

GLADSTONE INVESTMENT CORPORATION\DE

Form DEFC14A

July 23, 2013

SCHEDULE 14A INFORMATION

PROXY STATEMENT PURSUANT TO SECTION 14(a)  
OF THE SECURITIES EXCHANGE ACT OF 1934  
(AMENDMENT NO. )

Filed by the Registrant [ ]  
Filed by a Party other than the Registrant [x]  
Bulldog Investors, LLC  
Attn: Phillip Goldstein  
250 Pehle Avenue, Suite 708  
Saddle Brook, NJ 07663  
Phone: 201 881-7100  
Fax: 201 556-0097

Check the appropriate box:  
Preliminary Proxy Statement  
Confidential, for Use of the Commission Only (as permitted by  
Rule 14a-6(e)(2))  
Definitive Proxy Statement [x]  
Definitive Additional Materials  
Soliciting Material Pursuant to ss.240.14a-11(c) or ss.240.14a-  
12

Gladstone Investment Corporation\DE  
(Name of Registrant as Specified in Its Charter)

Bulldog Investors, LLC  
Name of Person(s) Filing Proxy Statement, if other than the  
Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required [x].

Fee computed on table below per Exchange Act Rules 14a-6(i)(4)  
and 0-11.

(1) Title of each class of securities to which transaction  
applies:

(2) Aggregate number of securities to which transaction  
applies:

(3) Per unit price or other underlying value of transaction  
computed pursuant to Exchange Act Rule 0-11 (Set forth the  
amount on which the filing fee is calculated and state how it  
was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials [ ].

Check box if any part of the fee is offset as provided by  
Exchange Act Rule 0-11 (a) (2) and identify the filing for which  
the offsetting fee was paid previously. Identify the previous  
filing by registration statement number, or the Form or Schedule

Edgar Filing: GLADSTONE INVESTMENT CORPORATION\DE - Form DEFC14A

and the date of its filing [].

- (1) Amount Previously Paid:
- (2) Form, Schedule or Registration Statement No.:
- (3) Filing Party:
- (4) Date Filed:

Bulldog Investors, LLC,  
250 Pehle Avenue, Suite 708  
Saddle Brook, NJ 07663  
(201) 556-0092 //  
Fax: (201) 556-0097 //  
info@bulldoginvestors.com

July 22, 2013

Dear Fellow Shareholder of Gladstone Investment Corporation (GAIN):

Bulldog Investors owns about 3.6% of GAIN's outstanding shares. In September 2012, we initially purchased a block of shares at \$7.50 per share in a 4.4 million share secondary offering. The last reported NAV was \$8.93 so it was a pretty good deal for us. However, it was not a good deal for existing shareholders because the NAV declined by 31 cents per share or 3.45%. At the same time, the offering increased management's base fee by about 10% per annum.

After that initial purchase, we continued to buy shares in the market. Now that we are a significant shareholder, we look at things differently. With the last reported NAV at \$9.10 and the stock trading at less than \$7.50, we think management should be focused on narrowing the discount. Specifically, GAIN should be repurchasing shares, not contemplating issuing more shares at a discount to NAV. We are reminded of the classic 1965 folk rock anthem, Turn, Turn, Turn, sung by the Byrds:

To everything - turn, turn, turn  
There is a season - turn, turn, turn  
And a time for every purpose under heaven

A time to be born, a time to die  
A time to plant, a time to reap

With GAIN's shares trading at a discount of about 18%, this is a time to reap, not a time to "plant" new shares. Simply put, buying in shares at current levels is a no brainer. The persistent discount is a result of a mismatch between supply and demand. The only reason we can think of for management not to support a share buyback program is that its fees will decline as a result. Make no mistake. We think management has done a pretty good job at managing GAIN's assets. But, conducting dilutive secondary offerings undermines that effort.

Our fund has a wonderful stock symbol -- GAIN. We urge management to be faithful to that symbol by buying in shares at current levels. Unless it commits to implement a meaningful share repurchase program, we intend to vote AGAINST the proposal to issue more shares below NAV. We recommend that all shareholders vote the same way.

Very truly yours,  
/s/Phillip Goldstein

Phillip Goldstein  
Principal