

Stellus Capital Investment Corp  
Form PRE 14A  
March 31, 2015

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**SCHEDULE 14A INFORMATION  
Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

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
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

**Stellus Capital Investment Corporation**

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
  - Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
- (1) Title of each class of securities to which transaction applies:
- (2) Aggregate number of securities to which transaction applies:

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(1) Amount previously paid:

(2) Form, schedule or registration statement no.:

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**STELLUS CAPITAL INVESTMENT CORPORATION**  
**4400 Post Oak Parkway, Suite 2200**  
**Houston, Texas 77027**  
**(713) 292-5400**

April 29, 2015

Dear Stockholder:

You are cordially invited to attend the 2015 Annual Meeting of Stockholders (the Annual Meeting ) of Stellus Capital Investment Corporation to be held on June 26, 2015 at 10:00 a.m., Central Time, at The St. Regis Hotel, 1919 Briar Oaks Lane, Houston, Texas 77027. Only stockholders of record at the close of business on April 16, 2015 are entitled to the notice of, and to vote at, the Annual Meeting, including any postponement or adjournment thereof.

Details regarding the business to be conducted are more fully described in the accompanying Notice of Annual Meeting and Proxy Statement.

It is important that your shares be represented at the Annual Meeting, and you are encouraged to vote your shares as soon as possible. The enclosed proxy card contains instructions for voting over the Internet, by telephone or by returning your proxy card via mail in the envelope provided. Your vote is important.

We look forward to seeing you at the Annual Meeting.

Sincerely yours,

Robert T. Ladd  
Chairman of the Board, President  
and Chief Executive Officer

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to Be Held on June 26, 2015.**

Our proxy statement and annual report on Form 10-K for the year ended December 31, 2014 are available at the following cookies-free website that can be accessed anonymously: [www.proxyvote.com](http://www.proxyvote.com).

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**STELLUS CAPITAL INVESTMENT CORPORATION**  
**4400 Post Oak Parkway, Suite 2200**  
**Houston, Texas 77027**  
**(713) 292-5400**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD JUNE 26, 2015**

To the Stockholders of Stellus Capital Investment Corporation:

The 2015 Annual Meeting of Stockholders (the Annual Meeting ) of Stellus Capital Investment Corporation, a Maryland corporation (the Company ), will be held at The St. Regis Hotel, 1919 Briar Oaks Lane, Houston, Texas 77027 on June 26, 2015, at 10:00 a.m., Central Time, for the following purposes:

1. To elect three directors of the Company nominated by the Company s Board of Directors (the Board ) and named in this proxy statement who will serve for three years or until his successor is elected and qualified;
2. To approve a proposal to authorize the Company, with the approval of the Board, to sell or otherwise issue up to 25% of the Company s outstanding common stock at an offering price that is below the Company s then current net asset value per share ( NAV ); and
3. To transact such other business as may properly come before the meeting, or any postponement or adjournment thereof.

**THE BOARD, INCLUDING THE INDEPENDENT DIRECTORS, UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR EACH OF THESE PROPOSALS.**

The enclosed proxy statement is also available at [www.stelluscapital.com](http://www.stelluscapital.com) (under the Stellus Capital Investment Corporation section). This website also includes copies of the form of proxy and the Company s Annual Report on Form 10-K to stockholders. Stockholders may request a copy of the proxy statement and the Company s Annual Report by contacting our main office at (713) 292-5400.

You have the right to receive notice of and to vote at the Annual Meeting if you were a stockholder of record at the close of business on April 16, 2015. Whether or not you expect to be present in person at the Annual Meeting, please sign the enclosed proxy and return it promptly in the self-addressed envelope provided. As a registered stockholder, you may also vote your proxy electronically by telephone or over the Internet by following the instructions included with your proxy card. Instructions are shown on the proxy card. In the event there are not sufficient votes for a quorum or to approve any of the foregoing proposals at the time of the Annual Meeting, the Annual Meeting may be adjourned in order to permit further solicitation of the proxies by the Company.

By Order of the Board,

W. Todd Huskinson  
Chief Financial Officer, Chief

Compliance Officer, Secretary  
and Treasurer

Houston, Texas  
April 29, 2015

**This is an important meeting. To ensure proper representation at the Annual Meeting, please complete, sign, date and return the proxy card in the enclosed, self-addressed envelope. You may also vote your proxy electronically by telephone or over the Internet by following the instructions included with your proxy card. Even if you vote your shares prior to the Annual Meeting, you still may attend the Annual Meeting and vote your shares in person.**

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**STELLUS CAPITAL INVESTMENT CORPORATION**  
**4400 Post Oak Parkway, Suite 2200**  
**Houston, Texas 77027**  
**(713) 292-5400**

**PROXY STATEMENT**

**2015 ANNUAL MEETING OF STOCKHOLDERS**

**GENERAL**

This proxy statement is furnished in connection with the solicitation of proxies by the Board of Directors (the Board) of Stellus Capital Investment Corporation a Maryland corporation (the Company, we, us or our), for use at the Company's 2015 Annual Meeting of Stockholders (the Annual Meeting) to be held on June 26, 2015, at 10:00 a.m. Central Time at The St. Regis Hotel, 1919 Briar Oaks Lane, Houston, Texas 77027 and at any postponements or adjournments thereof. This proxy statement, the accompanying proxy card and the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2014 are first being sent to stockholders on or about April 29, 2015.

We encourage you to vote your shares, either by voting in person at the Annual Meeting or by granting a proxy (*i.e.*, authorizing someone to vote your shares). If you properly sign and date the accompanying proxy card, and the Company receives it in time for the Annual Meeting, the persons named as proxies will vote the shares registered directly in your name in the manner that you specified. This proxy statement is also available via the Internet at [www.stelluscapital.com](http://www.stelluscapital.com) (under the Stellus Capital Investment Corporation section). The website also includes electronic copies of the form of proxy and the Company's Annual Report on Form 10-K. If your shares are registered in the name of a bank or brokerage firm, you may be eligible to vote your shares electronically via the Internet or by telephone. This program provides eligible stockholders who receive a copy of the Company's Annual Report on Form 10-K and proxy statement, either by paper or electronically, the opportunity to vote via the Internet or by telephone. If your voting form does not reference Internet or telephone voting information, please complete and return the paper proxy card in the pre-addressed, postage-paid envelope provided.

**ANNUAL MEETING INFORMATION**

**Date and Location**

We will hold the Annual Meeting on June 26, 2015, at 10:00 a.m. Central Time at The St. Regis Hotel, 1919 Briar Oaks Lane, Houston, Texas 77027.

**Admission**

Only record or beneficial owners of the Company's common stock as of the close of business on April 16, 2015 or their proxies may attend the Annual Meeting. Beneficial owners must also provide evidence of stock holdings, such as a recent brokerage account or bank statement.

## Purpose of the Annual Meeting

At the Annual Meeting, you will be asked to vote on the following proposals:

1. To elect three directors of the Company nominated by the Company's Board and named in this proxy statement who will serve for three years or until his successor is elected and qualified;
2. To approve a proposal to authorize the Company, with the approval of the Board, to sell or otherwise issue up to 25% of the Company's outstanding common stock at an offering price that is below the Company's then current net asset value per share; and
3. To transact such other business as may properly come before the meeting, or any postponement or adjournment thereof.

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## **VOTING INFORMATION**

### **Record Date and Quorum Required**

The record date of the Annual Meeting is the close of business on April 16, 2015 (the Record Date ). You may cast one vote for each share of common stock that you own as of the Record Date.

A quorum of stockholders must be present for any business to be conducted at the Annual Meeting. The presence at the Annual Meeting, in person or by proxy, of stockholders entitled to cast a majority of the votes entitled to be cast as of the Record Date will constitute a quorum. Abstentions will be treated as shares present for quorum purposes. On the Record Date, there were shares outstanding and entitled to vote. Thus, shares must be represented by stockholders present at the Annual Meeting or by proxy to have a quorum.

If a quorum is not present at the Annual Meeting, the stockholders who are represented may adjourn the Annual Meeting until a quorum is present. The persons named as proxies will vote those proxies for such adjournment, unless marked to be voted against any proposal for which an adjournment is sought, to permit further solicitation of proxies.

### **Submitting Voting Instructions for Shares Held Through a Broker**

If you hold shares of common stock through a broker, bank or other nominee, you must follow the voting instructions you receive from your broker, bank or nominee. If you hold shares of common stock through a broker, bank or other nominee and you want to vote in person at the meeting, you must obtain a legal proxy from the record holder of your shares and present it at the meeting. If you do not submit voting instructions to your broker, bank or other nominee, your broker, bank or other nominee will not be permitted to vote your shares on any proposal considered at the meeting.

### **Authorizing a Proxy for Shares Held in Your Name**

If you are a record holder of shares of common stock, you may authorize a proxy to vote on your behalf by mail, as described on the enclosed proxy card. Authorizing a proxy will not limit your right to vote in person at the meeting. A properly completed, executed and submitted proxy will be voted in accordance with your instructions, unless you subsequently revoke the proxy. If you authorize a proxy without indicating your voting instructions, the proxyholder will vote your shares according to the Board's recommendations.

### **Revoking Your Proxy**

If you are a stockholder of record, you can revoke your proxy by (1) delivering a written revocation notice prior to the Annual Meeting to our Secretary, W. Todd Huskinson, at 4400 Post Oak Parkway, Suite 2200, Houston, Texas 77027; (2) delivering a later-dated proxy that we receive no later than the opening of the polls at the meeting; or (3) voting in person at the meeting. If you hold shares of common stock through a broker, bank or other nominee, you must follow the instructions you receive from your nominee in order to revoke your voting instructions. Attending the Annual Meeting does not revoke your proxy unless you also vote in person at the meeting.



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**Vote Required**

Proposal	Vote Required	Broker Discretionary Voting Allowed	Effect of Abstentions and Broker Non-Votes Because directors are elected by a plurality of the votes, an abstention will have no effect on the outcome of the vote.
<p><b>Proposal 1</b> To elect three directors of the Company nominated by the Company's Board and named in this proxy statement who will serve for three years or until his successor is elected and qualified.</p>	<p>Affirmative vote of the holders of a plurality of the shares of stock outstanding and entitled to vote thereon at the Annual Meeting.</p>	<p>No</p>	<p>Because directors are elected by a plurality of the votes, an abstention will have no effect on the outcome of the vote.</p>
<p><b>Proposal 2</b> To approve a proposal to authorize the Company, with the approval of the Board, to sell or otherwise issue up to 25% of the Company's outstanding common stock at an offering price that is below the Company's then current NAV per share.</p>	<p>Pursuant to the Investment Company Act of 1940 (the "1940 Act"), approval of this proposal requires the affirmative vote of: (i) a majority of the outstanding shares of common stock of the Company; and (ii) a majority of the outstanding shares of common stock of the Company which are not held by affiliated persons of the Company, which includes our directors, officers, employees and 5% stockholders. For purposes of this proposal, the 1940 Act defines a majority of the outstanding shares common stock as: (A) 67% or more of the shares of common stock present at the Annual Meeting if the holders of more than 50% of the outstanding shares of common stock of the Company are present or represented by proxy; or (B) 50% of the outstanding shares of common stock of the Company, whichever is the less.</p>	<p>No</p>	<p>Abstentions and broker non-votes, if any, will have the effect of a vote against this proposal.</p>

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## **INFORMATION REGARDING THIS SOLICITATION**

The Company will bear the expense of the solicitation of proxies for the Annual Meeting, including the cost of preparing, printing, and mailing this proxy statement, the accompanying Notice of Annual Meeting of Stockholders, and the proxy card. We have requested that brokers, nominees, fiduciaries and other persons holding shares in their names, or in the name of their nominees, which are beneficially owned by others, forward the proxy materials to, and obtain proxies from, such beneficial owners. We will reimburse such persons for their reasonable expenses in so doing.

In addition to the solicitation of proxies by the use of the mail, proxies may be solicited in person and by telephone or facsimile transmission by directors, officers or regular employees of the Company (for which no director, officer or regular employee will receive any additional or special compensation).

The Company has engaged the services of Broadridge Financial Solutions, Inc. for the purpose of assisting in the solicitation of proxies at an anticipated cost of approximately \$7,800 plus reimbursement of certain expenses and fees for additional services requested. Please note that Broadridge Financial Solutions, Inc. may solicit stockholder proxies by telephone on behalf of the Company. They will not attempt to influence how you vote your shares, but only ask that you take the time to authorize your proxy. You may also be asked if you would like to authorize your proxy over the telephone and to have your voting instructions transmitted to the Company's proxy tabulation firm.

The SEC has adopted rules that permit companies and intermediaries (e.g., brokers) to satisfy the delivery requirements for proxy statements and annual reports with respect to two or more stockholders sharing the same address by delivering a single proxy statement and annual report addressed to those stockholders. This process, which is commonly referred to as householding, potentially means extra convenience for stockholders and cost savings for companies.

A number of brokerages and other institutional holders of record have implemented householding. A single proxy statement will be delivered to multiple stockholders sharing an address unless contrary instructions have been received from the affected stockholders. If you have received notice from your broker that it will be householding communications to your address, householding will continue until you are notified otherwise or until you revoke your consent. If, at any time, you no longer wish to participate in householding and would prefer to receive a separate proxy statement, please notify your broker. Stockholders who currently receive multiple copies of the proxy statement at their addresses and would like to request information about householding of their communications should contact their brokers or other intermediary holder of record. You can notify us by sending a written request to: W. Todd Huskinson, Secretary, Stellus Capital Investment Corporation, 4400 Post Oak Parkway, Suite 2200 Houston, Texas 77027, or by calling (713) 292-5400.

TABLE OF CONTENTS**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth, as of April 16, 2015, the beneficial ownership of each current director, each nominee for director, the Company's executive officers, each person known to us to beneficially own 5% or more of the outstanding shares of our common stock, and the executive officers and directors as a group.

Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission (the SEC) and includes voting or investment power with respect to the securities. Common stock subject to options or warrants that are currently exercisable or exercisable within 60 days of April 16, 2015 are deemed to be outstanding and beneficially owned by the person holding such options or warrants. Such shares, however, are not deemed outstanding for the purposes of computing the percentage ownership of any other person. Percentage of ownership is based on shares of common stock outstanding as of April 16, 2015.

Unless otherwise indicated, to our knowledge, each stockholder listed below has sole voting and investment power with respect to the shares beneficially owned by the stockholder, except to the extent authority is shared by their spouses under applicable law. Unless otherwise indicated, the address of all executive officers and directors is c/o Stellus Capital Investment Corporation, 4400 Post Oak Parkway, Suite 2200, Houston, Texas 77027.

The Company's directors are divided into two groups interested directors and independent directors. Interested directors are interested persons as defined in Section 2(a)(19) of the 1940 Act.

Name and Address of Beneficial Owner	Number of Shares Owned Beneficially <sup>(1)</sup>	Percentage of Class
Interested Directors		
Robert T. Ladd		*
Dean D. Angelo		*
Joshua T. Davis		*
Independent Directors		
J. Tim Arnoult		*
Bruce R. Bilger		*
Paul Keglevic		*
William C. Repko		*
Executive Officers		
W. Todd Huskinson		*
Executive officers and directors as a group		[ ]%
5% Holders		
DC Funding SPV 2, L.L.C. <sup>(2)</sup>	1,875,058	[ ]%

\*

Less than 1%

(1) Beneficial ownership has been determined in accordance with Rule 13d-3 of the Securities Exchange Act of 1934, as amended.

(2) This information regarding DC Funding SPV 2, L.L.C. is based on information included in the Schedule 13G filed by DC Funding SPV 2 L.L.C. with the SEC on February 14, 2015.



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The following table sets forth as of April 16, 2015, the dollar range of our securities owned by our directors and executive officers.

Name	Dollar Range of Equity Securities Beneficially Owned <sup>(1)(2)(3)</sup>
Interested Director:	
Robert T. Ladd	over \$100,000
Dean D Angelo	over \$100,000
Joshua T. Davis	over \$100,000
Independent Directors:	
J. Tim Arnoult	over \$100,000
Bruce R. Bilger	over \$100,000
Paul Keglevic	\$10,001 - \$50,000
William C. Repko	over \$100,000
Executive Officers:	
W. Todd Huskinson	over \$100,000

(1) Beneficial ownership has been determined in accordance with Rule 16a-1(a)(2) of the Securities Exchange Act of 1934, as amended.

(2) The dollar range of the equity securities beneficially owned is based on the closing price per share of the Company's common stock of \$ on April 16, 2015 on the New York Stock Exchange.

(3) The dollar ranges of equity securities beneficially owned are: none; \$1-\$10,000; \$10,001-\$50,000; \$50,001-\$100,000; and over \$100,000.

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## **PROPOSAL 1: ELECTION OF DIRECTORS**

Our business and affairs are managed under the direction of our Board. Pursuant to our articles of incorporation, the number of directors on our Board is currently fixed at seven directors and is divided into three classes. Each director holds office for the term to which he or she is elected and until his or her successor is duly elected and qualified. At each Annual Meeting, the successors to the class of directors whose terms expire at such meeting will be elected to hold office for a term expiring at the Annual Meeting of Stockholders held in the third year following the year of their election and until their successors have been duly elected and qualified or any director's earlier resignation, death or removal.

Robert T. Ladd, J. Tim Arnoult and Paul Keglevic have been nominated for re-election for a three year term expiring in 2018. Each of Messrs. Ladd, Arnoult and Keglevic has indicated his willingness to continue to serve if elected and has consented to be named as a nominee. None of Messrs. Ladd, Arnoult or Keglevic are being nominated to serve as a director pursuant to any agreement or understanding between him and the Company.

A stockholder can vote for or withhold his or her vote for each of the nominees. **In the absence of instructions to the contrary, it is the intention of the persons named as proxies to vote such proxy FOR the election of the nominees named in this proxy statement. If any of the nominees should decline or be unable to serve as a director, it is intended that the proxy will be voted for the election of such person as is nominated by the Board as a replac**