Gladstone Investment Corp. (GAIN)

Updated May 28th, 2026 by Jonathan Weber

Key Metrics

Current Price:	$16	**5 Year CAGR Estimate:**	3.4%	**Market Cap:**	$630M
Fair Value Price:	$12	**5 Year Growth Estimate:**	3.0%	**Ex-Dividend Date:**	06/22/26[1]
% Fair Value:	131%	**5 Year Valuation Multiple Estimate:**	-5.3%	**Dividend Payment Date:**	06/30/26[2]
Dividend Yield:	6.0%	**5 Year Price Target**	$14	**Years Of Dividend Growth:**	0
Dividend Risk Score:	F	**Sector:**	Financials	**Rating:**	Sell

Overview & Current Events

Gladstone Investment is a business development company (BDC) that focuses on U.S.-based small- and medium-sized companies. Industries which Gladstone Investment targets include aerospace & defense, oil & gas, machinery, electronics, and media & communications. The company was founded in 2005 and is headquartered in McLean, VA.

Gladstone Investment reported its fourth quarter (Q4 2025 ended March 31st) earnings results on May 12th. The company generated total investment income - Gladstone Investment's revenue equivalent - of $25.2 million during the quarter, which represents a small increase of 1% compared to the previous quarter. This was a slightly weaker performance compared to what the analyst community had forecast.

Gladstone Investment's earnings-per-share totaled $0.20 during the fiscal fourth quarter, which was down from the previous quarter's level. Gladstone Investment's net asset value per share totaled $16.78 on a per-share basis at the end of the quarter, which was up nicely compared to the NAV-per-share that the company reported at the end of the previous quarter. Gladstone Investment Corp. has seen its net investment income-per-share decline in 2023, 2024, and 2025, with the decline being sizeable for the most recent year. For fiscal 2026, another earnings-per-share decline, although a pretty small one, is expected.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
NIIPS	$0.68	$0.74	$0.77	$0.90	$0.69	$1.00	$1.10	$0.99	$0.97	$0.88	***$0.87***	***$1.01***
DPS	$0.75	$0.75	$0.82	$0.84	$0.84	$0.90	$0.96	$0.96	$0.96	$0.96	***$0.96***	***$0.96***
Shares[3]	30	33	33	33	33	33	34	34	37	39	***39***	***40***

Gladstone Investment's net investment income per share can be a bit lumpy. During the Great Recession, the company's profits declined substantially, but Gladstone Investment remained profitable. Over the last decade profits grew by around 3% annually, which is not a very high growth rate, but which is also not at all disappointing for a high-yielding investment such as BDC Gladstone Investment.

Gladstone Investment's business model is relatively straightforward. The company lends money to small- and mid-sized companies. Position sizes for debt investments usually range from $5 million to $30 million. The company also takes equity stakes in some of its portfolio companies. The companies Gladstone does business with usually cannot access debt or equity markets directly, as bond sales and public listings are not possible for them due to their small size. Gladstone makes its money via spreads between the interest rates the company pays on cash that it borrows, and the interest rates it receives on cash that it lends -- the same principle as with banks. Interest rate volatility can result in some ups and downs in the company's net investment income. In some years, Gladstone Investment has suffered from above-average credit losses, which is why we believe that there is a significant likelihood of earnings being somewhat lumpy in the future, too. In the long run, we expect earnings-per-share growth in line with the historic average.

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[1] Estimated date

[2] Estimated date

[3] In Millions

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Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
P/NII	11.9	12.8	15.3	8.9	17.8	16.1	12.1	14.3	13.8	16.1	***18.4***	***14.0***
Avg. Yld.	9.3%	7.9%	7.0%	10.5%	6.8%	5.6%	7.2%	6.8%	7.2%	6.8%	***6.0%***	***6.8%***

Gladstone Investment has been valued at a low-to-mid-teens price to net investment income multiple throughout much of the last decade. Today, shares trade at around 18 times net profits, using our estimate for the current fiscal year. We believe that multiple contraction will be a headwind for the company's total returns, since we expect that the company's valuation will compress over the coming years.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	110%	101%	106%	93%	122%	90%	87%	97%	99%	109%	***110%***	***95%***

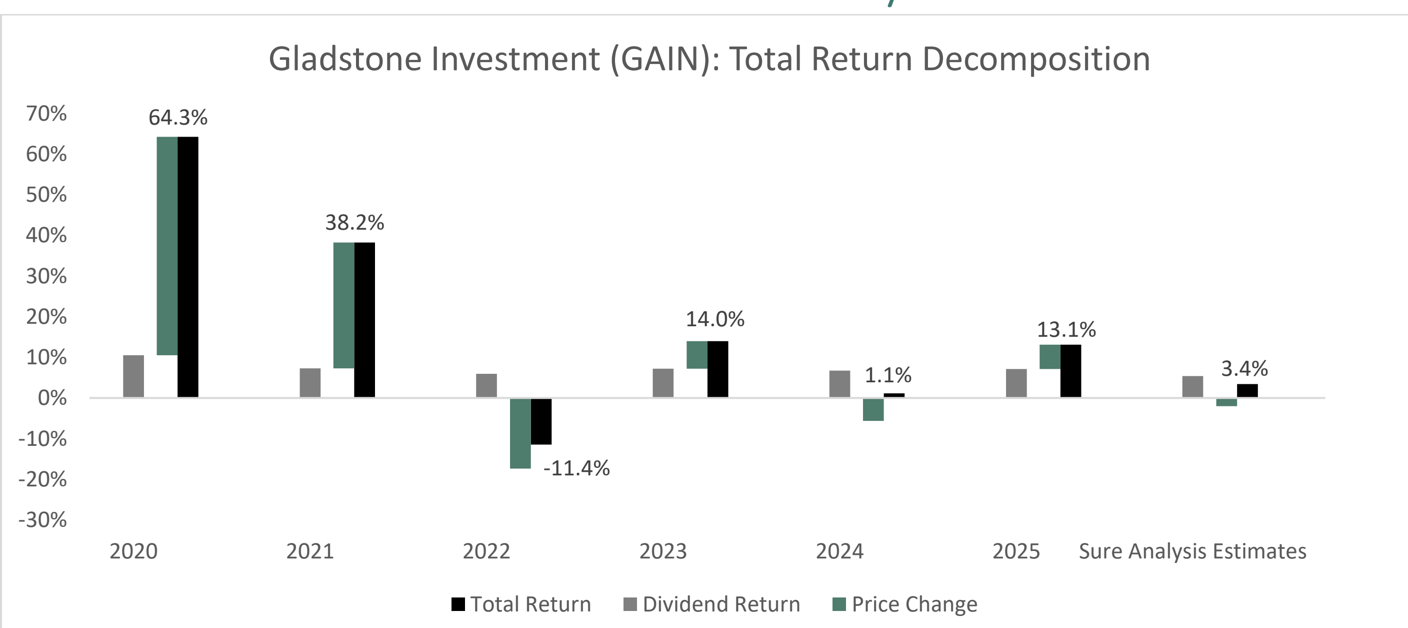
Gladstone Investment's dividend payout ratio, relative to its net investment income, has been close to or above 100% throughout parts of the last decade. The company sometimes is more profitable than the net investment income metric suggests, since Gladstone Investment can also generate gains from its equity investments, which are not reflected in the net investment income metric. While the company did not cut its dividend in recent years, it has not offered dividend increases for a couple of years, either. Due to the high payout ratio, the dividend cannot be described as low-risk.

Gladstone Investment's equity investment gains explain the company's long-term book value growth. Gladstone Investment's recession performance is not very compelling compared to less cyclical income stocks, but at least the company remained profitable during the last financial crisis, unlike many other financial corporations.

Final Thoughts & Recommendation

Gladstone Investment is a business development company targeting small companies that do not have the ability to access debt and/or equity markets easily. This allows Gladstone to demand above-average interest rates. The company does not generate a lot of growth, but the high payout ratio allows for an above-average dividend yield. Since there have not been any dividend increases in recent years, we currently rate Gladstone Investment a sell.

Total Return Breakdown by Year



Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	29	49	65	99	8	49	99	33	79	62
SG&A Exp.	4	4	4	6	6	6	6	7	6	8
Net Profit	25	45	61	82	(7)	42	102	36	85	65
Net Margin	85.3%	90.6%	92.9%	82.2%	-90.4%	87.1%	103.2%	108.9%	107.9%	106.0%
Free Cash Flow	4	33	(30)	94	35	(30)	37	(5)	(70)	16

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	503	515	611	635	576	644	740	766	938	1,006
Cash & Equivalents	4	3	4	2	3	2	14	3	2	14
Total Liabilities	224	214	257	228	207	261	295	326	445	507
Long-Term Debt	100	75	113	58	54	151	261	293	398	456
Shareholder's Equity	279	301	354	407	369	382	446	440	493	499
LTD/E Ratio	0.36	0.25	0.32	0.14	0.15	0.40	0.59	0.67	0.81	0.91

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	5.0%	8.8%	10.8%	13.1%	-1.2%	7.0%	14.8%	4.7%	10.0%	6.7%
Return on Equity	9.0%	15.4%	18.5%	21.4%	-1.9%	11.3%	24.7%	8.0%	18.3%	13.2%
ROIC	6.4%	11.9%	14.4%	17.5%	-1.6%	8.9%	16.5%	4.9%	10.5%	7.1%
Shares Out.	30	30	33	33	33	33	33	34	34	37
Revenue/Share	0.96	1.63	2.02	3.02	0.24	1.47	2.99	0.98	2.29	1.68
FCF/Share	0.13	1.08	(0.92)	2.85	1.07	(0.90)	1.10	(0.14)	(2.03)	0.44

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.