

180 DEGREE CAPITAL CORP. /NY/

Form N-Q

October 29, 2018

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

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED  
MANAGEMENT INVESTMENT COMPANY

Investment Company Act file number 811-07074

180 DEGREE CAPITAL CORP.  
(Exact Name of Registrant as Specified in Its Charter)

7 N. Willow Street, Suite 4B, Montclair NJ 07042  
(Address of Principal Executive Offices) (Zip Code)

Daniel B. Wolfe  
President and Chief Financial Officer  
180 Degree Capital Corp.  
7 N. Willow Street, Suite 4B  
Montclair, NJ 07042  
(Name and address of agent for service)

Registrant's telephone number, including area code: (973) 746-4500

Date of fiscal year end: December 31

Date of reporting period: September 30, 2018

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Item 1. Consolidated Schedule of Investments and Schedule 12-14

180 DEGREE CAPITAL CORP.  
CONSOLIDATED SCHEDULE OF  
INVESTMENTS AS OF SEPTEMBER 30,  
2018 (UNAUDITED)

| Method of Valuation (1)  | Industry | Cost | Shares/<br>Principal | Value                         |
|--|----------|------|----------------------|-------------------------------|
| Investments in Unaffiliated Companies (2) -<br>40.1% of net assets at value  |          |      |                      |                               |
| Privately Held Companies (Illiquid) (3) -<br>19.1% of net assets at value  |          |      |                      |                               |
| AutoTech Ventures Management I, LLC (4)(5)(6)<br>Venture capital investing in automotive-related companies                   |          |      |                      |                               |
| Asset Management &<br>Custody Banks  |          |      |                      |                               |
| LLC Interests (acquired 12/1/17)   |          |      | (M)<br>(L3)          | \$ 0 0 \$ 0                   |
| D-Wave Systems, Inc. (4)(5)(7)<br>Developing high-performance quantum computing systems                                      |          |      |                      |                               |
| Technology Hardware,<br>Storage & Peripherals  |          |      |                      |                               |
| Series 1 Class B Convertible Preferred Stock (acquired 9/30/08)  |          |      | (M)<br>(L3)          | 1,002,074 1,144,869 2,070,906 |
| Series 1 Class C Convertible Preferred Stock (acquired 9/30/08)  |          |      | (M)<br>(L3)          | 487,804 450,450 831,961       |
| Series 1 Class D Convertible Preferred Stock (acquired 9/30/08)  |          |      | (M)<br>(L3)          | 748,473 855,131 1,579,389     |
| Series 1 Class E Convertible Preferred Stock (acquired 11/24/10)   |          |      | (M)<br>(L3)          | 248,049 269,280 518,797       |
| Series 1 Class F Convertible Preferred Stock (acquired 11/24/10)   |          |      | (M)<br>(L3)          | 238,323 258,721 498,454       |
| Series 1 Class H Convertible Preferred Stock (acquired 6/27/14)  |          |      | (M)<br>(L3)          | 909,088 460,866 1,207,131     |
| Series 2 Class D Convertible Preferred Stock (acquired 9/30/08)  |          |      | (M)<br>(L3)          | 736,019 678,264 1,252,723     |
| Series 2 Class E Convertible Preferred Stock (acquired 6/1/12-3/22/13)   |          |      | (M)<br>(L3)          | 659,493 513,900 1,036,359     |
| Series 2 Class F Convertible Preferred Stock (acquired 6/1/12-3/22/13)   |          |      | (M)<br>(L3)          | 633,631 493,747 995,718       |
| Warrants for Common Stock expiring 5/12/19 (acquired 5/12/14)  |          |      | (M)<br>(L3)          | 26,357 20,415 10,498          |
|  |          |      |                      | 5,689,311 10,001,936          |
| Fleet Health Alliance, LLC (4)(5)<br>Developing software for information transfer amongst healthcare providers and consumers |          |      |                      |                               |
| Health Care Technology   |          |      |                      |                               |
|  |          |      |                      | 225,000 \$ 225,000 225,000    |

Unsecured Convertible Bridge Note, 0%, (acquired (M)  
4/22/16, no maturity date) (L3)

The accompanying unaudited notes are an integral part of this consolidated schedule of investments.

2

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CONSOLIDATED SCHEDULE OF  
INVESTMENTS AS OF SEPTEMBER 30,  
2018 (UNAUDITED)

| Method of Valuation (1)  | Industry | Cost | Shares/<br>Principal | Value                             |
|--|----------|------|----------------------|-----------------------------------|
| Investments in Unaffiliated Companies (2) -<br>40.1% of net assets at value (cont.)  |          |      |                      |                                   |
| Privately Held Companies (Illiquid) (3) -<br>19.1% of net assets at value (cont.)    |          |      |                      |                                   |
| Genome Profiling, LLC (4)  |          |      |                      | Life Sciences Tools &<br>Services |
| Developing a platform to analyze and understand the epigenome                        |          |      |                      |                                   |
| Unsecured Convertible Bridge Note, 8%, (acquired 8/4/16, maturing 8/4/19)            |          |      | (M)<br>(L3)          | \$ 230,000 \$ 230,000 \$ 345,000  |
| Magnolia Neurosciences Corporation (4)(5)(8)   |          |      |                      | Pharmaceuticals                   |
| Developing and commercializing novel therapeutics for treatment of neurodegeneration |          |      |                      |                                   |
| Series A Convertible Preferred Stock (acquired 8/3/18)                               |          |      | (I)<br>(L3)          | 862,872 862,872 864,623           |
| Nanosys, Inc. (4)(5)   |          |      |                      | Specialty Chemicals               |
| Developing inorganic nanowires and quantum dots for use in LED-backlit devices       |          |      |                      |                                   |
| Series C Convertible Preferred Stock (acquired 4/10/03)                              |          |      | (I)<br>(L3)          | 1,500,000 803,428 912,661         |
| Series D Convertible Preferred Stock (acquired 11/7/05)                              |          |      | (I)<br>(L3)          | 3,000,003 1,016,950 1,806,998     |
| Series E Convertible Preferred Stock (acquired 8/13/10)                              |          |      | (I)<br>(L3)          | 496,573 433,688 791,313           |
|  |          |      |                      | 4,996,576 3,510,972               |
| NanoTerra, Inc. (4)(5)   |          |      |                      | Research & Consulting<br>Services |
| Developing surface chemistry and nano-manufacturing solutions                        |          |      |                      |                                   |
| Warrants for Common Stock expiring on 2/22/21 (acquired 2/22/11)                     |          |      | (I)<br>(L3)          | 69,168 4,462 39                   |
| Warrants for Series A-3 Preferred Stock expiring on 11/15/22 (acquired 11/15/12)     |          |      | (I)<br>(L3)          | 35,403 47,508 50,669              |
|  |          |      |                      | 104,571 50,708                    |

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180 DEGREE CAPITAL CORP.  
CONSOLIDATED SCHEDULE OF  
INVESTMENTS AS OF SEPTEMBER 30,  
2018 (UNAUDITED)

| Method of Valuation (1)   | Industry | Cost                           | Shares/<br>Principal | Value        |
|---|----------|--------------------------------|----------------------|--------------|
| Investments in Unaffiliated Companies (2) -<br>40.1% of net assets at value (cont.) |          |                                |                      |              |
| Privately Held Companies (Illiquid) (3) -<br>19.1% of net assets at value (cont.)   |          |                                |                      |              |
| Petra Pharma Corporation (4)(5)(9)  |          | Pharmaceuticals                |                      |              |
| Developing small molecule inhibitors for treatment of cancer and metabolic diseases |          |                                |                      |              |
| Series A Convertible Preferred Stock (acquired 12/23/15-1/8/18)                     | (I)      |                                |                      |              |
|   | (L3)     | \$1,894,798                    | 1,894,798            | \$882,263    |
| Secured Convertible Bridge Note, 7% PIK, (acquired 8/30/18, maturing 1/31/19)       | (M)      |                                |                      |              |
|   | (L3)     | 372,017                        | \$369,748            | 372,017      |
|   |          | 2,266,815                      |                      | 1,254,280    |
| Phylagen, Inc. (4)  |          | Research & Consulting Services |                      |              |
| Developing technology to improve human health and business productivity             |          |                                |                      |              |
| Secured Convertible Bridge Note, 5% PIK, (acquired 2/5/15, maturing 6/12/19)        | (M)      |                                |                      |              |
|   | (L3)     | 236,548                        | \$200,000            | 373,497      |
| Secured Convertible Bridge Note, 5% PIK, (acquired 6/5/15, maturing 6/12/19)        | (M)      |                                |                      |              |
|   | (L3)     | 11,663                         | \$10,000             | 18,415       |
|   |          | 248,211                        |                      | 391,912      |
| Total Unaffiliated Privately Held Companies (cost: \$14,623,356)                    |          |                                |                      | \$16,644,431 |
| Unaffiliated Publicly Traded Securities (10) -<br>21.0% of net assets at value      |          |                                |                      |              |
| Adesto Technologies Corporation (5)   |          | Semiconductors                 |                      |              |
| Developing low-power, high-performance memory devices                               |          |                                |                      |              |
| Common Stock (acquired 10/27/15-9/27/18)  | (M)      |                                |                      |              |
|   | (L1)     | \$5,960,164                    | 979,400              | \$5,827,430  |
| Airgain, Inc. (5)(8)  |          | Electronic Components          |                      |              |
| Providing advanced antenna technologies for high-performance wireless networking    |          |                                |                      |              |
| Common Stock (acquired 6/4/18-6/29/18)  | (M)      |                                |                      |              |
|   | (L1)     | 1,625,270                      | 190,084              | 2,497,704    |

|   |      |                |           |         |           |
|---|------|----------------|-----------|---------|-----------|
| Emcore Corporation (5)                  |      | Communications |           |         |           |
| Providing mixed-signal optical products |      | Equipment      |           |         |           |
| Common Stock (acquired 5/3/18-9/19/18)  | (M)  |                | 2,688,299 | 565,628 | 2,686,733 |
|   | (L1) |                |           |         |           |

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4

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2018 (UNAUDITED)

| Method of Valuation (1)  | Industry | Cost        | Shares/Principal    | Value                       |
|--|----------|-------------|---------------------|-----------------------------|
| Investments in Unaffiliated Companies (2) -<br>40.1% of net assets at value (cont.)  |          |             |                     |                             |
| Unaffiliated Publicly Traded Securities (10) -<br>21.0% of net assets at value (cont.)   |          |             |                     |                             |
| Lantronix, Inc. (5)(8)   |          |             |                     | Communications<br>Equipment |
| Providing secure data access and management solutions  |          |             |                     |                             |
| Common Stock (acquired 9/18/18)  |          | (M)<br>(L1) | \$1,000,000 250,000 | \$1,017,500                 |
| Mersana Therapeutics, Inc. (5)   |          |             |                     | Biotechnology               |
| Developing antibody drug conjugates for cancer therapy   |          |             |                     |                             |
| Common Stock (acquired 7/27/12-9/28/18)  |          | (M)<br>(L1) | 4,317,173 275,155   | 2,751,550                   |
| OpGen, Inc. (5)  |          |             |                     | Biotechnology               |
| Developing tools for genomic sequence assembly and analysis  |          |             |                     |                             |
| Warrants for the Purchase of Common Stock expiring 5/8/20 (acquired 5/5/15)  |          | (M)<br>(L2) | 425,579 12,033      | 3,114                       |
| Warrants for the Purchase of Common Stock expiring 2/17/25 (acquired 5/5/15)   |          | (I)<br>(L3) | 785 1,248           | 618                         |
|  |          |             | 426,364             | 3,732                       |
| PDL BioPharma, Inc. (5)(8)   |          |             |                     | Biotechnology               |
| Owner of royalty rights, debt securities and other assets in life science sectors  |          |             |                     |                             |
| Common Stock (acquired 8/31/18-9/14/18)  |          | (M)<br>(L1) | 1,183,826 500,000   | 1,315,000                   |
| Synacor, Inc. (5)  |          |             |                     | Application<br>Software     |
| Providing technology development, multiplatform services and revenue partner for video, internet and communications providers, device manufacturers, and enterprises |          |             |                     |                             |
| Common Stock (acquired 4/6/17-8/2/18)  |          | (M)<br>(L1) | 4,044,745 1,402,162 | 2,243,464                   |



|   |              |
|---|--------------|
| Total Unaffiliated Publicly Traded Securities (cost:<br>\$21,245,841) | \$18,343,113 |
|---|--------------|

|   |              |
|---|--------------|
| Total Investments in Unaffiliated Companies (cost:<br>\$35,869,197) | \$34,987,544 |
|---|--------------|

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5

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INVESTMENTS AS OF SEPTEMBER 30,  
2018 (UNAUDITED)

| Method of Valuation (1)  | Industry | Cost | Shares/<br>Principal | Value                          |
|--|----------|------|----------------------|--------------------------------|
| Investments in Non-Controlled Affiliated Companies   |          |      |                      |                                |
| (2) -  |          |      |                      |                                |
| 42.5% of net assets at value   |          |      |                      |                                |
| Privately Held Companies (Illiquid) (11) -   |          |      |                      |                                |
| 30.6% of net assets at value   |          |      |                      |                                |
| ABSMaterials, Inc. (4)   |          |      |                      |                                |
| Developing nano-structured absorbent materials for water remediation and consumer applications   |          |      |                      |                                |
| Specialty Chemicals  |          |      |                      |                                |
| Series A Convertible Preferred Stock (acquired 2/17/10-10/24/11)   |          |      | (I)<br>(L3)          | \$435,000 390,000 \$ 5,924     |
| Series B Convertible Preferred Stock (acquired 11/8/13-6/25/14)  |          |      | (I)<br>(L3)          | 1,217,644 1,037,751 416,876    |
| Secured Convertible Bridge Note, 8% PIK, (acquired 1/20/16, maturing 12/31/18)   |          |      | (M)<br>(L3)          | 121,589 \$ 100,000 121,589     |
| Secured Convertible Bridge Note, 8% PIK, (acquired 3/28/17, maturing 12/31/19)   |          |      | (M)<br>(L3)          | 28,025 \$ 25,000 28,025        |
|  |          |      |                      | 1,802,258 572,414              |
| AgBiome, LLC (4)(5)  |          |      |                      |                                |
| Providing early-stage research and discovery for agriculture and utilizing the crop microbiome to identify products that reduce risk and improve yield |          |      |                      |                                |
| Fertilizers & Agricultural Chemicals   |          |      |                      |                                |
| Series A-1 Convertible Preferred Stock (acquired 1/30/13)  |          |      | (I)<br>(L3)          | 2,000,000 2,000,000 10,483,248 |
| Series A-2 Convertible Preferred Stock (acquired 4/9/13-10/15/13)  |          |      | (I)<br>(L3)          | 521,740 417,392 2,222,038      |
| Series B Convertible Preferred Stock (acquired 8/7/15)   |          |      | (I)<br>(L3)          | 500,006 160,526 952,756        |
|  |          |      |                      | 3,021,746 13,658,042           |
| Coba Therapeutics Corporation (4)(8)   |          |      |                      |                                |
| Developing therapeutics for obesity, diabetes and liver diseases   |          |      |                      |                                |
| Pharmaceuticals  |          |      |                      |                                |
| Unsecured Convertible Bridge Note, 6% PIK, (acquired 2/27/18, maturing 2/27/19)  |          |      | (M)<br>(L3)          | 150,697 \$ 145,530 150,697     |

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INVESTMENTS AS OF SEPTEMBER 30,  
2018 (UNAUDITED)

| Method of Valuation (1)  | Industry | Cost | Shares/<br>Principal | Value                             |
|--|----------|------|----------------------|-----------------------------------|
| Investments in Non-Controlled Affiliated Companies (2)   |          |      |                      |                                   |
| -  |          |      |                      |                                   |
| 42.5% of net assets at value (cont.)   |          |      |                      |                                   |
| Privately Held Companies (Illiquid) (11) -   |          |      |                      |                                   |
| 30.6% of net assets at value (cont.)   |          |      |                      |                                   |
| EchoPixel, Inc. (4)(5)   |          |      |                      | Health Care<br>Equipment          |
| Developing virtual reality 3-D visualization software for life sciences and health care applications                 |          |      |                      |                                   |
| Series Seed Convertible Preferred Stock (acquired 6/21/13-6/30/14)   |          |      | (I)<br>(L3)          | \$1,250,000 4,194,630 \$1,025,822 |
| Series Seed-2 Convertible Preferred Stock (acquired 1/22/16)   |          |      | (I)<br>(L3)          | 500,000 1,476,668 67,867          |
| Series A-2 Convertible Preferred Stock (acquired 3/23/17)  |          |      | (I)<br>(L3)          | 350,000 1,471,577 438,671         |
|  |          |      |                      | 2,100,000 1,832,360               |
| Ensemble Therapeutics Corporation (4)(5)(12)   |          |      |                      | Pharmaceuticals                   |
| Developed DNA-Programmed Chemistry™ for the discovery of new classes of therapeutics                                 |          |      |                      |                                   |
| Series B Convertible Preferred Stock (acquired 6/6/07)   |          |      | (I)<br>(L3)          | 2,000,000 1,449,275 0             |
| Series B-1 Convertible Preferred Stock (acquired 4/21/14)  |          |      | (I)<br>(L3)          | 551,553 492,575 86,104            |
|  |          |      |                      | 2,551,553 86,104                  |
| Essential Health Solutions, Inc. (4)(5)  |          |      |                      | Health Care<br>Technology         |
| Developing software for information transfer amongst healthcare providers and consumers                              |          |      |                      |                                   |
| Common Stock (acquired 11/18/16)   |          |      | (I)<br>(L3)          | 20 200,000 125,821                |
| Series A Convertible Preferred Stock (acquired 11/18/16)   |          |      | (I)<br>(L3)          | 2,750,000 2,750,000 2,755,878     |
|  |          |      |                      | 2,750,020 2,881,699               |
| Lodo Therapeutics Corporation (4)(5)   |          |      |                      | Pharmaceuticals                   |
| Developing and commercializing novel therapeutics derived from a metagenome-based Natural Product Discovery Platform |          |      |                      |                                   |

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|   |             |         |         |         |
|---|-------------|---------|---------|---------|
| Series A Convertible Preferred Stock (acquired<br>12/21/15-4/22/16) | (I)<br>(L3) | 658,190 | 658,190 | 781,379 |
|---|-------------|---------|---------|---------|

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7

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180 DEGREE CAPITAL CORP.  
CONSOLIDATED SCHEDULE OF  
INVESTMENTS AS OF SEPTEMBER 30,  
2018 (UNAUDITED)

| Method of Valuation (1)  | Industry | Cost | Shares/<br>Principal | Value                         |
|--|----------|------|----------------------|-------------------------------|
| Investments in Non-Controlled Affiliated Companies   |          |      |                      |                               |
| (2) -  |          |      |                      |                               |
| 42.5% of net assets at value (cont.)   |          |      |                      |                               |
| Privately Held Companies (Illiquid) (11) -   |          |      |                      |                               |
| 30.6% of net assets at value (cont.)   |          |      |                      |                               |
| NGX Bio, Inc. (4)(5)   |          |      |                      |                               |
| Research & Consulting Services   |          |      |                      |                               |
| Developing translational genomics solutions  |          |      |                      |                               |
| Series Seed Convertible Preferred Stock (acquired 6/6/14-1/10/16)  |          |      | (M)<br>(L3)          | \$ 500,002 666,667 \$ 135,975 |
| Series Seed 2 Convertible Preferred Stock (acquired 8/20/15-9/30/15)   |          |      | (M)<br>(L3)          | 499,999 329,989 101,981       |
| Series Seed 3 Convertible Preferred Stock (acquired 6/26/17)   |          |      | (M)<br>(L3)          | 686,329 666,001 152,139       |
|  |          |      |                      | 1,686,330 390,095             |
| ORIG3N, Inc. (4)(5)  |          |      |                      |                               |
| Health Care Technology   |          |      |                      |                               |
| Developing precision medicine applications for induced pluripotent stems cells   |          |      |                      |                               |
| Series 1 Convertible Preferred Stock (acquired 2/5/15-8/5/15)  |          |      | (H)<br>(L3)          | 500,000 1,195,315 1,261,746   |
| Series A Convertible Preferred Stock (acquired 11/25/15-9/7/16)  |          |      | (H)<br>(L3)          | 1,500,000 1,364,666 1,463,379 |
| Series A-2 Convertible Preferred Stock (acquired 5/11/17-2/8/18)   |          |      | (H)<br>(L3)          | 200,002 176,386 193,162       |
|  |          |      |                      | 2,200,002 2,918,287           |
| Produced Water Absorbents, Inc. (4)(13)  |          |      |                      |                               |
| Oil & Gas Equipment & Services   |          |      |                      |                               |
| Providing integrated process separation solutions to the global oil and gas industries, enabling onsite treatment of produced and flowback water |          |      |                      |                               |
| Common Stock (acquired 4/30/16)  |          |      | (M)<br>(L3)          | 7,670,281 50,243,350 0        |
| Warrants for Common Stock expiring upon liquidation event (acquired 4/30/16)   |          |      | (M)<br>(L3)          | 65,250 450,000 0              |
|  |          |      |                      | 2,276,104 \$2,533,766 0       |

|  |      |            |   |
|--|------|------------|---|
| Senior Secured Debt, 15% commencing on 4/1/16, | (M)  |            |   |
| maturing on 12/31/19 (acquired 4/1/16)         | (L3) | 10,011,635 | 0 |

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8

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2018 (UNAUDITED)

| Method of Valuation (1)  | Industry | Cost | Shares/<br>Principal              | Value                              |
|--|----------|------|-----------------------------------|------------------------------------|
| Investments in Non-Controlled Affiliated Companies (2) -<br>42.5% of net assets at value (cont.) |          |      |                                   |                                    |
| Privately Held Companies (Illiquid) (11) -<br>30.6% of net assets at value (cont.)               |          |      |                                   |                                    |
| TARA Biosystems, Inc. (4)(5)   |          |      | Life Sciences Tools &<br>Services |                                    |
| Developing human tissue models for toxicology and drug discovery applications                    |          |      |                                   |                                    |
| Common Stock (acquired 8/20/14)  |          |      | (I)<br>(L3)                       | \$20 2,000,000\$ 658,457           |
| Series A Convertible Preferred Stock (acquired 3/31/17)  |          |      | (I)<br>(L3)                       | 2,545,493 6,878,572,831,460        |
|  |          |      |                                   | 2,545,513 3,489,917                |
| Total Non-Controlled Affiliated Privately Held Companies (cost: \$29,477,944)                    |          |      |                                   | \$26,760,994                       |
| Non-Controlled Affiliated Publicly Traded Securities (14) -<br>11.9% of net assets at value      |          |      |                                   |                                    |
| TheStreet, Inc. (4)(5)(15)   |          |      | Financial Exchanges<br>& Data     |                                    |
| Providing financial news and proprietary data to consumers and businesses                        |          |      |                                   |                                    |
| Common Stock (acquired 4/19/17-5/18/18)  |          |      | (M)<br>(L1)                       | \$4,949,734 4,668,552\$ 10,270,814 |
| Stock Options for Common Stock Expiring 1/1/25 (acquired 1/1/18)                                 |          |      | (I)<br>(L3)                       | 0 3,333 2,544                      |
| Stock Options for Common Stock Expiring 5/18/25 (acquired 5/18/18)                               |          |      | (I)<br>(L3)                       | 0 10,000 4,588                     |
| Restricted Stock Units (acquired 5/18/18)  |          |      | (M)<br>(L3)                       | 0 33,333 69,094                    |
|  |          |      |                                   | 4,949,734 10,347,040               |
| Total Non-Controlled Affiliated Publicly Traded Securities (cost: \$4,949,734)                   |          |      |                                   | \$10,347,040                       |
|  |          |      |                                   | \$37,108,034                       |



Total Investments in Non-Controlled Affiliated  
Companies (cost: \$34,427,678)

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9

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2018 (UNAUDITED)

| Method of Valuation (1)   | Industry    | Cost                      | Shares/<br>Principal | Value        |
|---|-------------|---------------------------|----------------------|--------------|
| Investments in Controlled Affiliated Companies (2) -<br>4.6% of net assets at value           |             |                           |                      |              |
| Privately Held Companies (Illiquid) (16) -<br>4.6% of net assets at value                     |             |                           |                      |              |
| Black Silicon Holdings, Inc. (4)(12)(17)  |             | Semiconductors            |                      |              |
| Holding company for interest in a company that develops silicon-based optoelectronic products |             |                           |                      |              |
| Series A Convertible Preferred Stock (acquired 8/4/15)  | (M)<br>(L3) | \$750,000                 | 233,499              | \$0          |
| Series A-1 Convertible Preferred Stock (acquired 8/4/15)                                      | (M)<br>(L3) | 890,000                   | 2,966,667            | 0            |
| Series A-2 Convertible Preferred Stock (acquired 8/4/15)                                      | (M)<br>(L3) | 2,445,000                 | 4,207,537            | 0            |
| Series B-1 Convertible Preferred Stock (acquired 8/4/15)                                      | (M)<br>(L3) | 1,169,561                 | 1,892,836            | 0            |
| Series C Convertible Preferred Stock (acquired 8/4/15)  | (M)<br>(L3) | 1,171,316                 | 1,674,030            | 0            |
| Secured Convertible Bridge Note, 8% PIK, (acquired 8/25/16, maturing 8/4/21)                  | (M)<br>(L3) | 1,444,368                 | \$1,278,453          | 105,070      |
|   |             | 7,870,245                 |                      | 105,070      |
| HALE.life Corporation (4)(5)(9)   |             | Health Care<br>Technology |                      |              |
| Developing a platform to facilitate precision health and medicine                             |             |                           |                      |              |
| Common Stock (acquired 3/1/16)  | (M)<br>(L3) | 10                        | 1,000,000            | 10           |
| Series Seed Convertible Preferred Stock (acquired 3/28/17)                                    | (M)<br>(L3) | 1,896,920                 | 23,081,580           | 1,896,920    |
| Unsecured Convertible Bridge Note, 0%, (acquired 3/28/17, no maturity date)                   | (M)<br>(L3) | 2,000,000                 | \$2,000,000          | 2,000,000    |
|   |             | 3,896,930                 |                      | 3,896,930    |
| Total Controlled Affiliated Privately Held Companies (cost: \$11,767,175)                     |             |                           |                      | \$4,002,000  |
| Total Investments in Controlled Affiliated Privately Held Companies (cost: \$11,767,175)      |             |                           |                      | \$4,002,000  |
|   |             |                           |                      | \$76,097,578 |

Total Investments in Privately Held Companies and  
Publicly Traded Securities (cost: \$82,064,050)

The accompanying unaudited notes are an integral part of this consolidated schedule of investments.

10

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180 DEGREE CAPITAL CORP.  
CONSOLIDATED SCHEDULE OF  
INVESTMENTS AS OF SEPTEMBER 30,  
2018 (UNAUDITED)

| Method of Valuation (1)  | Industry    | Cost | Shares/<br>Principal                          | Value                              |
|--|-------------|------|---|------------------------------------|
| Investment in Equity Method Privately Held Company (18) -<br>0.2% of net assets at value |             |      |   |                                    |
| Privately Held Company (Illiquid) (18) -<br>0.2% of net assets at value                  |             |      |   |                                    |
| Accelerator IV-New York Corporation (4)(5)(9)  |             |      | Research & Consulting<br>Services             |                                    |
| Identifying and managing emerging<br>biotechnology companies                             |             |      |   |                                    |
| Series A Common Stock (acquired<br>7/21/14-12/5/17)                                      | (E)         |      |   | \$ 148,146 719,427 \$ 148,146      |
| Total Investment in Equity Method Privately<br>Held Company (cost: \$148,146)            |             |      |   | \$ 148,146                         |
| Total Investments (cost: \$82,212,196)   |             |      |   | \$ 76,245,724                      |
| Derivative Investments   |             |      |   |                                    |
| Unaffiliated Rights to Payments (Illiquid) (19) -<br>2.5% of net assets at value         |             |      |   |                                    |
| Amgen, Inc. (4)(5)(20)   |             |      | Biotechnology                                 |                                    |
| Rights to Milestone Payments from Acquisition<br>of BioVex Group, Inc. (acquired 3/4/11) | (I)<br>(L3) |      |   | \$ 548,998 \$ 548,998 \$ 2,195,701 |
| Xenio Holdings, Inc. (4)(5)(21)  |             |      | Technology Hardware,<br>Storage & Peripherals |                                    |
| Rights to Payments from the Merger with Xenio<br>Systems, Inc. (acquired 10/20/17)       | (I)<br>(L3) |      |   | 0 \$ 0 0                           |
| Total Unaffiliated Rights to Payments (cost:<br>\$548,998)                               |             |      |   | \$ 2,195,701                       |
| Total Derivative Investments (cost: \$548,998)   |             |      |   | \$ 2,195,701                       |
| Total Investments and Derivatives (cost:<br>\$82,761,194)                                |             |      |   | \$ 78,441,425                      |
|  |             |      |   | \$ 8,918,303                       |

OTHER ASSETS (INCLUDING CASH)  
MINUS LIABILITIES

NET ASSETS (equivalent to \$2.81 per share  
based on 31,121,562 shares of common stock  
outstanding)

\$87,359,728

The accompanying unaudited notes are an integral part of this consolidated schedule of investments.

11

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180 DEGREE CAPITAL CORP.  
NOTES TO CONSOLIDATED SCHEDULE OF INVESTMENTS  
AS OF SEPTEMBER 30, 2018 (UNAUDITED)

Notes to Consolidated Schedule of Investments

(1) See "Note 1. Investment Valuation Procedures."

Investments in unaffiliated companies consist of investments in which we own less than five percent of the voting shares of the portfolio company. Investments in non-controlled affiliated companies consist of investments in which we own five percent or more, but less than 25 percent, of the voting shares of the portfolio company, or where we control one or more seats on the portfolio company's board of directors but do not control the company.

(2) Investments in controlled affiliated companies consist of investments in which we own 25 percent or more of the outstanding voting rights of the portfolio company or otherwise control the company, including control of a majority of the seats on the board of directors, or more than 25 percent of the seats on the board of directors, with no other entity or person in control of more director seats than us.

The aggregate cost for federal income tax purposes of investments in unaffiliated privately held companies is  
(3) \$14,623,356. The gross unrealized appreciation based on the tax cost for these securities is \$4,573,077. The gross unrealized depreciation based on the tax cost for these securities is \$2,552,002.

(4) We are subject to legal restrictions on the sale of some or all of our securities in this company. The total amount of restricted securities held is \$49,824,954, or 57.0 percent of net assets.

(5) Represents a non-income producing investment. Investments that have not paid dividends or interest within the last 12 months are considered to be non-income producing.

We received LLC Interests of 1.25 percent in AutoTech Ventures Management I, LLC ("AutoTech") pursuant to an Administrative Services Agreement between us and AutoTech and due to us following the termination of a  
(6) former employee of the Company. These LLC Interests were separate from the compensation received for providing the administrative services under the agreement that were paid in cash. We are not investors in AutoTech. The LLC interests have a capital percentage of 0 percent.

D-Wave Systems, Inc., is located and is doing business primarily in Canada. We invested in D-Wave through  
(7) Parallel Universes, Inc., a Delaware company. Our investment is denominated in Canadian dollars and is subject to foreign currency translation.

(8) Initial investment was made in 2018.

(9) See "Note 4. Commitments and Contingencies."

The aggregate cost for federal income tax purposes of investments in unaffiliated publicly traded securities is  
(10) \$21,245,841. The gross unrealized appreciation based on the tax cost for these securities is \$1,021,108. The gross unrealized depreciation based on the tax cost for these securities is \$3,923,836.

The aggregate cost for federal income tax purposes of investments in non-controlled affiliated privately held  
(11) companies is \$29,477,944. The gross unrealized appreciation based on the tax cost for these securities is \$12,553,853. The gross unrealized depreciation based on the tax cost for these securities is \$15,270,803.

(12) Represents a non-operating entity that exists to collect future payments from licenses or other engagements and/or monetize assets for future distributions to investors and debt holders.

(13) Produced Water Absorbents, Inc., also does business as ProSep, Inc. We placed our senior secured debt of this company on non-accrual status during the third quarter of 2018.

The aggregate cost for federal income tax purposes of investments in non-controlled affiliated publicly traded  
(14) securities is \$4,949,734. The gross unrealized appreciation based on the tax cost for these securities is \$5,397,306. The gross unrealized depreciation based on the tax cost for these securities is \$0.

The accompanying unaudited notes are an integral part of this consolidated schedule of investments.

180 DEGREE CAPITAL CORP.

NOTES TO CONSOLIDATED SCHEDULE OF INVESTMENTS

AS OF SEPTEMBER 30, 2018 (UNAUDITED)

(15) The stock options and restricted stock units were issued to Kevin Rendino for service on the Board of Directors of TST. Mr. Rendino entered into an assignment and assumption agreement with us that transfers all beneficial and voting interest to us. The stock options issued in May 2018 and the restricted stock issued in May 2018 are subject to vesting and therefore considered restricted securities as of September 30, 2018.

(16) The aggregate cost for federal income tax purposes of investments in controlled affiliated privately held companies is \$11,767,175. The gross unrealized appreciation based on the tax cost for these securities is \$0. The gross unrealized depreciation based on the tax cost for these securities is \$7,765,175.

(17) On August 4, 2015, SiOnyx, Inc., reorganized its corporate structure to become a subsidiary of a new company, Black Silicon Holdings, Inc. Our security holdings of SiOnyx were converted into securities of Black Silicon Holdings. SiOnyx was then acquired by an undisclosed buyer. Black Silicon Holdings owns a profit interest in the undisclosed buyer. We placed our secured convertible bridge note on non-accrual status during the second quarter of 2018.

(18) The aggregate cost for federal income tax purposes of investments in our equity method privately held company is \$148,146. Under the equity method, investments are carried at cost, plus or minus the Company's equity in the increases and decreases in the investee's net assets after the date of acquisition and certain other adjustments. The Company owns approximately 9 percent of Accelerator IV-New York Corporation.

(19) The aggregate cost for federal income tax purposes of investments in unaffiliated rights to payments is \$548,998. The gross unrealized appreciation based on the tax cost for these securities is \$1,646,703. The gross unrealized depreciation based on the tax cost for these securities is \$0.

(20) If all the remaining milestones are met, we would receive \$5,384,482. There can be no assurance as to how much of these amounts we will ultimately realize or when they will be realized, if at all.

(21) In October 2017, Xenio Systems, Inc., merged with Xenio Holdings, Inc. In conjunction with this merger, all common stock of Xenio Systems, Inc., was canceled and shareholders were granted a right to a future payment in the event of a sale of Xenio Holdings, Inc. The maximum amount we could receive from such payments is approximately \$11,000. There can be no assurance as to how much of these amounts we will ultimately realize or when they will be realized, if at all.

The accompanying unaudited notes are an integral part of this consolidated schedule of investments.

13

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180 DEGREE CAPITAL CORP.

NOTES TO CONSOLIDATED SCHEDULE OF INVESTMENTS

AS OF SEPTEMBER 30, 2018 (UNAUDITED)

#### NOTE 1. INVESTMENT VALUATION PROCEDURES

Investments are stated at "value" as defined in the 1940 Act and in the applicable regulations of the Securities and Exchange Commission ("SEC") and in accordance with GAAP. Value, as defined in Section 2(a)(41) of the 1940 Act, is (i) the market price for those securities for which a market quotation is readily available and (ii) the fair value as determined in good faith by, or under the direction of, the Board of Directors for all other assets. The Valuation Committee, comprised of all of the independent Board members, is responsible for determining the valuation of the Company's assets within the guidelines established by the Board of Directors. The Valuation Committee receives information and recommendations from management. An independent valuation firm also reviews select portfolio company valuations. The independent valuation firm does not provide proposed valuations. The fair values assigned to these investments are based on available information and do not necessarily represent amounts that might ultimately be realized when that investment is sold, as such amounts depend on future circumstances and cannot reasonably be determined until the individual investments are actually liquidated or become readily marketable. The Valuation Committee values the Company's investment assets as of the end of each calendar quarter and as of any other time requested by the Board of Directors.

Accounting Standards Codification Topic 820, "Fair Value Measurements and Disclosures," ("ASC 820") defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). It applies fair value terminology to all valuations whereas the 1940 Act applies market value terminology to readily marketable assets and fair value terminology to other assets.

The main approaches to measuring fair value utilized are the market approach, the income approach and the hybrid approach.

**Market Approach (M):** The market approach may use quantitative inputs such as prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities and the values of market multiples derived from a set of comparable companies. The market approach may also use qualitative inputs such as progress toward milestones, the long-term potential of the business, current and future financing requirements and the rights and preferences of certain securities versus those of other securities. The selection of the relevant inputs used to derive value under the market approach requires judgment considering factors specific to the significance and relevance of each input to deriving value.

**Income Approach (I):** The income approach uses valuation techniques to convert future amounts (for example, revenue, cash flows or earnings) to a single present value amount (discounted). The measurement is based on the value indicated by current market expectations about those future amounts. Those valuation techniques include present value techniques; option-pricing models, such as the Black-Scholes-Merton formula (a closed-form model) and a binomial model (a lattice model), which incorporate present value techniques; and the multi-period excess earnings method, which is used to measure the fair value of certain assets.

**Hybrid Approach (H):** The hybrid approach uses elements of both the market approach and the income approach. The hybrid approach calculates values using the market and income approach, individually. The resulting values are then distributed among the share classes based on probability of exit outcomes.

ASC Topic 820 classifies the inputs used to measure fair value by these approaches into the following hierarchy:

Level 1 (L1): Unadjusted quoted prices in active markets for identical assets or liabilities;

•



Level 2 (L2): Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices in active markets for similar assets or liabilities, or quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Level 2 inputs are in those markets for which there are few transactions, the prices are not current, little public information exists or instances where prices vary substantially over time or among brokered market makers; and

Level 3 (L3): Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs are those inputs that reflect our own assumptions that market participants would use to price the asset or liability based upon the best available information.

Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement and are not necessarily an indication of risks associated with the investment.

Our investment in Accelerator IV-New York Corporation is accounted for under the equity method of accounting as it represents non-controlling interest in operating entities that provide investment advisory services to the Company. Under the equity method, investments are carried at cost, plus or minus the Company's equity in the increases and decreases in the investee's net assets after the date of acquisition and certain other adjustments. Upon sale of investments, the values that are ultimately realized may be different from the fair value presented in the Company's consolidated schedule of investments. The difference could be material.

## NOTE 2. FAIR VALUE OF INVESTMENTS

At September 30, 2018, our financial assets valued at fair value were categorized as follows in the fair value hierarchy:

| Description                              | Fair Value Measurement at Reporting Date Using:  |   |  |                       |
|--|--|---|--|-----------------------|
|  | Unadjusted<br>Quoted<br>Prices in<br>Active<br>Markets for<br>Identical<br>Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) | September 30,<br>2018 |
| Privately Held Portfolio Companies:      |  |   |  |                       |
| Preferred Stock                          | \$0  | \$ 0  | \$42,822,621                                       | \$42,822,621          |
| Bridge Notes                             | 0  | 0   | 3,739,310  | 3,739,310             |
| Common Stock                             | 0  | 0   | 784,288  | 784,288               |
| Warrants                                 | 0  | 0   | 61,206   | 61,206                |
| Senior Secured Debt                      | 0  | 0   | 0  | 0                     |
| LLC Interests                            | 0  | 0   | 0  | 0                     |
| Publicly Traded Portfolio Companies:     |  |   |  |                       |
| Common Stock                             | \$28,610,195   | \$ 0  | \$0  | \$28,610,195          |
| Warrants                                 | 0  | 3,114   | 618  | 3,732                 |
| Restricted Stock Units and Stock Options | 0  | 0   | 76,226   | 76,226                |
| Total Investments:                       | \$28,610,195   | \$ 3,114  | \$47,484,269                                       | \$76,097,578          |
| Derivative Investments:                  |  |   |  |                       |
| Rights to Milestone Payments             | \$0  | \$ 0  | \$2,195,701  | \$2,195,701           |
| Total Financial Assets:                  | \$28,610,195   | \$ 3,114  | \$49,679,970                                       | \$78,293,279          |



## Significant Unobservable Inputs

The table below presents the valuation technique and quantitative information about the significant unobservable inputs utilized by the Company in the fair value measurements of Level 3 assets. Unobservable inputs are those inputs for which little or no market data exists and, therefore, require an entity to develop its own assumptions.

|   | September 30, 2018 | Valuation Approach(es) | Unobservable Input(s)   | Range(s) (Weighted Average <sup>(a)</sup> ) |
|---|--------------------|------------------------|---|---|
| Preferred Stock                         | \$2,918,287        | Hybrid Approach        | Price Per Share   | \$1.30 (\$1.30)                             |
|   |                    |                        | Volatility  | 79.4% (79.4%)                               |
|   |                    |                        | Time to Exit / Cash Flows (Years)                             | 4.7 (4.7)                                   |
|   |                    |                        | Probability of Achieving Independent Milestones               | 12.5% (12.5%)                               |
|   |                    |                        | Probability of Achieving Dependent Milestones                 | 30.7% - 85.3% (59.6%)                       |
|   |                    |                        | Price Per Share   | \$0.30 - \$6.33 (\$3.62)                    |
|   |                    |                        | Public Comparable Adjustment (Including Non-Performance Risk) | -80.4% - 19.0% (-2.2%)                      |
| Preferred Stock                         | 27,625,881         | Income Approach        | Volatility  | 45.1% - 91.6% (72.3%)                       |
|   |                    |                        | Time to Exit / Cash Flows (Years)                             | 1.8 - 8.3 (5.2)                             |
|   |                    |                        | Volatility  | 64.9% (64.9%)                               |
|   |                    |                        | Revenue Multiples   | 2.0 (2.0)                                   |
|   |                    |                        | Time to Exit (Years)  | 0.3 (0.3)                                   |
|   |                    |                        | Discount for Lack of Marketability                            | 7.9% (7.9%)                                 |
|   |                    |                        | Preferred Stock   | 12,278,453                                  |
| Estimated Value to Cost Ratio at Payout | 0.07 (0.07)        |                        |   |   |
| Bridge Notes                            | 3,739,310          | Market Approach        | Estimated Value to Cost Ratio at Conversion                   | 1.00 - 1.58 (1.11)                          |
|   |                    |                        | Discount for Lack of Marketability                            | 11.8% (11.8%)                               |
|   |                    |                        | Public Comparable Adjustment (Including Non-Performance Risk) | 0.0% (0.0%)                                 |
|   |                    |                        | Volatility  | 45.1% - 79.4% (73.9%)                       |
|   |                    |                        | Time to Exit (Years)  | 5.0 - 6.3 (5.2)                             |
| Common Stock                            | 784,278            | Income Approach        | Price Per Share   | \$0.40 - \$1.00 (\$0.50)                    |
|   |                    |                        | Volatility  | 59.2% (59.2%)                               |
|   |                    |                        | Revenue Multiples   | 1.6 (1.6)                                   |
|   |                    |                        | Time to Exit (Years)  | 0.7 (0.7)                                   |
|   |                    |                        | Discount for Lack of Marketability                            | 12.1% (12.1%)                               |
| Common Stock                            | 10                 | Market Approach        | Price Per Share   | \$0.00001 (\$0.00001)                       |
|   |                    |                        | Price Per Share   | \$1.55 - \$2.21 (\$2.15)                    |
|   |                    |                        | Volatility  | 56.5% - 101.5% (57.3%)                      |

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|                     |        |                 |                                    |                          |
|---------------------|--------|-----------------|------------------------------------|--------------------------|
| Warrants            | 51,326 | Income Approach | Time to Exit (Years)               | 2.4 - 6.4 (4.01)         |
| Warrants            | 10,498 | Market Approach | Price Per Share                    | \$0.00 - \$0.51 (\$0.51) |
|                     |        |                 | Revenue Multiple                   | 1.6x (1.6x)              |
|                     |        |                 | Exit Date                          | 0.7 (0.7)                |
|                     |        |                 | Volatility Rate                    | 59.2% (59.2%)            |
| Senior Secured Debt | 0      | Market Approach | Discount for Lack of Marketability | 12.1% (12.1%)            |
| LLC Interests       | 0      | Income Approach | Estimated Distributable Profits    | \$0 (\$0)                |

|   | September<br>30, 2018 | Valuation<br>Approach(es) | Unobservable Input(s)                              | Range(s) (Weighted<br>Average <sup>(a)</sup> ) |
|---|-----------------------|---------------------------|--|--|
| Restricted Stock Units and<br>Stock Options | \$7,132               | Income<br>Approach        | Volatility   | 47.5% (47.5%)                                  |
|   |                       |                           | Time to Exit (Years)                               | 0.3 (0.3)                                      |
|   |                       |                           | Discount for Lack of Marketability<br>Volatility   | 5.8% (5.8%)<br>47.5% (47.5%)                   |
| Restricted Stock Units and<br>Stock Options | 69,094                | Market<br>Approach        | Time to Exit                                       | 0.3 (0.3)                                      |
|   |                       |                           | Probability of Achieving<br>Independent Milestones | 0.0% - 75.0% (75.0%)                           |
|   |                       |                           | Probability of Achieving Dependent<br>Milestones   | 18.8% - 75.0%<br>(51.0%)                       |
| Rights to Payments                          | 2,195,701             | Income<br>Approach        | Time to Cash Flows (Years)                         | 1.3 - 6.3 (3.4)                                |
| Total                                       | \$49,679,970          |                           |  |  |

<sup>(a)</sup> Weighted average based on fair value at September 30, 2018.

#### Valuation Methodologies and Inputs for Level 3 Assets

The following sections describe the valuation techniques and significant unobservable inputs used to measure Level 3 assets.

#### Preferred Stock, Preferred Units, LLC Interests, Bridge Notes and Common Stock

Preferred stock, preferred units, LLC interests, bridge notes and common stock are valued by either a market, income or hybrid approach using internal models with inputs, most of which are not market observable. Common inputs for valuing Level 3 preferred stock, bridge note and private common stock investments include prices from recently executed private transactions in a company's securities or unconditional firm offers, revenue multiples of comparable publicly traded companies, merger and acquisition ("M&A") transactions consummated by comparable companies, discounts for lack of marketability, rights and preferences of the class of securities we own as compared with other classes of securities the portfolio company has issued, particularly related to potential liquidity scenarios of an initial public offering ("IPO") or an acquisition transaction, estimated time to exit, volatilities of comparable publicly traded companies and management's best estimate of risk attributable to non-performance risk. Certain securities are valued using the present value of future cash flows.

We may also consider changes in market values for sets of comparable companies when recent private transaction information is not available and/or in consideration of non-performance risk. We define non-performance risk as the risk that the price per share (or implied valuation of a portfolio company) or the effective yield of a debt security of a portfolio company, as applicable, does not appropriately represent the risk that a portfolio company with negative cash flow will be: (a) unable to raise capital, will need to be shut down and will not return our invested capital; or (b) able to raise capital, but at a valuation significantly lower than the implied post-money valuation of the last round of financing. We assess non-performance risk for each private portfolio company quarterly. Our assessment of non-performance risk typically includes an evaluation of the financial condition and operating results of the company, the company's progress towards milestones, and the long-term potential of the business and technology of the company and how this potential may or may not affect the value of the shares owned by us. An increase to the non-performance risk or a decrease in the private offering price of a future round of financing from that of the most recent round would result in a lower fair value measurement and/or a change in the distribution of value among the

classes of securities we own.

Option pricing models place a high weighting on liquidation preferences, which means that small differences in how the preferences are structured can have a material effect on the fair value of our securities at the time of valuation and also on future valuations should additional rounds of financing occur with senior preferences. As such, valuations calculated by option pricing models may not increase if 1) rounds of financing occur at higher prices per share, 2) liquidation preferences include multiples on investment, 3) the amount of invested capital is small and/or 4) liquidation preferences are senior to prior rounds of financing. Additionally, an increase in the volatility assumption generally increases the enterprise value calculated in an option pricing model. An increase in the time to exit assumption also generally increases the enterprise value calculated in an option pricing model. Variations in the expected time to exit or expected volatility assumptions have a significant impact on fair value.



Bridge notes commonly contain terms that provide for the conversion of the full amount of principal, and sometimes interest, into shares of preferred stock at a defined price per share and/or the price per share of the next round of financing. The use of a discount for non-performance risk in the valuation of bridge notes would indicate the potential for conversion of only a portion of the principal, plus interest when applicable, into shares of preferred stock or the potential that a conversion event will not occur and that the likely outcome of a liquidation of assets would result in payment of less than the remaining principal outstanding of the note. An increase in non-performance risk would result in a lower fair value measurement.

#### Warrants and Options

We use the Black-Scholes-Merton option-pricing model to determine the fair value of warrants and options held in our portfolio unless there is a publicly traded active market for such warrants and options or another indication of value such as a sale of the portfolio company. Option pricing models, including the Black-Scholes-Merton model, require the use of subjective input assumptions, including expected volatility, expected life, expected dividend rate, and expected risk-free rate of return. In the Black-Scholes-Merton model, variations in the expected volatility or expected term assumptions have a significant impact on fair value. Because certain securities underlying the warrants in our portfolio are not publicly traded, many of the required input assumptions are more difficult to estimate than they would be if a public market for the underlying securities existed.

An input to the Black-Scholes-Merton option-pricing model is the value per share of the type of stock for which the warrant is exercisable as of the date of valuation. This input is derived according to the methodologies discussed in "Preferred Stock, Preferred Units, LLC Interests, Bridge Notes and Common Stock."

#### Rights to Payments

Rights to payments are valued using a probability-weighted discounted cash flow model. As part of Amgen Inc.'s acquisition of our former portfolio company, BioVex Group, Inc., we are entitled to potential future milestone payments based upon the achievement of certain regulatory and sales milestones. We are also entitled to future payments from Xenio Holdings, Inc., which merged with one of our former portfolio companies, Xenio Systems, Inc., in the event of a sale of Xenio Holdings, Inc. We assign probabilities to the achievements of the various milestones. Milestones identified as independent milestones can be achieved irrespective of the achievement of other contractual milestones. Dependent milestones are those that can only be achieved after another, or series of other, milestones are achieved. The interest rates used in these models are observable inputs from sources such as the published interest rates for corporate bonds of the acquiring or comparable companies.

#### Senior Secured Debt

We currently hold investments in senior secured debt securities. We value these securities either by an income or market approach. The income approach uses valuation techniques to convert future amounts (for example, cash flows or earnings) to a single present value amount (discounted). The measurement is based on the value indicated by current market expectations about those future amounts. Common inputs for valuing Level 3 debt investments include: the effective yield of the debt investment or, in the case where we have received warrant coverage, the warrant-adjusted effective yield of the security, adjustments for changes in the yields of comparable publicly traded high-yield debt funds and risk-free interest rates and an assessment of non-performance risk. For debt investments, an increase in yields would result in a lower fair value measurement. Furthermore, yields would decrease, and value would increase, if the company is exceeding targets and risk has been substantially reduced from the level of risk that existed at the time of investment. Yields would increase, and values would decrease, if the company is failing to meet its targets and risk has been increased from the level of risk that existed at the time of investment. The market approach distributes an estimated value of the entity through the liquidation waterfall to derive value. Common inputs for valuing by the market approach include: multiples of publicly traded comparable companies, time to expected

return/exit, discounts for lack of marketability and probability weighted expected return models.

#### Changes in Valuation Approaches

During the period ended September 30, 2018, the following changes in valuation methodology occurred since December 31, 2017:

- We changed the valuation methodology of our securities of NGX Bio., from the income approach to the market approach owing to changes in the inputs used to derive value, particularly related to potential paths to exit.
- We changed the valuation methodology of our securities of ORIG3N, Inc., from the income approach to the hybrid approach owing to changes in the inputs used to derive value, particularly related to potential paths to exit.
- We changed the valuation methodology of our securities of Black Silicon Holdings, Inc., from the income approach to the market approach owing to changes in the inputs used to derive value, particularly related to potential paths to exit.

Changes in Investment Categories

During the period ended September 30, 2018, the following changes in investment categories occurred since December 31, 2017:

Adesto Technologies Corporation's classification as a non-controlled affiliated publicly traded securities changed to an unaffiliated publicly traded securities due to us owning less than 5 percent of the company's outstanding securities as of the end of this period.

## NOTE 3. INDUSTRY DIVERSIFICATION

The following table shows the percentage of our net assets invested by industry as of September 30, 2018.

| Industry                                      | Value as of<br>September 30,<br>2018 | % of Net Assets | Value as of<br>September 30,<br>2018 | % of Net Assets |
|---|--------------------------------------|-----------------|--------------------------------------|-----------------|
| Application Software                          |                                      |                 | \$ 2,243,464                         | 2.6%            |
| Unaffiliated Portfolio Companies              | \$ 2,243,464                         | 2.6%            |                                      |                 |
| Non-Controlled Affiliated Portfolio Companies | 0                                    | 0.0%            |                                      |                 |
| Controlled Affiliated Portfolio Companies     | 0                                    | 0.0%            |                                      |                 |
| Asset Management & Custody Banks              |                                      |                 | 0                                    | 0.0%            |
| Unaffiliated Portfolio Companies              | 0                                    | 0.0%            |                                      |                 |
| Non-Controlled Affiliated Portfolio Companies | 0                                    | 0.0%            |                                      |                 |
| Controlled Affiliated Portfolio Companies     | 0                                    | 0.0%            |                                      |                 |
| Biotechnology                                 |                                      |                 | 6,265,983                            | 7.2%            |
| Unaffiliated Portfolio Companies              | 6,265,983                            | 7.2%            |                                      |                 |
| Non-Controlled Affiliated Portfolio Companies | 0                                    | 0.0%            |                                      |                 |
| Controlled Affiliated Portfolio Companies     | 0                                    | 0.0%            |                                      |                 |
| Communications Equipment                      |                                      |                 | 3,704,233                            | 4.2%            |
| Unaffiliated Portfolio Companies              | 3,704,233                            | 4.2%            |                                      |                 |
| Non-Controlled Affiliated Portfolio Companies | 0                                    | 0.0%            |                                      |                 |
| Controlled Affiliated Portfolio Companies     | 0                                    | 0.0%            |                                      |                 |
| Electronic Components                         |                                      |                 | 2,497,704                            | 2.9%            |
| Unaffiliated Portfolio Companies              | 2,497,704                            | 2.9%            |                                      |                 |
| Non-Controlled Affiliated Portfolio Companies | 0                                    | 0.0%            |                                      |                 |
| Controlled Affiliated Portfolio Companies     | 0                                    | 0.0%            |                                      |                 |
| Fertilizers & Agricultural Chemicals          |                                      |                 | 13,658,042                           | 15.6%           |
| Unaffiliated Portfolio Companies              | 0                                    | 0.0%            |                                      |                 |
| Non-Controlled Affiliated Portfolio Companies | 13,658,042                           | 15.6%           |                                      |                 |
| Controlled Affiliated Portfolio Companies     | 0                                    | 0.0%            |                                      |                 |
| Financial Exchanges & Data                    |                                      |                 | 10,347,040                           | 11.8%           |
| Unaffiliated Portfolio Companies              | 0                                    | 0.0%            |                                      |                 |
| Non-Controlled Affiliated Portfolio Companies | 10,347,040                           | 11.8%           |                                      |                 |
| Controlled Affiliated Portfolio Companies     | 0                                    | 0.0%            |                                      |                 |
| Health Care Equipment                         |                                      |                 | 1,832,360                            | 2.1%            |
| Unaffiliated Portfolio Companies              | 0                                    | 0.0%            |                                      |                 |
| Non-Controlled Affiliated Portfolio Companies | 1,832,360                            | 2.1%            |                                      |                 |
| Controlled Affiliated Portfolio Companies     | 0                                    | 0.0%            |                                      |                 |
| Health Care Technology                        |                                      |                 | 9,921,916                            | 11.4%           |
| Unaffiliated Portfolio Companies              | 225,000                              | 0.3%            |                                      |                 |
| Non-Controlled Affiliated Portfolio Companies | 5,799,986                            | 6.6%            |                                      |                 |
| Controlled Affiliated Portfolio Companies     | 3,896,930                            | 4.5%            |                                      |                 |
| Life Sciences Tools & Services                |                                      |                 | 3,834,917                            | 4.4%            |
| Unaffiliated Portfolio Companies              | 345,000                              | 0.4%            |                                      |                 |
| Non-Controlled Affiliated Portfolio Companies | 3,489,917                            | 4.0%            |                                      |                 |
| Controlled Affiliated Portfolio Companies     | 0                                    | 0.0%            |                                      |                 |

| Industry                                      | Value as of<br>September 30,<br>2018 | % of Net Assets | Value as of<br>September 30,<br>2018 | % of Net Assets |
|---|--------------------------------------|-----------------|--------------------------------------|-----------------|
| Oil & Gas Equipment & Services                |                                      |                 | \$ 0                                 | 0.0%            |
| Unaffiliated Portfolio Companies              | \$ 0                                 | 0.0%            |                                      |                 |
| Non-Controlled Affiliated Portfolio Companies | 0                                    | 0.0%            |                                      |                 |
| Controlled Affiliated Portfolio Companies     | 0                                    | 0.0%            |                                      |                 |
| Pharmaceuticals                               |                                      |                 | 3,137,083                            | 3.6%            |
| Unaffiliated Portfolio Companies              | 2,118,903                            | 2.4%            |                                      |                 |
| Non-Controlled Affiliated Portfolio Companies | 1,018,180                            | 1.2%            |                                      |                 |
| Controlled Affiliated Portfolio Companies     | 0                                    | 0.0%            |                                      |                 |
| Research & Consulting Services                |                                      |                 | 980,861                              | 1.1%            |
| Unaffiliated Portfolio Companies              | 442,620                              | 0.5%            |                                      |                 |
| Non-Controlled Affiliated Portfolio Companies | 538,241                              | 0.6%            |                                      |                 |
| Controlled Affiliated Portfolio Companies     | 0                                    | 0.0%            |                                      |                 |
| Semiconductors                                |                                      |                 | 5,932,500                            | 6.8%            |
| Unaffiliated Portfolio Companies              | 5,827,430                            | 6.7%            |                                      |                 |
| Non-Controlled Affiliated Portfolio Companies | 0                                    | 0.0%            |                                      |                 |
| Controlled Affiliated Portfolio Companies     | 105,070                              | 0.1%            |                                      |                 |
| Specialty Chemicals                           |                                      |                 | 4,083,386                            | 4.7%            |
| Unaffiliated Portfolio Companies              | 3,510,972                            | 4.0%            |                                      |                 |
| Non-Controlled Affiliated Portfolio Companies | 572,414                              | 0.7%            |                                      |                 |
| Controlled Affiliated Portfolio Companies     | 0                                    | 0.0%            |                                      |                 |
| Technology Hardware, Storage & Peripherals    |                                      |                 | 10,001,936                           | 11.4%           |
| Unaffiliated Portfolio Companies              | 10,001,936                           | 11.4%           |                                      |                 |
| Non-Controlled Affiliated Portfolio Companies | 0                                    | 0.0%            |                                      |                 |
| Controlled Affiliated Portfolio Companies     | 0                                    | 0.0%            |                                      |                 |
| Total   | \$ 78,441,425                        |                 | \$ 78,441,425                        |                 |

#### NOTE 4. COMMITMENTS AND CONTINGENCIES

On July 21, 2014, the Company invested in Accelerator IV-New York Corporation ("Accelerator"), a company that will identify emerging biotechnology companies for the Company to invest in directly. The investment consists of an operating capital commitment and an investment commitment to be invested in the identified portfolio companies over a five-year period. During the third quarter of 2016, the board of directors of Accelerator voted to modify the operating commitment and investment commitment distributions, which resulted in the Company's operating commitment to be set at \$833,333 and investment commitment to be set at \$3,166,667. During the quarter ended September 30, 2018, Accelerator called \$0 in operating capital and \$862,872 in investment capital to fund a new tenant company, Magnolia Neurosciences Corporation. As of September 30, 2018, the Company had remaining unfunded commitments of \$113,906 and \$475,025, or approximately 13.7 percent and 15.0 percent, of the total operating and investment commitments, respectively. The withdrawal of contributed capital is not permitted. The transfer or assignment of capital is subject to approval by Accelerator.

If the Company defaults on these commitments, the other investors may purchase the Company's shares of Accelerator and any tenant companies of the Accelerator, currently Cobra Therapeutics Corporation, Lodo Therapeutics Corporation, Magnolia Neurosciences Corporation, and Petra Pharma Corporation, for \$0.001 per share. The combined value of Accelerator, Cobra Therapeutics Corporation, Lodo Therapeutics Corporation, Magnolia Neurosciences Corporation, and Petra Pharma Corporation is \$3,199,125, or \$0.10 per share as of September 30, 2018. In the event of default, the Company would still be required to contribute the remaining operating commitment.



The Company's most recent investments in HALE.life Corporation ("HALE"), and Petra Pharma Corporation, were in rounds of financing that include investment of additional capital upon achievement of certain quantitative and qualitative milestones. The original additional investment of \$1 million in HALE was reduced to \$500,000 upon mutual agreement between us and HALE. This additional \$500,000 was invested in HALE in October 2018. We have no further contingent obligations to invest additional capital in HALE.life Corporation. The remaining portion of the additional investment in Petra was reduced to \$260,504 following our investment of \$369,748 in August 2018. The milestones that would trigger the remaining potential investment in Petra Pharma Corporation has yet to occur. Should these milestones be successfully achieved and the Company decides to not invest such capital, the securities held by the Company in Petra may be subject to punitive action including, but not limited to, conversion from preferred stock to common stock and/or repurchase by the respective companies at a substantial discount to current carrying value. Additionally, portfolio companies may seek additional capital in the future and any decision by the Company to not participate in the round of financing could result in similar outcomes that could negatively impact the value of the Company's securities of those portfolio companies.

On September 24, 2009, we signed a ten-year lease for approximately 6,900 square feet of office space located at 1450 Broadway, New York, New York. On March 23, 2017, we signed a month-to-month lease for approximately 1,250 square feet of office space located at 7 N. Willow Street, Suite 4B, Montclair, New Jersey. Upon an event of default, the leases each provide that the landlord may terminate the lease and require us to pay all rent that would have been payable during the remainder of the lease or until the date the landlord re-enters the premises.

#### NOTE 5. SUBSEQUENT EVENTS

The Company has evaluated subsequent events as of September 30, 2018, through the date these consolidated schedule of investments were issued, and include the following:

On October 18, 2018, we made a \$500,000 follow-on investment in HALE.life Corporation.

## NOTE 6. INVESTMENTS IN AND ADVANCES TO AFFILIATES - SCHEDULE 12-14 (UNAUDITED)

| Name of Issuer                             | Title of Issue or Nature of Indebtedness (A) | Amount of Dividends or Interest Credited to Income (B) | Realized Gain (Loss) | Value as of 12/31/17 | Gross Additions (C) | Gross Reductions (D) | Net Change in Unrealized Appreciation (Depreciation) | Value as of 9/30/18 |
|--|--|--|----------------------|----------------------|---------------------|----------------------|--|---------------------|
| MAJORITY OWNED CONTROLLED INVESTMENTS (E): |  |  |                      |                      |                     |                      |  |                     |
| Black Silicon Holdings, Inc.               | Series A Convertible Preferred Stock         | \$0  | \$0                  | \$0                  | \$0                 | \$0                  | \$0  | \$0                 |
|  | Series A-1 Convertible Preferred Stock       | 0  | 0                    | 0                    | 0                   | 0                    | 0  | 0                   |
|  | Series A-2 Convertible Preferred Stock       | 0  | 0                    | 0                    | 0                   | 0                    | 0  | 0                   |
|  | Series B-1 Convertible Preferred Stock       | 0  | 0                    | 0                    | 0                   | 0                    | 0  | 0                   |
|  | Series C Convertible Preferred Stock         | 0  | 0                    | 0                    | 0                   | 0                    | 0  | 0                   |
| HALE.life Corporation                      | Secured Convertible Bridge Notes (G)         | 25,569   | 0                    | 288,759              | 0                   | (183,689 )           | (209,258 )   | 105,070             |
|  | Common Stock                                 | \$0  | \$0                  | \$10                 | \$0                 | \$0                  | \$0  | \$10                |
|  | Series Seed Convertible Preferred Stock      | 0  | 0                    | 1,896,920            | 0                   | 0                    | 0  | 1,896,920           |
|  | Convertible Bridge Notes                     | 0  | 0                    | 2,000,000            | 0                   | 0                    | 0  | 2,000,000           |
| SynGlyCo, Inc.                             | Common Stock                                 | \$0  | \$(2,729,817)        | \$0                  | \$0                 | \$0                  | \$2,729,817  | \$0                 |



|   |                                      |          |               |             |       |             |             |             |
|---|--------------------------------------|----------|---------------|-------------|-------|-------------|-------------|-------------|
|   | Series A'                            |          |               |             |       |             |             |             |
|   | Convertible Preferred Stock          | 0        | (4,855,627 )  | 0           | 0     | 0           | 4,855,627   | 0           |
|   | Senior Convertible Bridge Notes      | 0        | (27,857 )     | 30,000      | 0     | (30,000 )   | 47,857      | 0           |
| Total Majority Owned Controlled Investments             |                                      | \$25,569 | \$(7,613,301) | \$4,215,689 | \$0   | \$(213,689) | \$7,424,043 | \$4,002,000 |
| Total Controlled Affiliated Companies                   |                                      | \$25,569 | \$(7,613,301) | \$4,215,689 | \$0   | \$(213,689) | \$7,424,043 | \$4,002,000 |
| NON-CONTROLLED AFFILIATED PRIVATELY HELD COMPANIES (F): |                                      |          |               |             |       |             |             |             |
| ABSMaterials, Inc.                                      | Series A Convertible Preferred Stock | \$0      | \$0           | \$64,160    | \$0   | \$(58,236 ) | \$(58,236 ) | \$5,924     |
|   | Series B Convertible Preferred Stock | 0        | 0             | 527,055     | 0     | (110,179 )  | (110,179 )  | 416,876     |
|   | Secured Convertible Bridge Note      | 7,480    | 0             | 142,134     | 7,480 | 0           | 0           | 149,614     |

| Name of Issuer  | Title of Issue or Nature of Indebtedness (A) | Amount of Dividends or Interest Credited to Income (B) | Realized Gain (Loss) | Value as of 12/31/17 | Gross Additions (C) | Gross Reductions (D) | Net Change in Unrealized Appreciation (Depreciation) | Value as of 9/30/18 |
|---|--|--|----------------------|----------------------|---------------------|----------------------|--|---------------------|
| NON-CONTROLLED AFFILIATED PRIVATELY HELD COMPANIES (F): |  |  |                      |                      |                     |                      |  |                     |
| AgBiome, LLC  | Series A-1 Convertible Preferred Stock       | \$0  | \$0                  | \$8,583,935          | \$1,899,313         | \$0                  | \$1,899,313  | \$10,483,248        |
|   | Series A-2 Convertible Preferred Stock       | 0  | 0                    | 1,838,865            | 383,173             | 0                    | 383,173  | 2,222,038           |
|   | Series B Convertible Preferred Stock         | 0  | 0                    | 884,777              | 67,979              | 0                    | 67,979   | 952,756             |
| Coba Therapeutics Corporation                           | Convertible Bridge Note                      | \$5,167  | \$0                  | \$0                  | \$150,697           | \$0                  | \$0  | \$150,697           |
| EchoPixel, Inc.   | Series Seed Convertible Preferred Stock      | \$0  | \$0                  | \$945,726            | \$80,096            | \$0                  | \$80,096   | \$1,025,822         |
|   | Series Seed-2 Convertible Preferred Stock    | 0  | 0                    | 337,930              | 29,937              | 0                    | 29,937   | 367,867             |
|   | Series A-2 Convertible Preferred Stock       | 0  | 0                    | 412,209              | 26,462              | 0                    | 26,462   | 438,671             |
| Ensemble Therapeutics Corporation                       | Series B Convertible Preferred Stock         | \$0  | \$0                  | \$0                  | \$0                 | \$0                  | \$0  | \$0                 |
|   | Series B-1 Convertible Preferred Stock       | 0  | 90,105               | 173,143              | 0                   | (87,039 )            | (64,513 )  | 86,104              |

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|                                  |  |     |             |           |         |             |              |           |
|----------------------------------|--|-----|-------------|-----------|---------|-------------|--------------|-----------|
| Essential Health Solutions, Inc. | Common Stock   | \$0 | \$0         | \$145,218 | \$0     | \$(19,397 ) | \$(19,397 )  | \$125,821 |
|                                  | Series A Convertible Preferred Stock                 | 0   | 0           | 3,169,662 | 0       | (413,784 )  | (413,784 )   | 2,755,878 |
| HZO, Inc.                        | Common Stock   | \$0 | \$(155,666) | \$473,896 | \$0     | \$(473,896) | \$192,771    | \$0       |
|                                  | Series I Convertible Preferred Stock                 | 0   | (1,333,236) | 4,074,569 | 0       | (4,074,569) | 1,635,266    | 0         |
|                                  | Series II Convertible Preferred Stock                | 0   | (583,747 )  | 1,571,541 | 0       | (1,571,541) | 928,465      | 0         |
|                                  | Series II-A Convertible Preferred Stock              | 0   | (52,787 )   | 188,810   | 0       | (188,810 )  | 37,260       | 0         |
|                                  | Warrants for Series II-A Convertible Preferred Stock | 0   | (6,963 )    | 17,925    | 0       | (17,925 )   | 11,895       | 0         |
| Lodo Therapeutics Corporation    | Series A Convertible Preferred Stock                 | \$0 | \$0         | \$777,896 | \$3,483 | \$0         | \$3,483      | \$781,379 |
| NGX Bio, Inc.                    | Series Seed Convertible Preferred Stock              | \$0 | \$0         | \$721,539 | \$0     | \$(585,564) | \$(585,564 ) | \$135,975 |
|                                  | Series Seed 2 Convertible Preferred Stock            | 0   | 0           | 477,157   | 0       | (375,176 )  | (375,176 )   | 101,981   |
|                                  | Series Seed 3 Convertible Preferred Stock            | 0   | 0           | 769,258   | 0       | (617,119 )  | (617,119 )   | 152,139   |

| Name of Issuer  | Title of Issue or Nature of Indebtedness (A) | Amount of Dividends or Interest Credited to Income (B) | Realized Gain (Loss) | Value as of 12/31/17 | Gross Additions (C) | Gross Reductions (D) | Net Change in Unrealized Appreciation (Depreciation) | Value as of 9/30/18 |
|---|--|--|----------------------|----------------------|---------------------|----------------------|--|---------------------|
| NON-CONTROLLED AFFILIATED PRIVATELY HELD COMPANIES (F): |  |  |                      |                      |                     |                      |  |                     |
| ORIG3N, Inc.  | Series 1 Convertible Preferred Stock         | \$0  | \$0                  | \$907,129            | \$354,617           | \$0                  | \$354,617  | \$1,261,74          |
|   | Series A Convertible Preferred Stock         | 0  | 0                    | 1,305,499            | 157,880             | 0                    | 157,880  | 1,463,379           |
|   | Series A-2 Convertible Preferred Stock       | 0  | 0                    | 169,890              | 23,272              | 0                    | (26,532 )  | 193,162             |
| Produced Water Absorbents, Inc.                         | Common Stock                                 | \$0  | \$0                  | \$0                  | \$0                 | \$0                  | \$0  | \$0                 |
|   | Warrants for Common Stock                    | 0  | 0                    | 0                    | 0                   | 0                    | 0  | 0                   |
|   | Senior Secured Debt (H)                      | 85,445   | 0                    | 357,407              | 0                   | (357,407 )           | (492,514 )   | 0                   |
| Senova Systems, Inc.                                    | Series B-1 Convertible Preferred Stock       | \$0  | \$(1,083,963)        | \$0                  | \$0                 | \$0                  | \$1,083,963  | \$0                 |
|   | Series C Convertible Preferred Stock         | 0  | (1,208,287 )         | 0                    | 0                   | 0                    | 1,208,287  | 0                   |
|   | Warrants for Series B Preferred Stock        | 0  | (20,000 )            | 0                    | 0                   | 0                    | 20,000   | 0                   |
| TARA Biosystems, Inc.                                   | Common Stock                                 | \$0  | \$0                  | \$651,642            | \$6,815             | \$0                  | \$6,815  | \$658,457           |

|   |   |          |               |              |             |               |             |            |
|---|---|----------|---------------|--------------|-------------|---------------|-------------|------------|
|   | Series A<br>Convertible<br>Preferred<br>Stock | 0        | 0             | 2,802,573    | 28,887      | 0             | 28,887      | 2,831,460  |
| Total Non-Controlled<br>Affiliated Privately<br>Held Companies                                      |   | \$98,092 | \$(4,354,544) | \$32,491,545 | \$3,220,091 | \$(8,950,642) | \$5,393,535 | \$26,760,9 |
| NON-CONTROLLED<br>AFFILIATED<br>PUBLICLY<br>TRADED<br>SECURITIES(F):                                |   |          |               |              |             |               |             |            |
| TheStreet, Inc.   | Common<br>Stock                               | \$0      | \$0           | \$6,387,423  | \$3,883,391 | \$0           | \$3,825,451 | \$10,270,8 |
|   | Stock<br>Options                              | 0        | 0             | 0            | 7,132       | 0             | 7,132       | 7,132      |
|   | Restricted<br>Stock Units                     | 0        | 0             | 43,476       | 25,618      | 0             | 25,618      | 69,094     |
| Total Non-Controlled<br>Affiliated Publicly<br>Traded Securities                                    |   | \$0      | \$0           | \$6,430,899  | \$3,916,141 | \$0           | \$3,858,201 | \$10,347,0 |
| Total Non-Controlled<br>Affiliated Privately<br>Held Companies and<br>Publicly Traded<br>Securities |   | \$98,092 | \$(4,354,544) | \$38,922,444 | \$7,136,232 | \$(8,950,642) | \$9,251,736 | \$37,108,0 |

| Name of Issuer                      | Title of Issue or Nature of Indebtedness (A) | Amount of Dividends or Interest Credited to Income (B) | Realized Gain (Loss) | Value as of 12/31/17 | Gross Additions (C) | Gross Reductions (D) | Net Change in Unrealized Appreciation (Depreciation) | Value as of 9/30/18 |
|-------------------------------------|--|--|----------------------|----------------------|---------------------|----------------------|--|---------------------|
| <b>EQUITY METHOD INVESTMENT:</b>    |  |  |                      |                      |                     |                      |  |                     |
| Accelerator IV-New York Corporation | Series A Common Stock                        | \$ 0   | \$ 0                 | \$ 256,622           | \$ 0                | \$(108,476)          | \$ 0   | \$ 148,146          |
| Total Equity Method Investment      |  | \$ 0   | \$ 0                 | \$ 256,622           | \$ 0                | \$(108,476)          | \$ 0   | \$ 148,146          |

(A) Common stock, warrants, membership units and, in some cases, preferred stock are generally non-income producing and restricted. The principal amount of debt and the number of shares of common and preferred stock and number of membership units are shown in the accompanying Consolidated Schedule of Investments as of September 30, 2018.

(B) Represents the total amount of interest or dividends and yield-enhancing fees on debt securities credited/(debited) to income for the portion of the year an investment was a control or affiliate investment, as appropriate. Amounts credited to preferred or common stock represent accrued bridge note interest related to conversions that occurred during the period ended September 30, 2018.

(C) Gross additions include increases in investments resulting from new portfolio investments, paid-in-kind interest or dividends, the amortization of discounts and fees. Gross additions also include net increases in unrealized appreciation or decreases in unrealized depreciation.

(D) Gross reductions include decreases in investments resulting from principal collections related to investment repayments or sales, the amortization of premiums and acquisition costs. Gross reductions also include net increases in unrealized depreciation or decreases in unrealized appreciation.

(E) "Controlled Affiliated" is defined as control of 50.1 percent or more of the voting securities outstanding and/or 50.1 percent or more control of the appointment of members of the board of directors.

(F) "Non-Controlled Affiliated" is defined as ownership of five percent or more, but less than 25 percent, of the voting shares of the portfolio company, or where we hold the right to appoint one or more members to the portfolio company's board of directors, but less than 25 percent of the members of the board of directors.

(G) Debt security is on non-accrual status as of April 1, 2018 and, therefore, is considered non-income producing during the period ended September 30, 2018.

(H) Debt security is on non-accrual status as of July 1, 2018 and, therefore, is considered non-income producing during the period ended September 30, 2018.

\*\*Information related to the amount of equity in the net profit and loss for the year for the investments listed has not been included in this schedule. This information is not considered to be meaningful owing to the complex capital structures of the portfolio companies, with different classes of equity securities outstanding with different preferences in liquidation. These investments are not consolidated, nor are they accounted for under the equity method of accounting, with the exception of Accelerator IV-New York Corporation, which are accounted for under the equity method.

| Line for Schedule of Investments   | Method / Level | Primary Industry       | # of Shares Purchased/Principal | Cost of TURN's Investment | Valuation   |
|--|----------------|------------------------|---------------------------------|---------------------------|-------------|
| <b>CONTROLLED AFFILIATED COMPANIES</b>   |                |                        |                                 |                           |             |
| <b>PRIVATELY HELD COMPANIES</b>  |                |                        |                                 |                           |             |
| Black Silicon Holdings, Inc.   |                | Semiconductors         |                                 |                           |             |
| Series A Convertible Preferred Stock (acquired 8/4/15)                         | (M) (L3)       |                        | 233,499                         | \$750,000                 | \$0         |
| Series A-1 Convertible Preferred Stock (acquired 8/4/15)                       | (M) (L3)       |                        | 2,966,667                       | 890,000                   | 0           |
| Series A-2 Convertible Preferred Stock (acquired 8/4/15)                       | (M) (L3)       |                        | 4,207,537                       | 2,445,000                 | 0           |
| Series B-1 Convertible Preferred Stock (acquired 8/4/15)                       | (M) (L3)       |                        | 1,892,836                       | 1,169,561                 | 0           |
| Series C Convertible Preferred Stock (acquired 8/4/15)                         | (M) (L3)       |                        | 1,674,030                       | 1,171,316                 | 0           |
| Secured Convertible Bridge Note, 8% PIK, (acquired 8/25/16, maturing 8/4/21)   | (M) (L3)       |                        | \$ 1,278,453                    | 1,444,368                 | 105,070     |
|  |                |                        |                                 | \$7,870,245               | \$105,070   |
| HALE.life Corporation  |                | Health Care Technology |                                 |                           |             |
| Common Stock (acquired 3/1/16)   | (M) (L3)       |                        | 1,000,000                       | \$10                      | \$10        |
| Series Seed Convertible Preferred Stock (acquired 3/28/17)                     | (M) (L3)       |                        | 23,081,580                      | 1,896,920                 | 1,896,920   |
| Unsecured Convertible Bridge Note, 0%, (acquired 3/28/17, no maturity date)    | (M) (L3)       |                        | \$ 2,000,000                    | 2,000,000                 | 2,000,000   |
|  |                |                        |                                 | \$3,896,930               | \$3,896,930 |
| Total Controlled Affiliated Companies (4.6%)                                   |                |                        |                                 | \$11,767,175              | \$4,002,000 |
| <b>NON-CONTROLLED AFFILIATED COMPANIES</b>                                     |                |                        |                                 |                           |             |
| <b>PRIVATELY HELD COMPANIES</b>  |                |                        |                                 |                           |             |
| ABSMaterials, Inc.   |                | Specialty Chemicals    |                                 |                           |             |
| Series A Convertible Preferred Stock (acquired 2/17/10-10/24/11)               | (I) (L3)       |                        | 390,000                         | \$435,000                 | \$5,924     |
| Series B Convertible Preferred Stock (acquired 11/8/13-6/25/14)                | (I) (L3)       |                        | 1,037,751                       | 1,217,644                 | 416,876     |
| Secured Convertible Bridge Note, 8% PIK, (acquired 1/20/16, maturing 12/31/18) | (M) (L3)       |                        | \$ 100,000                      | 121,589                   | 121,589     |
| Secured Convertible Bridge Note, 8% PIK, (acquired 3/28/17, maturing 12/31/19) | (M) (L3)       |                        | \$ 25,000                       | 28,025                    | 28,025      |



|   |          |  |             |              |
|---|----------|--|-------------|--------------|
|   |          |  | \$1,802,258 | \$572,414    |
| AgBiome, LLC  |          | Fertilizers &<br>Agricultural<br>Chemicals |             |              |
| Series A-1 Convertible Preferred<br>Stock (acquired 1/30/13)                          | (I) (L3) | 2,000,000                                  | \$2,000,000 | \$10,483,248 |
| Series A-2 Convertible Preferred<br>Stock (acquired 4/9/13-10/15/13)                  | (I) (L3) | 417,392                                    | 521,740     | 2,222,038    |
| Series B Convertible Preferred Stock<br>(acquired 8/7/15)                             | (I) (L3) | 160,526                                    | 500,006     | 952,756      |
|   |          |  | \$3,021,746 | \$13,658,042 |
| Coba Therapeutics Corporation   |          | Pharmaceuticals                            |             |              |
| Unsecured Convertible Bridge Note,<br>6% PIK, (acquired 2/27/18, maturing<br>2/27/19) | (M) (L3) | \$ 145,530                                 | \$150,697   | \$150,697    |

| Line for Schedule of Investments                                     | Method / Level | Primary Industry               | # of Shares Purchased/Principal | Cost of TURN's Investment | Valuation   |
|--|----------------|--------------------------------|---------------------------------|---------------------------|-------------|
| <b>NON-CONTROLLED AFFILIATED COMPANIES</b>                           |                |                                |                                 |                           |             |
| <b>PRIVATELY HELD COMPANIES</b>                                      |                |                                |                                 |                           |             |
| EchoPixel, Inc.  |                | Health Care Equipment          |                                 |                           |             |
| Series Seed Convertible Preferred Stock (acquired 6/21/13-6/30/14)   | (I) (L3)       |                                | 4,194,630                       | \$1,250,000               | \$1,025,822 |
| Series Seed-2 Convertible Preferred Stock (acquired 1/22/16)         | (I) (L3)       |                                | 1,476,668                       | 500,000                   | 367,867     |
| Series A-2 Convertible Preferred Stock (acquired 3/23/17)            | (I) (L3)       |                                | 1,471,577                       | 350,000                   | 438,671     |
|  |                |                                |                                 | \$2,100,000               | \$1,832,360 |
| Ensemble Therapeutics Corporation                                    |                | Pharmaceuticals                |                                 |                           |             |
| Series B Convertible Preferred Stock (acquired 6/6/07)               | (I) (L3)       |                                | 1,449,275                       | \$2,000,000               | \$0         |
| Series B-1 Convertible Preferred Stock (acquired 4/21/14)            | (I) (L3)       |                                | 492,575                         | 551,553                   | 86,104      |
|  |                |                                |                                 | \$2,551,553               | \$86,104    |
| Essential Health Solutions, Inc.                                     |                | Health Care Technology         |                                 |                           |             |
| Common Stock (acquired 11/18/16)                                     | (I) (L3)       |                                | 200,000                         | \$20                      | \$125,821   |
| Series A Convertible Preferred Stock (acquired 11/18/16)             | (I) (L3)       |                                | 2,750,000                       | 2,750,000                 | 2,755,878   |
|  |                |                                |                                 | \$2,750,020               | \$2,881,699 |
| Lodo Therapeutics Corporation  |                | Pharmaceuticals                |                                 |                           |             |
| Series A Convertible Preferred Stock (acquired 12/21/15-4/22/16)     | (I) (L3)       |                                | 658,190                         | \$658,190                 | \$781,379   |
| NGX Bio, Inc.  |                | Research & Consulting Services |                                 |                           |             |
| Series Seed Convertible Preferred Stock (acquired 6/6/14-1/10/16)    | (M) (L3)       |                                | 666,667                         | \$500,002                 | \$135,975   |
| Series Seed 2 Convertible Preferred Stock (acquired 8/20/15-9/30/15) | (M) (L3)       |                                | 329,989                         | 499,999                   | 101,981     |
| Series Seed 3 Convertible Preferred Stock (acquired 6/26/17)         | (M) (L3)       |                                | 666,001                         | 686,329                   | 152,139     |
|  |                |                                |                                 | \$1,686,330               | \$390,095   |
| ORIG3N, Inc.   |                | Health Care Technology         |                                 |                           |             |
| Series 1 Convertible Preferred Stock (acquired 2/5/15-8/5/15)        | (H) (L3)       |                                | 1,195,315                       | \$500,000                 | \$1,261,746 |
| Series A Convertible Preferred Stock (acquired 11/25/15-9/7/16)      | (H) (L3)       |                                | 1,364,666                       | 1,500,000                 | 1,463,379   |
| Series A-2 Convertible Preferred Stock (acquired 5/11/17-2/8/18)     | (H) (L3)       |                                | 176,386                         | 200,002                   | 193,162     |

|   |          |                                      |              |             |
|---|----------|--------------------------------------|--------------|-------------|
|   |          |                                      | \$2,200,002  | \$2,918,287 |
| Produced Water Absorbents, Inc.   |          | Oil & Gas<br>Equipment &<br>Services |              |             |
| Common Stock (acquired 4/30/16)   | (M) (L3) | 50,243,350                           | \$7,670,281  | \$0         |
| Warrants for Common Stock expiring<br>upon liquidation event (acquired<br>4/30/16)          | (M) (L3) | 450,000                              | 65,250       | 0           |
| Senior Secured Debt, 15% commencing<br>on 4/1/16, maturing on 12/31/19<br>(acquired 4/1/16) | (M) (L3) | \$ 2,533,766                         | 2,276,104    | 0           |
|   |          |                                      | \$10,011,635 | \$0         |

| Line for Schedule of Investments   | Method /<br>Level | Primary<br>Industry                  | # of Shares<br>Purchased/Principal | Cost of<br>TURN's<br>Investment | Valuation    |
|--|-------------------|--------------------------------------|------------------------------------|---------------------------------|--------------|
| <b>NON-CONTROLLED AFFILIATED COMPANIES</b>   |                   |                                      |                                    |                                 |              |
| <b>PRIVATELY HELD COMPANIES</b>  |                   |                                      |                                    |                                 |              |
| TARA Biosystems, Inc.  |                   | Life Sciences<br>Tools &<br>Services |                                    |                                 |              |
| Common Stock (acquired 8/20/14)  | (I) (L3)          |                                      | 2,000,000                          | \$20                            | \$658,457    |
| Series A Convertible Preferred Stock (acquired 3/31/17)  | (I) (L3)          |                                      | 6,878,572                          | 2,545,493                       | 2,831,460    |
|  |                   |                                      |                                    | \$2,545,513                     | \$3,489,917  |
| Total Non-Controlled Affiliated Privately Held Companies (30.6%)   |                   |                                      |                                    | \$29,477,944                    | \$26,760,994 |
| <b>PUBLICLY TRADED SECURITIES</b>  |                   |                                      |                                    |                                 |              |
| TheStreet, Inc.  |                   | Financial<br>Exchanges &<br>Data     |                                    |                                 |              |
| Common Stock (acquired 4/19/17-5/18/18)  | (M) (L1)          |                                      | 4,668,552                          | \$4,949,734                     | \$10,270,814 |
| Stock Options for Common Stock Expiring 1/1/25 (acquired 1/1/18)   | (I) (L3)          |                                      | 3,333                              | 0                               | 2,544        |
| Stock Options for Common Stock Expiring 5/18/25 (acquired 5/18/18)   | (I) (L3)          |                                      | 10,000                             | 0                               | 4,588        |
| Restricted Stock Units (acquired 5/18/18)  | (M) (L3)          |                                      | 33,333                             | 0                               | 69,094       |
| Total Non-Controlled Affiliated Publicly Traded Securities (11.9%)   |                   |                                      |                                    | \$4,949,734                     | \$10,347,040 |
| <b>EQUITY METHOD PRIVATELY HELD COMPANY</b>  |                   |                                      |                                    |                                 |              |
| Accelerator IV-New York Corporation  |                   | Research &<br>Consulting<br>Services |                                    |                                 |              |
| Series A Common Stock (acquired 7/21/14-12/5/17)   | (E)               |                                      | 719,427                            | \$148,146                       | \$148,146    |
| Total Equity Method Privately Held Company (0.2%)  |                   |                                      |                                    | \$148,146                       | \$148,146    |
| Total Investments in Non-Controlled Affiliated Companies, Publicly Traded Securities and Equity Method Company (42.7%)             |                   |                                      |                                    | \$34,575,824                    | \$37,256,180 |
| Total Investments in Controlled, Non-Controlled Affiliated Companies, Publicly Traded Securities and Equity Method Company (47.3%) |                   |                                      |                                    | \$46,342,999                    | \$41,258,180 |



Item 2. Controls and Procedures.

(a) Based on an evaluation of the Registrant's Disclosure Controls and Procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, the "Disclosure Controls") as of a date within 90 days prior to the filing date (the "Filing Date") of this Form N-CSR (the "Report"), the Chief Executive Officer (its principal executive officer) and Chief Financial Officer (its principal financial officer) have concluded that the Disclosure Controls are reasonably designed to ensure that information required to be disclosed by the Registrant in the Report is recorded, processed, summarized and reported by the Filing Date, including ensuring that information required to be disclosed in the Report is accumulated and communicated to the Registrant's management, including the Registrant's principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

(b) There were no changes in the Registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the Investment Company Act of 1940) that occurred during the Registrant's last fiscal quarter that have materially affected or are reasonably likely to materially affect the Registrant's internal control over financial reporting.

Item 3. Exhibits.

Certifications of the principal executive officer and the principal financial officer pursuant to Rule 30a-2(a) under the Investment Company Act of 1940.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

180 DEGREE CAPITAL CORP.

By: /s/ Daniel B. Wolfe

Name: Daniel B. Wolfe

Title: President and Chief Financial Officer

Date: October 29, 2018

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

By: /s/ Kevin M. Rendino

Name: Kevin M. Rendino

Title: Chief Executive Officer

(Principal Executive Officer)

Date: October 29, 2018

By: /s/ Daniel B. Wolfe

Name: Daniel B. Wolfe

Title: President and Chief Financial Officer

(Principal Financial Officer)

Date: October 29, 2018