

MONROE CAPITAL Corp  
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**PROSPECTUS SUPPLEMENT**  
**(To Prospectus dated April 28, 2017)**

**Monroe Capital Corporation**

**\$50,000,000**

**Common Stock**

We are a specialty finance company focused on providing financing primarily to lower middle-market companies in the United States and Canada. We are an externally managed, closed-end, non-diversified management investment company that has elected to be regulated as a business development company under the Investment Company Act of 1940, as amended. Our investment objective is to maximize the total return to our stockholders in the form of current income and capital appreciation through investment in senior, unitranche and junior secured debt and, to a lesser extent, unsecured subordinated debt and equity investments. We use our extensive leveraged finance origination infrastructure and broad expertise in sourcing loans to invest in primarily senior, unitranche and junior secured debt of middle-market companies.

We invest in securities that are rated below investment grade by rating agencies or that would be rated below investment grade if they were rated. Below investment grade securities are often referred to as high yield or junk. In addition, many of the debt securities we hold do not fully amortize prior to maturity, which heightens the risk that we may lose all or a part of our investment.

Monroe Capital BDC Advisors, LLC serves as our investment advisor. Monroe Capital Management Advisors, LLC serves as our administrator. Each of Monroe Capital BDC Advisors, LLC and Monroe Capital Management Advisors, LLC is affiliated with Monroe Capital, LLC, a leading lender to middle-market companies.

We have entered into separate equity distribution agreements, each dated May 12, 2017, with FBR Capital Markets & Co. ( FBR ) and JMP Securities LLC ( JMP Securities ). FBR, together with JMP Securities, are herein referred to individually as a Sales Agent and together, the Sales Agents. The equity distribution agreement with JMP Securities and the equity distribution agreement with FBR relate to the shares of common stock offered by this prospectus supplement and the accompanying prospectus. The equity distribution agreements provide that we may offer and sell up to \$50,000,000 of our common stock from time to time through the Sales Agents in negotiated transactions or transactions that are deemed to be at the market offerings, as defined in Rule 415 under the Securities Act of 1933, as amended. As of the date of this prospectus supplement, we have not sold any shares of our common stock under the equity distribution agreements.

Our common stock is listed on The Nasdaq Global Select Market under the symbol MRCC. On August 14, 2017, the last reported sale price of our stock on The Nasdaq Global Select Market was \$14.36 per share. Our net asset value as of June 30, 2017 was \$14.05 per share.

Under the terms of the equity distribution agreements, the Sales Agents will receive a commission from us of up to 2.0% of the gross sales price of any shares of our common stock sold through the Sales Agents under the equity distribution agreements. The Sales Agents are not required to sell any specific number or dollar amount of common stock, but will use their commercially reasonable efforts consistent with their sales and trading practices to sell the shares of our common stock offered by this prospectus supplement and the accompanying prospectus. For all fees and expenses paid to the Sales Agents, see Plan of Distribution beginning on page S-42 of this prospectus supplement.

**Shares of closed-end investment companies, including business development companies, frequently trade at a discount to their net asset value. If our shares trade at a discount to our net asset value, it will likely increase the risk of loss for purchasers in this offering.** On June 21, 2017, our stockholders voted to allow us to issue common stock at a price below net asset value per share for a period of twelve months subject to certain conditions. Sales of common stock at prices below net asset value per share dilute the interests of existing stockholders, have the effect of reducing our net asset value per share and may reduce our market price per share. In addition, continuous sales of common stock below net asset value may have a negative impact on total returns and could have a negative impact on the market price of our shares of common stock. See Sale of Common Stock Below Net Asset Value in this prospectus supplement and Risk Factors and Sales of Common Stock Below Net Asset Value in the accompanying prospectus.

**An investment in our securities is subject to risks, including a risk of total loss of investment. In addition, the companies in which we invest are subject to special risks. We are an emerging growth company under the federal securities laws and are subject to reduced public company reporting requirements. Substantially all of the debt instruments in which we invest (i) have and will have variable interest rate provisions that may make it more difficult for borrowers to make debt repayments to us in a rising interest rate environment and (ii) will likely have a principal amount outstanding at maturity, that may lead to a substantial loss to us if the borrower is unable to refinance or repay. See Risk Factors beginning on page 13 of the accompanying prospectus to read about factors you should consider, including the risk of leverage, before investing in our securities.**

This prospectus supplement and the accompanying prospectus contain important information you should know before investing. Please read it before you invest and keep it for future reference. We file annual, quarterly and current reports, proxy statements and other information about us with the Securities and Exchange Commission, or the SEC. This information is available free of charge by contacting us at 311 South Wacker Drive, Suite 6400, Chicago, Illinois 60606, Attention: Investor Relations, by calling us collect at (312) 258-8300, or on our website at [www.monroebdc.com](http://www.monroebdc.com). The SEC also maintains a website at [www.sec.gov](http://www.sec.gov) that contains such information.

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

FBR

JMP Securities

Prospectus supplement dated August 15, 2017

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## ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering of the common stock and also adds to and updates information contained in the accompanying prospectus.

The second part is the accompanying prospectus, which gives more general information and disclosures. For information about our common stock see *Description of Our Capital Stock* in the accompanying prospectus.

To the extent information differs between this prospectus supplement and the accompanying prospectus, you should rely only on such information in this prospectus supplement. You should read this prospectus supplement and the accompanying prospectus together with the additional information described under the heading *Available Information* before investing in our common stock.

**You should rely only on the information contained in this prospectus supplement and the accompanying prospectus. We have not, and FBR and JMP Securities have not, authorized any other person to provide you with different or additional information. If anyone provides you with different or additional information, you should not rely on it. We are not, and FBR and JMP Securities are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement and the accompanying prospectus is accurate only as of their respective dates, regardless of the time of delivery of this prospectus supplement and the accompanying prospectus or any sales of the securities. Our business, financial condition, results of operations and prospects may have changed since those dates.**

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## SUMMARY

*This summary highlights some of the information in this prospectus supplement. This summary is not complete and may not contain all of the information that you may want to consider before investing in our common stock. You should read this entire prospectus supplement and the accompanying prospectus carefully, including, in particular, the more detailed information set forth under Risk Factors and Management's Discussion and Analysis of Financial Condition and Results of Operations.*

**As used in this prospectus supplement, except as otherwise indicated, the terms:**

*we, us and our refer to Monroe Capital Corporation, a Maryland corporation; MC Advisors refers to Monroe Capital BDC Advisors, LLC, our investment advisor and a Delaware limited liability company; MC Management refers to Monroe Capital Management Advisors, LLC, our administrator and a Delaware limited liability company; Monroe Capital refers to Monroe Capital LLC, a Delaware limited liability company, and its subsidiaries and affiliates; MRCC SBIC refers to Monroe Capital Corporation SBIC, LP, a Delaware limited partnership, our wholly-owned subsidiary that operates as a small business investment company pursuant to a license received from the United States Small Business Administration; and LIBOR refers to the one-month, three-month or six-month London Interbank Offered Rate as reported by the British Bankers Association. Unless stated otherwise herein, LIBOR refers to the one-month rate.*

### Monroe Capital Corporation

We are an externally managed, closed-end, non-diversified management investment company that has elected to be regulated as a business development company under the Investment Company Act of 1940, as amended, or the 1940 Act, and that has elected to be treated as a regulated investment company, or RIC, for tax purposes under the U.S. Internal Revenue Code of 1986, as amended, or the Code, commencing with our taxable year ended December 31, 2012. We provide customized financing solutions to lower middle-market companies in the United States and Canada focused primarily on senior secured, junior secured and unitranche (a combination of senior secured and junior secured debt in the same facility in which we syndicate a first out portion of the loan to an investor and retain a last out portion of the loan) debt and, to a lesser extent, unsecured subordinated debt and equity, including equity co-investments in preferred and common stock and warrants.

Our investment objective is to maximize the total return to our stockholders in the form of current income and capital appreciation through investment in senior, unitranche and junior secured debt and, to a lesser extent, unsecured subordinated debt and equity investments. We seek to use our extensive leveraged finance origination infrastructure and broad expertise in sourcing loans to invest in primarily senior, unitranche and junior secured debt of middle-market companies. We believe that our primary focus on lending to lower middle-market companies offers several advantages as compared to lending to larger companies, including more attractive economics, lower leverage, more comprehensive and restrictive covenants, more expansive events of default, relatively small debt facilities that provide us with enhanced influence over our borrowers, direct access to borrower management and improved information flow.

In this prospectus supplement and the accompanying prospectus, the term middle-market generally refers to companies having annual revenue of between \$20 million and \$500 million and/or annual earnings before interest,

taxes, depreciation and amortization, or EBITDA, of between \$3 million and \$50 million. Within the middle-market, we consider companies having annual revenues of less than \$250 million and/or EBITDA of less than \$25 million to be in the lower middle-market.

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## Portfolio Update

Since the consummation of the initial public offering in October 2012, we have grown the fair value of our portfolio of investments to approximately \$445.5 million as of June 30, 2017. As of June 30, 2017, our portfolio consisted of 67 different portfolio companies, comprised of approximately 78.8% senior secured debt, 8.4% unitranche secured debt, 8.5% junior secured debt and 4.3% equity securities. As of June 30, 2017, the weighted average annualized effective yield on portfolio investments (which represents the expected annualized effective yield to be generated by us on our portfolio based on the composition of our portfolio as of such date) prior to leverage was 9.6% based on the par value of our debt investments and the cost basis of our preferred equity investments. For the six months ended June 30, 2017, our total return based on net asset value was 1.41% and our total return based on market value was 3.58%.

Our weighted average annualized effective yield on portfolio investments may be higher than an investor's yield on an investment in shares of our common stock. The weighted average annualized effective yield on portfolio investments is a metric on the investment portfolio alone and does not represent a return to stockholders. This metric is not inclusive of our fees and expenses, the impact of leverage on the portfolio or sales load that may be paid by investors.

In addition, total return figures disclosed above do not consider the effect of any sales load that may be incurred in connection with the sale of shares of our common stock. Our estimated weighted average annualized effective yield on portfolio investments and total return based on net asset value do not represent actual investment returns to stockholders. Our weighted average annualized effective yield on portfolio investments and total return figures are subject to change and, in the future, may be greater or less than the rates set forth above. See **Risk Factors** in the accompanying prospectus for a discussion of the uncertainties, risks and assumptions associated with these statements. See footnotes 4, 5 and 6 to the table included in **Selected Consolidated Financial Data** for information regarding the calculation of our total return based on market value, total return based on average net asset value, and weighted average annualized effective yield on portfolio investments, respectively.

## Our Investment Advisor

Our investment activities are managed by our investment advisor, MC Advisors. MC Advisors is responsible for sourcing potential investments, conducting research and due diligence on prospective investments and their private equity sponsors, analyzing investment opportunities, structuring our investments and managing our investments and portfolio companies on an ongoing basis. MC Advisors was organized in February 2011 and is a registered investment adviser under the Investment Advisers Act of 1940, as amended, or the Advisers Act.

Under the investment advisory and management agreement with MC Advisors, or the Investment Advisory Agreement, we pay MC Advisors a base management fee and an incentive fee for its services. See **Management and Other Agreements** Investment Advisory Agreement Management and Incentive Fee for a discussion of the base management fee and incentive fee payable by us to MC Advisors. While not expected to review or approve each investment, our independent directors periodically review MC Advisors' services and fees as well as its portfolio management decisions and portfolio performance. In connection with these reviews, our independent directors consider whether our fees and expenses (including those related to leverage) remain appropriate.

MC Advisors seeks to capitalize on the significant deal origination, credit underwriting, due diligence, investment structuring, execution, portfolio management and monitoring experience of Monroe Capital's investment professionals.

The senior management team of Monroe Capital, including Theodore L. Koenig and Aaron D. Peck, provides investment services to MC Advisors pursuant to a staffing agreement, or the Staffing Agreement, between MC Management, an affiliate of Monroe Capital, and MC Advisors. Messrs. Koenig and Peck have developed a broad network of contacts within the investment community and average more than 25 years of experience investing in debt

and equity securities of lower middle-market companies. In addition, Messrs. Koenig and Peck have extensive experience investing in assets that constitute our primary focus and have expertise in investing throughout all periods of the economic cycle. MC Advisors is an affiliate of Monroe Capital and is supported by experienced investment professionals of Monroe Capital under the terms of the Staffing Agreement. Monroe Capital's core team of investment professionals has an established track record in sourcing, underwriting, executing and monitoring transactions. From Monroe Capital's formation in

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2004 through June 30, 2017, Monroe Capital's investment professionals invested in over 1,100 loan and related investments with an aggregate principal value of over \$7.0 billion.

In addition to their roles with Monroe Capital and MC Advisors, Messrs. Koenig and Peck serve as interested directors of ours. Mr. Koenig has more than 25 years of experience in structuring, negotiating and closing transactions on behalf of asset-backed lenders, commercial finance companies, financial institutions and private equity investors at organizations including Monroe Capital, which Mr. Koenig founded in 2004, and Hilco Capital LP, where he led investments in over 20 companies in the lower middle-market. Mr. Peck has more than 20 years of public company management, leveraged finance and commercial lending experience at organizations including Deerfield Capital Management LLC, Black Diamond Capital Management LLC and Salomon Smith Barney Inc.

Messrs. Koenig and Peck are joined on the investment committee of MC Advisors by Michael J. Egan and Jeremy T. VanDerMeid, each of whom is a senior investment professional at Monroe Capital. Mr. Egan has more than 25 years of experience in commercial finance, credit administration and banking at organizations including Hilco Capital, The CIT Group/Business Credit, Inc., The National Community Bank of New Jersey (The Bank of New York) and KeyCorp. Mr. VanDerMeid has more than 15 years of lending and corporate finance experience at organizations including Morgan Stanley Investment Management, Dymas Capital Management Company, LLC and Heller Financial.

## **About Monroe Capital**

Monroe Capital, a Delaware limited liability company that was founded in 2004, is a leading lender to middle-market companies. As of June 30, 2017, Monroe Capital had approximately \$4.5 billion in assets under management. Monroe Capital has maintained a continued lending presence in the lower middle-market throughout the most recent economic downturn. The result is an established lending platform that we believe generates consistent primary and secondary deal flow from a network of proprietary relationships and additional deal flow from a diverse portfolio of over 425 current investments. From Monroe Capital's formation in 2004 through June 30, 2017, Monroe Capital's investment professionals invested in over 1,100 loan and related investments with an aggregate principal value of over \$7.0 billion. The senior investment team of Monroe Capital averages more than 20 years of experience and has developed a proven investment and portfolio management process that has performed through multiple market cycles. In addition, Monroe Capital's investment professionals are supported by administrative and back-office personnel focused on operations, finance, legal and compliance, accounting and reporting, marketing, information technology and office management.

## **Market Opportunity**

We invest primarily in senior, unitranche and junior secured debt issued to lower middle-market companies in the United States and, to a lesser extent and in accordance with the limitations on foreign investments in the 1940 Act, Canada. We believe that U.S. and Canadian lower middle-market companies comprise a large, growing and fragmented market that offers attractive financing opportunities. We believe that there exists a large number of prospective lending opportunities for lenders, which should allow us to generate substantial investment opportunities and build an attractive portfolio of investments.

## **Investment Strategy**

Our investment objective is to maximize the total return to our stockholders in the form of current income and capital appreciation primarily through investments in senior, unitranche and junior secured debt and, to a lesser extent, unsecured subordinated debt and equity. We also seek to invest opportunistically in attractively priced, broadly syndicated loans, which should enhance our geographic and industry portfolio diversification and increase our portfolio's liquidity. We do not target any specific industry, however, as of June 30, 2017, our investments in the banking, finance, insurance & real estate and healthcare & pharmaceuticals industries represented approximately 13.9%, and 12.7%, respectively, of the fair value of our portfolio. To achieve our investment objective, we utilize the following investment strategy:

***Attractive Current Yield on Investment Portfolio.*** We believe our sourcing network allows us to enter into transactions with attractive yields and investment structures. Based on current market conditions and our

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pipeline of new investments, we expect our target directly originated senior and unitranche secured debt will have an average maturity of three to five years and interest rates of 8% to 13%, and we expect our target directly originated junior secured debt and unsecured subordinated debt will have an average maturity of four to seven years and interest rates of 10% to 15%. In addition, based on current market conditions and our pipeline of new investments, we expect that our target debt investments will typically have a variable coupon (with a LIBOR floor) and may include payment-in-kind, or PIK, interest (interest that is not received in cash, but added to the principal balance of the loan), and that we will typically receive upfront closing fees of 1% to 4%. We may also receive warrants or other forms of upside equity participation. Our transactions are generally secured and supported by a lien on all assets and/or a pledge of company stock in order to provide priority of return and to influence any corporate actions. Although we will target investments with the characteristics described in this paragraph, we cannot assure you that our new investments will have these characteristics and we may enter into investments with different characteristics as the market dictates. For a description of the characteristics of our current investment portfolio, see Management's Discussion and Analysis of Financial Condition and Results of Operations Portfolio and Investment Activity. Until investment opportunities can be found, we may invest our undeployed capital in cash, cash equivalents, U.S. government securities and high-quality debt investments that mature in one year or less from the date of investment. These temporary investments may have lower yields than our other investments and, accordingly, may result in lower distributions, if any, during such period. See Use of Proceeds.

***Sound Portfolio Construction.*** We strive to exercise discipline in portfolio creation and management and to implement effective governance throughout our business. Monroe Capital has been, and MC Advisors, which is comprised of substantially the same investment professionals who have operated Monroe Capital, is, and we believe will continue to be, conservative in the underwriting and structuring of covenant packages in order to enable early intervention in the event of weak financial performance by a portfolio company. We seek to pursue lending opportunities selectively and to maintain a diversified portfolio. We believe that exercising disciplined portfolio management through continued intensive account monitoring and timely and relevant management reporting allows us to mitigate risks in our debt investments. In addition, we have implemented rigorous governance processes through segregation of duties, documented policies and procedures and independent oversight and review of transactions, which we believe helps us to maintain a low level of non-performing loans. We believe that Monroe Capital's proven process of thorough origination, conservative underwriting, due diligence and structuring, combined with careful account management and diversification, enabled it to protect investor capital, and we believe MC Advisors follows and will follow the same philosophy and processes in originating, structuring and managing our portfolio investments.

***Predictability of Returns.*** Beyond conservative structuring and protection of capital, we seek a predictable exit from our investments. We seek to invest in situations where there are a number of potential exit options that can result in full repayment or a modest refinance of our investment. We seek to structure the majority of our transactions as secured loans with a covenant package that provides for full or partial repayment upon the completion of asset sales and restructurings. Because we seek to structure these transactions to provide for contractually determined, periodic payments of principal and interest, we are less likely to depend on merger and acquisition activity or public equity markets to exit our debt investments. As a result, we believe that we can achieve our target returns even in a period when public markets are depressed.

## **Competitive Strengths**

We believe that we represent an attractive investment opportunity for the following reasons:

***Deep, Experienced Management Team.*** We are managed by MC Advisors, which has access through the Staffing Agreement to Monroe Capital's experienced team comprised of over 70 professionals, including seven senior partners

that average more than 25 years of direct lending experience. We are led by our Chairman and Chief Executive Officer, Theodore L. Koenig, and Aaron D. Peck, our Chief Financial Officer and Chief Investment Officer. This extensive experience includes the management of investments with borrowers of varying credit profiles and transactions completed in all phases of the credit cycle. Monroe Capital's senior investment professionals provide us with a difficult-to-replicate sourcing network and a broad range of transactional, financial, managerial and investment skills. This expertise and experience is supported by administrative and back office personnel focused on operations, finance, legal and compliance, accounting and reporting, marketing, information technology and office management.

From Monroe Capital's formation in

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2004 through June 30, 2017, Monroe Capital's investment professionals invested in more than 1,100 loan and related investments with an aggregate principal value of over \$7.0 billion.

***Differentiated Relationship-Based Sourcing Network.*** We believe Monroe Capital's senior investment professionals benefit from extensive relationships with commercial banks, private equity firms, financial intermediaries, management teams and turn-around advisors. We believe that this broad sourcing network differentiates us from our competitors and offers us a diversified origination approach that does not rely on a single channel and offers us consistent deal flow throughout the economic cycle. We also believe that this broad network allows us to originate a substantial number of non-private equity-sponsored investments.

***Extensive Institutional Platform for Originating Middle-Market Deal Flow.*** Monroe Capital's broad network of relationships and significant origination resources enable us to review numerous lending opportunities, permitting us to exercise a high degree of selectivity in terms of loans to which we ultimately commit. Monroe Capital estimates that it reviewed approximately 2,000 investment opportunities during 2016. Monroe Capital's over 1,100 previously executed transactions, over 425 of which are with current borrowers, offer us another source of deal flow, as these debt investments reach maturity or seek refinancing. As of June 30, 2017, Monroe Capital had a pipeline of more than 250 transactions for an aggregate potential deal volume of greater than \$5.0 billion for all funds under management. We are also positioned to benefit from Monroe Capital's established brand name, strong track record in partnering with industry participants and reputation for closing deals on time and as committed. Monroe Capital's senior investment professionals are complemented by extensive experience in capital markets transactions, risk management and portfolio monitoring.

***Disciplined, Credit-First Underwriting Process.*** Monroe Capital has developed a systematic underwriting process that applies a consistent approach to credit review and approval, with a focus on evaluating credit first and then appropriately assessing the risk-reward profile of each loan. MC Advisors' assessment of credit outweighs pricing and other considerations, as we seek to minimize potential credit losses through effective due diligence, structuring and covenant design. MC Advisors seeks to customize each transaction structure and financial covenant to reflect risks identified through the underwriting and due diligence process. We also seek to actively manage our origination and credit underwriting activities through personal visits and calls on all parties involved with an investment, including the management team, private equity sponsors, if any, and other lenders.

***Established Credit Risk Management Framework.*** We seek to manage our credit risk through a well-defined portfolio strategy and credit policy. In terms of credit monitoring, MC Advisors assigns each loan to a particular portfolio management professional and maintains an internal credit rating analysis for all loans. MC Advisors then employs ongoing review and analysis, together with monthly investment committee meetings to review the status of certain complex and challenging loans and a comprehensive quarterly review of all loan transactions. MC Advisors' investment professionals also have significant turnaround and debt work-out experience, which gives them perspective on the risks and possibilities throughout the entire credit cycle. We believe this careful approach to investment and monitoring enables us to identify problems early and gives us an opportunity to assist borrowers before they face difficult liquidity constraints. By anticipating possible negative contingencies and preparing for them, we believe that we diminish the probability of underperforming assets and loan losses.

## **Credit Facility**

We have a credit facility with ING Capital LLC, or the Lender, as agent, which currently consists of a revolving line of credit of \$200.0 million, which may be increased to up to \$300.0 million pursuant to an accordion feature.





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We may make draws under the revolver from time-to-time through December 2019 to make or purchase additional investments or for general working capital purposes until the maturity date of the credit facility, or the earliest to occur of (a) December 14, 2020, subject to extension as mutually agreed by us and the Lender, (b) the termination of the facility in accordance with its terms or (c) any other date mutually agreed to by us and the Lender. The revolving credit facility is secured by a lien on all of our assets, including cash on hand, but excluding the assets of our wholly-owned subsidiary, MRCC SBIC. The material terms of the credit facility are as follows:

total borrowing capacity currently equal to \$200.0 million and up to \$300.0 million pursuant to an accordion feature, subject to, among other things, availability under a defined borrowing base, which varies based on our portfolio characteristics and certain eligibility criteria and concentration limits, as well as valuation methodologies; an interest rate equal to, at our election, (a) LIBOR (one-month, two-month, three-month or six-month at our discretion based on the term of the borrowing) plus 2.75% per annum, or (b) a daily rate equal to 2.00% per annum plus the greater of the prime interest rate, the federal funds rate plus 0.5% or LIBOR plus 1.0%; the LIBOR rate on the revolving credit facility was reduced to LIBOR plus 2.75% from LIBOR plus 3.00% in conjunction with our capital raise on June 9, 2017, as net worth (excluding investments in MRCC SBIC) exceeded \$225.0 million; in addition to the stated interest rate on borrowings under the revolving credit facility, we are required to pay a fee of 0.5% per annum on any unused portion of the revolving credit facility if the unused portion of the facility is less than 65% of the then available maximum borrowing or a fee of 1.0% per annum on any unused portion of the revolving credit facility if the unused portion of the facility is greater than or equal to 65% of the then available maximum borrowing; and

customary financial covenants and negative covenants and events of default.

As of June 30, 2017, we had U.S. dollar borrowings of \$91.5 million and non-U.S. dollar borrowings denominated in Great Britain pounds of £1.8 million (\$2.3 million in U.S. dollars) under our revolving credit facility and availability of \$106.2 million.

## **MRCC SBIC**

On February 28, 2014, our wholly-owned subsidiary, MRCC SBIC, received a license from the U.S. Small Business Administration ( SBA ) to operate as a Small Business Investment Company ( SBIC ) under Section 301(c) of the Small Business Investment Company Act of 1958. MRCC SBIC commenced operations on September 16, 2013. As our wholly-owned subsidiary, MRCC SBIC relies on one or more exclusions from the definition of investment company under the 1940 Act and does not elect to be regulated as business development company under the 1940 Act. MRCC SBIC has an investment objective substantially similar to ours and makes similar types of investments in accordance with SBIC regulations.

As of June 30, 2017, MRCC SBIC had \$57.6 million in leveragable capital (approximately 12.4% of our total assets) and \$85.6 million in SBA-guaranteed debentures outstanding. On April 13, 2016, MRCC SBIC was approved by the SBA for an additional \$75.0 million in SBA-guaranteed debentures, for a total of \$115.0 million in available debentures.

We have received exemptive relief from the SEC to permit us to exclude the debt of our SBIC subsidiary guaranteed by the SBA from the definition of senior securities for the purposes of the 200% asset coverage ratio we are required to maintain under the 1940 Act, which provides us with increased flexibility, but also increases our risks associated with leverage.

## **Operating and Regulatory Structure**

Our investment activities are managed by MC Advisors under the direction of our board of directors, a majority of whom are independent of us, MC Advisors and our and its respective affiliates.

As a business development company, we are required to comply with certain regulatory requirements. For example, while we are permitted to finance investments using leverage, which may include the issuance of notes, other borrowings and shares of preferred stock, our ability to use leverage is limited in significant

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respects. See Regulation in the accompanying prospectus. Any decision on our part to use leverage will depend upon our assessment of the attractiveness of available investment opportunities in relation to the costs and perceived risks of such leverage. The use of leverage to finance investments creates certain risks and potential conflicts of interest. See Risk Factors Risks Relating to Our Business and Structure We maintain a revolving credit facility and may use other borrowed funds to make investments or fund our business operations, which exposes us to risks typically associated with leverage and increases the risk of investing in us in the accompanying prospectus.

Also, as a business development company, we are generally prohibited from acquiring assets other than qualifying assets unless, after giving effect to any acquisition, at least 70% of our total assets are qualifying assets. Qualifying assets generally include securities of eligible portfolio companies, cash, cash equivalents, U.S. government securities and high-quality debt instruments maturing in one year or less from the time of investment. Under the rules of the 1940 Act, eligible portfolio companies include (a) private domestic operating companies, (b) public domestic operating companies whose securities are not listed on a national securities exchange (*e.g.*, The Nasdaq Global Market) or registered under the Securities Exchange Act of 1934, as amended, or the Exchange Act, and (c) public domestic operating companies having a market capitalization of less than \$250 million. Public domestic operating companies whose securities are quoted on the over-the-counter bulletin board or through Pink Sheets LLC are not listed on a national securities exchange and therefore are eligible portfolio companies. See Regulation in the accompanying prospectus. Additionally, to the extent we invest in the securities of companies domiciled in or with their principal places of business outside of the United States, we seek to limit those investments to companies domiciled or with their principal place of business in Canada. Any investments in Canadian companies will not be qualifying assets, meaning that in accordance with the 1940 Act, we cannot invest more than 30% of our assets in Canadian securities and other non-qualifying assets.

We have elected to be treated for U.S. federal income tax purposes as a RIC under the Code. In order to continue to qualify to be treated as a RIC, we must satisfy certain source of income, asset diversification and distribution requirements. See Material U.S. Federal Income Tax Considerations in the accompanying prospectus.

## **Conflicts of Interests**

Subject to certain 1940 Act restrictions on co-investments with affiliates, MC Advisors has agreed to offer us the right to participate in all investment opportunities that it determines are appropriate for us in view of our investment objective, policies and strategies and other relevant factors. These offers are subject to the exception that, in accordance with MC Advisors' conflict of interest and allocation policies, we might not participate in each individual opportunity but are entitled, on an overall basis, to participate equitably with other entities sponsored or managed by MC Advisors and its affiliates.

Affiliates of MC Advisors manage other assets in four closed-end funds, two additional small business investment companies and nine private funds that also have an investment strategy focused primarily on senior, unitranche, and junior secured debt and, to a lesser extent, unsecured subordinated debt to lower middle-market companies. In addition, MC Advisors and/or its affiliates may manage other entities in the future with an investment focus similar to ours. To the extent that we compete with entities managed by MC Advisors or any of its affiliates for a particular investment opportunity, MC Advisors seeks to allocate investment opportunities across the entities for which such opportunities are appropriate, consistent with (a) its internal conflict of interest and allocation policies, (b) the requirements of the Advisers Act and (c) certain restrictions under the 1940 Act and rules thereunder regarding co-investments with affiliates. MC Advisors' allocation policies are intended to ensure that we may generally share equitably with other investment funds or other investment vehicles managed by MC Advisors or its affiliates in investment opportunities, particularly those involving a security with limited supply or involving differing classes of

securities of the same issuer, which may be suitable for us and such other investment funds or other investment vehicles.

MC Advisors and/or its affiliates may in the future sponsor or manage investment funds, accounts or other investment vehicles with similar or overlapping investment strategies, and MC Advisors has put in place a conflict-resolution policy that addresses the co-investment restrictions set forth under the 1940 Act. MC Advisors seeks to ensure an equitable allocation of investment opportunities when we are able to invest

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alongside other accounts managed by MC Advisors and its affiliates. We received exemptive relief from the SEC on October 15, 2014 that permits us greater flexibility relating to co-investments, subject to certain conditions. When we invest alongside such other accounts as permitted under the 1940 Act, pursuant to SEC staff interpretations or our exemptive relief from the SEC that permits greater flexibility relating to co-investments, such investments will be made consistent with such relief and MC Advisors' allocation policy. Under this allocation policy, a fixed percentage of each opportunity, which may vary based on asset class and from time to time, will be offered to us and similar eligible accounts, as periodically determined by MC Advisors and approved by our board of directors, including a majority of our independent directors. The allocation policy provides that allocations among us and other accounts will generally be made pro rata based on each account's capital available for investment, as determined, in our case, by our board of directors, including a majority of our independent directors. It is our policy to base our determinations as to the amount of capital available for investment on such factors as the amount of cash on hand, existing commitments and reserves, if any, the targeted leverage level, the targeted asset mix and diversification requirements and other investment policies and restrictions set by our board of directors, or imposed by applicable laws, rules, regulations or interpretations. We expect that these determinations will be made similarly for other accounts. In situations where co-investment with other entities sponsored or managed by MC Advisors or its affiliates is not permitted or appropriate, such as when there is an opportunity to invest in different securities of the same issuer, MC Advisors will need to decide whether we or such other entity or entities will proceed with the investment. MC Advisors will make these determinations based on its policies and procedures, which will generally require that such opportunities be offered to eligible accounts on a basis that is fair and equitable over time, including, for example, through random or rotational methods.

## **Corporate History and Additional Information**

We were incorporated under the laws of Maryland on February 9, 2011. Our principal executive offices are located at 311 South Wacker Drive, Suite 6400, Chicago, Illinois 60606, and our telephone number is (312) 258-8300. We maintain a website at [www.monroebdc.com](http://www.monroebdc.com) and make all of our periodic and current reports, proxy statements and other information available, free of charge, on or through our website. Information on our website is not incorporated into or part of this prospectus supplement or the accompanying prospectus. You may also obtain such information free of charge by contacting us in writing at 311 South Wacker Drive, Suite 6400, Chicago, Illinois 60606, attention: Investor Relations.

We have filed with the SEC a registration statement on Form N-2, of which this prospectus supplement is a part, under the Securities Act of 1933, as amended, or the Securities Act. This registration statement contains additional information about us and the securities being offered by this prospectus supplement. We also file periodic reports, current reports, proxy statements and other information with the SEC. This information is available at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549 and on the SEC's website at [www.sec.gov](http://www.sec.gov). Information on the operation of the SEC's public reference room may be obtained by calling the SEC at 1-800-SEC-0330.

## **Implications of Being an Emerging Growth Company**

We qualify as an emerging growth company as defined in the Jumpstart our Business Startups Act of 2012, or the JOBS Act. As an emerging growth company, we may take advantage of specified reduced reporting requirements and are relieved of certain other significant requirements that are otherwise generally applicable to public companies including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a non-binding advisory vote on executive compensation and stockholder approval of any golden parachute payments

not previously approved. If some investors find our securities less attractive as a result, there may be a less active trading market for our securities and the prices of our securities may be more volatile.

In addition, Section 7(a)(2)(B) of the Securities Act and Section 13(a) of the Exchange Act, as amended by Section 102(b) of the JOBS Act, provide that an emerging growth company can take advantage of the extended transition period for complying with new or revised accounting standards. However, pursuant to Section 107 of the JOBS Act, we have chosen to opt out of such extended transition period, and as a result,

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we comply with new or revised accounting standards on the relevant dates on which adoption of such standards is required for non-emerging growth companies. Our decision to opt out of the extended transition period for complying with new or revised accounting standards is irrevocable.

We may take advantage of these provisions until December 31, 2017 or such earlier time that we are no longer an emerging growth company. We would cease to be an emerging growth company if we have more than \$1.07 billion in annual revenues, have more than \$700 million in market value of our common stock held by non-affiliates or issue more than \$1.0 billion of non-convertible debt over a three-year period.

## **Sale of Common Stock Below NAV**

We may offer, and have in the past offered, shares of our common stock at a discount from our most recently determined net asset value per share pursuant to authority granted by our stockholders on June 21, 2017, July 14, 2016, June 24, 2015, June 27, 2014 and July 9, 2013. Our board of directors has in the past determined that it would be in our and our stockholders' best interests to issue shares of our common stock below net asset value. See "Sale of Common Stock Below Net Asset Value" in this prospectus supplement, "Risk Factors" on page 13 of the accompanying prospectus and "Sales of Common Stock Below Net Asset Value" on page 111 of the accompanying prospectus.

## **Risk Factors**

The value of our assets, as well as the market price of our shares will fluctuate. Our investments may be risky, and you may lose all or part of your investment in us. A material portion of our portfolio may have exposure to specific industries. See "Risk Factors" beginning on page 13 of the accompanying prospectus for a more detailed discussion of the material risks you should carefully consider before deciding to invest in our common stock.

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## THE OFFERING

### Common Stock Offered by Us

Shares of our common stock having an aggregate offering price of up to \$50,000,000.

### Manner of Offering

At the market offerings that may be made from time to time through FBR Capital Markets & Co. and JMP Securities LLC, each a Sales Agent and, collectively, the Sales Agents, using commercially reasonable efforts. See Plan of Distribution.

### Use of Proceeds

We intend to use the net proceeds of this offering to invest in portfolio companies in accordance with our investment objectives and for general corporate purposes. We will also pay operating expenses, including management and administrative fees, and may pay other expenses from the net proceeds of this offering. Pending such investments, we intend to invest the net proceeds of this offering primarily in cash, cash equivalents, U.S. government securities and high-quality debt investments that mature in one year or less from the date of investment. These temporary investments may have lower yields than our other investments and, accordingly, may result in lower distributions, if any, during such period. See Use of Proceeds.

### Symbol on The Nasdaq Global Select Market

MRCC

### Distributions

To the extent we have income and cash available, we intend to make quarterly distributions to our stockholders. Our quarterly distributions, if any, will be determined by our board of directors. Any distributions to our stockholders will be declared out of assets legally available for distribution.

### Taxation

We have elected and intend to continue to qualify as a RIC under the Code. As a RIC, we generally will not have to pay corporate-level U.S. federal income taxes on any net ordinary income or capital gain that we distribute to our stockholders. To obtain and maintain RIC tax status, we must distribute at least 90% of our net ordinary income and net short-term capital gains in excess of our net long-term capital losses, if any. Because most of our income will not be attributable to dividends, such income will not be taxable at more favorable rates for qualified dividend income. Distributions made to you will generally be taxed as ordinary income or as capital gains.

### Leverage

As a business development company, we are permitted under the 1940 Act to borrow funds to finance a portion of our investments. As a result, we may be exposed to the risks of leverage, which may be considered a speculative investment technique. Borrowings, also known as leverage, increase the potential for gain and loss on amounts invested and therefore increase the risks associated with investing in our securities. With certain limited exceptions, we are currently only allowed to borrow amounts such that our asset coverage, as defined in the 1940 Act, equals at least 200% immediately after such borrowing. In addition, the costs associated with our borrowings, if any, including any increase in the management fee payable to MC Advisors, will be borne by our common stockholders.

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We have received exemptive relief from the Securities and Exchange Commission to permit us to exclude the debt of our SBIC subsidiary guaranteed by the SBA from the definition of senior securities for the purposes of the 200% asset coverage ratio we are required to maintain under the 1940 Act, which provides us with increased flexibility, but also increases our risks associated with leverage.

As of June 30, 2017, we had debt outstanding under the revolving loan portion of the credit facility of approximately \$93.8 million and SBA-guaranteed debentures outstanding of \$85.6 million.

Trading

Shares of closed-end investment companies, including business development companies, frequently trade in the secondary market at a discount to their net asset value. The risk that our shares may trade at a discount to our net asset value is separate and distinct from the risk that our net asset value per share may decline. We cannot predict whether our shares will trade above, at, or below net asset value.

Sales of common stock below net asset value

Generally, the offering price per share of our common stock, exclusive of any underwriting commissions or discounts, may not be less than the net asset value per share of our common stock at the time we make the offering except (1) in connection with a rights offering to our existing stockholders, (2) with the consent of the majority of our common stockholders and approval of our board of directors, including the approval of a majority of our independent directors, or (3) under such circumstances as the SEC may permit.

On June 21, 2017, our stockholders voted to allow us to sell or otherwise issue common stock at a price below net asset value per share for a period of twelve months subject to approval by our board of directors. Sales or other issuances by us of our common stock at a discount from our net asset value pose potential risks for our existing stockholders whether or not they participate in the offering, as well as for new investors who participate in the offering.

Risk Factors

An investment in our common stock is subject to risks. See Risk Factors beginning on page 13 of the accompanying prospectus to read about factors you should consider before deciding to invest in shares of our common stock.

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TABLE OF CONTENTS**FEES AND EXPENSES**

The following table is intended to assist you in understanding the costs and expenses that an investor in our common stock will bear directly or indirectly. We caution you that some of the percentages indicated in the table below are estimates and actual amounts and percentages may vary. Except where the context suggests otherwise, whenever this prospectus supplement and the accompanying prospectus contain a reference to fees or expenses paid by you, us, the Company or Monroe Capital Corporation, or that we will pay fees or expenses, stockholders will indirectly bear such fees or expenses as investors in Monroe Capital Corporation.

Stockholder transaction expenses:	
Sales load (as a percentage of offering price)	2.00 % <sup>(1)</sup>
Offering expenses (as a percentage of offering price)	0.50 % <sup>(2)</sup>
Dividend reinvestment plan expenses	% <sup>(3)</sup>
Total stockholder transaction expenses (as a percentage of offering price)	2.50 %
Estimated annual expenses (as a percentage of net assets attributable to common stock):	
Base management fee	2.91 % <sup>(4)</sup>
Incentive fees payable under the Investment Advisory Agreement	2.23 % <sup>(5)</sup>
Interest payments on borrowed funds	3.33 % <sup>(6)</sup>
Other expenses (estimated)	1.35 % <sup>(7)</sup>
Total annual expenses (estimated)	9.82 % <sup>(8)</sup>

Represents the commission with respect to the shares of common stock being sold in this offering. There is no (1) guarantee that there will be any sales of our common stock pursuant to this prospectus supplement and the accompanying prospectus.

(2) The percentage reflects estimated offering expenses of approximately \$250,000.

(3) The expenses of the dividend reinvestment plan are included in other expenses. See Dividend Reinvestment Plan. Our base management fee is 1.75% of our total assets (which includes assets purchased with borrowed amounts but does not include cash and cash equivalents). For the purposes of this table, we have assumed that the base management fee will remain at 1.75% as set forth in the Investment Advisory Agreement. We may from time to time decide it is appropriate to change the terms of the Investment Advisory Agreement. Under the 1940 Act, any material change to the Investment Advisory Agreement generally must be submitted to our stockholders for approval. The base management fee percentage is calculated as a percentage of net assets attributable to common (4) stockholders, rather than total assets, including assets that have been funded with borrowed monies, because common stockholders bear all of this cost. The base management fee in the table above assumes the base management fee remains consistent with fees incurred for the three months ended June 30, 2017 of \$1.9 million, based on average total assets (excluding cash) for the period of \$436.2 million, as a percentage of our average net assets for the period of \$262.0 million. See Management and Other Agreements Investment Advisory Agreement in the accompanying prospectus.

Estimated assuming that annual incentive fees earned by MC Advisors remains consistent with the incentive fees, gross of the incentive fee waiver, earned for the three months ended June 30, 2017 of \$1.5 million, as a percentage (5) of our average net assets of \$262.0 million for the period. For information about our incentive fee waiver, see Consolidated Statements of Operations and Note 6 in our financial statements included in this prospectus supplement.

The incentive fee consists of two parts:

The first part of the incentive fee, payable quarterly in arrears, equals 20% of our pre-incentive fee net investment income (including interest that is accrued but not yet received in cash), subject to a 2% quarterly (8% annualized) hurdle rate and a catch-up provision measured as of the end of each calendar quarter. Under this provision, in any calendar quarter, MC Advisors receives no incentive fee until our net investment income equals the hurdle rate of 2% but then receives, as a catch-up, 100% of our pre-incentive fee net investment income with respect to that portion of such pre-incentive fee net

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investment income, if any, that exceeds the hurdle rate but is less than 2.5%. The effect of this provision is that, if pre-incentive fee net investment income exceeds 2.5% in any calendar quarter, MC Advisors will receive 20% of our pre-incentive fee net investment income as if a hurdle rate did not apply. The first component of the incentive fee will be computed and paid on income that includes, in the case of investments with a deferred interest feature such as market discount, debt instruments with PIK interest, preferred stock with PIK dividends and zero coupon securities, accrued income that we have not yet received in cash. Since the hurdle rate is fixed, as interest rates rise, it will be easier for the MC Advisors to surpass the hurdle rate and receive an incentive fee based on net investment income. The foregoing incentive fee is subject to a total return requirement, which provides that no incentive fee in respect of our pre-incentive fee net investment income will be payable except to the extent that 20% of the cumulative net increase in net assets resulting from operations over the then current and 11 preceding calendar quarters exceeds the cumulative incentive fees accrued and/or paid for the 11 preceding calendar quarters. In other words, any ordinary income incentive fee that is payable in a calendar quarter will be limited to the lesser of (i) 20% of the amount by which our pre-incentive fee net investment income for such calendar quarter exceeds the 2% hurdle, subject to the catch-up provision, and (ii) (x) 20% of the cumulative net increase in net assets resulting from operations for the then current and 11 preceding calendar quarters *minus* (y) the cumulative incentive fees accrued and/or paid for the 11 preceding calendar quarters. For the foregoing purpose, the cumulative net increase in net assets resulting from operations is the sum of our pre-incentive fee net investment income, base management fees, realized gains and losses and unrealized appreciation and depreciation for the then current and 11 preceding calendar quarters.

The second part of the incentive fee, payable annually in arrears, equals 20% of our realized capital gains on a cumulative basis from inception through the end of the fiscal year, if any (or upon the termination of the Investment Advisory Agreement, as of the termination date), computed net of all realized capital losses on a cumulative basis and unrealized capital depreciation, less the aggregate amount of any previously paid capital gain incentive fees. We will accrue (but not pay) an expense for potential payment of capital gain incentive fees with respect to any unrealized appreciation on our portfolio.

See Management and Other Agreements Investment Advisory Agreement in the accompanying prospectus.

- We may borrow funds from time to time to make investments to the extent we determine that it is appropriate to do so. The costs associated with any outstanding borrowings are indirectly borne by our investors. The table assumes borrowings are consistent with the average borrowings for the three months ended June 30, 2017 of \$188.4 million, no preferred stock issued or outstanding and average net assets of \$262.0 million. For the three months ended June 30, 2017, we had interest and other debt financing expenses of \$2.2 million (including fees for unused portions of commitments). The weighted average interest rate of our revolving credit facility (excluding debt issuance costs) was 4.0% and the weighted average interest rate on our SBA-guaranteed debentures (excluding debt issuance costs) was 3.0% during the three months ended June 30, 2017. Although we do not have any current plans to issue debt securities or preferred stock in the next twelve months, we may issue debt securities or preferred stock, subject to our compliance with applicable requirements under the 1940 Act.
- (6) Includes our estimated overhead expenses, including payments under the Administration Agreement based on our allocable portion of overhead and other expenses incurred by MC Management. The table above assumes other expenses remain consistent with the \$0.9 million incurred during the three months ended June 30, 2017 and average net assets for the period of \$262.0 million.
- (7) Total annual expenses as a percentage of consolidated net assets attributable to common stock are higher than the total annual expenses percentage would be for a company that is not leveraged. We borrow money to leverage our net assets and increase our total assets. We calculate the total annual expenses percentage as a percentage of net assets (defined as total assets less indebtedness and after taking into account any incentive fees payable during the period), rather than the total assets, including assets that have been purchased with borrowed amounts. The terms of our indebtedness may be found in Management's Discussion and Analysis of Financial Condition and Results of
- (8)

Operations Liquidity and Capital Resources Borrowings. If the total annual expenses percentage were calculated instead as a percentage of consolidated total assets, our total annual expenses would be 5.69% of consolidated total assets. With certain limited exceptions, we are only allowed to borrow amounts such that our asset

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coverage ratio, as defined in the 1940 Act, equals at least 200% of total assets after such borrowing. We have received exemptive relief from the SEC to permit us to exclude the debt of our SBIC subsidiary guaranteed by the SBA from the definition of senior securities for the purposes of the 200% asset coverage ratio, which provides us with increased flexibility, but also increases our risks associated with leverage. We have included our estimated leverage expenses (consistent with the assumptions in footnote (7)) for the twelve months following this offering in total annual expenses.

**Example**

The following example demonstrates the projected dollar amount of total cumulative expenses over various periods with respect to a hypothetical investment in our common stock. In calculating the following expense amounts, we have assumed we would have no additional leverage, that none of our assets are cash or cash equivalents and that our annual operating expenses would remain at the levels set forth in the table above.

You would pay the following expenses on a \$1,000 investment	1 Year	3 Years	5 Years	10 Years
Assuming a 5% annual return (assumes no return from net realized capital gains or net unrealized capital appreciation)	\$ 101	\$ 253	\$ 404	\$ 784
Assuming a 5% annual return (assumes entire return is from realized capital gains and thus subject to the capital gains incentive fee)	\$ 111	\$ 284	\$ 460	\$ 910

This table is to assist you in understanding the various costs and expenses that an investor in our common stock will bear directly or indirectly. While the example assumes, as required by the SEC, a 5% annual return, our performance will vary and may result in a return greater or less than 5%. As incentive fees vary based on the character of the 5% return, the example above provides (i) expenses assuming no return from capital gains (therefore not meeting the hurdle rate for the first part of the incentive fee) and (ii) expenses assuming the entire return is from realized capital gains (resulting in a capital gains incentive fee). For the three months ended June 30, 2017, we experienced net realized and unrealized losses and therefore there were no capital gains incentive fees. If we achieve sufficient returns on our investments, including through the realization of capital gains, to trigger an incentive fee of a material amount, our expenses, and returns to our investors, would be higher. In addition, while the example assumes reinvestment of all dividends and distributions at net asset value, if our board of directors authorizes and we declare a cash distribution, participants in our dividend reinvestment plan who have not otherwise elected to receive cash will receive a number of shares of our common stock, determined by dividing the total dollar amount of the distribution payable to a participant by the market price per share of our common stock at the close of trading on the valuation date for the distribution. See Dividend Reinvestment Plan for additional information regarding our dividend reinvestment plan.

**This example and the expenses in the table above should not be considered a representation of our future expenses, and actual expenses (including the cost of debt, if any, and other expenses) may be greater or less than those shown.**

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## **SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This prospectus supplement and the accompanying prospectus contain forward-looking statements that involve substantial risks and uncertainties. These forward-looking statements are not historical facts, but rather are based on current expectations, estimates and projections about us, our current and prospective portfolio investments, our industry, our beliefs, and our assumptions. Words such as anticipates, expects, intends, plans, believes, sees, estimates, would, should, targets, projects, and variations of these words and similar expressions are intended to identify forward-looking statements. These statements are not guarantees of future performance and are subject to risks, uncertainties, and other factors, some of which are beyond our control and difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements including:

- our dependence on key personnel;
- our ability to maintain or develop referral relationships;
- the ability of MC Advisors to identify, invest in and monitor companies that meet our investment criteria;
- our contractual arrangements and relationships with third parties;
- actual and potential conflicts of interest with MC Advisors and its affiliates;
- possession of material nonpublic information;
- potential divergent interests of MC Advisors and our stockholders arising from our incentive fee structure;
- restrictions on affiliate transactions;
- competition for investment opportunities;
- our ability to maintain our qualification as a RIC and as a business development company;
- the impact of a protracted decline in the liquidity of credit markets on our business and portfolio investments;
- the adequacy of our financing sources;
- the timing, form and amount of any payments, dividends or other distributions from our portfolio companies;
- our use of leverage;
- changes in interest rates;
- SBA regulations affecting MRCC SBIC or any other wholly-owned SBIC subsidiary;
- uncertain valuations of our portfolio investments;
- fluctuations in our quarterly operating results;
- our ability to issue securities at a discount to net asset value per share;
- changes in laws or regulations applicable to us; and
- general economic and political conditions and their impact on the industries in which we invest.

We have based the forward-looking statements included in this prospectus supplement and the accompanying prospectus on information available to us on the date of this prospectus supplement. Actual results could differ materially from those anticipated in our forward-looking statements, and future results could differ materially from historical performance. You should not place undue reliance on these forward-looking statements, which apply only as of the date of this prospectus supplement. However, we will update this prospectus supplement to reflect any material changes to the information contained herein during the period of this offering.

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You should understand that, under Sections 27A(b)(2)(B) of the Securities Act and Section 21E(b)(2)(B) of the Exchange Act, the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 do not apply to statements made in connection with any offering of securities pursuant to this prospectus supplement or in periodic reports we file under the Exchange Act.

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## **USE OF PROCEEDS**

Sales of our common stock, if any, under this prospectus supplement and the accompanying prospectus may be made in negotiated transactions that are deemed to be at the market offerings as defined in Rule 415 under the Securities Act. There is no guarantee that there will be any sales of our common stock pursuant to this prospectus supplement and the accompanying prospectus. Actual sales, if any, of our common stock under this prospectus supplement and the accompanying prospectus may be less than as set forth in this paragraph depending on, among other things, the market price of our common stock at the time of any such sale. As a result, the actual net proceeds we receive may be more or less than the amount of net proceeds estimated in this prospectus supplement. Assuming the sale of all \$50,000,000 of common stock offered under this prospectus supplement and the accompanying prospectus, we estimate that the net proceeds of this offering would be approximately \$48.8 million, after deducting the estimated sales commission payable to the Sales Agents and our estimated offering expenses.

We intend to use all or substantially all of the net proceeds from the sale of our common stock to invest directly in portfolio companies in accordance with our investment objective and strategies and for general corporate purposes. We will also pay operating expenses, including management and administrative fees, and may pay other expenses from the net proceeds of this offering.

We anticipate that we will use substantially all of the net proceeds from this offering for the above purposes within approximately six months after the completion of this offering, depending on the availability of appropriate investment opportunities consistent with our investment objective and market conditions. It may take more or less time for us to identify, negotiate and enter into investments and fully deploy any proceeds we raise, and we cannot assure you that we will achieve our targeted investment pace.

Until such appropriate investment opportunities can be found, we will invest the net proceeds of any offering of our securities primarily in cash, cash equivalents, U.S. government securities and high-quality debt investments that mature in one year or less from the date of investment. These temporary investments may have lower yields than our other investments and, accordingly, may result in lower distributions, if any, during such period. Our ability to achieve our investment objective may be limited to the extent that the net proceeds from an offering, pending full investment, are held in lower yielding interest-bearing deposits or other short-term instruments. See Regulation Temporary Investments in the accompanying prospectus for additional information about temporary investments we may make while waiting to make longer-term investments in pursuit of our investment objective.

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The equity distribution agreements provide that we may offer and sell up to \$50,000,000 of our common stock from time to time through our Sales Agents for the offer and sale of such common stock. The table below assumes that we will sell all of the \$50,000,000 of our common stock at a price of \$14.36 per share (the last reported sale price of our common stock on The Nasdaq Global Select Market on August 14, 2017), but there is no guarantee that there will be any sales of our common stock pursuant to this prospectus supplement and the accompanying prospectus. Actual sales, if any, of our common stock under this prospectus supplement and the accompanying prospectus may be less than as set forth in the table below. In addition, the price per share of any such sale may be greater or less than \$14.36, depending on the market price of our common stock at the time of any such sale. The following table sets forth our capitalization as of June 30, 2017:

on an actual basis; and

on an as adjusted basis giving effect to the assumed sale of \$50,000,000 million of our common stock at a price of \$14.36 per share (the last reported sale price of our common stock on The Nasdaq Global Select Market on August 14, 2017) less commissions and expenses.

This table should be read in conjunction with our Management's Discussion and Analysis of Financial Condition and Results of Operations and our financial statements and notes thereto included in this prospectus supplement and the accompanying prospectus.

	As of June 30, 2017	
	Actual	As Adjusted
	(unaudited)	
	(in thousands, except per share data)	
Assets:		
Cash	\$9,904	\$ 58,654
Restricted cash	5,344	5,344
Investments at fair value	445,549	445,549
Other assets	4,215	4,215
Total assets	\$465,012	\$ 513,762
Liabilities:		
Debt	\$174,804	\$ 174,804
Other liabilities	5,900	5,900
Total liabilities	\$180,704	\$ 180,704
Net Assets:		
Common stock, \$0.001 par value, 100,000 shares authorized, actual; 20,240 shares issued and outstanding, actual; 23,722 shares issued and outstanding, as adjusted	\$20	\$ 23
Capital in excess of par value	286,269	335,016
Undistributed net investment income (accumulated distributions in excess of net investment income)	6,278	6,278
Accumulated net realized gain (loss) on investments	2,981	2,981
Accumulated net unrealized gain (loss) on investments and secured borrowings	(11,240)	(11,240)
Total net assets	\$284,308	\$ 333,058
Net asset value per share	\$14.05	\$ 14.04



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# PRICE RANGE OF COMMON STOCK AND DISTRIBUTIONS

Our common stock began trading on The Nasdaq Global Market under the ticker symbol MRCC on October 25, 2012. Prior to that date, there was no established trading market for our common stock. Our common stock is now traded on the Nasdaq Global Select Market. Our common stock has historically traded both above and below net asset value ( NAV ).

The following table sets forth the high and low closing sales prices of our common stock, the closing sales price as a percentage of our NAV and the dividends declared by us for each fiscal quarter since our shares began trading.

	NAV <sup>(1)</sup>	Closing Sales Price		Premium (Discount) of High Sales Price to NAV <sup>(2)</sup>	Premium (Discount) of Low Sales Price to NAV <sup>(2)</sup>	Declared Distributions <sup>(3)</sup>
		High	Low			
Year ending December 31, 2017						
Third Quarter (through August 14, 2017)	(5)	\$ 15.22	\$ 14.12	(5)	(5)	
Second Quarter	\$ 14.05	\$ 16.14	\$ 14.92	14.9 %	6.2 %	\$ 0.35 (4)
First quarter	\$ 14.34	\$ 16.09	\$ 15.18	12.2 %	5.9 %	\$ 0.35 (4)
Year ending December 31, 2016						
Fourth Quarter	\$ 14.52	\$ 15.63	\$ 13.77	7.6 %	(5.2) %	\$ 0.35 (6)
Third Quarter	\$ 14.42	\$ 16.25	\$ 14.91	12.7 %	3.4 %	\$ 0.35 (6)
Second Quarter	\$ 14.50	\$ 14.83	\$ 13.11	2.3 %	(9.6) %	\$ 0.35 (6)
First Quarter	\$ 14.45	\$ 14.32	\$ 10.82	(0.9) %	(25.1) %	\$ 0.35 (6)
Year ending December 31, 2015						
Fourth Quarter	\$ 14.19	\$ 14.99	\$ 12.78	5.6 %	(9.9) %	\$ 0.35 (7)
Third Quarter	\$ 14.21	\$ 15.08	\$ 13.60	6.1 %	(4.3) %	\$ 0.35 (7)
Second Quarter	\$ 14.18	\$ 15.25	\$ 14.25	7.5 %	0.5 %	\$ 0.35 (7)
First Quarter	\$ 14.11	\$ 15.38	\$ 13.91	9.0 %	(1.4) %	\$ 0.35 (7)
Year ended December 31, 2014						
Fourth Quarter	\$ 14.05	\$ 14.63	\$ 13.00	4.1 %	(7.5) %	\$ 0.34 (8)
Third Quarter	\$ 13.95	\$ 14.00	\$ 13.26	0.4 %	(4.9) %	\$ 0.34 (8)
Second Quarter	\$ 13.93	\$ 13.92	\$ 12.70	(0.1) %	(8.8) %	\$ 0.34 (8)
First Quarter	\$ 13.99	\$ 13.55	\$ 12.19	(3.1) %	(12.9) %	\$ 0.34 (8)
Year ended December 31, 2013						
Fourth Quarter	\$ 13.92	\$ 13.87	\$ 11.75	(0.4) %	(15.6) %	\$ 0.34 (9)
Third Quarter	\$ 14.01	\$ 14.99	\$ 12.95	7.0 %	(7.6) %	\$ 0.34 (9)
Second Quarter	\$ 14.78	\$ 15.46	\$ 14.60	4.6 %	(1.2) %	\$ 0.34 (9)
First Quarter	\$ 14.78	\$ 15.39	\$ 14.55	4.1 %	(1.6) %	\$ 0.34 (9)
Year ended December 31, 2012						
Fourth Quarter <sup>(10)</sup>	\$ 14.54	\$ 15.30	\$ 14.59	5.2 %	0.3 %	\$ 0.34 (11)

NAV per share is determined as of the last day in the relevant quarter and therefore may not reflect the NAV per (1) share on the date of the high and low sales prices. The NAVs shown are based on outstanding shares at the end of each period.

(2) Calculated by taking the respective high or low closing sales price divided by the quarter end NAV and subtracting 1.

Represents the distribution declared in the specified quarter. We have adopted an opt out dividend reinvestment (3) plan for our common stockholders. As a result, if we declare a distribution, stockholders cash distributions will be automatically reinvested in additional shares of our common stock, unless they

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specifically opt out of the dividend reinvestment plan so as to receive cash distributions. See Dividend Reinvestment Plan in the accompanying prospectus.

Our management monitors available taxable earnings, including net investment income and realized capital gains, to determine if a tax return of capital may occur for the year. To the extent that our taxable earnings fall below the total amount of our distributions for that fiscal year, a portion of those distributions may be deemed a tax return of (4) capital to our stockholders. The tax character of distributions will be determined at the end of the fiscal year.

However, if the character of such distributions were determined as of June 30, 2017, none of the distributions for the three months ended June 30, 2017 and March 31, 2017 would have been characterized as a tax return of capital to our stockholders.

(5) NAV calculation is not yet available.

(6) There was no return of capital for tax purposes for the year ended December 31, 2016.

(7) There was no return of capital for tax purposes for the year ended December 31, 2015.

(8) There was no return of capital for tax purposes for the year ended December 31, 2014.

(9) Includes a return of capital for tax purposes of approximately \$0.21 per share for the year ended December 31, 2013.

(10) From October 24, 2012 (initial public offering) to December 31, 2012.

(11) Includes a return of capital for tax purposes of approximately \$0.20 per share for the year ended December 31, 2012.

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TABLE OF CONTENTS**SELECTED CONSOLIDATED FINANCIAL DATA**

The following selected consolidated financial data as of and for the years ended December 31, 2016, 2015, 2014, 2013 and 2012 are derived from our consolidated financial statements that have been audited by RSM US LLP, our independent registered public accounting firm. We derived the selected consolidated financial data as of and for the six months ended June 30, 2017 and 2016 from our unaudited interim consolidated financial statements. In the opinion of the Company, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation have been made. Interim results are subject to variation and are not indicative of the results of operations to be expected for a full fiscal year. This consolidated financial data should be read in conjunction with our consolidated financial statements and related notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations included elsewhere in this prospectus supplement.

	As of and for the six months ended June 30, 2017 (unaudited)	As of and for the six months ended June 30, 2016 (unaudited)	As of and for the year ended December 31, 2016	As of and for the year ended December 31, 2015	As of and for the year ended December 31, 2014	As of and for the year ended December 31, 2013	As of and for the year ended December 31, 2012 <sup>(1)</sup>
Consolidated statements of operations data:							
Total investment income	\$24,274	\$22,657	\$45,018	\$36,898	\$29,913	\$18,213	\$1,706
Base management fees	3,708	3,004	6,347	5,129	4,091	2,752	318
Incentive fees, net of incentive fee waiver	2,500	3,059	5,504	4,685	3,512	1,544	6
All other expenses	5,944	5,048	10,661	8,343	7,235	5,267	592
Net investment income	12,122	11,546	22,506	18,741	15,075	8,650	790
Net realized gain (loss) on investments	2,394	587	587	304	299	247	
Net change in unrealized gain (loss) on investments, secured borrowings and foreign currency borrowings	(10,923 )	1,088	1,272	(1,153 )	(1,465 )	869	160
Net increase (decrease) in net assets resulting from operations	\$3,593	\$13,221	\$24,365	\$17,892	\$13,909	\$9,766	\$950
Per share data (basic and diluted):							
Net asset value	\$14.05	\$14.50	\$14.52	\$14.19	\$14.05	\$13.92	\$14.54
Net investment income	0.71	0.89	1.55	1.60	1.57	1.13	0.15
Net realized gain (loss) on investments	0.14	0.05	0.04	0.03	0.03	0.03	
Net change in unrealized gain (loss) on investments, secured borrowings and	(0.64 )	0.08	0.09	(0.10 )	(0.15 )	0.12	0.03

foreign currency borrowings							
Net increase (decrease) in net assets resulting from operations	\$0.21	\$1.02	\$1.68	\$1.53	\$1.45	\$1.28	\$0.18
Distributions declared <sup>(2)</sup>	\$0.70	\$0.70	\$1.40	\$1.40	\$1.36	\$1.36	\$0.34
Consolidated statements of assets and liabilities data at period end:							
Investments, at fair value	\$445,549	\$342,808	\$412,920	\$341,091	\$233,535	\$207,920	\$132,752
Cash	9,904	5,483	5,958	5,278	4,561	14,214	4,060
Restricted cash	5,344	8,139	2,373	8,588	1,176	389	
Other assets	4,215	2,620	3,294	2,353 <sup>(3)</sup>	4,313	3,158	2,419
Total assets	465,012	359,050	424,545	357,310 <sup>(3)</sup>	243,585	225,681	139,231
Total debt	174,804	165,275	177,869	162,607 <sup>(3)</sup>	106,308	83,943	55,000
Other liabilities	5,900	5,125	5,826	10,168 <sup>(3)</sup>	3,539	3,646	597
Total liabilities	180,704	170,400	183,695	172,775	109,847	87,589	55,597
Total net assets	\$284,308	\$188,650	\$240,850	\$184,535	\$133,738	\$138,092	\$83,634

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	As of and for the six months ended June 30, 2017 (unaudited)	As of and for the six months ended June 30, 2016 (unaudited)	As of and for the year ended December 31, 2016	As of and for the year ended December 31, 2015	As of and for the year ended December 31, 2014	As of and for the year ended December 31, 2013	As of and for the year ended December 31, 2012 <sup>(1)</sup>
Other data:							
Total return based on market value <sup>(4)</sup>	3.58 %	18.92 %	28.95 %	(0.21 )%	30.67 %	(9.29 )%	1.15 %
Total return based on average net asset value <sup>(5)</sup>	1.41 %	7.07 %	11.70 %	11.04 %	10.34 %	9.17 %	1.14 %
Weighted average annualized effective yield at period end <sup>(6)</sup>	9.6 %	9.8 %	9.6 %	10.6 %	11.6 %	10.7 %	11.3 %
Number of portfolio company investments at period end	67	55	70	55	40	42	28
Purchases of investments for the period	\$ 114,898	\$ 45,928	\$ 147,780	\$ 193,631	\$ 132,183	\$ 138,781	\$ 144,482
Principal payments and sales of investments for the period	\$ 75,460	\$ 47,383	\$ 81,446	\$ 88,379	\$ 107,073	\$ 65,165	\$ 11,898

(1) For historical periods prior to October 24, 2012, the Company had no operations and therefore information provided does not include financial results prior to October 24, 2012.

(2) Includes a return of capital for tax purposes of zero, zero, zero, \$0.21 and \$0.20 for the years ended December 31, 2016, 2015, 2014, 2013 and 2012, respectively.

(3) Reflects the adoption of Financial Accounting Standards Board Accounting Standards Update ( ASU ) 2015-03, *Interest Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs* ( ASU 2015-03 ). ASU 2015-03 requires that debt issuance costs related to a recognized debt liability be presented in the statements of assets and liabilities as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. We adopted ASU 2015-03 during the year ended December 31, 2016 and the consolidated statement of assets and liabilities for December 31, 2015 presented within the consolidated financial statements was also revised to reflect this presentation.

(4) Total return based on market value is calculated assuming a purchase of common shares at the market value on the first day and a sale at the market value on the last day of the periods reported. Distributions, if any, are assumed for purposes of this calculation to be reinvested at prices obtained under our dividend reinvestment plan ( DRIP ). Total return based on market value does not reflect brokerage commissions.

(5) Total return based on average net asset value is calculated by dividing the net increase in net assets from operations by the average net asset value.

(6) The weighted average annualized effective yield on portfolio investments at period end is computed by dividing (a) interest income on debt investments and preferred equity investments (with a stated coupon rate) at the period end effective rate for each investment by (b) the par value of our debt investments and the cost basis of our preferred equity investments. The weighted average annualized effective yield on portfolio investments is a metric on the

investment portfolio alone and does not represent a return to stockholders. This metric is not inclusive of the Company's fees and expenses, the impact of leverage on the portfolio or sales load that may be paid by investors.

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TABLE OF CONTENTS**SELECTED QUARTERLY CONSOLIDATED FINANCIAL DATA**

The following table sets forth certain unaudited quarterly financial information for the quarters ended June 30, 2017, March 31, 2017 and each quarter in our two most recent fiscal years, which were the calendar years ended December 31, 2016 and 2015. This information was derived from our unaudited consolidated financial statements. Results for any quarter are not necessarily indicative of results for the full year or for any future quarter.

	For the quarter ended				
	June 30, 2017	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016
Total investment income	\$12,268	\$12,006	\$11,233	\$11,128	\$11,118
Net investment income	\$6,088	\$6,034	\$5,377	\$5,583	\$5,759
Net gain (loss) on investments, secured borrowings and foreign currency borrowings	\$(5,064 )	\$(3,465 )	\$2,155	\$(1,971 )	\$(482 )
Net increase (decrease) in net assets resulting from operations	\$1,024	\$2,569	\$7,532	\$3,612	\$5,277
Net investment income per share basic and diluted	\$0.35	\$0.36	\$0.32	\$0.36	\$0.44
Net increase (decrease) in net assets resulting from operations per share basic and diluted	\$0.06	\$0.15	\$0.45	\$0.23	\$0.41
Net asset value per share at period end	\$14.05	\$14.34	\$14.52	\$14.42	\$14.50

	For the quarter ended				
	March 31, 2016	December 31, 2015	September 30, 2015	June 30, 2015	March 31, 2015
Total investment income	\$11,539	\$10,126	\$9,172	\$9,519	\$8,081
Net investment income	\$5,787	\$5,005	\$4,498	\$5,071	\$4,167
Net gain (loss) on investments, secured borrowings and foreign currency borrowings	\$2,157	\$(793 )	\$242	\$(7 )	\$(291 )
Net increase (decrease) in net assets resulting from operations	\$7,944	\$4,212	\$4,740	\$5,064	\$3,876
Net investment income per share basic and diluted	\$0.44	\$0.39	\$0.36	\$0.43	\$0.44
Net increase (decrease) in net assets resulting from operations per share basic and diluted	\$0.61	\$0.33	\$0.38	\$0.43	\$0.41
Net asset value per share at period end	\$14.45	\$14.19	\$14.21	\$14.18	\$14.11

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# MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Except as otherwise specified, references to we, us, and our refer to Monroe Capital Corporation and its consolidated subsidiaries. The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and related notes appearing in our annual report on Form 10-K (the Annual Report) for the year ended December 31, 2016, filed with the U.S. Securities and Exchange Commission (SEC) on March 7, 2017. The information contained in this section should also be read in conjunction with our unaudited consolidated financial statements and related notes and other financial information appearing elsewhere in this prospectus supplement and accompanying prospectus.

## Overview

Monroe Capital Corporation is an externally managed, closed-end, non-diversified management investment company that has elected to be treated as a business development company (BDC) under the Investment Company Act of 1940, as amended (the 1940 Act). In addition, for tax purposes, we have elected to be treated as a regulated investment company (RIC) under the subchapter M of the Internal Revenue Code of 1986, as amended (the Code). We were incorporated under the Maryland General Corporation Law on February 9, 2011. We are a specialty finance company focused on providing financing solutions primarily to lower middle-market companies in the United States and Canada. We provide customized financing solutions focused primarily on senior secured, junior secured and unitranche (a combination of senior secured and junior secured debt in the same facility in which we syndicate a first out portion of the loan to an investor and retain a last out portion of the loan) debt and, to a lesser extent, unsecured subordinated debt and equity, including equity co-investments in preferred and common stock, and warrants.

Our shares are currently listed on the NASDAQ Global Select Market under the symbol MRCC.

Our investment objective is to maximize the total return to our stockholders in the form of current income and capital appreciation through investment in senior, unitranche and junior secured debt and, to a lesser extent, subordinated debt and equity investments. We seek to use our extensive leveraged finance origination infrastructure and broad expertise in sourcing loans to invest in primarily senior, unitranche and junior secured debt of middle-market companies. Our investments in senior, unitranche, junior secured debt and other investments generally will range between \$2.0 million and \$18.0 million each, although this investment size may vary proportionately with the size of our capital base. As of June 30, 2017, our portfolio included approximately 78.8% senior secured debt, 8.4% unitranche secured debt, 8.5% junior secured debt and 4.3% equity securities, compared to December 31, 2016, when our portfolio included approximately 66.7% senior secured debt, 12.5% unitranche secured debt, 14.4% junior secured debt and 6.4% equity securities. We expect that the companies in which we invest may be leveraged, often as a result of leveraged buy-outs or other recapitalization transactions, and, in certain cases, will not be rated by national ratings agencies. If such companies were rated, we believe that they would typically receive a rating below investment grade (between BB and CCC under the Standard & Poor's system) from the national rating agencies.

While our primary focus is to maximize current income and capital appreciation through debt investments in thinly traded or private U.S. companies, we may invest a portion of the portfolio in opportunistic investments in order to seek to enhance returns to stockholders. Such investments may include investments in high-yield bonds, distressed debt, private equity or securities of public companies that are not thinly traded and securities of middle-market

companies located outside of the United States. We expect that these public companies generally will have debt securities that are non-investment grade.

On February 28, 2014, our wholly-owned subsidiary, Monroe Capital Corporation SBIC, LP ( MRCC SBIC ), a Delaware limited partnership, received a license from the Small Business Administration ( SBA ) to operate as a Small Business Investment Company ( SBIC ) under Section 301(c) of the Small Business Investment Act of 1958. MRCC SBIC commenced operations on September 16, 2013. As of June 30, 2017, MRCC SBIC had \$57.6 million in leverageable capital and \$85.6 million in SBA-guaranteed debentures outstanding. See *SBA Debentures* below for more information.

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On June 9, 2017, we closed a public offering of 3,000,000 shares of our common stock at a public offering price of \$15.00 per share, raising approximately \$45.0 million in gross proceeds. On June 14, 2017, pursuant to the underwriters' exercise of the over-allotment option, we sold an additional 450,000 shares of our common stock, at a public offering price of \$15.00 per share, and additional \$6.8 million in gross proceeds for a total of \$51.8 million. Aggregate underwriters' discounts and commissions were \$2.1 million and offering costs were \$0.1 million, resulting in net proceeds of approximately \$49.6 million.

### **Investment income**

We generate interest income on the debt investments in portfolio company investments that we originate or acquire. Our debt investments, whether in the form of senior, junior or unitranche secured debt, typically have an initial term of three to seven years and bear interest at a fixed or floating rate. In some instances we receive payments on our debt investment based on scheduled amortization of the outstanding balances. In addition, we receive repayments of some of our debt investments prior to their scheduled maturity date. In some cases, our investments provide for deferred interest of payment-in-kind ( PIK ) interest. In addition, we may generate revenue in the form of commitment, origination, amendment, structuring or due diligence fees, fees for providing managerial assistance and consulting fees. Loan origination fees, original issue discount and market discount or premium are capitalized, and we accrete or amortize such amounts as interest income. We record prepayment premiums and prepayment gains (losses) on loans as interest income. As the frequency or volume of the repayments which trigger these prepayment premiums and prepayment gains (losses) may fluctuate significantly from period to period, the associated interest income recorded may also fluctuate significantly from period to period. Interest and fee income is recorded on the accrual basis to the extent we expect to collect such amounts. In addition, we also generate dividend income on preferred equity securities, common equity securities and LLC interests in accordance with our revenue recognition policies.

### **Expenses**

Our primary operating expenses include the payment of fees to MC Advisors under the Investment Advisory and Management Agreement (management and incentive fees), and the payment of fees to Monroe Capital Management Advisors, LLC ( MC Management ) for our allocable portion of overhead and other expenses under the Administration Agreement and other operating costs. See Note 6 to our consolidated financial statements and *Related Party Transactions* below for additional information on our Investment Advisory and Management Agreement and Administration agreement. Our expenses also include interest expense on our revolving credit facility, our SBA-guaranteed debentures and our secured borrowings. We bear all other out-of-pocket costs and expenses of our operations and transactions.

### **Net gain (loss) on investments, secured borrowings and foreign currency borrowings**

We recognize realized gains or losses on investments based on the difference between the net proceeds from the disposition and the cost basis of the investment without regard to unrealized gains or losses previously recognized. We record current period changes in fair value of investments, secured borrowings, and foreign currency borrowings within net change in unrealized gain (loss) on investments, net change in unrealized gain (loss) on secured borrowings, and net change in unrealized gain (loss) on foreign currency borrowings, respectively, in the consolidated statements of operations.

## **Portfolio and Investment Activity**

During the three months ended June 30, 2017, we invested \$62.4 million in eight new portfolio companies and \$11.0 million in 12 existing portfolio companies and had \$41.6 million in aggregate amount of sales and principal repayments, resulting in net investments of \$31.8 million for the period.

During the six months ended June 30, 2017, we invested \$89.7 million in 10 new portfolio companies and \$25.2 million in 18 existing portfolio companies and had \$75.5 million in aggregate amount of sales and principal repayments, resulting in net investments of \$39.4 million for the period.

During the three months ended June 30, 2016, we invested \$11.8 million in three new portfolio companies and \$7.8 million in eight existing portfolio companies and had \$20.6 million in aggregate amount of sales and principal repayments, resulting in net repayments of \$1.0 million for the period.

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During the six months ended June 30, 2016, we invested \$16.7 million in four new portfolio companies and \$29.2 million in 15 existing portfolio companies and had \$47.4 million in aggregate amount of sales and principal repayments, resulting in net repayments of \$1.5 million for the period.

The following tables show the composition of the investment portfolio (in thousands) and associated yield data:

	June 30, 2017							
	Fair Value	Percentage of Total Portfolio		Weighted Average Annualized Contractual Coupon Yield <sup>(1)</sup>		Weighted Average Annualized Effective Yield <sup>(2)</sup>		
Senior secured loans	\$ 351,491	78.8	%	9.4	%	9.4	%	
Unitranche loans	37,302	8.4		10.4		11.5		
Junior secured loans	37,709	8.5		9.0		9.0		
Equity securities	19,047	4.3		10.8		10.8		
Total	\$ 445,549	100.0	%	9.4	%	9.6	%	

	December 31, 2016							
	Fair Value	Percentage of Total Portfolio		Weighted Average Annualized Contractual Coupon Yield <sup>(1)</sup>		Weighted Average Annualized Effective Yield <sup>(2)</sup>		
Senior secured loans	\$ 275,253	66.7	%	9.2	%	9.2	%	
Unitranche loans	51,638	12.5		10.9		11.4		
Junior secured loans	59,366	14.4		9.7		9.7		
Equity securities	26,663	6.4		10.8		10.8		
Total	\$ 412,920	100.0	%	9.5	%	9.6	%	

(1) The weighted average contractual coupon yield at period end is computed by dividing (a) the interest income on debt investments and preferred equity investments (with a stated coupon rate) at the period end contractual coupon rate for each investment by (b) the par value of our debt investment and the cost basis of our preferred equity investments.

(2) The weighted average annualized effective yield on portfolio investments at period end is computed by dividing (a) interest income on debt investments and preferred equity investments (with a stated coupon rate) at the period end effective rate for each investment by (b) the par value of our debt investments and the cost basis of our preferred equity investments. The weighted average annualized effective yield on portfolio investments is a metric on the investment portfolio alone and does not represent a return to stockholders. This metric is not inclusive of our fees and expenses, the impact of leverage on the portfolio or sales load that may be paid by investors.

The portfolio weighted average contractual coupon yield and weighted average effective yield decreased slightly during the three and six months ended June 30, 2017 as the portfolio mix continued to shift toward senior secured loans.

The following table shows the portfolio composition by industry grouping at fair value (dollars in thousands):

	June 30, 2017		December 31, 2016	
	Investments at Fair Value	Percentage of Total Portfolio	Investments at Fair Value	Percentage of Total Portfolio
Aerospace & Defense	\$ 9,995	2.2 %	\$ 10,601	2.6 %
Automotive	8,446	1.9	7,514	1.8
Banking, Finance, Insurance & Real Estate	61,735	13.9	37,130	9.0
Beverage, Food & Tobacco	17,517	4.0	16,794	4.1
Chemicals, Plastics & Rubber	9,541	2.1	4,040	1.0
Construction & Building	18,343	4.1	18,602	4.5
Consumer Goods: Durable			3,620	0.9
Consumer Goods: Non-Durable	19,735	4.4	32,000	7.7
Containers, Packaging & Glass	3,453	0.8	3,663	0.9

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	June 30, 2017		December 31, 2016	
	Investments at Fair Value	Percentage of Total Portfolio	Investments at Fair Value	Percentage of Total Portfolio
Energy: Oil & Gas	7,531	1.7	7,803	1.9
Environmental Industries	3,696	0.8	3,768	0.9
Healthcare & Pharmaceuticals	56,472	12.7	56,435	13.7
High Tech Industries	36,888	8.3	18,899	4.6
Hotels, Gaming & Leisure	36,977	8.3	38,010	9.2
Media: Advertising, Printing & Publishing	20,435	4.6	11,742	2.8
Media: Broadcasting & Subscription	17,165	3.9	18,046	4.4
Media: Diversified & Production	4,994	1.1	4,938	1.2
Metals & Mining	5,392	1.2	5,268	1.3
Retail	37,763	8.5	38,147	9.2
Services: Business	23,823	5.3	40,164	9.7
Services: Consumer	21,282	4.8	24,807	6.0
Telecommunications	3,514	0.8	3,430	0.8
Utilities: Electric	2,835	0.6	2,999	0.7
Wholesale	18,017	4.0	4,500	1.1
Total	\$ 445,549	100.0 %	\$ 412,920	100.0 %

**Portfolio Asset Quality**

MC Advisors portfolio management staff closely monitors all credits, with senior portfolio managers covering agented and more complex investments. MC Advisors segregates our capital markets investments by industry. The MC Advisors monitoring process and projections developed by Monroe Capital both have daily, weekly, monthly and quarterly components and related reports, each to evaluate performance against historical, budget and underwriting expectations. MC Advisors analysts will monitor performance using standard industry software tools to provide consistent disclosure of performance. MC Advisors also monitors our investment exposure using a proprietary trend analysis tool. When necessary, MC Advisors will update our internal risk ratings, borrowing base criteria and covenant compliance reports.

As part of the monitoring process, MC Advisors regularly assesses the risk profile of each of our investments and rates each of them based on an internal proprietary system that uses the categories listed below, which we refer to as MC Advisors investment performance rating. For any investment rated in grades 3, 4 or 5, MC Advisors will increase its monitoring intensity and prepare regular updates for the investment committee, summarizing current operating results and material impending events and suggesting recommended actions. MC Advisors monitors and, when appropriate, changes the investment ratings assigned to each investment in our portfolio. In connection with our valuation process, MC Advisors reviews these investment ratings on a quarterly basis, and our board of directors (the Board ) reviews and affirms such ratings. A definition of the rating system follows:

Investment	
Performance	Summary Description
Risk Rating	
Grade 1	

Includes investments exhibiting the least amount of risk in our portfolio. The issuer is performing above expectations or the issuer's operating trends and risk factors are generally positive.

Grade 2

Includes investments exhibiting an acceptable level of risk that is similar to the risk at the time of origination. The issuer is generally performing as expected or the risk factors are neutral to positive.

Grade 3

Includes investments performing below expectations and indicates that the investment's risk has increased somewhat since origination. The issuer may be out of compliance with debt covenants; however, scheduled loan payments are generally not past due.

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Investment Performance Risk Rating	Summary Description
Grade 4	Includes an issuer performing materially below expectations and indicates that the issuer's risk has increased materially since origination. In addition to the issuer being generally out of compliance with debt covenants, scheduled loan payments may be past due (but generally not more than six months past due). For grade 4 investments, we intend to increase monitoring of the issuer.
Grade 5	Indicates that the issuer is performing substantially below expectations and the investment risk has substantially increased since origination. Most or all of the debt covenants are out of compliance or payments are substantially delinquent. Investments graded 5 are not anticipated to be repaid in full and we will reduce the fair market value of the loan to the amount we expect to recover.

Our investment performance risk ratings do not constitute any rating of investments by a nationally recognized statistical rating organization or reflect or represent any third-party assessment of any of our investments.

In the event of a delinquency or a decision to rate an investment grade 4 or grade 5, the applicable analyst, in consultation with a member of the investment committee, will develop an action plan. Such a plan may require a meeting with the borrower's management or the lender group to discuss reasons for the default and the steps management is undertaking to address the under-performance, as well as required amendments and waivers that may be required. In the event of a dramatic deterioration of a credit, MC Advisors intends to form a team or engage outside advisors to analyze, evaluate and take further steps to preserve its value in the credit. In this regard, we would expect to explore all options, including in a private equity sponsored investment, assuming certain responsibilities for the private equity sponsor or a formal sale of the business with oversight of the sale process by us. Several of Monroe Capital's professionals are experienced in running work-out transactions and bankruptcies.

The following table shows the distribution of our investments on the 1 to 5 investment performance rating scale as of June 30, 2017 (dollars in thousands):

Investment Performance Rating	Investments at Fair Value	Percentage of Total Investments
1	\$	%
2	379,004	85.1
3	48,208	10.8
4	18,337	4.1
5		
Total	\$ 445,549	100.0 %

The following table shows the distribution of our investments on the 1 to 5 investment performance rating scale as of December 31, 2016 (dollars in thousands):

Investment Performance Rating	Investments at Fair Value	Percentage of Total Investments
1	\$	%

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2	360,338	87.3	
3	40,192	9.7	
4	12,390	3.0	
5			
Total	\$ 412,920	100.0	%

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Operating results were as follows (dollars in thousands):

	Three months ended June 30,	
	2017	2016
Total investment income	\$ 12,268	\$ 11,118
Total expenses, net of incentive fee waiver	6,180	5,359
Net investment income	6,088	5,759
Net realized gain (loss) on investments	2,161	
Net realized gain (loss) on secured borrowings	66	
Net change in unrealized gain (loss) on investments	(7,270 )	(541 )
Net change in unrealized gain (loss) on secured borrowings	(5 )	59
Net change in unrealized gain (loss) on foreign currency borrowings	(16 )	
Net increase (decrease) in net assets resulting from operations	\$ 1,024	\$ 5,277

	Six months ended June 30,	
	2017	2016
Total investment income	\$ 24,274	\$ 22,657
Total expenses, net of incentive fee waiver	12,152	11,111
Net investment income	12,122	11,546
Net realized gain (loss) on investments	2,328	587
Net realized gain (loss) on secured borrowings	66	
Net change in unrealized gain (loss) on investments	(10,901 )	1,001
Net change in unrealized gain (loss) on secured borrowings	(6 )	87
Net change in unrealized gain (loss) on foreign currency borrowings	(16 )	
Net increase (decrease) in net assets resulting from operations	\$ 3,593	\$ 13,221

**Investment Income**

The composition of our investment income was as follows (dollars in thousands):

	Three months ended June 30,	
	2017	2016
Interest income	\$ 10,701	\$ 8,930
Dividend income	250	1,051
Fee income	637	516
Prepayment gain (loss)	322	232
Accretion of discounts and amortization of premium	358	389
Total investment income	\$ 12,268	\$ 11,118

	Six months ended June 30,	
	2017	2016
Interest income	\$ 21,089	\$ 17,534
Dividend income	500	2,913
Fee income	965	847
Prepayment gain (loss)	974	609
Accretion of discounts and amortization of premium	746	754
Total investment income	\$ 24,274	\$ 22,657

The increase in investment income of \$1.2 million and \$1.6 million during the three and six months ended June 30, 2017, as compared to the three and six months ended June 30, 2016, is primarily due to increases in average outstanding loan balances, partially offset by decreases in dividend income. The decrease in dividend income during the three and six months ended June 30, 2017, as compared to the prior year periods, is driven by decreases in dividend income from our investment in Rockdale Blackhawk, LLC

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( Rockdale ) of \$0.8 million and \$2.4 million, respectively. While we have received significant equity distributions from our investment in Rockdale in the past, the timing and amount of these distributions are not within our control and are difficult to predict and may fluctuate significantly from period to period.

**Operating Expenses**

The composition of our operating expenses was as follows (dollars in thousands):

	Three months ended June 30,	
	2017	2016
Interest and other debt financing expenses	\$ 2,184	\$ 1,773
Base management fees	1,903	1,504
Incentive fees, net of incentive fee waiver	1,210	1,319
Professional fees	286	238
Administrative service fees	301	304
General and administrative expenses	259	182
Excise taxes		
Directors fees	37	39
Total expenses, net of incentive fee waiver	\$ 6,180	\$ 5,359

	Six months ended June 30,	
	2017	2016
Interest and other debt financing expenses	\$ 4,194	\$ 3,464
Base management fees	3,708	3,004
Incentive fees, net of incentive fee waiver	2,500	3,059
Professional fees	577	445
Administrative service fees	631	632
General and administrative expenses	468	346
Excise taxes		87
Directors fees	74	74
Total expenses, net of incentive fee waiver	\$ 12,152	\$ 11,111

The composition of our interest and other debt financing expenses was as follows (dollars in thousands):

	Three months ended June 30,	
	2017	2016
Interest expense revolving credit facility	\$ 1,385	\$ 1,188
Interest expense SBA debentures	518	326
Amortization of deferred financing costs	255	199
Interest expense secured borrowings	13	35
Other	13	25
Total interest and other debt financing expenses	\$ 2,184	\$ 1,773

	Six months ended June 30,	
	2017	2016
Interest expense revolving credit facility	\$ 2,730	\$ 2,316
Interest expense SBA debentures	924	652
Amortization of deferred financing costs	486	381
Interest expense secured borrowings	34	72
Other	20	43
Total interest and other debt financing expenses	\$ 4,194	\$ 3,464

The increase in expenses of \$0.8 million and \$1.0 million during the three and six months ended June 30, 2017, as compared to the three and six months ended June 30, 2016, is primarily due to an increase in base management fees due to the growth in invested assets and an increase in interest expense as a result of

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additional borrowings (including SBA-guaranteed debentures) required to support the growth of the portfolio. During the three and six months ended June 30, 2017, these increases were partially offset by a decline in incentive fees.

During the three and six months ended June 30, 2017, MC Advisors waived part one incentive fees (based on net investment income) of \$0.3 million and \$0.3 million, respectively. For the three and six months ended June 30, 2016, no incentive fees were waived.

### **Net Realized Gain (Loss) on Investments and Secured Borrowings**

During the three months ended June 30, 2017 and 2016, we had sales of investments of \$2.1 million and zero resulting in \$2.1 million and zero of net realized gains, respectively. During the six months ended June 30, 2017 and 2016, we had sales of investments of \$4.2 million and \$0.6 million resulting in \$2.3 million and \$0.6 million of net realized gains, respectively.

During the three months ended June 30, 2017 and 2016, we had sales of secured borrowings of \$1.3 million and zero resulting in \$66 thousand and zero of net realized gains, respectively. During the six months ended June 30, 2017 and 2016, we had sales of secured borrowings of \$1.3 million and zero resulting in \$66 thousand and zero of net realized gains, respectively.

### **Net Change in Unrealized Gain (Loss) on Investments, Secured Borrowings and Foreign Currency Borrowings**

For the three months ended June 30, 2017 and 2016, our investments had (\$7.3) million and (\$0.5) million of net change in unrealized gain (loss), respectively. During the three months ended June 30, 2017, the net change in unrealized losses on the portfolio was primarily attributable to a mark-to-market loss on the common equity investment in Rockdale. For the three months ended June 30, 2017 and 2016, our secured borrowings had (\$5) thousand and \$59 thousand of net change in unrealized gain (loss), respectively. For the three months ended June 30, 2017 and 2016, our foreign currency borrowings had (\$16) thousand and zero of net change in unrealized gain (loss), respectively.

For the six months ended June 30, 2017 and 2016, our investments had (\$10.9) million and \$1.0 million of net unrealized gain (loss), respectively. For the six months ended June 30, 2017 and 2016, our secured borrowings had (\$6) thousand and \$87 thousand of net unrealized gain (loss), respectively. For the six months ended June 30, 2017 and 2016, our foreign currency borrowings had (\$16) thousand and zero of net change in unrealized gain (loss), respectively.

### **Net Increase (Decrease) in Net Assets Resulting from Operations**

For the three months ended June 30, 2017 and 2016, the net increase in net assets from operations was \$1.0 million and \$5.3 million, respectively. Based on the weighted average shares of common stock outstanding for the three months ended June 30, 2017 and 2016, our per share net increase in net assets resulting from operations was \$0.06 and \$0.41, respectively. The \$4.3 million decrease during the three months ended June 30, 2017, as compared to three months ended June 30, 2016, is primarily the result of an increase in net unrealized mark-to-market losses on investments in the portfolio during the three months ended June 30, 2017 as compared to the three months ended June 30, 2016. This decline was partially offset by an increase in realized gains on the portfolio.

For the six months ended June 30, 2017 and 2016, the net increase in net assets from operations was \$3.6 million and \$13.2 million, respectively. Based on the weighted average shares of common stock outstanding for the six months

