
Section 1: DEFA14A (DEFA14A)

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

SCHEDULE 14A

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

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 under §240.14a-12

Prospect Capital 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: _____
- (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 and the date of its filing.
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- (1) Amount Previously Paid: _____
- (2) Form, Schedule or Registration Statement No.: _____
- (3) Filing Party: _____
- (4) Date Filed: _____

Prospect CEO Writes Letter to Shareholders

May 11, 2020

Fellow Owners:

"I've missed more than 9,000 shots in my career. I've lost almost 300 games. 26 times, I've been trusted to take the game winning shot and missed. I've failed over and over and over again in my life. And that is why I succeed."

- Michael Jordan

Since 1988, when Prospect Capital Management launched our first public fund, we have weathered stock market crashes, credit market dislocations, liquidity crunches, SARS, MERS, H1N1, and now the Wuhan virus. Learning something from each challenge has made us better stewards of your savings.

Starting two years ago, we began reducing debt at Prospect Capital Corporation ("Prospect"). We were the only large traded BDC not to quickly elect a lower minimum asset coverage, which would have enabled us to add leverage and grow assets, but only by taking on more risk.

When the virus hit, we carried less leverage than almost any other large seasoned BDC. Because of our decision to de-risk, the virus caused our NAV per share to decline 7.9% versus a 13.7% median traded BDC NAV per share decline.

Prospect continues to hold investment grade ratings from Standard & Poor's, Moody's, Kroll, and Egan Jones. Only one other BDC has four investment grade ratings.

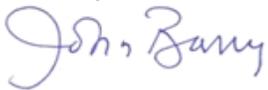
De-risking Prospect protected our NII and distribution. For the 3/31/20 quarter, we earned \$68.5 million of NII and paid \$66.2 million in distributions. Today, we are declaring distributions for the next four months at the same rate as the past 32 months.

While I believe asset values and our NAV should reflate from the 3/23/20 low in the S&P 500, which as of May 8, 2020 is up 31% (and the VIX down 51%), we are staying true to the strategy that has served us well since 1988, managing portfolio risk to protect capital entrusted to us and generate shareholder earnings.

As in 2009 when we purchased Patriot Capital, market dislocations are presenting investment opportunities. To provide more financial flexibility, we elected 150% minimum regulatory asset coverage and, as in the past, are seeking approval from shareholders for a one-year option to issue shares below NAV, which enabled us to acquire Patriot.

As Prospect's largest shareholder, I want to increase our NAV, NII, and share price. I believe we now have tools in place to achieve that goal. Should investors see a steadily increasing NAV and NII, we may see our stock price respond.

Warm regards,



John F. Barry III
Chairman and Chief Executive Officer

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