued and outstanding preferred shares, but excluding the organization and offering expenses and subordinated incentive fee on income). Pre-incentive fee net investment income includes, in the case of investments with a deferred interest feature (such as original issue discount, debt instruments with payment-in-kind interest and zero coupon securities), accrued income that we have not yet received in cash. Pre-incentive fee net investment income does not include any realized capital gains, realized capital losses or unrealized capital appreciation or depreciation. The calculation of the subordinated incentive fee on income for each quarter is as follows:

- No incentive fee is payable to our Adviser in any calendar quarter in which our pre-incentive fee net investment income does not exceed the fixed preferred return rate of 1.5%, or the fixed preferred return.
- 100% of our pre-incentive fee net investment income, if any, that exceeds the fixed preferred return but is less than or equal to 1.875% in any calendar quarter (7.5% annualized) is payable to our Adviser. We refer to this portion of our pre-incentive fee net investment income (which exceeds the fixed preferred return but is less than or equal to 1.875%) as the "catch-up." The "catch-up" provision is intended to provide our Adviser with an incentive fee of 20.0% on all of our pre-incentive fee net investment income when our pre-incentive fee net investment income reaches 1.875% in any calendar quarter.
- 20.0% of the amount of our pre-incentive fee net investment income, if any, that exceeds 1.875% in any calendar quarter (7.5% annualized) is payable to our Adviser once the fixed preferred return is reached and the catch-up is achieved (20.0% of all pre-incentive fee net investment income thereafter is allocated to our Adviser).

The following is a graphical representation of the calculation of the subordinated incentive fee on income:

Quarterly Subordinated Incentive Fee on Income

Pre-incentive fee net investment income
(expressed as a percentage of the value of our net assets at
the end of the immediately preceding calendar quarter)



Percentage of pre-incentive fee net investment income allocated to incentive fee

These calculations will be appropriately prorated for any period of less than three months.

Example: Subordinated Incentive Fee on Income for Each Calendar Quarter

Scenario 1

Assumptions

Investment income (including interest, dividends, fees, etc.) = 1.25%
Fixed preferred return(1) = 1.5%
Base management fee(2) = 0.5%
Other expenses (legal, accounting, custodian, transfer agent, etc.)(3) = 0.2%
Pre-incentive fee net investment income
(investment income - (base management fee + other expenses)) = 0.55%

Pre-incentive fee net investment income does not exceed the fixed preferred return rate, therefore there is no subordinated incentive fee on income payable.

Scenario 2

Assumptions

Investment income (including interest, dividends, fees, etc.) = 2.525%
Fixed preferred return(1) = 1.5%
Base management fee(2) = 0.5%
Other expenses (legal, accounting, custodian, transfer agent, etc.)(3) = 0.2%
Pre-incentive fee net investment income
(investment income - (base management fee + other expenses)) = 1.825%

Subordinated incentive fee on income = 100% × pre-incentive fee net investment income (subject to “catch-up”)(4)

= 100% × (1.825% - 1.5%)
= 0.325%

Pre-incentive fee net investment income exceeds the fixed preferred return rate, but does not fully satisfy the “catch-up” provision, therefore the subordinated incentive fee on income is 0.325%.

Scenario 3

Assumptions

Investment income (including interest, dividends, fees, etc.) = 3.5%
Fixed preferred return(1) = 1.5%
Base management fee(2) = 0.5%
Other expenses (legal, accounting, custodian, transfer agent, etc.)(3) = 0.2%
Pre-incentive fee net investment income

(investment income - (base management fee + other expenses)) = 2.8%

Catch up = 100% × pre-incentive fee net investment income (subject to "catch-up")[4]

Subordinated incentive fee on income = 100% × "catch-up" + (20.0% × (pre-incentive fee net investment income - 1.875))

Catch up = 1.875% - 1.5%
= 0.375%

Subordinated incentive fee on income = (100% × 0.375%) + (20.0% × (2.8% - 1.875%))

= 0.375% + (20% × 0.925%)
= 0.375% + 0.185%
= 0.56%

Pre-incentive fee net investment income exceeds the fixed preferred return and fully satisfies the "catch-up" provision, therefore the subordinated incentive fee on income is 0.56%.

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(1) Represents 6.0% annualized fixed preferred return.
(2) Represents 2.0% annualized base management fee on average total assets.
(3) Excludes organizational and offering expenses.
(4) The "catch-up" provision is intended to provide our Adviser with an incentive fee of 20.0% on all pre-incentive fee net investment income when our net investment income exceeds 1.875% in any calendar quarter.
* The returns shown are for illustrative purposes only. There is no guarantee that positive returns will be realized and actual returns may vary from those shown in the examples above.

Expense Limitation Agreement

The Adviser and the Company have entered into an Expense Limitation Agreement under which the Adviser has agreed contractually to waive its fees and to pay or absorb the operating expenses of the Company, including organization and offering expenses, any shareholder servicing fees, and other expenses described in the Investment Advisory Agreement, but not including any portfolio transaction or other investment-related costs (including brokerage commissions, dealer and underwriter spreads, prime broker fees and expenses and dividend expenses related to short sales), interest expenses and other financing costs, distribution fees, extraordinary expenses and acquired fund fees and expenses, to the extent that they exceed 8% on a per annum basis of the Company's average weekly net assets, through October 31, 2018 (the "Expense Limitation"). In consideration of the Adviser's agreement to limit the Company's expenses, the Company has agreed to repay the Adviser in the amount of any fees waived and Company expenses paid or absorbed, subject to the limitations that: (1) the reimbursement will be made only for fees and expenses incurred not more than three years following the end of the fiscal quarter in which they were incurred; and (2) the reimbursement may not be made if it would cause the Expense Limitation, or any lower limit that has been put in place, to be exceeded. The Expense Limitation Agreement may be terminated only by the Company's Board of Directors on written notice to the Adviser. After October 31, 2018, the Expense Limitation Agreement may expire or be renewed or modified to limit expenses to a level different than 8% at the Adviser's and Board's discretion.

Payment of Our Expenses

Our primary operating expenses will be the payment of advisory fees and other expenses under the Investment Advisory Agreement, Administration Agreement and Investor Services Agreement, and other expenses necessary for our operations. Our Board of Directors will monitor payments we make to our affiliates for compliance with the 1940 Act. Our investment advisory fee will compensate our Adviser for its work in identifying, evaluating, negotiating, executing, monitoring and servicing our investments. We bear all other expenses of our operations and transactions, including (without limitation) fees and expenses relating to:

- corporate and organizational expenses relating to offerings of our shares, subject to limitations included in the Investment Advisory Agreement;
- the cost of calculating our net asset value, including the cost of any third-party valuation services;
- the cost of effecting sales and repurchases of our shares and other securities;
- investment advisory fees and other expenses under the Investment Advisory Agreement, including routine non-compensation overhead expenses of our Adviser (up to a maximum of 0.0625% of our total assets per quarter, or

0.25% per year, payable quarterly in arrears and based on the average value of our total assets as of the end of the two most recently completed calendar quarters);

- fees payable to third parties relating to, or associated with, making investments and valuing investments, including fees and expenses associated with performing due diligence reviews of prospective investments;
- research and market data expenses including, without limitation, news and quotation equipment and services and; computer software specific to our business;
- transfer agent and custodial fees;
- fees and expenses associated with marketing efforts;
- federal and state registration fees, and costs related to listing our securities on any securities exchange;
- federal, state and local taxes;
- independent directors' fees and expenses;
- costs of proxy statements, stockholders' reports and notices;
- fidelity bond, directors and officers/errors and omissions liability insurance and other insurance premiums;
- direct costs such as printing, mailing, long distance telephone and staff;
- fees and expenses associated with accounting, independent audits and outside legal costs;
- costs associated with our reporting and compliance obligations under the 1940 Act and applicable federal securities laws, including compliance with the Sarbanes-Oxley Act;
- brokerage commissions for the purchase and sale of our investments;
- other expenses incurred by a subsidiary of Stratera Holdings in connection with providing investor relations support and related back-office services with respect to our investors under the Investor Services Agreement; and
- all other expenses incurred by Prospect Administration or us in connection with administering our business, including expenses incurred by Prospect Administration in performing administrative services for us, and the reimbursement of the compensation of our chief financial officer, chief compliance officer, treasurer and secretary and other administrative personnel paid by Prospect Administration, subject to the limitations included in the Administration Agreement.

Deferral of Certain Organization and Offering Expense Reimbursement Payments

Under the Investment Advisory Agreement, our Adviser is entitled to receive reimbursement from us of organization and offering expenses it has paid on our behalf in an amount of up to 5.0% of the aggregate gross proceeds of the offering of our securities until all of the organization and offering expenses incurred and/or paid by our Adviser have been recovered. On September 2, 2014, our Adviser agreed to reduce such reimbursement and accept a maximum of 2.0% of the aggregate gross proceeds of the offering of our securities until all of the organization and offering expenses incurred and/or paid by the Adviser have been recovered. The Adviser will not recoup all of the organization and offering expenses it has paid on our behalf if we do not raise a sufficient amount of capital. Additionally, as a result of our operation as a multi-class fund and related agreement to comply with Rule 12b-1 under the 1940 Act, the Adviser may be prohibited from recouping certain of these expenses.

Duration and Termination

Unless earlier terminated as described below, the Investment Advisory Agreement will remain in effect for a period of two years from the date it was executed and will remain in effect from year-to-year thereafter if approved annually by our Board of Directors or by the affirmative vote of the holders of a majority of our outstanding voting securities, including, in either case, approval by a majority of our directors who are not interested persons. An affirmative vote of the holders of a majority of our outstanding voting securities is also necessary in order to make material amendments to the Investment Advisory Agreement.

The Investment Advisory Agreement provides that we may terminate the agreement without penalty upon 60 days written notice to our Adviser. If our Adviser wishes to voluntarily terminate the Investment Advisory Agreement, it must give stockholders a minimum of 60 days' notice prior to termination and must pay all expenses associated with its termination. The Investment Advisory Agreement may also be terminated, without penalty, upon the vote of a majority of our outstanding voting securities.

Without the vote of a majority of our outstanding voting securities, our Investment Advisory Agreement may not be amended in a manner economically material to our stockholders. In addition, should we or our Adviser elect to terminate the Investment Advisory Agreement, a new investment adviser may not be appointed without approval of a majority of our outstanding shares, except in limited circumstances where a temporary adviser may be appointed without stockholder consent,

consistent with the 1940 Act for a time period not to exceed 150 days following the date on which the previous contract terminates.

Indemnification

The Investment Advisory Agreement provides that, absent willful misfeasance, bad faith or gross negligence in the performance of its duties or by reason of the reckless disregard of its duties and obligations, our Adviser and its officers, managers, partners, agents, employees, controlling persons, members and any other person or entity affiliated with it are entitled to indemnification from us for any damages, liabilities, costs and expenses (including reasonable attorneys' fees and amounts reasonably paid in settlement) arising from the rendering of its services under the Investment Advisory Agreement or otherwise as our investment adviser.

Organization of Our Adviser

Our Adviser is a Delaware limited liability company that is registered as an investment adviser under the Advisers Act. The principal address of our Adviser is Pathway Capital Opportunity Fund Management, LLC, 10 East 40th Street, 42nd Floor, New York, New York 10016.

Board Approval of the Investment Advisory Agreement

A discussion regarding the basis for our Board of Directors' approval of our Investment Advisory Agreement was included in our annual report on Form N-CSR for the fiscal year ended June 30, 2016.

ADMINISTRATION AGREEMENT

We have also entered into an Administration Agreement with Prospect Administration under which Prospect Administration, among other things, provides (or oversees, or arranges for the provision of) administrative services and facilities for us. For providing these services, we reimburse Prospect Administration for our allocable portion of overhead incurred by Prospect Administration in performing its obligations under the Administration Agreement, including rent and our allocable portion of the costs of our chief financial officer, chief compliance officer, treasurer and secretary and other administrative support personnel. Under the Administration Agreement, Prospect Administration furnishes us with office facilities, equipment and clerical, bookkeeping and record keeping services at such facilities. Prospect Administration also performs, arranges, or oversees the performance of, our required administrative services, which include, among other things, being responsible for the financial records that we are required to maintain and preparing reports to our stockholders and reports filed with the SEC. In addition, Prospect Administration assists us in determining and publishing our net asset value, overseeing the preparation and filing of our tax returns and the printing and dissemination of reports to our stockholders, and generally oversees the payment of our expenses and the performance of administrative and professional services rendered to us by others. After identifying those whole and partial portions of its internal and external costs and expenses incurred by Prospect Administration to provide administrative services to us (*e.g.*, personnel (compensation and overhead), infrastructure, vendors, etc.) and that are reimbursable under the Administration Agreement, Prospect Administration allocates to us all such costs and expenses not previously reimbursed to Prospect Administration by us. Our payments to Prospect Administration for these allocated costs and expenses are periodically reviewed by our Board of Directors, which oversees the allocation of the foregoing costs and expenses. After identifying those whole and partial portions of its internal and external costs and expenses incurred by Prospect Administration to provide administrative services to us (e.g., personnel (compensation and overhead), infrastructure, vendors, etc.) and that are reimbursable under the Administration Agreement, Prospect Administration allocates to us all such costs and expenses not previously reimbursed to Prospect Administration by us. Our payments to Prospect Administration for these allocated costs and expenses are periodically reviewed by our Board of Directors, which oversees the allocation of the foregoing costs and expenses. The Administration Agreement may be terminated by either party without penalty upon 60 days' written notice to the other party. Prospect Administration is an affiliate of Prospect Capital Management and our Adviser.

In addition, we have entered into the Investor Services Agreement under which we have agreed to reimburse a subsidiary of Stratera Holdings for providing investor relations support and related back-office services with respect to our investors.

Our Board of Directors will monitor payments we make to our affiliates for compliance with the 1940 Act.

Indemnification

The Administration Agreement provides that, absent willful misfeasance, bad faith or gross negligence in the performance of its duties or by reason of the reckless disregard of its duties and obligations, Prospect Administration and its officers, managers, partners, agents, employees, controlling persons, members and any other person or entity affiliated with it are entitled to indemnification from us for any damages, liabilities, costs and expenses (including reasonable attorneys' fees and amounts reasonably paid in settlement) arising from the rendering of Prospect Administration's services under the Administration Agreement or otherwise as our administrator. Similar provisions are made with respect to a subsidiary of Stratera Holdings and its representatives under the Investor Services Agreement.

DISTRIBUTION REINVESTMENT PLAN

Subject to our Board of Directors' discretion and applicable legal restrictions, we intend to authorize and declare ordinary cash distributions and pay such distributions on a monthly basis beginning no later than the first full calendar quarter after the minimum offering requirement was met. We have adopted an "opt in" distribution reinvestment plan pursuant to which you may elect to have the full amount of your cash distributions reinvested in additional shares. Any distributions of our shares pursuant to our distribution reinvestment plan are dependent on the continued registration of our securities or the availability of an exemption from registration in the recipient's home state. Participants in our distribution reinvestment plan are free to elect or revoke reinstatement in the distribution plan within a reasonable time as specified in the plan. If you do not elect to participate in the plan you will automatically receive any distributions we declare in cash. For example, if our Board of Directors authorizes, and we declare, a cash distribution, then if you have "opted in" to our distribution reinvestment plan, you will have your cash distributions reinvested in additional shares, rather than receiving the cash distributions. During this offering, we generally intend to coordinate distribution payment dates so that the same price that is used for the closing date immediately following such distribution payment date will be used to calculate the purchase price for purchasers under the distribution reinvestment plan. In such case, your reinvested distributions will purchase shares at a price equal to the price that shares are sold in the offering at the closing immediately following the distribution payment date. Shares issued pursuant to our distribution reinvestment plan will have the same voting rights as our shares offered pursuant to this prospectus.

If you wish to receive your distribution in cash, no action will be required on your part to do so. If you are a registered stockholder, you may elect to have your entire distribution reinvested in shares by notifying DST Systems, Inc., the reinvestment agent, and our transfer agent and registrar, in writing so that such notice is received by the reinvestment agent no later than the record date for distributions to stockholders. If you elect to reinvest your distributions in additional shares, the reinvestment agent will set up an account for shares you acquire through the plan and will hold such shares in non-certificated form. If your shares are held by a broker or other financial intermediary, you may "opt in" to our distribution reinvestment plan by notifying your broker or other financial intermediary of your election.

We intend to use newly issued shares to implement the plan and determine the number of shares we will issue to you as follows:

- To the extent our shares are not listed on a national stock exchange or quoted on an over-the-counter market or a national market system (collectively, an "Exchange"):
  - during any period when we are making a "best-efforts" public offering of our shares, the number of shares to be issued to you shall be determined by dividing the total dollar amount of the distribution payable to you by a price equal to 95% of the price that the shares are sold in the offering at the closing immediately following the distribution payment date; and
  - during any period when we are not making a "best-efforts" offering of our shares, the number of shares to be issued to you shall be determined by dividing the total dollar amount of the distribution payable to you by a price equal to the net asset value as determined by our Board of Directors.
- To the extent our shares are listed on an Exchange, the number of shares to be issued to you shall be determined by dividing the total dollar amount of the distribution payable to you by the market price per share of our shares at the close of regular trading on such Exchange on the valuation date fixed by the Board of Directors for such distribution.

There will be no selling commissions, dealer manager fees or other sales charges to you if you elect to participate in the distribution reinvestment plan. We will pay the reinvestment agent's fees under the plan.

If you receive your ordinary cash distributions in the form of shares, you generally are subject to the same federal, state and local tax consequences as you would be had you elected to receive your distributions in cash. Your basis for determining gain or loss upon the sale of shares received in a distribution from us will be equal to the total dollar amount of the distribution payable in cash. Any shares received in a distribution will have a holding period for tax purposes commencing on the day following the day on which the shares are credited to your account.

We reserve the right to amend, suspend or terminate the distribution reinvestment plan. We may terminate the plan upon notice in writing mailed to you at least 30 days prior to any record date for the payment of any distribution by us. You may terminate your account by calling Investor Services at (866) 655-3650 or by writing to the reinvestment agent at Pathway Capital Opportunity Fund, Inc., P.O. Box 219768, Kansas City, MO 64121-9768.

All correspondence concerning the plan should be directed to the reinvestment agent by mail at Pathway Capital Opportunity Fund, Inc., P.O. Box 219768, Kansas City, MO 64121-9768 or by telephone at (866) 655-3650.

We have filed the complete form of our distribution reinvestment plan with the SEC as an exhibit to the registration statement of which this prospectus is a part. You may obtain a copy of the plan by request of the plan administrator or by contacting us.

DESCRIPTION OF OUR SECURITIES

We were organized in February 2013 as a Maryland corporation. The following description is based on our charter and bylaws. This summary is not intended to be complete and we refer you to our charter and bylaws, copies of which have been filed as exhibits to the registration statement of which this prospectus is a part, for a more detailed description of the provisions summarized below.

Shares

The Company intends to offer four different classes of shares: Class A, Class C, Class I and Class L shares. An investment in any share class of the Company represents an investment in the same assets of the Company. However, the minimum investment amounts, sales loads, and ongoing fees and expenses for each share class may be different. The fees and expenses for the Company are set forth in "Summary of Company Expenses". Further, the monthly distributions paid to shareholders, if any, will vary for each share class based on different expenses for such classes. Certain share class details are set forth in "Plan of Distribution". Current shares of the Company will be re-designated as Class A shares upon the Company's adoption of a multi-class plan. For current shareholders who meet the eligibility requirements for the new Class I shares, their accounts will automatically be converted to Class I shares.

Our authorized stock consists of 200,000,000 shares of stock, par value $0.01 per share, all of which are initially designated as common stock and 70,000,000 of which are Class A shares, 40,000,000 of which are Class C shares, 40,000,000 of which are Class I shares and 50,000,000 of which are Class L shares. There is currently no market for our shares, and we do not expect that a market for our shares will develop in the foreseeable future, if ever. No shares have been authorized for issuance under any equity compensation plans. Under Maryland law, our stockholders generally will not be personally liable for our debts or obligations.

Set forth below is a chart describing the classes of our securities outstanding as of October 26, 2017:

(1)	(2)	(3)	(4)
Title of Class	**Amount Authorized**	**Amount Held by Us or for Our Account**	**Amount Outstanding Exclusive of Amount Under Column***
Class A Common Stock	70,000,000	—	665,234
Class C Common Stock	40,000,000	—	-
Class I Common Stock	40,000,000	—	-
Class L Common Stock	50,000,000	—	-

*The amount outstanding assumes all currently issued Class I, Class R and Class RIA are redesignated as Class A shares.

Under our charter, our Board of Directors is authorized to classify and reclassify any unissued shares of stock into other classes or series of stock without obtaining stockholder approval. As permitted by the Maryland General Corporation Law, our charter provides that our Board of Directors, without any action by our stockholders, may amend the charter from time to time to increase or decrease the aggregate number of shares of stock or the number of shares of stock of any class or series that we have authority to issue.

Common Stock

All shares of our common stock have equal rights as to earnings, assets, voting, and dividends and, when they are issued, will be duly authorized, validly issued, fully paid and nonassessable. Distributions may be paid to the holders of our common stock if, as and when authorized by our Board of Directors and declared by us out of assets legally available therefor. Shares of our common stock have no preemptive, conversion, redemption or appraisal rights and are freely transferable, except where their transfer is restricted by federal and state securities laws or by contract. In the event of our liquidation, dissolution or winding up, each share of our common stock would be entitled to share ratably in all of our assets that are legally available for distribution after we pay all debts and other liabilities and subject to any preferential rights of holders of our preferred stock, if any preferred stock is outstanding at such time. Each share of our common stock is entitled to one vote on all matters submitted to a vote of stockholders, including the election of directors. Except as provided with respect to any other class or series of stock, the holders of our common stock will possess exclusive voting power. There is no cumulative voting in the election of directors, which means that holders of a majority of the outstanding shares of common stock can elect all of our directors, and holders of less than a majority of such shares will be unable to elect any director.

Preferred Stock

Our charter authorizes our Board of Directors to classify and reclassify any unissued shares of stock into other classes or series of stock, including preferred stock. The cost of any such reclassification would be borne by our existing common stockholders. Prior to issuance of shares of each class or series, our Board of Directors is required by Maryland law and by our charter to set the terms, preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms and conditions of redemption for each class or series. Thus, our Board of Directors could authorize the issuance of shares of preferred stock with terms and conditions which could have the effect of delaying, deferring or preventing a transaction or a change in control that might involve a premium price for holders of our common stock or otherwise be in their best interest. You should note, however, that any issuance of preferred stock must comply with the requirements of the 1940 Act. The 1940 Act requires, among other things, that (1) immediately after issuance and before any dividend or other distribution is made with respect to our common stock and before any purchase of common stock is made, such preferred stock together with all other senior securities must not exceed an amount equal to 50% of our gross assets after deducting the amount of such dividend, distribution or purchase price, as the case may be, and (2) the holders of shares of preferred stock, if any are issued, must be entitled as a class to elect two directors at all times and to elect a majority of the directors if dividends on such preferred stock are in arrears by two full years or more. Certain matters under the 1940 Act require the separate vote of the holders of any issued and outstanding preferred stock. We believe that the availability for issuance of preferred stock will provide us with increased flexibility in structuring future financings and acquisitions. However, we do not currently have any plans to issue preferred stock.

Limitation on Liability of Directors and Officers; Indemnification and Advance of Expenses

Maryland law permits a Maryland corporation to include in its charter a provision limiting the liability of its directors and officers to the corporation and its stockholders for money damages except for liability resulting from (a) actual receipt of an improper benefit or profit in money, property or services or (b) active and deliberate dishonesty established by a final judgment as being material to the cause of action. Our charter contains such a provision which eliminates directors' and officers' liability to the maximum extent permitted by Maryland law, subject to the requirements of the 1940 Act.

Our charter authorizes us, to the maximum extent permitted by Maryland law and subject to the requirements of the 1940 Act, to indemnify any present or former director or officer or any individual who, while serving as our director or officer and at our request, serves or has served another corporation, real estate investment trust, partnership, joint venture, limited liability company, trust, employee benefit plan or other enterprise as a director, officer, partner, manager, managing member or trustee, from and against any claim or liability to which that person may become subject or which that person may incur by reason of his or her service in any such capacity and to pay or reimburse their reasonable expenses in advance of final disposition of a proceeding. Our bylaws obligate us, to the maximum extent permitted by Maryland law and subject to the requirements of the 1940 Act, to indemnify any present or former director or officer or any individual who, while serving as our director or officer and at our request, serves or has served another corporation, real estate investment trust, partnership, joint venture, limited liability company, trust, employee benefit plan or other enterprise as a director, officer, partner, manager, managing member or trustee and who is made, or threatened to be made, a party to the proceeding by reason of his or her service in that capacity from and against any claim or liability to which that person may become subject or which that person may incur by reason of his or her service in any such capacity and to pay or reimburse his or her reasonable expenses in advance of final disposition of a proceeding. The charter and bylaws also permit us to indemnify and advance expenses to any person who served a predecessor of us in any of the capacities described above and any of our employees or agents or any employees or agents of our predecessor. In accordance with the 1940 Act, we will not indemnify any person for any liability to which such person would be subject by reason of such person's willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of his or her office.

Maryland law requires a corporation (unless its charter provides otherwise, which our charter does not) to indemnify a director or officer who has been successful in the defense of any proceeding to which he or she is made, or threatened to be made, a party by reason of his or her service in that capacity. Maryland law permits a corporation to indemnify its present and former directors and officers, among others, against judgments, penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to which they may be made, or threatened to be made, a party by reason of their service in those or other capacities unless it is established that (a) the act or omission of the director or officer was material to the matter giving rise to the proceeding and (1) was committed in bad faith or (2) was the result of active and deliberate dishonesty, (b) the director or officer actually received an improper personal benefit in money, property or services or (c) in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful. However, under Maryland law, a Maryland corporation may not indemnify for an adverse judgment in a suit by or in the right of the corporation or for a judgment of liability on the basis that a personal benefit was improperly received unless, in either, case a court orders indemnification, and then only for expenses. In addition, Maryland law permits a corporation to advance reasonable expenses to a director or officer in advance of final disposition of a proceeding upon the corporation's receipt of

(a) a written affirmation by the director or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification by the corporation and (b) a written undertaking by him or her or on his or her behalf to repay the amount paid or reimbursed by the corporation if it is ultimately determined that the standard of conduct was not met.

Any limitation of liability, indemnification or advancement of expenses granted to our investment adviser or our officers or directors will comply the 1940 Act and the rules and regulations promulgated thereunder.

We have entered into indemnification agreements with our directors. The indemnification agreements provide our directors the maximum indemnification permitted under Maryland law and the 1940 Act.

Our insurance policy does not currently provide coverage for claims, liabilities and expenses that may arise out of activities that our present or former directors or officers have performed for another entity at our request. There is no assurance that such entities will in fact carry such insurance. However, we note that we do not expect to request our present or former directors or officers to serve another entity as a director, officer, partner or trustee unless we can obtain insurance providing coverage for such persons for any claims, liabilities or expenses that may arise out of their activities while serving in such capacities.

Certain Provisions of the Maryland General Corporation Law and Our Charter and Bylaws

The Maryland General Corporation Law (the "MGCL") and our charter and bylaws contain provisions that could make it more difficult for a potential acquirer to acquire us by means of a tender offer, proxy contest or otherwise. These provisions are expected to discourage certain coercive takeover practices and inadequate takeover bids and to encourage persons seeking to acquire control of us to negotiate first with our Board of Directors. We believe that the benefits of these provisions outweigh the potential disadvantages of discouraging any such acquisition proposals because, among other things, the negotiation of such proposals may improve their terms.

Election of Directors

Our bylaws provide that each director shall be elected by a plurality of the votes cast at a meeting of stockholders duly called and at which a quorum is present. Pursuant to our charter our Board of Directors may amend the bylaws to alter the vote required to elect directors. Pursuant to the MGCL and the 1940 Act, the Company is not required to, and the Company does not intend to hold annual meetings for the election of directors. The Company only intends to hold annual meetings of stockholders when the election of directors by stockholders is required under the 1940 Act. Stockholders will no longer have the ability to nominate individuals to the Board at an annual meeting held each year. As a result of these provisions, and the rules relating to the removal of directors, discussed below, a stockholder's ability to influence the composition of the Board may be limited.

Number of Directors; Vacancies; Removal

Our charter provides that the number of directors will be set only by our Board of Directors in accordance with our bylaws. Our bylaws provide that a majority of our entire Board of Directors may at any time increase or decrease the number of directors. However, unless our bylaws are amended, the number of directors may never be less than three nor more than eight. Any vacancy on our Board of Directors for any cause other than an increase in the number of directors may be filled by a majority of the remaining directors, even if such majority is less than a quorum. Any vacancy on our Board of Directors created by an increase in the number of directors may be filled by a majority vote of the entire Board of Directors.

Our charter provides that a director may be removed only for cause, as defined in our charter, and then only by the affirmative vote of at least two-thirds of the votes entitled to be cast generally in the election of directors.

Action by Stockholders; No Annual Meeting

Under the MGCL, stockholder action can be taken only at an annual or special meeting of stockholders or (unless the charter provides for stockholder action by less than unanimous written consent, which our charter does not) by unanimous written consent in lieu of a meeting. In addition, the MGCL permits registered investment companies, like us, to include a provision in their charter or bylaws that removes the requirement to hold an annual meeting of stockholders. These provisions, combined with the requirements of our bylaws regarding the calling of a stockholder-requested special meeting of stockholders discussed below, may have the effect of delaying or prohibiting consideration of a stockholder proposal until the next meeting of stockholders.

Calling of Special Meetings of Stockholders

Our bylaws provide that special meetings of stockholders may be called by our Board of Directors and certain of our officers. Additionally, our bylaws provide that, subject to the satisfaction of certain procedural and informational requirements by the stockholders requesting the meeting, a special meeting of stockholders will be called by the secretary of the corporation upon the written request of stockholders entitled to cast not less than a majority of all the votes entitled to be cast at such meeting. The process for calling a stockholder-requested special meeting must be strictly complied with and may require significant costs to be borne initially by the stockholder requesting such a meeting.

Approval of Extraordinary Corporate Action; Amendment of Charter and Bylaws

Under Maryland law, a Maryland corporation generally cannot dissolve, amend its charter, merge, sell all or substantially all of its assets, convert, engage in a share exchange or engage in similar transactions outside the ordinary course of business, unless advised by the corporation's Board of Directors and approved by the affirmative vote of stockholders entitled to cast at least two-thirds of the votes entitled to be cast on the matter. However, a Maryland corporation may provide in its charter for approval of these matters by a lesser percentage, but not less than a majority of all of the votes entitled to be cast on the matter. Our charter generally provides for approval of charter amendments and extraordinary transactions by the stockholders entitled to cast at least a majority of the votes entitled to be cast on the matter. However, our charter provides that the following matters require the approval of stockholders entitled to cast at least 80% of the votes entitled to be cast on such matter:

- any amendment to the provisions of the charter relating to the classification of our Board of Directors, the power of our Board of Directors to fix the number of directors, and the vote required to elect or remove a director;
- any charter amendment that would convert the Company from a closed-end company to an open-end company or make our common stock a redeemable security (within the meaning of the 1940 Act);
- the liquidation or dissolution of the Company or any charter amendment to effect the liquidation or dissolution of the Company;
- any merger, consolidation, share exchange or sale or exchange of all or substantially all of our assets that the Maryland General Corporation Law requires be approved by our stockholders;
- any transaction between the Company, on the one hand, and any person or group of persons acting together that is entitled to exercise or direct the exercise, or acquire the right to exercise or direct the exercise, directly or indirectly (other than solely by virtue of a revocable proxy), of one-tenth or more of the voting power in the election of directors generally, or any affiliate of such a person, group or member of such a group (collectively "Transacting Persons"), on the other hand; or
- any amendment to the provisions of the charter relating to the foregoing requirements.

However, if such amendment, proposal or transaction is approved by at least two-thirds of our continuing directors (in addition to approval by our Board of Directors), the amendment, proposal or transaction may be approved by a majority of the votes entitled to be cast on such amendment, proposal or transaction; provided further that any transaction related to Transacting Persons that would not otherwise require stockholder approval under the Maryland General Corporation Law would not require further stockholder approval (unless another provision of our charter or bylaws requires such approval) if approved by at least two-thirds of our continuing directors. In any event, in accordance with the requirements of the 1940 Act, any such amendment or proposal that would have the effect of changing the nature of our business so as to cause us to cease to be a registered management investment company would be required to be approved by a majority of our outstanding voting securities, as defined under the 1940 Act. The "continuing directors" are defined in our charter as (1) our current directors, (2) those directors whose nomination for election by the stockholders or whose election by the directors to fill vacancies is approved by a majority of our current directors then on our Board of Directors or (3) any successor directors whose nomination for election by the stockholders or whose election by the directors to fill vacancies is approved by a majority of continuing directors or the successor continuing directors then in office.

Our charter and bylaws provide that our Board of Directors will have the exclusive power to make, alter, amend or repeal any provision of our bylaws.

No Appraisal Rights

As permitted by the MGCL, our charter provides that stockholders will not be entitled to exercise appraisal rights unless a majority of our Board of Directors shall determine such rights apply.

Control Share Acquisitions

The MGCL provides that control shares of a Maryland corporation acquired in a control share acquisition have no voting rights except to the extent approved by a vote of two-thirds of the votes entitled to be cast on the matter (the "Control Share

Act”). Shares owned by the acquirer, by officers or by directors who are employees of the corporation are excluded from shares entitled to vote on the matter. Control shares are voting shares of stock which, if aggregated with all other shares of stock owned by the acquirer or in respect of which the acquirer is able to exercise or direct the exercise of voting power (except solely by virtue of a revocable proxy), would entitle the acquirer to exercise voting power in electing directors within one of the following ranges of voting power:

- one-tenth or more but less than one-third;
- one-third or more but less than a majority; or
- a majority or more of all voting power.

The requisite stockholder approval must be obtained each time an acquirer crosses one of the thresholds of voting power set forth above. Control shares do not include shares the acquiring person is then entitled to vote as a result of having previously obtained stockholder approval. A control share acquisition means the acquisition of control shares, subject to certain exceptions.

A person who has made or proposes to make a control share acquisition may compel our Board of Directors to call a special meeting of stockholders to be held within 50 days of demand to consider the voting rights of the shares. The right to compel the calling of a special meeting is subject to the satisfaction of certain conditions, including an undertaking to pay the expenses of the meeting. If no request for a meeting is made, the corporation may itself present the question at any stockholders meeting.

If voting rights are not approved at the meeting or if the acquiring person does not deliver an acquiring person statement as required by the statute, then the corporation may redeem for fair value any or all of the control shares, except those for which voting rights have previously been approved. The right of the corporation to redeem control shares is subject to certain conditions and limitations, including, as provided in our bylaws compliance with the 1940 Act. Fair value is determined, without regard to the absence of voting rights for the control shares, as of the date of the last control share acquisition by the acquirer or of any meeting of stockholders at which the voting rights of the shares are considered and not approved. If voting rights for control shares are approved at a stockholders meeting and the acquirer becomes entitled to vote a majority of the shares entitled to vote, all other stockholders may exercise appraisal rights. The fair value of the shares as determined for purposes of appraisal rights may not be less than the highest price per share paid by the acquirer in the control share acquisition.

The Control Share Act does not apply (a) to shares acquired in a merger, consolidation or share exchange if the corporation is a party to the transaction or (b) to acquisitions approved or exempted by the charter or bylaws of the corporation. The Control Share Act does not apply to a registered closed-end investment company, such as the Company, unless the board of directors adopts a resolution to be subject to the Act. Our Board has not adopted such a resolution and our bylaws contain a provision exempting from the Control Share Act any and all acquisitions by any person of our shares of stock. There can be no assurance that such provision will not be amended or eliminated at any time in the future. However, we will adopt a resolution and amend our bylaws to be subject to the Control Share Act only if our Board of Directors determines that it would be in our best interests and if the SEC staff does not object to our determination that our being subject to the Control Share Act does not conflict with the 1940 Act.

Business Combinations

Under Maryland law, “business combinations” between a Maryland corporation and an interested stockholder or an affiliate of an interested stockholder are prohibited for five years after the most recent date on which the interested stockholder becomes an interested stockholder (the “Business Combination Act”). These business combinations include a merger, consolidation, share exchange or, in circumstances specified in the statute, an asset transfer or issuance or reclassification of equity securities. An interested stockholder is defined as:

- any person who beneficially owns 10% or more of the voting power of the corporation’s outstanding voting stock; or
- an affiliate or associate of the corporation who, at any time within the two-year period prior to the date in question, was the beneficial owner of 10% or more of the voting power of the then outstanding voting stock of the corporation.

A person is not an interested stockholder under this statute if our Board of Directors approved in advance the transaction by which the stockholder otherwise would have become an interested stockholder. However, in approving a transaction, our Board of Directors may provide that its approval is subject to compliance, at or after the time of approval, with any terms and conditions determined by our Board of Directors.

After the five-year prohibition, any business combination between the Maryland corporation and an interested stockholder generally must be recommended by our Board of Directors of the corporation and approved by the affirmative vote of at least:

- 80% of the votes entitled to be cast by holders of outstanding shares of voting stock of the corporation; and
- two-thirds of the votes entitled to be cast by holders of voting stock of the corporation other than shares held by the interested stockholder with whom or with whose affiliate the business combination is to be effected or held by an affiliate or associate of the interested stockholder.

These super-majority vote requirements do not apply if the corporation's common stockholders receive a minimum price, as defined under Maryland law, for their shares in the form of cash or other consideration in the same form as previously paid by the interested stockholder for its shares.

The statute permits various exemptions from its provisions, including business combinations that are exempted by our Board of Directors before the time that the interested stockholder becomes an interested stockholder. The Business Combination Act does not apply to a registered closed-end investment company, such as the Company, unless the board of directors adopts a resolution to be subject to the Act. Our Board has not adopted such a resolution and our Board of Directors will adopt resolutions so as to make us subject to the provisions of the Business Combination Act only if our Board of Directors determines that it would be in our best interests and if the SEC staff does not object to our determination that our being subject to the Business Combination Act does not conflict with the 1940 Act.

Conflict with 1940 Act

Our bylaws provide that if and to the extent that any provision of the Maryland General Corporation Law, or any provision of our charter or bylaws conflicts with any provision of the 1940 Act, the applicable provision of the 1940 Act will control.

Reports to Stockholders

We are required to file periodic reports, proxy statements and other information with the SEC. This information will be available at the SEC's public reference room at 100 F Street, NE, Washington, D.C. 20549 and on the SEC's website at *www.sec.gov*. The public may obtain information on the operation of the SEC's public reference room by calling the SEC at 1-800-SEC-0330. This information will also be available free of charge by contacting us at 10 East 40th Street, 42nd Floor, New York, New York, 10016, or by telephone at (212) 448-0702 or on our website at *www.pathwaycapitalfund.com*. These reports should not be considered a part of or as incorporated by reference in this prospectus, or the registration statement of which this prospectus is a part.

Subject to availability, you may authorize us to provide prospectuses, prospectus supplements, periodic reports and other information ("documents") electronically by so indicating on your application, or by sending us instructions in writing in a form acceptable to us to receive such documents electronically. Unless you elect in writing to receive documents electronically, all documents will be provided in paper form by mail. You must have internet access to use electronic delivery. While we impose no additional charge for this service, there may be potential costs associated with electronic delivery, such as on-line charges. Documents will be available on our website. You may access and print all documents provided through this service. As documents become available, we will notify you of this by sending you an e-mail message that will include instructions on how to retrieve the document. If our e-mail notification is returned to us as "undeliverable," we will contact you to obtain your updated e-mail address. If we are unable to obtain a valid e-mail address for you, we will resume sending a paper copy by regular U.S. mail to your address of record. You may revoke your consent for electronic delivery at any time and we will resume sending you a paper copy of all required documents. However, in order for us to be properly notified, your revocation must be given to us a reasonable time before electronic delivery has commenced. We will provide you with paper copies at any time upon request. Such request will not constitute revocation of your consent to receive required documents electronically.

MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following discussion is a general summary of the material U.S. federal income tax considerations applicable to us and to an investment in our shares. This summary does not purport to be a complete description of the income tax considerations applicable to such an investment. For example, we have not described tax consequences that may be relevant to certain types of holders subject to special treatment under U.S. federal income tax laws, including stockholders subject to the alternative minimum tax, tax-exempt organizations, insurance companies, dealers in securities, pension plans and trusts and financial institutions. This summary assumes that investors hold our shares as capital assets (within the meaning of the Code). The discussion is based upon the Code, Treasury regulations and administrative and judicial interpretations, each as of the date of this prospectus and all of which are subject to change, possibly retroactively, which could affect the continuing validity of this discussion. We have not sought and will not seek any ruling from the Internal Revenue Service regarding this offering. This summary does not discuss any aspects of U.S. estate or gift tax or foreign, state or local tax. It does not discuss the special treatment under U.S. federal income tax laws that could result if we invested in tax-exempt securities or certain other investment assets.

A "U.S. stockholder" generally is a beneficial owner of our shares who is for U.S. federal income tax purposes:

- A citizen or individual resident of the United States;
- A corporation or other entity treated as a corporation, for U.S. federal income tax purposes, created or organized in or under the laws of the United States or any political subdivision thereof;
- A trust, if a court in the United States has primary supervision over its administration and one or more U.S. persons have the authority to control all decisions of the trust, or the trust has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person; or
- An estate, the income of which is subject to U.S. federal income taxation regardless of its source.

A "non-U.S. stockholder" generally is a beneficial owner of our shares that is not a U.S. stockholder.

If a partnership (including an entity treated as a partnership for U.S. federal income tax purposes) holds our shares, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. A prospective stockholder that is a partner in a partnership holding our shares should consult his, her or its tax advisers with respect to the purchase, ownership and disposition of our shares.

Tax matters are very complicated and the tax consequences to an investor of an investment in our shares will depend on the facts of his, her or its particular situation. We encourage investors to consult their own tax advisers regarding the specific consequences of such an investment, including tax reporting requirements, the applicability of federal, state, local and foreign tax laws, eligibility for the benefits of any applicable tax treaty and the effect of any possible changes in the tax laws.

Election to be Taxed as a RIC

We have elected to be treated as a RIC under Subchapter M of the Code. As a RIC, we generally will not have to pay corporate-level federal income taxes on any income that we distribute to our stockholders from our tax earnings and profits. To qualify as a RIC, we must, among other things, meet certain source-of-income and asset diversification requirements (as described below). In addition, in order to obtain RIC tax treatment, we must distribute to our stockholders, for each taxable year, at least 90% of our "investment company taxable income," which is generally our net ordinary income plus the excess, if any, of realized net short-term capital gains over realized net long-term capital losses (the "Annual Distribution Requirement").

Taxation as a Regulated Investment Company

If we:

- qualify as a RIC; and
- satisfy the Annual Distribution Requirement,

then we will not be subject to federal income tax on the portion of our income we distribute (or are deemed to distribute) to stockholders. We will be subject to U.S. federal income tax at the regular corporate rates on any income or capital gains not distributed (or deemed distributed) to our stockholders. We will be subject to a 4% nondeductible federal excise tax on certain undistributed income unless we distribute in a timely manner an amount at least equal to the sum of (1) 98% of our net ordinary income for each calendar year, (2) 98.2% of our capital gain net income for the one-year period ending October 31 in that calendar year and (3) any income recognized, but not distributed, in preceding years and on which we paid no federal income tax, or the Excise Tax Avoidance Requirement. We generally will endeavor in each taxable year to avoid any U.S. federal excise tax on our earnings.

In order to qualify as a RIC for federal income tax purposes, we must, among other things:

- derive in each taxable year at least 90% of our gross income from dividends, interest, payments with respect to certain securities, loans, gains from the sale of stock or other securities, net income from certain “qualified publicly traded partnerships,” or other income derived with respect to our business of investing in such stock or securities, or the 90% Income Test; and
- diversify our holdings so that at the end of each quarter of the taxable year:
- at least 50% of the value of our assets consists of cash, cash equivalents, U.S. Government securities, securities of other RICs, and other securities if such other securities of any one issuer do not represent more than 5% of the value of our assets and more than 10% of the outstanding voting securities of the issuer; and
- no more than 25% of the value of our assets is invested in the securities, other than U.S. government securities or securities of other RICs, of one issuer, of two or more issuers that are controlled, as determined under applicable Code rules, by us and that are engaged in the same or similar or related trades or businesses or of certain “qualified publicly traded partnerships,” or the Diversification Tests.

For federal income tax purposes, we may be required to recognize taxable income in circumstances in which we do not receive a corresponding payment in cash. For example, if we hold debt obligations that are treated under applicable tax rules as having original issue discount (such as debt instruments with PIK interest or, in certain cases, increasing interest rates or debt instruments that were issued with warrants), we must include in income each year a portion of the original issue discount that accrues over the life of the obligation, regardless of whether cash representing such income is received by us in the same taxable year. We may also have to include in income other amounts that we have not yet received in cash, such as deferred loan origination fees that are paid after origination of the loan or are paid in non-cash compensation such as warrants or stock. We anticipate that a portion of our income may constitute original issue discount or other income required to be included in taxable income prior to receipt of cash.

Because any original issue discount or other amounts accrued will be included in our investment company taxable income for the year of the accrual, we may be required to make a distribution to our stockholders in order to satisfy the Annual Distribution Requirement, even though we will not have received all of the corresponding cash amount. As a result, we may have difficulty meeting the annual distribution requirement necessary to qualify for and maintain RIC tax treatment under the Code. We may have to sell some of our investments at times and/or at prices we would not consider advantageous, raise additional debt or equity capital or forgo new investment opportunities for this purpose. If we are not able to obtain cash from other sources, we may fail to qualify for RIC tax treatment and thus become subject to corporate-level income tax.

We are authorized to borrow funds and to sell assets in order to satisfy distribution requirements. However, under the 1940 Act, we are not permitted to make distributions to our stockholders while our debt obligations and other senior securities are outstanding unless certain “asset coverage” tests are met. See “Regulation—Senior Securities” in the SAI. Moreover, our ability to dispose of assets to meet our distribution requirements may be limited by (1) the illiquid nature of our portfolio and/or (2) other requirements relating to our status as a RIC, including the Diversification Tests. If we dispose of assets in order to meet the Annual Distribution Requirement or the Excise Tax Avoidance Requirement, we may make such dispositions at times that, from an investment standpoint, are not advantageous.

As a limited partner in the MLPs in which we seek to invest, we will receive our share of income, gains, losses, deductions, and credits from those MLPs. Historically, a significant portion of income from MLPs has been offset by tax deductions. As a result, this income has been significantly lower than cash distributions paid by MLPs. We will incur a current tax liability on our share of an MLP’s income and gains that is not offset by tax deductions, losses and credits, or our net operating loss carryforwards, if any. The percentage of an MLP’s income and gains which is offset by tax deductions, losses and credits will fluctuate over time for various reasons. A significant slowdown in acquisition activity or capital spending by MLPs held in our portfolio could result in a reduction of accelerated depreciation generated by new acquisitions or capital spending, which may result in an increase in our net ordinary income that we are required to distribute to stockholders to satisfy the Annual Distribution Requirement or the Excise Tax Avoidance Requirement or to eliminate our liability for federal income tax. If our income from our investments in MLPs exceed the cash distributions received from such investments, we may need to obtain cash from other sources in order to satisfy such distribution requirements. If we are unable to obtain cash from other sources, we may fail to qualify as a RIC and become subject to corporate-level federal income tax. We may also recognize for federal income tax purposes gain in excess of cash proceeds upon the sale of an interest in an MLP. Any such gain may need to be distributed (or deemed distributed) in order to avoid liability for corporate-level federal income taxes on such gain.

The remainder of this discussion assumes that we qualify as a RIC and have satisfied the Annual Distribution Requirement.

Taxation of U.S. Stockholders

Distributions by us generally are taxable to U.S. stockholders as ordinary income or capital gains. Distributions of our "investment company taxable income" (which is, generally, our net ordinary income plus realized net short-term capital gains in excess of realized net long-term capital losses) will be taxable as ordinary income to U.S. stockholders to the extent of our current or accumulated earnings and profits, whether paid in cash or reinvested in additional shares. To the extent such distributions paid by us to non-corporate stockholders (including individuals) are attributable to dividends from U.S. corporations and certain qualified foreign corporations, such distributions, or Qualifying Dividends, may be eligible for a current maximum tax rate of 20%. In this regard, it is anticipated that distributions paid by us will generally not be attributable to dividends and, therefore, generally will not qualify for the current 20% maximum rate applicable to Qualifying Dividends. Distributions of our net capital gains (which is generally our realized net long-term capital gains in excess of realized net short-term capital losses) properly designated by us as "capital gain dividends" will be taxable to a U.S. stockholder as long-term capital gains that are currently taxable at a current maximum rate of 20% in the case of individuals, trusts or estates, regardless of the U.S. stockholder's holding period for his, her or its shares and regardless of whether paid in cash or reinvested in additional shares. Distributions in excess of our earnings and profits first will reduce a U.S. stockholder's adjusted tax basis in such stockholder's shares and, after the adjusted basis is reduced to zero, will constitute capital gains to such U.S. stockholder.

We may retain some or all of our realized net long-term capital gains in excess of realized net short-term capital losses, but designate the retained net capital gain as a "deemed distribution." In that case, among other consequences, we will pay tax on the retained amount, each U.S. stockholder will be required to include his, her or its share of the deemed distribution in income as if it had been actually distributed to the U.S. stockholder, and the U.S. stockholder will be entitled to claim a credit equal to his, her or its allocable share of the tax paid thereon by us. Because we expect to pay tax on any retained capital gains at our regular corporate tax rate, and because that rate is in excess of the maximum rate currently payable by U.S. stockholders taxed at individual rates on long-term capital gains, the amount of tax that individual U.S. stockholders will be treated as having paid will exceed the tax they owe on the capital gain distribution and such excess generally may be refunded or claimed as a credit against the U.S. stockholder's other U.S. federal income tax obligations. The amount of the deemed distribution net of such tax will be added to the U.S. stockholder's cost basis for his, her or its common stock. In order to utilize the deemed distribution approach, we must provide written notice to our stockholders prior to the expiration of 60 days after the close of the relevant taxable year. We cannot treat any of our investment company taxable income as a "deemed distribution."

We do not expect that special share distributions that we pay ratably to all investors from time to time, if any, will be taxable. However, in the future, we may distribute taxable dividends that are payable in cash or shares of our common stock at the election of each stockholder. Under certain applicable provisions of the Code and the Treasury regulations, distributions payable in cash or in shares of stock at the election of stockholders are treated as taxable dividends whether a stockholder elects to receive cash or shares. The Internal Revenue Service has issued private rulings indicating that this rule will apply even where the total amount of cash that may be distributed is limited to no more than 20% of the total distribution. Under these rulings, if too many stockholders elect to receive their distributions in cash, each such stockholder would receive a pro rata share of the total cash to be distributed and would receive the remainder of their distribution in shares of stock. If we decide to make any distributions consistent with these rulings that are payable in part in our stock, taxable stockholders receiving such dividends will be required to include the full amount of the dividend (whether received in cash, our stock, or a combination thereof) as ordinary income (or as long-term capital gain to the extent such distribution is properly reported as a capital gain dividend) to the extent of our current and accumulated earnings and profits for United States federal income tax purposes. As a result, a U.S. stockholder may be required to pay tax with respect to such dividends in excess of any cash received. If a U.S. stockholder sells the stock it receives as a dividend in order to pay this tax, the sales proceeds may be less than the amount included in income with respect to the dividend, depending on the market price of our stock at the time of the sale.

For purposes of determining (1) whether the Annual Distribution Requirement is satisfied for any year and (2) the amount of dividends paid for that year, we may, under certain circumstances, elect to treat a dividend that is paid during the following taxable year as if it had been paid during the taxable year in question. If we make such an election, the U.S. stockholder will still be treated as receiving the dividend in the taxable year in which the distribution is made. However, any dividend declared by us in October, November or December of any calendar year, payable to stockholders of record on a specified date in such a month and actually paid during January of the following year, will be treated as if it had been received by our U.S. stockholders on December 31 of the year in which the dividend was declared.

If an investor purchases our shares shortly before the record date of a distribution, the price of the shares will include the value of the distribution and the investor will be subject to tax on the distribution even though economically it may represent a return of his, her or its investment.

A stockholder generally will recognize taxable gain or loss if the stockholder sells or otherwise disposes of his, her or its shares. The amount of gain or loss will be measured by the difference between such stockholder's adjusted tax basis in the shares sold and the amount of the proceeds received in exchange. Any gain arising from such sale or disposition generally will

be treated as long-term capital gain or loss if the stockholder has held his, her or its shares for more than one year. Otherwise, it will be classified as short-term capital gain or loss. However, any capital loss arising from the sale or disposition of our shares held for six months or less will be treated as long-term capital loss to the extent of the amount of capital gain dividends received, or undistributed capital gain deemed received, with respect to such shares. In addition, all or a portion of any loss recognized upon a disposition of our shares may be disallowed if other shares are purchased (whether through reinvestment of distributions or otherwise) within 30 days before or after the disposition.

In general, individual U.S. stockholders currently are subject to a maximum federal income tax rate of 20% on their net capital gain (*i.e.*, the excess of realized net long-term capital gains over realized net short-term capital losses), including any long-term capital gain derived from an investment in our shares. Such rate is lower than the maximum rate on ordinary income currently payable by individuals. In addition, for taxable years beginning after December 31, 2012, individuals with income in excess of $200,000 ($250,000 in the case of married individuals filing jointly) and certain estates and trusts are subject to an additional 3.8% tax on their “net investment income,” which generally includes net income from interest, dividends, annuities, royalties, and rents, and net capital gains (other than certain amounts earned from trades or businesses). Corporate U.S. stockholders currently are subject to federal income tax on net capital gain at the maximum 35% rate also applied to ordinary income. Non-corporate stockholders with net capital losses for a year (*i.e.*, capital losses in excess of capital gains) generally may deduct up to $3,000 of such losses against their ordinary income each year; any net capital losses of a non-corporate stockholder in excess of $3,000 generally may be carried forward and used in subsequent years as provided in the Code. Corporate stockholders generally may not deduct any net capital losses for a year, but may carry back such losses for three years or carry forward such losses for five years.

If we are not a publicly offered RIC for any period, a non-corporate stockholder’s pro rata portion of our affected expenses, including our management fees, will be treated as an additional dividend to the stockholder and will be deductible by such stockholder only to the extent permitted under the limitations described below. For non-corporate stockholders, including individuals, trusts, and estates, significant limitations generally apply to the deductibility of certain expenses of a nonpublicly offered RIC, including advisory fees. In particular, these expenses, referred to as miscellaneous itemized deductions, are deductible only to individuals to the extent they exceed 2% of such a stockholder’s adjusted gross income, and are not deductible for alternative minimum tax purposes. A “publicly offered” RIC is a RIC whose shares are either (i) continuously offered pursuant to a public offering, (ii) regularly traded on an established securities market or (iii) held by at least 500 persons at all times during the taxable year. While we anticipate that we will constitute a publicly offered RIC for our first tax year, there can be no assurance that we will in fact so qualify for any of our taxable years.

We will send to each of our U.S. stockholders, as promptly as possible after the end of each calendar year, a notice reporting the amounts includible in such U.S. stockholder’s taxable income for such year as ordinary income and as long-term capital gain. In addition, the federal tax status of each year’s distributions generally will be reported to the Internal Revenue Service, or IRS (including the amount of dividends, if any, eligible for the current 20% maximum rate). Dividends paid by us generally will not be eligible for the dividends-received deduction or the preferential tax rate applicable to Qualifying Dividends because our income generally will not consist of dividends. Distributions may also be subject to additional state, local and foreign taxes depending on a U.S. stockholder’s particular situation.

We may be required to withhold federal income tax, or backup withholding from all distributions to any non-corporate U.S. stockholder (1) who fails to furnish us with a correct taxpayer identification number or a certificate that such stockholder is exempt from backup withholding or (2) with respect to whom the IRS notifies us that such stockholder has failed to properly report certain interest and dividend income to the IRS and to respond to notices to that effect. An individual’s taxpayer identification number is his or her social security number. Any amount withheld under backup withholding is allowed as a credit against the U.S. stockholder’s federal income tax liability, provided that proper information is provided to the IRS.

Taxation of non-U.S. Stockholders

Whether an investment in the shares is appropriate for a non-U.S. stockholder will depend upon that person’s particular circumstances. An investment in the shares by a non-U.S. stockholder may have adverse tax consequences. Non-U.S. stockholders should consult their tax advisers before investing in our shares.

Distributions of our investment company taxable income to non-U.S. stockholders (including interest income and realized net short-term capital gains in excess of realized long-term capital losses, which generally would be free of withholding if paid to non-U.S. stockholders directly) will be subject to U.S. federal withholding tax at a 30% rate (or lower rate provided by an applicable treaty) to the extent of our current and accumulated earnings and profits unless an applicable exception applies. If the distributions are effectively connected with a U.S. trade or business of the non-U.S. stockholder, and, if an income tax treaty applies, attributable to a permanent establishment in the United States, we will not be required to withhold U.S. federal tax if the non-U.S. stockholder complies with applicable certification and disclosure requirements, although the distributions will be subject to U.S. federal income tax at the rates applicable to U.S. persons. (Special

certification requirements apply to a non-U.S. stockholder that is a foreign partnership or a foreign trust, and such entities are urged to consult their own tax advisers.)

For distributions made to non-U.S. stockholders for taxable years beginning before January 1, 2014, no withholding is required and the distributions generally are not subject to U.S. federal income tax if (i) the distributions are properly reported to our stockholders as "interest-related dividends" or "short-term capital gain dividends," (ii) the distributions were derived from sources specified in the Code for such dividends and (iii) certain other requirements were satisfied. No assurance can be given as to whether legislation will be enacted to extend the application of this provision to taxable years beginning after January 1, 2014, or, whether any significant amount of our distributions would be designated as eligible for this exemption from withholding.

Actual or deemed distributions of our net capital gains to a non-U.S. stockholder, and gains realized by a non-U.S. stockholder upon the sale of our shares, will not be subject to U.S. federal withholding tax and generally will not be subject to U.S. federal income tax unless (i) the distributions or gains, as the case may be, are effectively connected with a U.S. trade or business of the non-U.S. stockholder and, if an income tax treaty applies, are attributable to a permanent establishment maintained by the non-U.S. stockholder in the United States, or (ii) such non-U.S. stockholder is an individual present in the United States for 183 days or more during the year of the distribution or gain.

If we distribute our net capital gains in the form of deemed rather than actual distributions, a non-U.S. stockholder will be entitled to a U.S. federal income tax credit or tax refund equal to the stockholder's allocable share of the tax we pay on the capital gains deemed to have been distributed. In order to obtain the refund, the non-U.S. stockholder must obtain a U.S. taxpayer identification number and file a federal income tax return even if the non-U.S. stockholder would not otherwise be required to obtain a U.S. taxpayer identification number or file a federal income tax return. For a corporate non-U.S. stockholder, distributions (both actual and deemed) and gains realized upon the sale of our shares that are effectively connected to a U.S. trade or business may, under certain circumstances, be subject to an additional "branch profits tax" at a 30% rate (or at a lower rate if provided for by an applicable treaty). Accordingly, investment in the shares may not be appropriate for a non-U.S. stockholder.

A non-U.S. stockholder who is a non-resident alien individual, and who is otherwise subject to U.S. federal withholding tax, may be subject to information reporting and backup withholding of U.S. federal income tax on dividends unless the non-U.S. stockholder provides us or the dividend paying agent with an IRS Form W-8BEN (or an acceptable substitute form) or otherwise meets documentary evidence requirements for establishing that it is a non-U.S. stockholder or otherwise establishes an exemption from backup withholding.

Legislation enacted in 2010 generally imposes a 30% withholding tax on payments of certain types of income to foreign financial institutions that fail to enter into an agreement with the United States Treasury to report certain required information with respect to accounts held by United States persons (or held by foreign entities that have United States persons as substantial owners). The types of income subject to the tax include U.S. source dividends, and the gross proceeds from the sale of any property that could produce U.S.-source dividends received after December 31, 2016. The information required to be reported includes the identity and taxpayer identification number of each account holder that is a U.S. person and transaction activity within the holder's account. In addition, subject to certain exceptions, this legislation also imposes a 30% withholding on payments to foreign entities that are not financial institutions unless the foreign entity certifies that it does not have a greater than 10% U.S. owner or provides the withholding agent with identifying information on each greater than 10% U.S. owner. When these provisions become effective, depending on the status of a non-U.S. Holder and the status of the intermediaries through which they hold their shares, non-U.S. Holders could be subject to this 30% withholding tax with respect to distributions on their shares and proceeds from the sale of their shares. Under certain circumstances, a non-U.S. Holder might be eligible for refunds or credits of such taxes.

Non-U.S. persons should consult their own tax advisers with respect to the U.S. federal income tax and withholding tax, and state, local and foreign tax consequences of an investment in the shares.

Failure to Qualify as a RIC

If we were unable to qualify for treatment as a RIC, we would be subject to tax on all of our taxable income at regular corporate rates, regardless of whether we make any distributions to our stockholders. Distributions would not be required, and any distributions would be taxable to our stockholders as ordinary dividend income. Subject to certain limitations in the Code, such distributions would be eligible for the current 20% maximum rate to the extent of our current and accumulated earnings and profits. Subject to certain limitations under the Code, corporate distributees would be eligible for the dividends-received deduction. Distributions in excess of our current and accumulated earnings and profits would be treated first as a return of capital to the extent of the stockholder's tax basis, and any remaining distributions would be treated as a capital gain.

PLAN OF DISTRIBUTION

General

We intend to offer, in reliance on Rule 415 under the Securities Act of 1933, to sell our shares, on a continual basis, through the Dealer Manager. No arrangement has been made to place funds received in an escrow, trust or similar account. The Dealer Manager is not required to sell any specific number or dollar amount of our shares, but will use its best efforts to solicit orders for the purchase of the shares. Our shares will not be listed on any national securities exchange and the Dealer Manager will not act as a market marker in our shares. Class C shares will pay to the Dealer Manager a Distribution Fee that will accrue at an annual rate equal to 0.75% of our average weekly net assets attributable to Class C shares and is payable on a quarterly basis. Class A shares are not currently subject to a Distribution Fee.

The Adviser or its affiliates, in the Adviser's discretion and from their own resources, may pay additional compensation to financial intermediaries in connection with the sale and servicing of our shares (the "Additional Compensation"). In return for the Additional Compensation, we may receive certain marketing advantages including access to financial intermediaries' registered representatives, placement on a list of investment options offered by a financial intermediary, or the ability to assist in training and educating the financial intermediaries. The Additional Compensation may differ among financial intermediaries in amount or in the manner of calculation: payments of Additional Compensation may be fixed dollar amounts, or based on the aggregate value of outstanding shares held by shareholders introduced by the financial intermediary, or determined in some other manner. The receipt of Additional Compensation by a selling financial intermediary may create potential conflicts of interest between an investor and its financial intermediary who is recommending our shares over other potential investments. Additionally, the Adviser or its affiliates pay a servicing fee to the Dealer Manager and for providing ongoing services in respect of clients with whom they have distributed shares of the Company. Such services may include electronic processing of client orders, electronic fund transfers between clients and us, account reconciliations with our transfer agent, facilitation of electronic delivery to clients of our documentation, monitoring client accounts for back-up withholding and any other special tax reporting obligations, maintenance of books and records with respect to the foregoing, and such other information and ongoing liaison services as we or the Adviser may reasonably request.

We and the Adviser have agreed to indemnify the Dealer Manager against certain liabilities, including liabilities under the Securities Act of 1933, or to contribute to payments the Dealer Manager may be required to make because of any of those liabilities. Such agreement does not include indemnification of the Dealer Manager against liability resulting from willful misfeasance, bad faith or negligence on the part of the Dealer Manager in the performance of its duties or from reckless disregard by the Dealer Manager of its obligations and duties under the Distribution Agreement. The Dealer Manager may, from time to time, perform services for the Adviser and its affiliates in the ordinary course of business.

Prior to the initial public offering of shares, the Adviser purchased shares from us in an amount satisfying the net worth requirements of Section 14(a) of the 1940 Act.

We accept subscriptions on Thursday of each week and close subscriptions the following Friday. Subscriptions will be effective only upon our acceptance, and we reserve the right to reject any order in whole or in part. Subscriptions will be accepted or rejected within 30 days of receipt by us and, if rejected, all funds shall be returned to subscribers within such timeframe without deduction for any expenses. Shares issued pursuant to our distribution reinvestment plan typically will be issued on the same date that we hold our first closing of each month for the sale of shares in this offering. In addition, in months in which we repurchase shares, we expect to conduct repurchases on the same such date.

About the Dealer Manager

The Dealer Manager is Provasi Capital Partners LP. The Dealer Manager was formed in December, 2001. The Dealer Manager registered as a broker-dealer with the SEC and the Financial Industry Regulatory Authority, or FINRA, in August, 2002. The Dealer Manager is an affiliate of our Adviser and serves as the dealer manager in connection with the continuous public offering of shares of common stock by Priority Income Fund, a registered closed-end investment company and our affiliate. The Dealer Manager receives compensation for services relating to this offering and provides certain sales, promotional and marketing services to us in connection with the distribution of the shares offered pursuant to this prospectus. For additional information about the Dealer Manager, including information related to its affiliation with us and our adviser, see "Certain Relationships and Related Party Transactions" in the SAI.

The principal business address of the Dealer Manager is 14675 Dallas Parkway, Suite 600, Dallas, TX 75254.

Purchasing Shares

Investors may purchase shares directly from us in accordance with the instructions below. Investors will be assessed fees for returned checks and stop payment orders at prevailing rates charged by DST, our transfer agent. The returned check and

stop payment fee is currently $25. Investors may buy and sell our shares through participating broker dealers and their agents that have made arrangements with us and are authorized to buy and sell shares of the Company (collectively, "Participating Broker Dealers"). Orders will be priced at the appropriate price next computed after it is received by a Participating Broker Dealer and accepted by us. A Participating Broker Dealer may hold shares in an omnibus account in the Participating Broker Dealer's name or the Participating Broker Dealer may maintain individual ownership records. Participating Broker Dealers may charge fees for the services they provide in connection with processing your transaction order or maintaining an investor's account with them. Investors should check with their Participating Broker Dealer to determine if it is subject to these arrangements. Participating Broker Dealers are responsible for placing orders correctly and promptly with the Company, forwarding payment promptly. The Company will admit investors into the Company and calculate its NAV on a weekly basis. Orders transmitted with a Participating Broker Dealer at any time during the week and before the close of regular trading (generally 4:00 p.m., Eastern Time) on a Friday that the NYSE is open for business, will be priced based on the Company's NAV calculated as of the close of trading on that Friday.

By Mail

To make an initial purchase by mail, complete an account application and mail the application, together with a check made payable to Pathway Capital Opportunity Fund, Inc. to:

Via Mail:

Pathway Capital Opportunity Fund, Inc.
c/o Stratera Investor Services
P.O. Box 219768
Kansas City, MO 64121-9768
866-655-3650

Via Express/Overnight Delivery:

Pathway Capital Opportunity Fund, Inc.
c/o Stratera Investor Services
430 West 7th Street
Kansas City, MO 64105-1407
866-655-3650

All checks must be in US Dollars drawn on a domestic bank. We will not accept payment in cash or money orders. We also do not accept cashier's checks in amounts of less than $10,000. To prevent check fraud, we will neither accept third party checks, Treasury checks, credit card checks, traveler's checks or starter checks for the purchase of shares, nor post-dated checks, postdated on-line bill pay checks, or any conditional purchase order or payment.

It is our policy not to accept applications under certain circumstances or in amounts considered disadvantageous to shareholders. We reserve the right to reject any application.

By Wire - Initial Investment

To make an initial investment in our shares, the transfer agent must receive a completed account application before an investor wires funds. Investors may mail or overnight deliver an account application to the transfer agent. Upon receipt of the completed account application, the transfer agent will establish an account. The account number assigned will be required as part of the instruction that should be provided to an investor's bank to send the wire. An investor's bank must include both our name, the account number, and the investor's name so that monies can be correctly applied. If you wish to wire money to make an investment in us, please call us at 888-655-3650 for wiring instructions and to notify us that a wire transfer is coming. Any commercial bank can transfer same-day funds via wire. We will normally accept wired funds for investment on the day received if they are received by our designated bank before the close of regular trading on the NYSE. Wired funds must be received prior to 4:00 p.m. Eastern time on Friday to be eligible for that week's pricing. Your bank may charge you a fee for wiring same-day funds. The bank should transmit funds by wire to:

ABA #: (number provided by calling toll-free number above)

Credit: (TO BE COMPLETED)

Account #: (number provided by calling toll-free number above)

Further Credit:

Pathway Capital Opportunity Fund, Inc.

(shareholder registration)

(shareholder account number)

By Wire - Subsequent Investments

Before sending a wire, investors must contact DST, our transfer agent, to advise them of the intent to wire funds. This will ensure prompt and accurate credit upon receipt of the wire. Wired funds must be received prior to 4:00 p.m. Eastern time

on Friday to be eligible for that week's pricing. We, and our agents, including the transfer agent and custodian, are not responsible for the consequences of delays resulting from the banking or Federal Reserve wire system, or from incomplete wiring instructions.

Automatic Investment Plan - Subsequent Investments

You may participate in our Automatic Investment Plan, an investment plan that automatically moves money from your bank account and invests it in our shares through the use of electronic funds transfers or automatic bank drafts. You may elect to make subsequent investments by transfers of a minimum of $100.

By Telephone

Investors may purchase additional shares of the Company by calling 888-655-3650. If an investor elected this option on the account application, and the account has been open for at least 15 days, telephone orders will be accepted via electronic funds transfer from your bank account through the Automated Clearing House (ACH) network. Banking information must be established on the account prior to making a purchase. Orders for shares received prior to 4 p.m. Eastern time on Friday will be purchased at the appropriate price calculated for that week.

Telephone trades must be received by or prior to market close. During periods of high market activity, shareholders may encounter higher than usual call waits. Please allow sufficient time to place your telephone transaction.

In compliance with the USA Patriot Act of 2001, DST, our transfer agent, will verify certain information on each account application as part of our Anti-Money Laundering Program. As requested on the application, investors must supply full name, date of birth, social security number and permanent street address. Mailing addresses containing only a P.O. Box will not be accepted.

If DST does not have a reasonable belief of the identity of a customer, the account will be rejected or the customer will not be allowed to perform a transaction on the account until such information is received. We also may reserve the right to close the account within 5 business days if clarifying information/documentation is not received.

Purchase Terms

The minimum initial purchase by an investor is $1,000. The Company reserves the right to waive investment minimums. The Company's shares are offered for sale through its Dealer Manager at net asset value plus the applicable sales load. The price of the shares during our continuous offering will fluctuate over time with the net asset value of the shares.

Share Class Considerations

When selecting a share class, you should consider the following:

- which share classes are available to you;
- how much you intend to invest;
- how long you expect to own the shares; and
- total costs and expenses associated with a particular share class.

Each investor's financial considerations are different. You should speak with your financial advisor to help you decide which share class is best for you. Not all financial intermediaries offer all classes of shares. If your financial intermediary offers more than one class of shares, you should carefully consider which class of shares to purchase.

Class A Shares

Investors purchasing Class A shares will pay a sales load based on the amount of their investment in the Company. The sales load payable by each investor depends upon the amount invested by such investor in the Company, but may range from 0.00% to 5.75%, as set forth in the table below. A reallowance to participating broker-dealers will be made by the Dealer Manager from the sales load paid by each investor. A portion of the sales load, up to 0.75%, is paid to the Company's Dealer Manager (the "Dealer Manager Fee"). The following sales loads apply to your purchases of shares of the Company:

Amount Purchased	Dealer Reallowance*	Dealer Manager Fee	Sales Load as % of Offering Price	Sales Load as % of Amount Invested
Under $100,000	5.00%	0.75%	5.75%	6.10%
$100,000-$249,999	4.00%	0.75%	4.75%	4.99%
$250,000-$499,999	3.00%	0.75%	3.75%	3.90%
$500,000-$999,999	2.00%	0.50%	2.50%	2.56%
$1,000,000 and Above	0.00%	0.00%	0.00%	0.00%**

* Gross Dealer Concession paid to participating broker-dealers.

** Selling brokers, or other financial intermediaries that have entered into selling and/or intermediary agreements with the Dealer Manager may receive a commission of up to 1.00% of the purchase price of Class A shares.

You may be able to buy Class A shares without a sales charge (i.e., “load-waived”) when you are:

- reinvesting dividends or distributions;
- a current or former director or trustee of the Company;
- an employee (including the employee’s spouse, domestic partner, children, grandchildren, parents, grandparents, siblings or any dependent of the employee, as defined in section 152 of the Internal Revenue Code) of our Adviser or its affiliates or of a broker-dealer authorized to sell our shares;
- purchasing shares through our Adviser;
- purchasing shares through a financial services firm that has a special arrangement with us; or
- participating in an investment advisory or agency commission program under which you pay a fee to an investment advisor or other firm for portfolio management or brokerage services.

In addition, concurrent purchases of Class A by related accounts may be combined to determine the application of the sales load (i.e., available breakpoints or volume discounts). We will combine purchases made by an investor, the investor’s spouse or domestic partner, and dependent children when it calculates the sales load.

It is the investor’s responsibility to determine whether a reduced sales load would apply. We are not responsible for making such determination. To receive a reduced sales load, notification must be provided at the time of the purchase order. If you purchase Class A shares directly from us, you must notify us in writing. Otherwise, notice should be provided to the Participating Broker Dealer through whom the purchase is made so they can notify us.

Right of Accumulation

For the purposes of determining the applicable reduced sales charge, the right of accumulation allows you to include prior purchases of our Class A shares as part of your current investment as well as reinvested dividends. To qualify for this option, you must be either:

- an individual;
- an individual and spouse purchasing shares for your own account or trust or custodial accounts for your minor children; or
- a fiduciary purchasing for any one trust, estate or fiduciary account, including employee benefit plans created under Sections 401, 403 or 457 of the Internal Revenue Code, including related plans of the same employer.

If you plan to rely on this right of accumulation, you must notify the Dealer Manager at the time of your purchase. You will need to give the Dealer Manager your account numbers. Existing holdings of family members or other related accounts of a shareholder may be combined for purposes of determining eligibility. If applicable, you will need to provide the account numbers of your spouse and your minor children as well as the ages of your minor children.

Letter of Intent

The letter of intent allows you to count all investments within a 13-month period in our Class A shares as if you were making them all at once for the purposes of calculating the applicable reduced sales charges. The minimum initial investment under a letter of intent is 5% of the total letter of intent amount. The letter of intent does not preclude us from discontinuing sales of its shares. You may include a purchase not originally made pursuant to a letter of intent under a letter of intent entered

into within 90 days of the original purchase. To determine the applicable sales charge reduction, you also may include the cost of our Class A shares which were previously purchased at a price including a front end sales charge during the 90-day period prior to the Dealer Manager receiving the letter of intent. You may combine purchases and exchanges by family members (limited to spouse and children, under the age of 21, living in the same household). You should retain any records necessary to substantiate historical costs because we, the transfer agent and any financial intermediaries may not maintain this information. Shares acquired through reinvestment of dividends are not aggregated to achieve the stated investment goal.

Shareholder Service Expenses

We have adopted a "Shareholder Services Plan" with respect to our Class A and Class C shares under which we may compensate financial industry professionals for providing ongoing services in respect of clients with whom they have distributed our shares. Such services may include electronic processing of client orders, electronic fund transfers between clients and us, account reconciliations with our transfer agent, facilitation of electronic delivery to clients of our documentation, monitoring client accounts for back-up withholding and any other special tax reporting obligations, maintenance of books and records with respect to the foregoing, and such other information and liaison services as we or the Adviser may reasonably request. Under the Shareholder Services Plan, we, with respect to Class A and Class C shares, may incur expenses on an annual basis equal up to 0.25% of our average net assets attributable to Class A and Class C shares, respectively.

Class C Shares

Class C shares are sold at the prevailing NAV per Class C share and are not subject to any upfront sales charge; however, the following are additional features that should be taken into account when purchasing Class C shares:

- a minimum initial investment of $1,000, and a minimum subsequent investment of at least $500 (We reserve the right to waive investment minimums);
- a monthly shareholder servicing fee at an annual rate of up to 0.25% of our average weekly net assets attributable to Class C shares;
- a Distribution Fee which will accrue at an annual rate equal to 0.75% of our average weekly net assets attributable to Class C shares; and
- an early withdrawal fee equal to 1.00% of the original purchase price of Class C shares repurchased by us for repurchases of Class C shares held less than 365 days following such shareholder's initial purchase.

The Dealer Manager pays 1% of the amount invested to broker-dealers who sell Class C shares. The Adviser or an affiliate reimburses the Dealer Manager for monies advanced to broker-dealers. Because Class C shares of the Company are sold at the prevailing NAV per Class C share without an upfront sales load, the entire amount of your purchase is invested immediately.

Shareholder Service Expenses

We have adopted a "Shareholder Services Plan" with respect to our Class A and Class C shares under which we may compensate financial industry professionals for providing ongoing services in respect of clients with whom they have distributed our shares. Such services may include electronic processing of client orders, electronic fund transfers between clients and us, account reconciliations with our transfer agent, facilitation of electronic delivery to clients of our documentation, monitoring client accounts for back-up withholding and any other special tax reporting obligations, maintenance of books and records with respect to the foregoing, and such other information and liaison services as we or the Adviser may reasonably request. Under the Shareholder Services Plan, we, with respect to Class A and Class C shares, may incur expenses on an annual basis equal up to 0.25% of our average net assets attributable to Class A and Class C shares, respectively.

Distribution Plan

We, with respect to our Class C shares, are authorized under a "Distribution Plan" to pay to the Dealer Manager a Distribution Fee for certain activities relating to the distribution of shares to investors and maintenance of shareholder accounts. These activities include marketing and other activities to support the distribution of Class C shares. The Plan operates in a manner consistent with Rule 12b-1 under the 1940 Act, which regulates the manner in which an open-end investment company may directly or indirectly bear the expenses of distributing its shares. Although we are not an open-end investment company, we have undertaken to comply with the terms of Rule 12b-1 as a condition of an exemptive order under the 1940 Act which permits it to have asset based distribution fees. Under a Distribution Plan, we pay the Dealer Manager a Distribution Fee at an annual rate of 0.75% of our average weekly net assets attributable to Class C shares.

SHARE REPURCHASE PROGRAM

In order to provide limited liquidity to its stockholders, the Company intends to offer to repurchase its outstanding shares on a quarterly basis. The Company is an interval fund and, as such, has adopted a fundamental policy to make one repurchase offer in each calendar quarter of each year at a price equal to the NAV per share of no less than 5% and no more than 25% of the shares outstanding. We refer to such repurchase as a "Mandatory Repurchase" because the Company is required to conduct this repurchase offer unless certain limited circumstances occur. There is no guarantee that stockholders will be able to sell all of the shares they desire in a Mandatory Repurchase offer because stockholders, in total, may wish to sell more than the percentage of the Company's shares being repurchased. The Company intends to maintain liquid securities, cash or access to a bank line of credit in amounts sufficient to meet the quarterly redemption offer requirements.

Mandatory Repurchases

The Company will make one Mandatory Repurchase in each calendar quarter of each year, at a price equal to the NAV per share, of no less than 5% and no more than 25% of shares outstanding, unless such repurchase is suspended or postponed in accordance with regulatory requirements (as discussed below). The offer to repurchase shares is a fundamental policy that may not be changed without the vote of the holders of a majority of the Company's outstanding voting securities (as defined in the 1940 Act). Stockholders will be notified in writing of each Mandatory Repurchase and the date the repurchase offer ends (the "Mandatory Repurchase Request Deadline"). Shares will be repurchased at the NAV per share determined as of the close of regular trading on the NYSE no later than the 14th day after the Mandatory Repurchase Request Deadline, or the next business day if the 14th day is not a business day (each a "Mandatory Repurchase Pricing Date"). Stockholders tendering Class C shares fewer than 365 days after the original purchase date may be subject to an early withdrawal charge of 1%, which will be deducted from repurchase proceeds.

Stockholders will be notified in writing about each Mandatory Repurchase offer, how they may request that the Company repurchase their shares and the Mandatory Repurchase Request Deadline, which is the date the repurchase offer ends. Shares tendered for repurchase by stockholders prior to any Repurchase Request Deadline will be repurchased subject to the aggregate repurchase amounts established for that Repurchase Request Deadline. The time between the notification to stockholders and the Repurchase Request Deadline is generally 30 days, but may vary from no more than 42 days to no less than 21 days. Payment pursuant to the repurchase will be made by checks to the stockholder's address of record, or credited directly to a predetermined bank account on the Purchase Payment Date, which will be no more than seven days after the Mandatory Repurchase Pricing Date. The Board of Directors may establish other policies for repurchases of shares that are consistent with the 1940 Act, regulations thereunder and other pertinent laws.

Determination of Mandatory Repurchase Offer Amount

The Board of Directors, in its sole discretion, will determine the number of shares that the Company will offer to repurchase (the "Mandatory Repurchase Offer Amount") for a given the Mandatory Repurchase Request Deadline. The Mandatory Repurchase Offer Amount will be no less than 5% and no more than 25% of the total number of shares outstanding on the Mandatory Repurchase Request Deadline. However, investors should not rely on Mandatory Repurchases being made in amounts in excess of 5% of Company assets.

If stockholders tender for repurchase more than the Mandatory Repurchase Offer Amount for a given Mandatory Repurchase, the Company will repurchase the shares on a pro rata basis. However, the Company may accept all shares tendered for Mandatory Repurchase by stockholders who own less than one hundred shares and who tender all of their shares, before prorating other amounts tendered. In addition, the Company will accept the total number of shares tendered in connection with required minimum distributions from an IRA or other qualified retirement plan. It is the stockholder's obligation to both notify and provide the Company supporting documentation of a required minimum distribution from an IRA or other qualified retirement plan.

Notice to Stockholders

Approximately 30 days (but no less than 21 days and more than 42 days) before each Mandatory Repurchase Request Deadline, the Company shall send to each stockholder of record and to each beneficial owner of the shares that are the subject of the repurchase offer a notification ("Stockholder Notification"). The Stockholder Notification will contain information stockholders should consider in deciding whether or not to tender their shares for Mandatory Repurchase. The notice also will include detailed instructions on how to tender shares for the Mandatory Repurchase, state the Mandatory Repurchase Offer Amount and identify the dates of the Mandatory Repurchase Request Deadline, the scheduled Mandatory Repurchase Pricing Date, and the date the repurchase proceeds are scheduled for payment (the "Mandatory Repurchase Payment Deadline"). The notice also will set forth the NAV that has been computed no more than seven days before the date of notification, and how stockholders may ascertain the NAV after the notification date.

Repurchase Price

The repurchase price of the shares will be the NAV as of the close of regular trading on the NYSE on the Mandatory Repurchase Pricing Date. You may call 888-655-3650 to learn the NAV each of the five days before the Mandatory Repurchase Pricing Date. The notice of the repurchase offer also will provide information concerning the NAV, such as the NAV as of a recent date or a sampling of recent NAVs, and a toll-free number for information regarding the Mandatory Repurchase.

Repurchase Amounts and Payment of Proceeds

Shares tendered for Mandatory Repurchase by stockholders prior to any Mandatory Repurchase Request Deadline will be repurchased subject to the aggregate Mandatory Repurchase Offer Amount established for that Mandatory Repurchase Request Deadline. Payment pursuant to the Mandatory Repurchase will be made by check to the stockholder's address of record, or credited directly to a predetermined bank account on the Purchase Payment Date, which will be no more than seven days after the Mandatory Repurchase Pricing Date. The Board of Directors may establish other policies for repurchases of shares that are consistent with the 1940 Act, regulations thereunder and other pertinent laws.

If stockholders tender for repurchase more than the Mandatory Repurchase Offer Amount for a given Mandatory Repurchase, the Company may, but is not required to, repurchase an additional amount of shares not to exceed 2.0% of the outstanding shares of the Company on the Mandatory Repurchase Request Deadline. If the Company determines not to repurchase more than the Repurchase Offer Amount, or if stockholders tender shares in an amount exceeding the Repurchase Offer Amount plus 2.0% of the outstanding shares on the Mandatory Repurchase Request Deadline, the Company will repurchase the shares on a pro rata basis. However, the Company may accept all shares tendered for repurchase by stockholders who own less than one hundred shares and who tender all of their shares, before prorating other amounts tendered.

Suspension or Postponement of Mandatory Repurchase

The Company may suspend or postpone a Mandatory Repurchase only: (a) if making or effecting the Mandatory Repurchase would cause the Company to lose its status as a RIC under the Code; (b) for any period during which the NYSE or any market on which the securities owned by the Company are principally traded is closed, other than customary weekend and holiday closings, or during which trading in such market is restricted; (c) for any period during which an emergency exists as a result of which disposal by the Company of securities owned by it is not reasonably practicable, or during which it is not reasonably practicable for the Company fairly to determine the value of its net assets; or (d) for such other periods as the SEC may by order permit for the protection of stockholders of the Company.

Liquidity Requirements

The Company must maintain liquid assets equal to the Mandatory Repurchase Offer Amount from the time that the notice is sent to stockholders until the Mandatory Repurchase Pricing Date. The Company will ensure that a percentage of its net assets equal to at least 100% of the Mandatory Repurchase Offer Amount consists of assets that can be sold or disposed of in the ordinary course of business at approximately the price at which the Company has valued the investment within the time period between the Mandatory Repurchase Request Deadline and the Mandatory Repurchase Payment Deadline. The Board of Directors has adopted procedures that are reasonably designed to ensure that the Company's assets are sufficiently liquid so that the Company can comply with the Mandatory Repurchase and the liquidity requirements described in the previous paragraph. If, at any time, the Company falls out of compliance with these liquidity requirements, the Board of Directors will take whatever action it deems appropriate to ensure compliance.

Consequences of Mandatory Repurchases

Mandatory Repurchases will typically be funded from available cash or access to a bank line of credit in amounts sufficient to meet the quarterly redemption offer requirements. Payment for repurchased shares, however, may require the Company to liquidate portfolio holdings earlier than the Adviser otherwise would, thus increasing the Company's portfolio turnover and potentially causing the Company to realize losses. The Adviser intends to take measures to attempt to avoid or minimize such potential losses and turnover, and instead of liquidating portfolio holdings, may borrow money to finance repurchases of shares. If the Company borrows to finance repurchases, interest on that borrowing will negatively affect stockholders who do not tender their shares in a Mandatory Repurchase by increasing the Company's expenses and reducing any net investment income. To the extent the Company finances repurchase amounts by selling Company investments, the Company may hold a larger proportion of its assets in less liquid securities. The sale of portfolio securities to fund Mandatory Repurchases also could reduce the market price of those underlying securities, which in turn would reduce the Company's NAV. In addition, the Company may sell portfolio securities at an inopportune time and may suffer losses or unexpected tax liabilities.

Repurchase of the Company's shares will tend to reduce the amount of outstanding shares and, depending upon the Company's investment performance, its net assets. A reduction in the Company's net assets would increase the Company's expense ratio, to the extent that additional shares are not sold and expenses otherwise remain the same (or increase). In addition, the repurchase of shares by the Company will be a taxable event to stockholders.

The Company is intended as a long-term investment. The Mandatory Repurchase is the only means of liquidity through which stockholders have a right to redeem their shares, subject to a limited number of extenuating circumstances. Stockholders have no rights to redeem or transfer their shares, other than limited rights of a stockholder's descendants to redeem shares in the event of such stockholder's death pursuant to certain conditions and restrictions. The shares are not traded on a national securities exchange and no secondary market exists for the shares, nor does the Company expect a secondary market for its shares to exist in the future.

Early Withdrawal Charge

Stockholders who tender Class C shares for repurchase through a Mandatory Repurchase request within 365 days of purchase may be subject to an early withdrawal charge of 1% of the original purchase price of the shares, which will be deducted from the repurchase proceeds of Class C shares if (i) the original purchase was for amounts of under $1 million and (ii) the selling broker received the reallowance of the dealer-manager fee. The Dealer Manager may waive the imposition of the early withdrawal charge in the following situations: (1) Stockholder death or (2) Stockholder disability. The early withdrawal charge may also be waived in connection with a number of additional circumstances, including the following repurchases of shares held by employer sponsored benefit plans: (i) repurchases to satisfy participant loan advances; (ii) repurchases in connection with distributions qualifying under the hardship provisions of the Code; and (iii) repurchases representing returns of excess contributions to such plans. Any such waiver does not imply that the early withdrawal charge will be waived at any time in the future or that such early withdrawal charge will be waived for any other Stockholder. Class A shares are not expected to be subject to an early withdrawal charge on any repurchases of shares.

CUSTODIAN, TRANSFER AND DISTRIBUTION PAYING AGENT AND REGISTRAR

Our securities are held under a custody agreement by U.S. Bank National Association. The address of the custodian is: 1719 Range Way, Florence, South Carolina 29501. DST Systems, Inc. will act as our transfer agent, distribution paying agent and registrar. The principal business address of our transfer agent is 430 W. 7th Street, Kansas City, Missouri 64105, telephone number: (866) 655-3650.

LEGAL MATTERS

Certain legal matters in connection with the offering will be passed upon for us by Eversheds Sutherland (US) LLP, Washington, D.C. and Venable LLP, Baltimore, Maryland.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

BDO USA, LLP, is the independent registered public accounting firm of the Company.

AVAILABLE INFORMATION

We have filed with the SEC a registration statement on Form N-2, together with all amendments and related exhibits, under the Securities Act, with respect to our shares offered by this prospectus. The registration statement contains additional information about us and our shares being offered by this prospectus, including a SAI. The SAI, as it may be amended from time to time, is incorporated by reference herein to this prospectus. For your reference, the SAI discusses the following topics:

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS
CONTROL PERSONS AND PRINCIPAL STOCKHOLDERS
REGULATION
BROKERAGE ALLOCATION AND OTHER PRACTICES
FINANCIAL STATEMENTS

We are required to file with or submit to the SEC annual, semi-annual and quarterly reports, proxy statements and other information meeting the informational requirements of the Exchange Act. You may inspect and copy these reports, proxy statements and other information, as well as the registration statement and related exhibits and schedules, at the Public Reference Room of the SEC at 100 F Street, N.E., Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site that contains reports, proxy and information statements and other information filed electronically by us with the SEC, which are available on the SEC's website at *www.sec.gov*. Copies of these reports, proxy and information statements and other information may be obtained, after paying a duplicating fee, by electronic request at the following e-mail address: publicinfo@sec.gov, or by writing the SEC's Public Reference Section, 100 F Street, N.E., Washington, D.C. 20549. This information will also be available free of charge by contacting us at 10 East 40th Street, 42nd Floor, New York, New York, 10016, or by telephone at (212) 448-0702 or on our website at *www.pathwaycapitalfund.com*.

PRIVACY NOTICE

We are committed to protecting your privacy. This privacy notice, which is required by federal law, explains the privacy policies of Pathway Capital Opportunity Fund, Inc. and its affiliated companies. This notice supersedes any other privacy notice you may have received from Pathway Capital Opportunity Fund, Inc.

We will safeguard, according to strict standards of security and confidentiality, all information we receive about you. The only information we collect from you is your name, date of birth, address, citizenship status (and country of origin, if applicable), number of shares you hold and your social security number. This information is used only so that we can register your shares, send you periodic reports and other information about us, and send you proxy statements or other information required by law.

We do not share this information with any non-affiliated third-party except as described below.

- *Authorized personnel of our Adviser.* It is our policy that only authorized personnel of our Adviser who need to know your personal information will have access to it.
- *Service providers.* We may disclose your personal information to companies that provide services on our behalf, such as record keeping, processing your trades and mailing you information. These companies are required to protect your information and use it solely for the purpose for which they received it.
- *Courts and government officials.* If required by law, we may disclose your personal information in accordance with a court order or at the request of government regulators. Only that information required by law, subpoena or court order will be disclosed.

You should rely only on the information contained in this prospectus. No dealer, salesperson or other individual has been authorized to give any information or to make any representations that are not contained in this prospectus. If any such information or statements are given or made, you should not rely upon such information or representation. This prospectus does not constitute an offer to sell any securities other than those to which this prospectus relates, or an offer to sell, or a solicitation of an offer to buy, to any person in any jurisdiction where such an offer or solicitation would be unlawful. This prospectus speaks as of the date set forth above. You should not assume that the delivery of this prospectus or that any sale made pursuant to this prospectus implies that the information contained in this prospectus will remain fully accurate and correct as of any time subsequent to the date of this prospectus.

Shares of Common Stock

of

PROSPECTUS

October 31, 2017

Provasi Capital Partners LP