

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of report (Date of earliest event reported): **November 6, 2017**

CAPITAL SOUTHWEST CORPORATION

(Exact Name Of Registrant As Specified In Charter)

Texas
(State or Other Jurisdiction of
Incorporation)

814-00061
(Commission File Number)

75-1072796
(IRS Employer Identification No.)

5400 Lyndon B. Johnson Freeway, Suite 1300
Dallas, Texas 75240
(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code: **(214) 238-5700**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02 Results of Operations and Financial Condition.

On November 6, 2017, Capital Southwest Corporation (the “Company”) issued a press release, a copy of which has been furnished as Exhibit 99.1 hereto.

The information furnished in this Current Report on Form 8-K under Item 2.02, including Exhibit 99.1, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1934, except as shall be expressly set forth by reference in a future filing.

Item 7.01 Regulation FD Disclosure.

The Company expects to hold a conference call with analysts and investors on November 7, 2017. A copy of the investor presentation slides to be used by the Company on such conference call is furnished as Exhibit 99.2 to this Form 8-K and incorporated herein by reference.

The information set forth under this Item 7.01, including Exhibit 99.2, is being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, except as shall be expressly set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press release issued by Capital Southwest Corporation on November 6, 2017
99.2	Investor presentation slides

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: November 6, 2017

By: /s/ Bowen S. Diehl

Name: Bowen S. Diehl

Title: Chief Executive Officer and
President

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
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Capital Southwest Announces Financial Results for Second Fiscal Quarter Ended September 30, 2017

CSWC Reports Pre-Tax Net Investment Income of \$0.25 Per Share and Net Asset Value of \$18.26 Per Share

Dallas, Texas – November 6, 2017 – Capital Southwest Corporation (“Capital Southwest” or the “Company”; Nasdaq: CSWC), an internally managed Business Development Company, today announced its financial results for the second fiscal quarter ended September 30, 2017.

Second Quarter Fiscal Year 2018 Financial Highlights

- Total Investment Portfolio increased to \$321.9 million during the quarter
 - o No investments currently on non-accrual
 - o Total Credit Portfolio increased to \$187.3 million during the quarter
 - o \$28.1 million in new committed credit investments
 - o \$17.1 million in prepayments and amortization on credit investments
 - o Total CSWC investment in I-45 SLF - \$67.4 million
 - o I-45 SLF portfolio increased to \$223.8 million during the quarter
 - o \$28.3 million in new committed credit investments
 - o \$14.2 million in prepayments and amortization on credit investments
 - o I-45 SLF portfolio consists of 46 issuers: 94% 1st Lien Debt and 6% 2nd Lien Debt
 - o Total Equity Portfolio, excluding investment in I-45 SLF, increased to \$67.1 million during the quarter
 - o \$4.4 million in new equity investments during the quarter, consisting of co-investments alongside two new credit investments
 - Pre-Tax Net Investment Income of \$4.1 million, or \$0.25 per weighted average diluted share
 - Declared and Paid Quarterly Dividend of \$0.24 per share
 - Net Realized and Unrealized Gains on Investments: \$4.7 million
 - Total Cash and Cash Equivalents: \$33.3 million
 - Total Net Assets: \$292.5 million
 - Net Asset Value per Share: \$18.26
 - Weighted Average Yield on Debt Investments: 10.71%
 - Weighted Average Yield on all Portfolio Investments: 10.65%
-

In commenting on the Company's results, Bowen Diehl, President and Chief Executive Officer, stated, "We are pleased with the further progress we made this quarter towards building a fully-invested credit portfolio. Deal flow in the Lower Middle Market was strong during the quarter, with several deals in late stage diligence and documentation carrying over into the current quarter. Heavy prepayments continue in the Upper Middle Market with value on new deals in the Upper Middle Market increasingly difficult to find. Our portfolio evolution continues with an increasing portion being represented by first lien senior secured loans to Lower Middle Market companies. Finally, with our shelf registration now effective, we are able to consider capital markets alternatives as we design our capitalization strategy going forward."

Second Quarter Fiscal Year Portfolio and Investment Activities

During the quarter ended September 30, 2017, the Company originated two new investments totaling \$32.5 million. New investment transactions which occurred during the quarter ended September 30, 2017 are summarized as follows:

Zenfolio Inc., \$13.5 million 1st Lien Senior Secured Debt, \$1.9 million in Common Stock, \$2.5 million Delayed Draw Term Loan, \$2.0 million Revolving Loan: Zenfolio Inc. is a SaaS platform for professional and amateur photographers.

Alliance Sports Group, L.P., \$10.1 million Senior Subordinated Debt, \$2.5 million membership interest: Alliance Sports Group, through its robust sourcing and distribution platform, designs, sources, sells, and distributes a broad range of branded consumer products through unique point of purchase displays.

During the quarter ended September 30, 2017, the Company received full prepayments on three investments totaling \$16.1 million. The Company received a full prepayment on the following investments:

Winzer Corporation, Senior Subordinated Debt: Proceeds of \$8.1 million, resulting in an IRR of 12.7%.

Water Pik, Inc., 2nd Lien Senior Secured Debt: Proceeds of \$4.3 million, resulting in an IRR of 12.1%.

Cast and Crew Payroll, LLC, 2nd Lien Senior Secured Debt: Proceeds of \$3.7 million, resulting in an IRR of 9.8%.

Second Fiscal Quarter 2018 Operating Results

For the quarter ended September 30, 2017, Capital Southwest reported total investment income of \$8.5 million, compared to \$7.7 million in the prior quarter. Interest income grew by \$0.8 million over the prior quarter, driven by net portfolio growth.

For the quarter ended September 30, 2017, total operating expenses (excluding tax and interest expense) were \$3.5 million, compared to \$3.4 million in the prior quarter. The increase in operating expenses was due to an increase in non-recurring employee recruitment expenses, due to the hiring of a new Principal on the investment team.

For the quarter ended September 30, 2017, total interest expense was \$0.9 million, compared to \$0.7 million in the prior quarter. The increase in interest expense was due to increased average debt outstanding on the revolving credit facility during the quarter.

For the quarter ended September 30, 2017, total pre-tax net investment income was \$4.1 million, compared to \$3.6 million in the prior quarter.

For the quarter ended September 30, 2017, we incurred tax expense of \$0.1 million, which remained flat compared to the prior quarter.

During the quarter ended September 30, 2017, Capital Southwest recorded total realized and unrealized gains on investments of \$4.7 million, compared to \$2.0 million in the prior quarter, primarily driven by strong portfolio company performance. The net increase in net assets resulting from operations was \$8.6 million for the quarter, compared to \$5.4 million in the prior quarter.

The Company's net asset value, or NAV, at September 30, 2017 was \$18.26 per share, compared to \$17.96 at June 30, 2017. The increase in NAV from the prior quarter is primarily due to an increase in net realized and unrealized gains in the current quarter.

Liquidity and Capital Resources

At September 30, 2017, Capital Southwest had unrestricted cash and money market balances of approximately \$33.3 million.

In August 2016, the Company entered into a credit facility to provide additional liquidity to support its investment and operational activities, which included total commitments of \$100 million, with an accordion for an additional \$50 million, from a group of five bank lenders. In August 2017, Capital Southwest increased the total commitments by \$15 million to \$115 million total, adding an additional lender using the accordion feature. The credit facility is scheduled to mature on August 30, 2020. As of September 30, 2017, Capital Southwest had \$56 million in borrowings outstanding under the credit facility. Regulatory leverage at the end of the quarter was 0.2 to 1.

Additionally, I-45 SLF has total commitments outstanding of \$165 million from a group of four bank lenders in its Deutsche Bank led credit facility, which is scheduled to mature in July 2022. As of September 30, 2017, I-45 SLF had \$139 million in borrowings outstanding under its credit facility. During the quarter, the Company amended the Deutsche Bank credit facility to lower the spread, extend the tenor, and modestly enhance the advance rates.

Share Repurchase Program

On January 25, 2016, Capital Southwest announced that its Board of Directors authorized the repurchase of up to \$10 million of its common stock at prices significantly below the Company's net asset value per share as reported in its most recent financial statements. The Board authorized the plan because it believes that the Company's common stock may be undervalued from time to time due to market volatility. As of September 30, 2017, no shares had been purchased under the plan.

Second Quarter 2018 Earnings Results Conference Call and Webcast

Capital Southwest has scheduled a conference call on Tuesday, November 7, 2017, at 11:00 a.m. Eastern Time to discuss the second quarter 2018 financial results. You may access the call by dialing 1-866-502-8274 and using the Conference ID 96686873 at least 10 minutes before the call. The call can also be accessed using the Investor Relations section of Capital Southwest's website at www.capitalsouthwest.com, or by using <https://edge.media-server.com/m6/p/h2ri2jhw>.

A telephonic replay will be available through November 14, 2017 by dialing 1-855-859-2056 and using the Conference ID 96686873. An audio archive of the conference call will also be available on the Investor Relations section of Capital Southwest's website.

For a more detailed discussion of the financial and other information included in this press release, please refer to the Capital Southwest Form 10-Q for the period ended September 30, 2017 to be filed with the Securities and Exchange Commission and Capital Southwest's Second Fiscal Quarter 2018 Earnings Presentation to be posted on the Investor Relations section of Capital Southwest's website at www.capitalsouthwest.com.

About Capital Southwest

Capital Southwest Corporation (Nasdaq: CSWC) is a Dallas, Texas-based, internally managed Business Development Company, with approximately \$293 million in net assets as of September 30, 2017. Capital Southwest is a middle-market lending firm focused on supporting the acquisition and growth of middle market businesses. Capital Southwest makes investments ranging from \$5 to \$20 million in securities across the capital structure, including first lien, unitranche, second lien, subordinated debt and non-control equity co-investments. As a public company with a permanent capital base, Capital Southwest has the flexibility to be creative in its financing solutions and to invest to support the growth of its portfolio companies over long periods of time.

Forward-Looking Statements

This press release contains historical information and forward-looking statements within the meaning of The Private Securities Litigation Reform Act of 1995 with respect to the business and investments of Capital Southwest. Forward-looking statements are statements that are not historical statements and can often be identified by words such as “will,” “may,” “could,” “believe,” “expect” and similar expressions and variations or negatives of these words. These statements are based on management's current expectations, assumptions and beliefs. They are not guarantees of future results and are subject to numerous risks, uncertainties and assumptions that could cause actual results to differ materially from those expressed in any forward-looking statement. These risks include risks related to changes in the markets in which Capital Southwest invests, changes in the financial and lending markets, regulatory changes, tax treatment and general economic and business conditions.

Readers should not place undue reliance on any forward-looking statements and are encouraged to review Capital Southwest's Annual Report on Form 10-K for the year ended March 31, 2017 and subsequent filings with the Securities and Exchange Commission for a more complete discussion of the risks and other factors that could affect any forward-looking statements. Except as required by the federal securities laws, Capital Southwest does not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, changing circumstances or any other reason after the date of this press release.

Investor Relations Contact:

Michael S. Sarner, Chief Financial Officer
214-884-3829



Capital Southwest Corporation

Q2 2018 Earnings Presentation

November 7, 2017

5400 Lyndon B. Johnson Freeway, Suite 1300 | Dallas, Texas 75240 | 214.238.5700 | capitalsouthwest.com



Forward-Looking Statements

- This presentation contains forward-looking statements within the meaning of The Private Securities Litigation Reform Act of 1995 relating to, among other things, the business, financial condition and results of operations of Capital Southwest, the anticipated investment strategies and investments of Capital Southwest, and future market demand. Any statements that are not statements of historical fact are forward-looking statements. Forward-looking statements are often, but not always, preceded by, followed by, or include words such as "believe," "expect," "intend," "plan," "should" or similar words, phrases or expressions or the negative thereof. These statements are made on the basis of the current beliefs, expectations and assumptions of the management of Capital Southwest and speak only as of the date of this presentation. There are a number of risks and uncertainties that could cause Capital Southwest's actual results to differ materially from the forward-looking statements included in this presentation.
- For a further discussion of some of the risks and uncertainties applicable to Capital Southwest and its business, see Capital Southwest's Annual Report on Form 10-K for the fiscal year ended March 31, 2017 and its subsequent filings with the Securities and Exchange Commission. Other unknown or unpredictable factors could also have a material adverse effect on Capital Southwest's actual future results, performance, or financial condition. As a result of the foregoing, readers are cautioned not to place undue reliance on these forward-looking statements. Capital Southwest does not assume any obligation to revise or to update these forward-looking statements, whether as a result of new information, subsequent events or circumstances, or otherwise, except as may be required by law.

Conference Call Participants

Bowen S. Diehl

President and Chief Executive Officer

Michael S. Sarner

Chief Financial Officer

Chris Rehberger

VP Finance / Treasurer

CSWC Company Overview

CSWC is a middle-market lending firm focused on supporting the acquisition and growth of middle-market companies across the capital structure

- CSWC was formed in 1961, and became a BDC in 1988
- Publicly-traded on Nasdaq under CSWC ticker
- Internally Managed BDC with RIC status for tax purposes
- December 2014 announced intent to spin-off of industrial growth company (“CSW Industrials”; Nasdaq: CSWI) tax free
- January 2015 launched credit investment strategy
- September 2015 completed tax free spin off of CSWI
- 17 employees based in Dallas, Texas
- Total Balance Sheet Assets of \$369 MM as of September 30, 2017
- Manage I-45 Senior Loan Fund (“SLF”) in partnership with Main Street Capital (Nasdaq: MAIN)

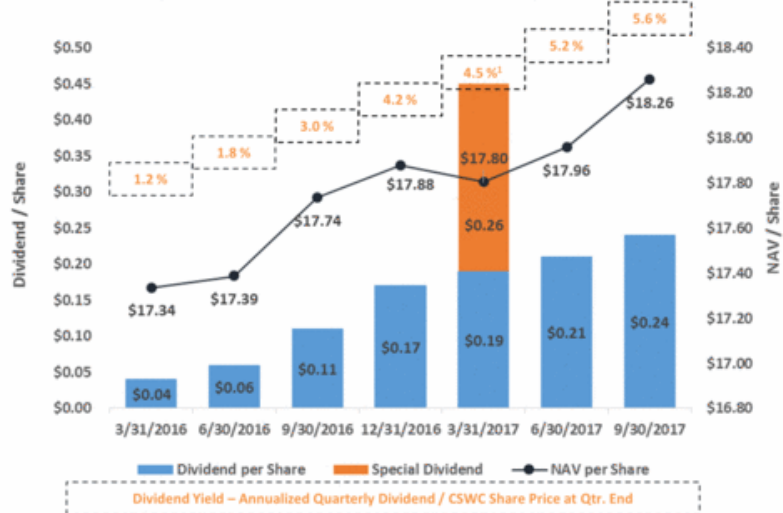
Q2 2018 Highlights

Financial Highlights

- Q2 2018 Pre-Tax Net Investment Income (“NII”) of \$4.1 MM or \$0.25 per share
- Paid Quarterly Dividend of \$0.24 per share
- NAV per share increased to \$18.26 from \$17.96
- Increased Investment Portfolio to \$322 MM from \$307 MM at fair value
 - ✓ \$32.5 MM committed in two new originations
 - ✓ \$16 MM proceeds received from three portfolio exits
- \$59 MM available on Credit Facility and \$33 MM in cash and cash equivalents as of quarter end
- Increased I-45 SLF investment portfolio to \$224 MM from \$210 MM
 - ✓ I-45 distributed \$2.2 MM dividend to CSWC
 - ✓ \$28 MM deployed in six new originations and five add-ons
 - ✓ \$12 MM proceeds received in six portfolio credit exits

Evolution of CSWC Generating Consistent Dividend and NAV Growth

- Over the past four quarters, CSWC has generated \$0.90 per share in Pre-Tax NII and paid out \$0.81 per share in regular dividends
 - ✓ LTM dividend coverage of 111% of Pre-Tax NII
- In addition, paid out a Special Dividend of \$0.26 in Q4 2017 generated primarily from realized gains earned over prior 12 months
- Dividend Yield increased to 5.6% at 9/30/17 from 1.2% at 3/31/16
- NAV has increased to \$18.26 per share at 9/30/17 from \$17.34 per share at 3/31/16



(1) The Special Dividend of \$0.26 is not included in the Dividend Yield calculation.

Two Pronged Investment Strategy

Lower Middle Market (“LMM”): CSWC led or Club Deals

- Companies with EBITDA between \$3 MM and \$15 MM
- Typical leverage of 2x – 4x Debt to EBITDA through CSWC debt
- Commitment size up to \$20 MM with hold sizes generally \$10 to \$15 MM
- Both Sponsored and Non-sponsored deals
- Securities include first lien, unitranche, second lien and subordinated debt
- Frequently make equity co-investments alongside CSWC debt

Upper Middle Market (“UMM”): Syndicated or Club, First and Second Lien

- Companies typically have in excess of \$50 MM in EBITDA
- Typical leverage of 3x – 5.5x Debt to EBITDA through CSWC debt position
- Hold sizes generally \$5 to \$10 MM
- Floating Rate First and Second Lien debt securities
- More liquid assets relative to Lower Middle Market investments
- Provides flexibility to invest/divest opportunistically based on market conditions and liquidity position

Q2 2018 Portfolio Originations

\$32.5 MM in new committed Lower Middle Market investments during the quarter (\$23 MM funded debt) at a weighted average debt YTM of 11.5%

Q2 2018 Portfolio Originations						
Name	Industry	Type	Market	Total Commitment (in \$000s)	Debt Coupon	Debt Yield to Maturity
Zenfolio, Inc. ⁽¹⁾	Business Services	Revolver / 1st Lien / Equity	LMM	\$19,900	L + 9.0%	11.2%
Alliance Sports Group	Consumer Products & Retail	Sub Debt / Equity	LMM	\$12,600	11.0%	12.0%
Total				\$32,500		11.5%

1. At close, \$2.0 MM Revolver and \$2.5 MM Delayed Draw Term Loan were unfunded

Note: Market Segment refers to Upper Middle Market ("UMM") and Lower Middle Market ("LMM")

Q2 2018 Portfolio Prepayments

Prepayments continue to demonstrate our track record of generating attractive risk adjusted returns on shareholders' capital

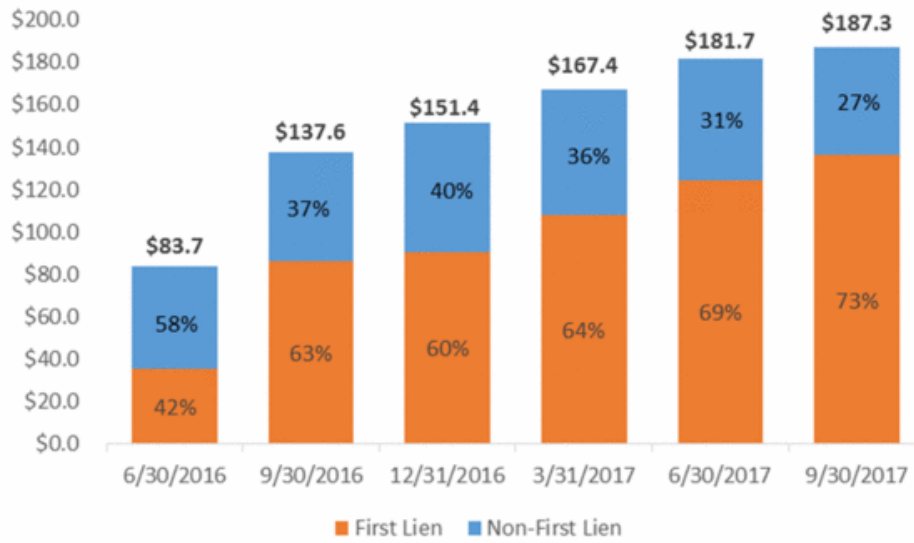
Q2 2018 Portfolio Exits						
Name	Industry	Type	Market	Proceeds (in \$000s)	Realized Gain (in \$000s)	IRR
Water Pik	Consumer Products & Retail	2nd Lien	UMM	\$4,254	\$77	12.1%
Cast & Crew	Media, Marketing, & Entertainment	2nd Lien	UMM	\$3,705	\$19	9.8%
Winzer Corporation	Distribution	Sub Debt	LMM	\$8,100	\$114	12.7%
Total / Wtd. Avg.				\$16,060	\$210	11.9%

Note: Market Segment refers to Upper Middle Market ("UMM") and Lower Middle Market ("LMM")

Balance Sheet Credit Portfolio Mix

Credit portfolio has grown to \$187 MM and 73% first lien exposure at 9/30/17

Credit Portfolio (Fair Value)



Portfolio Statistics by Investment Strategy

Portfolio statistics illustrate CSWC's prudent investment underwriting

Investment Portfolio - Statistics at 9/30/17		
US\$ in 000s	Lower Middle Market ⁽¹⁾	Upper Middle Market
Number of Portfolio Companies	13	13
Total Cost	\$131,762	\$83,283
Total Fair Value	\$170,139	\$84,320
Average Hold Size (at Cost)	\$10,136	\$6,406
% First Lien Investments (at Cost)	63.5%	61.6%
% Second Lien Investments (at Cost)	0.0%	38.4%
% Subordinated Debt Investments (at Cost)	14.3%	0.0%
% Equity (at Cost)	22.2%	0.0%
Wtd. Avg. Yield ⁽²⁾⁽³⁾	11.4%	9.9%
Wtd. Avg. EBITDA of Issuer (\$MM's) ⁽³⁾	\$9.1	\$93.8
Wtd. Avg. Leverage through CSWC Security ⁽³⁾⁽⁴⁾	3.5x	3.7x

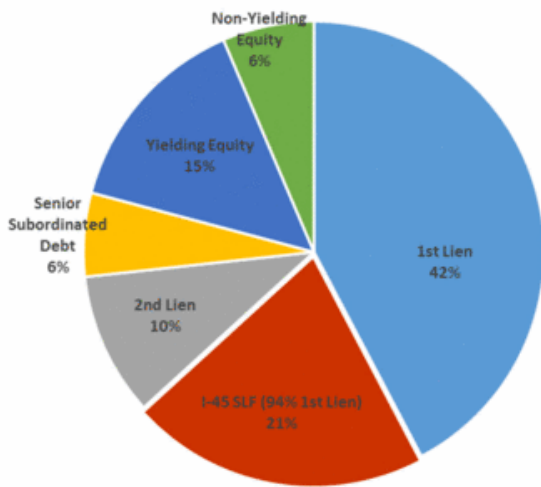
Note: All metrics above exclude the I-45 Senior Loan Fund

1. At September 30, 2017, we had equity ownership in approximately 84.6% of our LMM investments.
2. The weighted-average annual effective yields were computed using the effective interest rates for all debt investments at cost as of September 30, 2017, including accretion of original issue discount but excluding fees payable upon repayment of the debt instruments and any debt investments on non-accrual status. As of September 30, 2017, there were no investments on non-accrual status. Weighted-average annual effective yield is higher than what an investor in shares in our common stock will realize on its investment because it does not reflect our expenses or any sales load paid by an investor.
3. Weighted average metrics are calculated using investment cost basis weighting.
4. Includes CSWC debt investments only. Calculated as the amount of each portfolio company's debt (including CSWC's position and debt senior or pari passu to CSWC's position, but excluding debt subordinated to CSWC's position) in the capital structure divided by each portfolio company's adjusted EBITDA. Management uses this metric as a guide to evaluate relative risk of its position in each portfolio debt investment

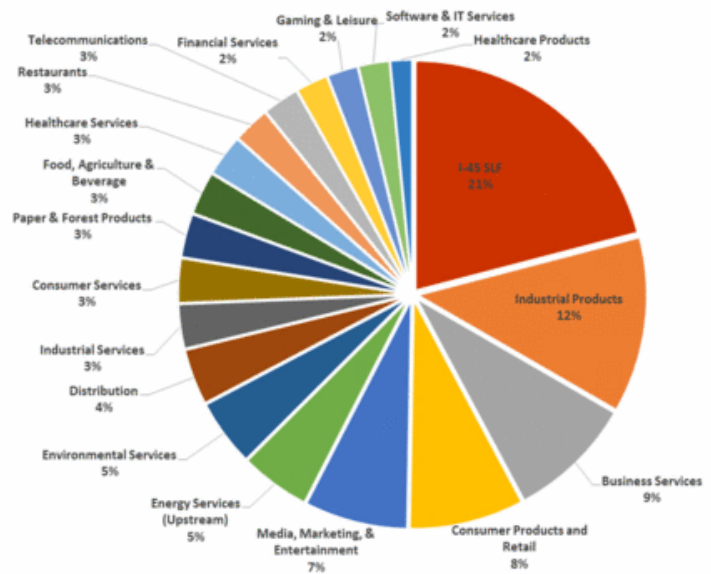
Portfolio Mix as of 9/30/17 at Fair Value

Current Portfolio of \$322 MM continues to be granular, diverse, and focused on income generating securities

Current Investment Portfolio (By Type)



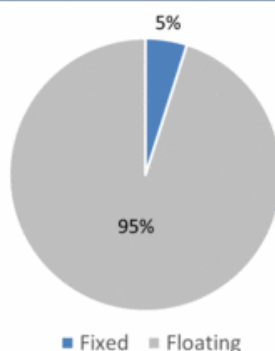
Current Investment Portfolio (By Industry)



Interest Rate Sensitivity

Debt Portfolio Exposure at 9/30/17 Well-Positioned for Changes to Base Interest Rates

Fixed vs. Floating Portfolio Composition ⁽¹⁾



Change in Base Interest Rates	Illustrative NII Change (\$'s)	Illustrative NII Change (Per Share)
(50bps)	(\$311,322)	(\$0.02)
50 bps	\$901,016	\$0.06
100bps	\$1,802,031	\$0.11
150bps	\$2,703,047	\$0.17
200bps	\$3,604,063	\$0.22

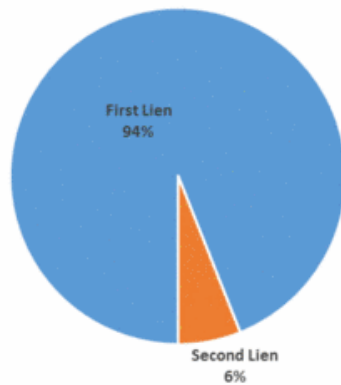
(1) Portfolio Composition includes I-45 assets pro rata as a % of CSWC's equity investment in the fund

Note: Illustrative change in NII is based on a projection of CSWC's existing debt investments as of 9/30/17, adjusted only for changes in Base Rates. The results of this analysis include the I-45 Senior Loan Fund, which is comprised of 100% floating rate assets and liabilities.

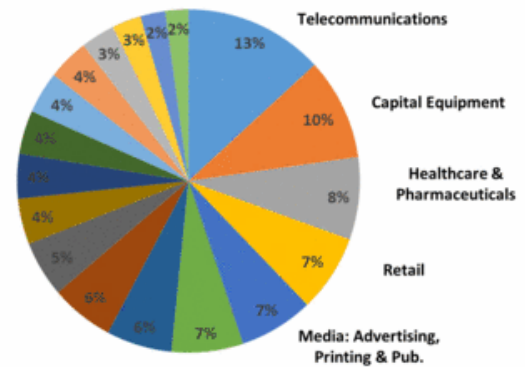
I-45 Portfolio Overview

I-45 portfolio grew to \$224 MM while average investment size remained at 2.2%

Current I-45 Portfolio (By Type)



Current I-45 Portfolio (By Industry)



I-45 Portfolio Statistics				
	12/31/2016	3/31/2017	6/30/2017	9/30/2017
Total Debt Investments at Fair Value	\$186,643	\$200,243	\$209,863	\$223,807
Number of Issuers	41	43	46	46
Wtd. Avg. Issuer EBITDA	\$88,970	\$81,417	\$80,909	\$79,009
Avg. Investment Size as a % of Portfolio	2.4%	2.3%	2.2%	2.2%
Wtd. Avg. Net Leverage on Investments ⁽¹⁾	3.2x	3.0x	3.5x	3.5x
Wtd. Avg. Yield	8.0%	7.9%	7.9%	7.7%
Wtd. Avg. Duration (Yrs)	4.4	4.3	4.9	4.8

(1) Through I-45 Security

Income Statement

<i>(In Thousands, except per share amounts)</i>	Quarter Ended 12/31/16	Quarter Ended 3/31/17	Quarter Ended 6/30/17	Quarter Ended 9/30/17
Investment Income				
Interest Income	\$3,611	\$4,113	\$4,520	\$5,282
Dividend Income	\$3,078	\$3,002	\$3,004	\$3,088
Fees and Other Income	\$176	\$611	\$200	\$139
Total Investment Income	\$6,865	\$7,726	\$7,724	\$8,509
Expenses				
Cash Compensation	\$1,476	\$1,704	\$1,638	\$1,606
Share Based Compensation	\$321	\$382	\$368	\$384
General & Administrative	\$1,144	\$1,360	\$1,228	\$1,364
Spin-off Related Expenses	\$172	\$172	\$172	\$173
Total Expenses (excluding Interest)	\$3,113	\$3,618	\$3,406	\$3,527
Interest Expense	\$343	\$543	\$738	\$911
Pre-Tax Net Investment Income	\$3,409	\$3,565	\$3,580	\$4,071
Taxes and Gain / (Loss)				
Income Tax Benefit (Expense)	(\$536)	(\$284)	(\$144)	(\$134)
Net realized gain (loss) on investments	\$72	\$4,098	\$624	\$210
Net increase (decrease) in unrealized appreciation of investments	\$4,940	(\$1,402)	\$1,384	\$4,496
Net increase (decrease) in net assets resulting from operations	\$7,885	\$5,977	\$5,444	\$8,643
Weighted Average Diluted Shares Outstanding	15,932	16,044	16,072	16,078
Pre-Tax Net Investment Income Per Dil. Weighted Average Share	\$0.21	\$0.22	\$0.22	\$0.25
Quarterly Dividends per Share	\$0.17	\$0.19	\$0.21	\$0.24

Balance Sheet

<i>(In Thousands, except per share amounts)</i>	Quarter Ended 12/31/2016	Quarter Ended 3/31/2017	Quarter Ended 6/30/2017	Quarter Ended 9/30/2017
Assets				
Portfolio Investments	\$267,131	\$286,880	\$306,582	\$321,860
Cash & Cash Equivalents	\$32,671	\$22,386	\$12,359	\$33,329
Deferred Tax Asset	\$1,940	\$2,017	\$1,858	\$1,846
Other Assets	\$10,592	\$14,469	\$10,391	\$11,635
Total Assets	\$312,334	\$325,752	\$331,190	\$368,670
Liabilities				
Credit Facility	\$15,000	\$25,000	\$25,000	\$56,000
Payable for Unsettled Transaction	\$0	\$0	\$9,263	\$0
Other Liabilities	\$11,890	\$15,680	\$9,500	\$20,156
Total Liabilities	\$26,890	\$40,680	\$43,763	\$76,156
Shareholders Equity				
Net Asset Value	\$285,444	\$285,072	\$287,427	\$292,514
NAV per Share	\$17.88	\$17.80	\$17.96	\$18.26
Debt to Equity	0.1x	0.1x	0.1x	0.2x
Shares Outstanding at Period End	15,965	16,011	16,006	16,019

Portfolio Statistics

Continuing to build a well performing credit portfolio with no non-accruals

	Quarter Ended 12/31/2016	Quarter Ended 3/31/2017	Quarter Ended 6/30/2017	Quarter Ended 9/30/2017
Portfolio Statistics				
Fair Value of Debt Investments	\$151,465	\$167,447	\$181,725	\$187,316
Average Debt Investment Hold Size	\$5,826	\$5,980	\$6,490	\$6,938
Fair Value of Debt Investments as a % of Par	98%	99%	99%	99%
% of Debt Portfolio on Non-Accrual (at Fair Value)	0.0%	0.0%	0.0%	0.0%
Weighted Average Investment Rating ⁽¹⁾	1.9	1.9	2.0	2.0
Weighted Average Yield on Debt Investments	10.3%	10.3%	10.5%	10.7%
Total Fair Value of Portfolio Investments	\$267,131	\$286,880	\$306,582	\$321,860
Weighted Average Yield on all Portfolio Investments ⁽²⁾	10.7%	10.5%	10.4%	10.7%
Investment Mix (Debt vs. Equity) ^{(3) (4)}	73% / 27%	75% / 25%	76% / 24%	74% / 26%
Investment Mix (Yielding vs. Non-Yielding) ⁽⁴⁾	94% / 6%	95% / 5%	95% / 5%	94% / 6%

(1) CSWC utilizes an internal 1 - 4 investment rating system in which 1 represents material outperformance and 4 represents material underperformance. All new investments are initially set to 2.

(2) Includes dividends from Media Recovery, Inc. and I-45 Senior Loan Fund.

(3) Excludes CSWC equity investment in I-45 Senior Loan Fund.

(4) At Fair Value

Credit Portfolio Roll Forward

Credit portfolio has grown to \$187 MM at 9/30/17 from \$138 MM at 9/30/16

<i>(In Millions)</i>	12/31/2016	3/31/2017	6/30/2017	9/30/2017
Debt Investments at Fair Value				
Beginning Total Debt Portfolio (FV)	\$137.6	\$151.4	\$167.4	\$181.7
New Originations ⁽¹⁾	\$26.6	\$37.1	\$36.8	\$23.3
Repayments & Exits ⁽²⁾	(\$13.2)	(\$23.0)	(\$24.1)	(\$17.1)
Appreciation / (Depreciation)	\$0.4	\$1.9	\$1.6	(\$0.6)
Change in Debt Investments (FV)	\$13.8	\$16.0	\$14.3	\$5.6
Ending Total Debt Portfolio (FV)	\$151.4	\$167.4	\$181.7	\$187.3

1. Includes purchases of new investments, as well as discount accretion on existing investments.

2. Includes conversion of \$2.7 million debt security in legacy Titan Liner to equity in 12/31/16 quarter

Investment Income Detail

Constructing a portfolio of investments with recurring cash yield

- Recurring cash interest income continues to grow quarter over quarter
- Earned less non-recurring prepayment fees in Q2 2018 versus previous quarter
- PIK income remains a minor portion of NII

<i>(In Thousands)</i>	Quarter Ended 12/31/16	Quarter Ended 3/31/17	Quarter Ended 6/30/17	Quarter Ended 9/30/17
Investment Income Breakdown				
Cash Interest	\$3,490	\$3,913	\$4,264	\$5,082
Cash Dividends	\$3,078	\$3,002	\$3,004	\$3,018
PIK Income	\$0	\$63	\$73	\$70
Amortization of purchase discounts and fees	\$120	\$136	\$183	\$200
Management/Admin Fees	\$105	\$115	\$128	\$139
Prepayment Fees & Other Income	\$73	\$497	\$72	\$0
Total Investment Income	\$6,865	\$7,726	\$7,724	\$8,509
Key Metrics				
Cash Income as a % of Investment Income	98%	97%	97%	97%
% of Total Investment Income that is Recurring ⁽¹⁾	90%	90%	93%	97%

(1) Non-Recurring income principally made up of acceleration of unamortized OID and prepayment fees

Financial Highlights

	Quarter Ended 12/31/2016	Quarter Ended 3/31/2017	Quarter Ended 6/30/2017	Quarter Ended 9/30/2017
Financial Highlights				
Pre-Tax Net Investment Income Per Wtd Avg Diluted Share	\$0.21	\$0.22	\$0.22	\$0.25
Pre-Tax Net Investment Income Return on Equity (ROE)	4.79%	4.99%	4.96%	5.55%
Realized Earnings Per Wtd Avg Diluted Share	\$0.18	\$0.46	\$0.25	\$0.26
Realized Earnings ROE	4.14%	10.33%	5.63%	5.65%
Earnings Per Wtd Avg Diluted Share	\$0.49	\$0.37	\$0.34	\$0.54
Earnings Return on Equity (ROE)	11.07%	8.37%	7.55%	11.77%
Quarterly Dividends Per Share	\$0.17	\$0.19	\$0.21	\$0.24
Special Dividends per Share	\$0.00	\$0.26	\$0.00	\$0.00
NAV Per Share	\$17.88	\$17.80	\$17.96	\$18.26

Corporate Information

<p>Board of Directors</p> <p>Inside Directors Bowen S. Diehl</p> <p>Independent Directors David R. Brooks Jack D. Furst T. Duane Morgan William R. Thomas John H. Wilson</p>	<p>Senior Management</p> <p>Bowen S. Diehl <i>President & Chief Executive Officer</i></p> <p>Michael S. Sarnier <i>Chief Financial Officer, Secretary & Treasurer</i></p>	<p>Fiscal Year End March 31</p>												
<p>Corporate Offices & Website</p> <p>5400 LBJ Freeway 13th Floor Dallas, TX 75240 http://www.capitalsouthwest.com</p>	<p>Investor Relations</p> <p>Michael S. Sarnier Capital Southwest 214-884-3829 msarnier@capitalsouthwest.com</p>	<p>Independent Auditor</p> <p>RSM US Chicago, IL</p>												
	<p>Securities Listing NASDAQ: CSWC</p>	<p>Corporate Counsel Jones Day / Eversheds Sutherland</p>												
		<p>Transfer Agent American Stock Transfer & Trust Company, LLC 800-937-5449 www.amstock.com</p>												
<p>Industry Analyst Coverage</p>														
<table border="1"> <thead> <tr> <th>Firm</th> <th>Analyst</th> <th>Contact Information</th> </tr> </thead> <tbody> <tr> <td>Robert W. Baird & Co.</td> <td>Bryce Rowe, CFA</td> <td>Direct: 804-447-8019</td> </tr> <tr> <td>National Securities Corporation</td> <td>Christopher R. Testa</td> <td>Direct: 212-417-7447</td> </tr> <tr> <td>Janney Montgomery Scott, LLC</td> <td>Mitchel Penn, CFA</td> <td>Direct: 410-583-5976</td> </tr> </tbody> </table>	Firm	Analyst	Contact Information	Robert W. Baird & Co.	Bryce Rowe, CFA	Direct: 804-447-8019	National Securities Corporation	Christopher R. Testa	Direct: 212-417-7447	Janney Montgomery Scott, LLC	Mitchel Penn, CFA	Direct: 410-583-5976		
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