

Approval of Reduced Asset Coverage under Small Business Credit Availability Act

On March 23, 2018, the Consolidated Appropriations Act of 2018, which includes the Small Business Credit Availability Act (the “SBCAA”), was signed into law. The SBCAA, among other things, amends the Investment Company Act of 1940, as amended (the “1940 Act”), to permit a business development company to reduce the required minimum asset coverage ratio applicable to it from 200% to 150%, subject to certain requirements described therein.

On November 6, 2018 (the “Approval Date”), HPCI’s Board of Directors (the “Board”), including a “required majority” (as such term is defined in Section 57(o) of the 1940 Act) of the Board, approved the application of the modified asset coverage requirements set forth in Section 61(a)(2) of the 1940 Act, as amended by the SBCAA. As of November 6, 2019, HPCI satisfied the requirement to extend to each of its stockholders as of the Approval Date, an offer to repurchase the equity securities held by such stockholder as of the Approval Date, with 25% of such equity securities to be repurchased in each of the four quarters following the Approval Date. Therefore, effective November 6, 2019, the asset coverage ratio test applicable to HPCI decreased from 200% to 150%.