



**Up to \$100,000,000
Common Stock**

**Supplement No. 3, dated June 2, 2020
to
Prospectus, dated August 15, 2019 and
Prospectus Supplement, dated August 20, 2019**

This supplement amends, supplements or modifies certain information contained in the prospectus supplement, dated August 20, 2019 (the "ATM Prospectus Supplement") and the accompanying prospectus, dated August 15, 2019 (the "Base Prospectus," and together with the ATM Prospectus Supplement, and the documents deemed incorporated by reference in each, the "Prospectus"), which relate to the sale of shares of common stock of Capital Southwest Corporation in an "at-the-market" offering (the "ATM Program") pursuant to those certain (i) second amended and restated equity distribution agreements, each dated February 4, 2020, with each of Jefferies LLC ("Jefferies") and Raymond James & Associates, Inc. ("Raymond James") and (ii) equity distribution agreements, each dated February 4, 2020, with each of JMP Securities LLC ("JMP") and B. Riley FBR, Inc. ("B. Riley" and, together with Jefferies, Raymond James and JMP, the "Sales Agents"). The terms the "Company," "CSWC," "we," "us," and "our" refer to Capital Southwest Corporation and its subsidiaries, unless indicated otherwise. Capitalized terms used but not defined herein shall have the same meaning given them in the ATM Prospectus Supplement.

You should carefully read the entire Prospectus and this supplement before investing in our common stock. This supplement should be read in conjunction with the Prospectus. *You should also carefully consider the information set forth under the section entitled "Risk Factors" on page S-9 of the ATM Prospectus Supplement, page 12 of the Base Prospectus and in our Annual Report on Form 10-K for the fiscal year ended March 31, 2020, which is incorporated by reference into the Prospectus, as well as in our subsequent filings with the Securities and Exchange Commission that are incorporated into the Prospectus, before investing in our common stock.*

STATUS OF THE "AT-THE-MARKET" OFFERING

From March 4, 2019 to March 31, 2020, we sold 1,495,088 shares of our common stock under the ATM Program for gross proceeds of \$32.4 million and net proceeds of approximately \$31.7 million, after deducting commissions to the Sales Agents on shares sold and offering expenses. As a result, as of the date hereof, up to approximately \$67.6 million in aggregate amount of our common stock remain available for sale under the ATM Program.

FEES AND EXPENSES

The following table is intended to assist you in understanding the costs and expenses you will bear directly or indirectly. We caution you that some of the percentages indicated in the table below are estimates and may vary. Except where the context suggests otherwise, whenever there is a reference to fees or expenses paid by “you,” “us” or “CSWC,” or that “we” will pay fees or expenses, you will indirectly bear such fees or expenses as investors in us.

Shareholder Transaction Expenses:	
Sales load (as a percentage of offering price)	2.00% (1)
Offering expenses (as a percentage of offering price)	1.00% (2)
Dividend reinvestment plan expenses	—% (3)
Total shareholder transaction expenses (as a percentage of offering price)	3.00%
Annual Expenses (as a percentage of net assets attributable to common stock for the fiscal year ended March 31, 2020):	
Operating expenses	5.15% (4)
Interest payments on borrowed funds	6.72% (5)
Income tax expense	0.60% (6)
Acquired fund fees and expenses	2.77% (7)
Total annual expenses	15.24%

- (1) Represents the Sales Agents’ commission with respect to the shares of common stock being sold in this offering. There is no guarantee that there will be any additional sales of our common stock pursuant to the Prospectus.
- (2) The offering expenses of this offering are estimated to be approximately \$1,000,000, of which we have incurred \$532,000 as of May 29, 2020.
- (3) The expenses of administering our dividend reinvestment plan (“DRIP”) are included in operating expenses. The DRIP does not allow shareholders to sell shares through the DRIP. If a shareholder wishes to sell shares they would be required to select a broker of their choice and pay any fees or other costs associated with the sale.
- (4) Operating expenses in this table represent the estimated annual operating expenses of CSWC and its consolidated subsidiaries based on actual operating expenses for the year ended March 31, 2020. We do not have an investment adviser and are internally managed by our executive officers under the supervision of our board of directors. As a result, we do not pay investment advisory fees, but instead we pay the operating costs associated with employing investment management professionals including, without limitation, compensation expenses related to salaries, discretionary bonuses and restricted stock grants.
- (5) Interest payments on borrowed funds represents our estimated annual interest payments based on actual interest rate terms under our Credit Facility, our anticipated drawdowns from our Credit Facility, the 5.95% Notes due 2022 (the “2022 Notes”) and the 5.375% Notes due 2024 (the “2024 Notes”). As of March 31, 2020, we had \$154.0 million outstanding under our Credit Facility, \$77.1 million in aggregate principal of our 2022 Notes outstanding and \$75.0 million in aggregate principal of our 2024 Notes outstanding. Any future issuances of debt securities will be made at the discretion of management and our board of directors after evaluating the investment opportunities and economic situation of the Company and the market as a whole.
- (6) Income tax expense relates to the accrual of (a) deferred and current tax provision (benefit) for U.S. federal income taxes and (b) excise, state and other taxes. Deferred taxes are non-cash in nature and may vary significantly from period to period. We are required to include deferred taxes in calculating our annual expenses even though deferred taxes are not currently payable or receivable. Income tax expense represents the estimated annual income tax expense of CSWC and its consolidated subsidiaries based on actual income tax expense for the year ended March 31, 2020.
- (7) Acquired fund fees and expenses represent the estimated indirect expense incurred due to our investment in the I-45 Senior Loan Fund based upon the actual amount incurred for the fiscal year ended March 31, 2020.

Example

The following example demonstrates the projected dollar amount of total cumulative expenses that would be incurred 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 and that our annual operating expenses would remain at the levels set forth in the table above.

	1 Year	3 Years	5 Years	10 Years
You would pay the following expenses on a \$1,000 investment, assuming 5.0% annual return	\$ 152	\$ 412	\$ 621	\$ 984

The example and the expenses in the table above should not be considered a representation of our future expenses, and actual expenses may be greater or less than those shown. While the example assumes, as required by the SEC, a 5.0% annual return, our performance will vary and may result in a return greater or less than 5.0%. In addition, while the example assumes reinvestment of all dividends at NAV, participants in our DRIP will receive a number of shares of our common stock, determined by dividing the total dollar amount of the dividend payable to a participant by the average purchase price of all shares

of common stock purchased by the administrator of the DRIP in the event that shares are purchased in the open market to satisfy the share requirements of the DRIP, which may be at, above or below NAV. See “Dividend Reinvestment Plan” in the Base Prospectus for additional information regarding our DRIP.

CAPITALIZATION

The equity distribution agreements provide that we may offer and sell shares of our common stock having an aggregate offering price of up to \$100,000,000 from time to time through the Sales Agents. The table below assumes that we will sell all of the remaining \$67.6 million in aggregate amount of our common stock available under the ATM Program at a price of \$15.13 per share (the net asset value of our common stock at March 31, 2020), but there is no guarantee that there will be any additional sales of our common stock pursuant to the Prospectus. Actual sales, if any, of our common stock under the 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 \$15.13, depending on the net asset value and market price of our common stock at the time of any such sale. The following table sets forth our capitalization as of March 31, 2020:

- on an actual basis; and
- on an as adjusted basis giving effect to the assumed sale of the remaining aggregate amount of \$67.6 million of our common stock at a price of \$15.13 per share (the net asset value of our common stock at March 31, 2020) less commissions and offering expenses and giving effect to the use of such proceeds as described in the ATM Prospectus Supplement. See “Use of Proceeds.”

This table should be read together with “Use of Proceeds” and “Plan of Distribution” included in the ATM Prospectus Supplement and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our most recent consolidated financial statements and notes thereto included or incorporated by reference in the Prospectus.

	As of March 31, 2020	
	Actual	As Adjusted for this Offering
(in thousands, except share and per share numbers)		
Cash and cash equivalents	\$ 13,744	\$ 13,744
Borrowings:		
Credit Facility ⁽¹⁾	154,000	88,213
2022 Notes (net of deferred issuance costs)	75,812	75,812
2024 Notes (net of deferred issuance costs)	73,484	73,484
Total borrowings	\$ 303,296	\$ 237,509
Net Assets:		
Common stock, par value \$0.25 per share; 40,000,000 common shares authorized; 20,337,610 and 24,806,032 (as adjusted) shares issued; and 17,998,098 and 22,466,520 (as adjusted) shares outstanding, respectively	\$ 5,085	\$ 6,202
Additional paid-in capital	310,846	375,516
Total distributable earnings	(19,772)	(19,772)
Treasury stock - at cost, 2,339,512	(23,937)	(23,937)
Total net assets	\$ 272,222	\$ 338,009
Total liabilities and net assets	\$ 584,959	\$ 584,959

⁽¹⁾ The above table reflects the carrying value of indebtedness outstanding as of March 31, 2020. As of May 29, 2020, outstanding indebtedness under our Credit Facility was \$164.0 million. The net proceeds from the sale of the common stock in this offering are expected to be used to pay down outstanding indebtedness under our Credit Facility. On an as-adjusted-for-this-offering basis and reflecting the use of proceeds from this offering, the line item “Credit Facility” would be \$98.2 million as of May 29, 2020. See “Use of Proceeds” in the ATM Prospectus Supplement for more information.