

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of report (date of earliest event reported): April 21, 2016

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RAND CAPITAL CORPORATION

(Exact name of registrant as specified in its charter)

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New York

(State or Other Jurisdiction of Incorporation)

814-00235

(Commission File Number)

16-0961359

(IRS Employer Identification No.)

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2200 Rand Building, Buffalo, NY 14203

(Address of principal executive offices)

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(716) 853-0802

(Registrant's telephone number, including area code)

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Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 2.02 Results of Operations and Financial Condition.**

The 2016 Annual Meeting of Shareholders of Rand Capital Corporation (the “Company”) will be held at 10:30 a.m. ET on April 21, 2016. A copy of the presentation slides to be used in connection with the Annual Meeting is included as Exhibit 99.1 to this Current Report on Form 8-K.

**Item 7.01 Regulation FD Disclosure.**

The information set forth under Item 2.02 of this report is incorporated into this Item by reference.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits.

**EXHIBIT NUMBER    DESCRIPTION**

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99.1	Presentation slides to be used by Registrant in connection with its 2016 Annual Meeting of Shareholders.
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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**RAND CAPITAL CORPORATION**

Date: April 21, 2016

By: /s/ Daniel P. Penberthy  
Daniel P. Penberthy  
Executive Vice President / Chief Financial Officer



# 2016 Annual Shareholders Meeting

April 21, 2016

Allen F. "Pete" Grum  
President & CEO

# Safe Harbor Statement

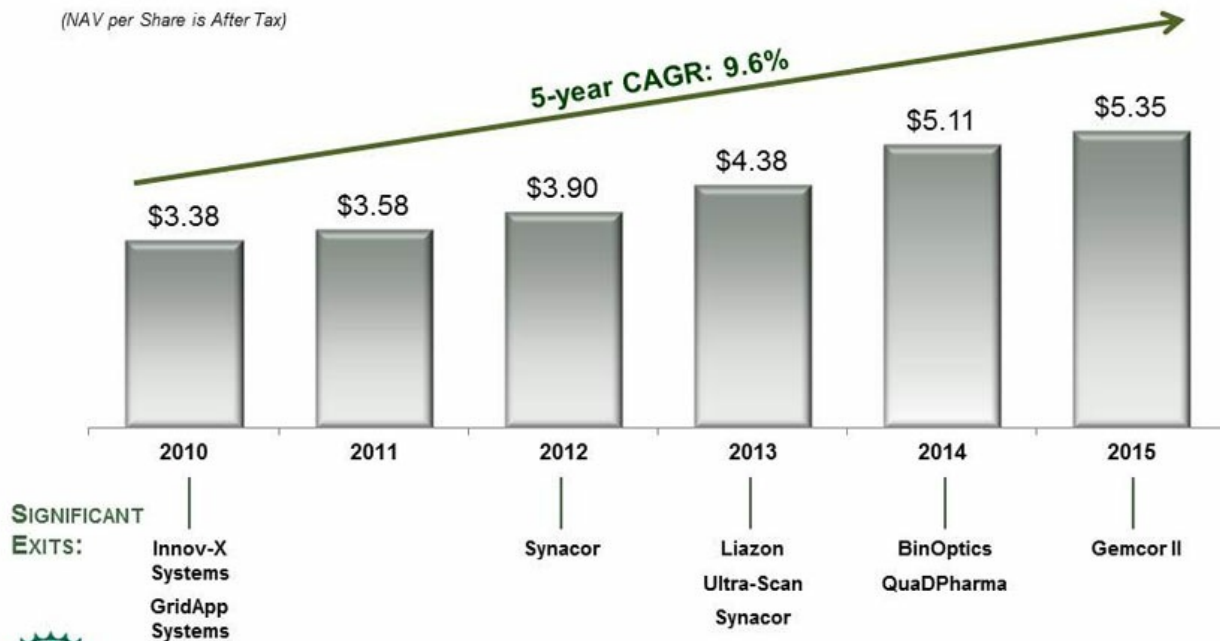
*Statements included in these slides that do not relate to present or historical conditions are “forward-looking statements” within the meaning of that term in Section 27A of the Securities Act of 1933, and in Section 21E of the Securities Exchange Act of 1934. Additional oral or written forward-looking statements may be made by us from time to time, and forward-looking statements may be included in documents that are filed with the Securities and Exchange Commission. Forward-looking statements involve risks and uncertainties that could cause results or outcomes to differ materially from those expressed in the forward-looking statements. Forward-looking statements may include, without limitation, statements relating to our plans, strategies, objectives, expectations and intentions and are intended to be made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Words such as “believes,” “forecasts,” “intends,” “possible,” “expects,” “estimates,” “anticipates,” or “plans” and similar expressions are intended to identify forward-looking statements. Among the important factors on which such statements are based are assumptions concerning the state of the national economy and the markets in which our portfolio companies operate, the state of the securities markets and the national financial markets, and inflation. Forward-looking statements are also subject to the risks and uncertainties described under the caption “Risk Factors” contained in documents that we file with the SEC, including our 2016 Annual Report on Form 10-K filed on March 10, 2016. There may be other factors not identified that affect the accuracy of our forward-looking statements. Further, any forward-looking statement speaks only as of the date it is made and, except as required by law, we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which it is made or to reflect the occurrence of anticipated or unanticipated events or circumstances. New factors emerge from time to time that may cause our business not to develop as we expect, and we cannot predict all of them.*



# 2015 – Another Year of Solid Growth

## Five Consecutive Years of Net Asset Value (NAV) Per Share Growth

(NAV per Share is After Tax)



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# Gross 5-Year Returns: ~30%

## Rand Capital Exits\*

December 31, 2010 - March 31, 2016

Full-Cycle Investments Exited	Average Holding Length (years)	Total Cash Invested	Gross Cash Generated (Interest & Gain)	Achieved Cash Multiple	IRR
17	6.3	\$19.0mm	\$67.5mm	3.6	30.2%

***More than tripled cash investment***

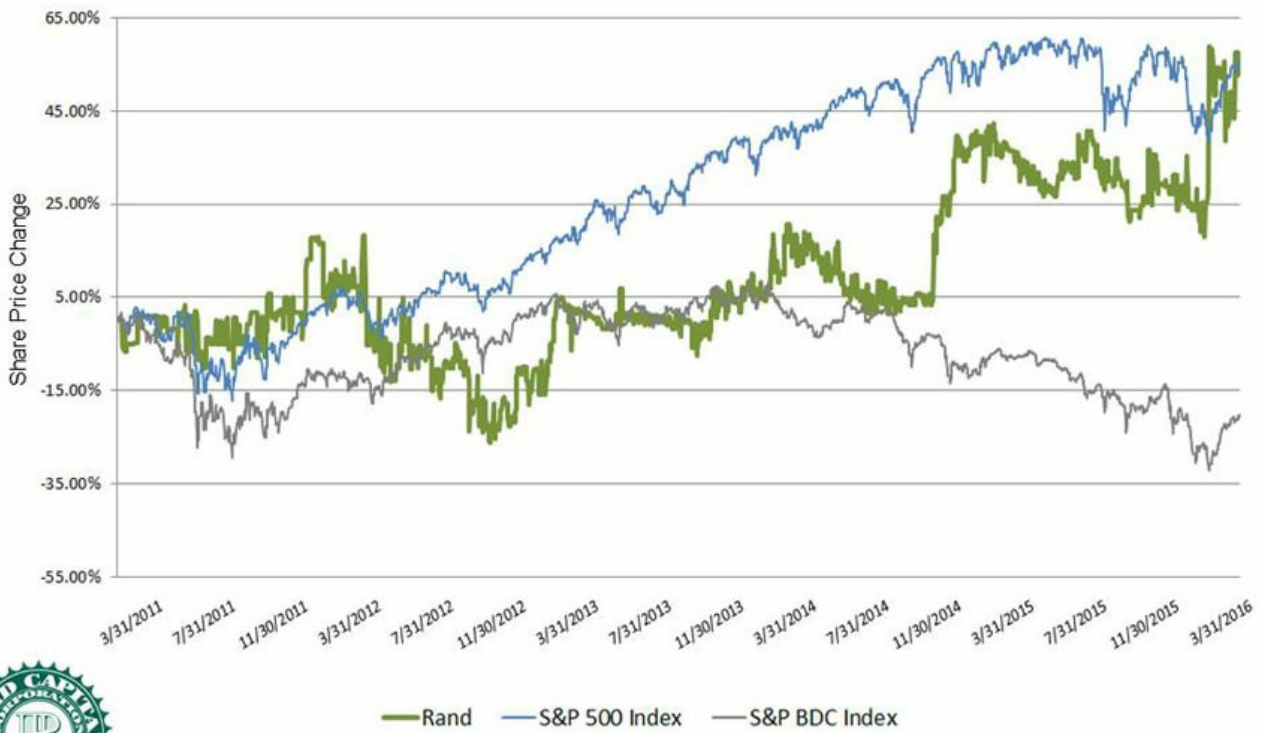


\* Includes Gemcor sale

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# Results Demonstrated in Stock Performance

## Outperformed 5-year BDC Index and S&P 500



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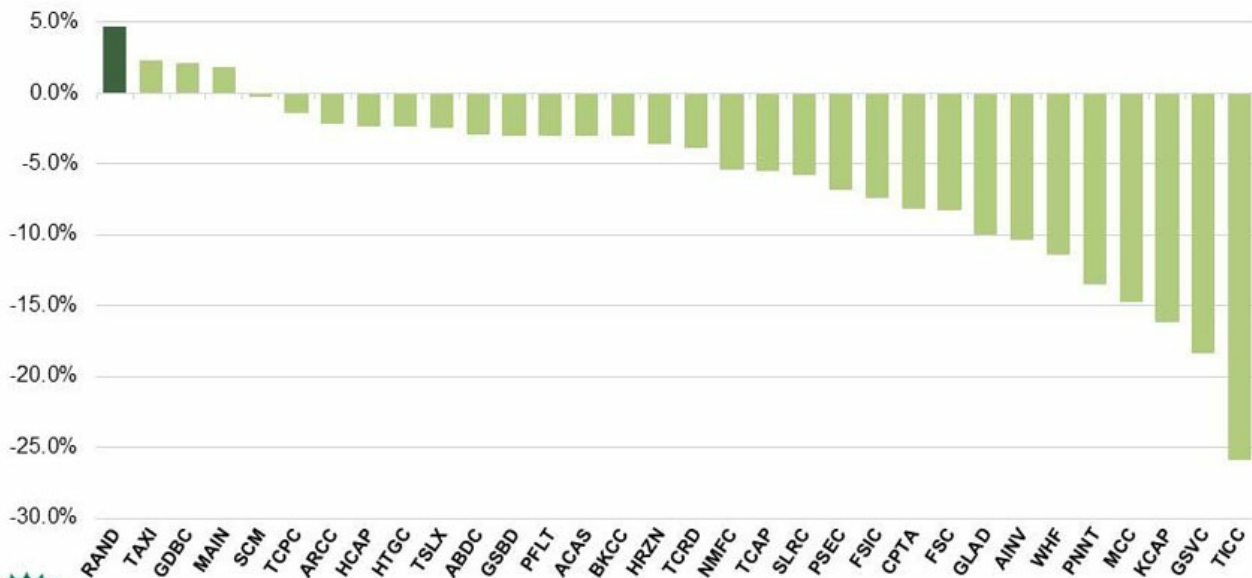


# Top-Tier BDC Performance in NAV Growth

Rand ranked #1 BDC with highest NAV/Share growth among 32 BDCs

**Rand's NAV grew 4.7%**

2014 to 2015 Year-over-Year NAV/Share Growth



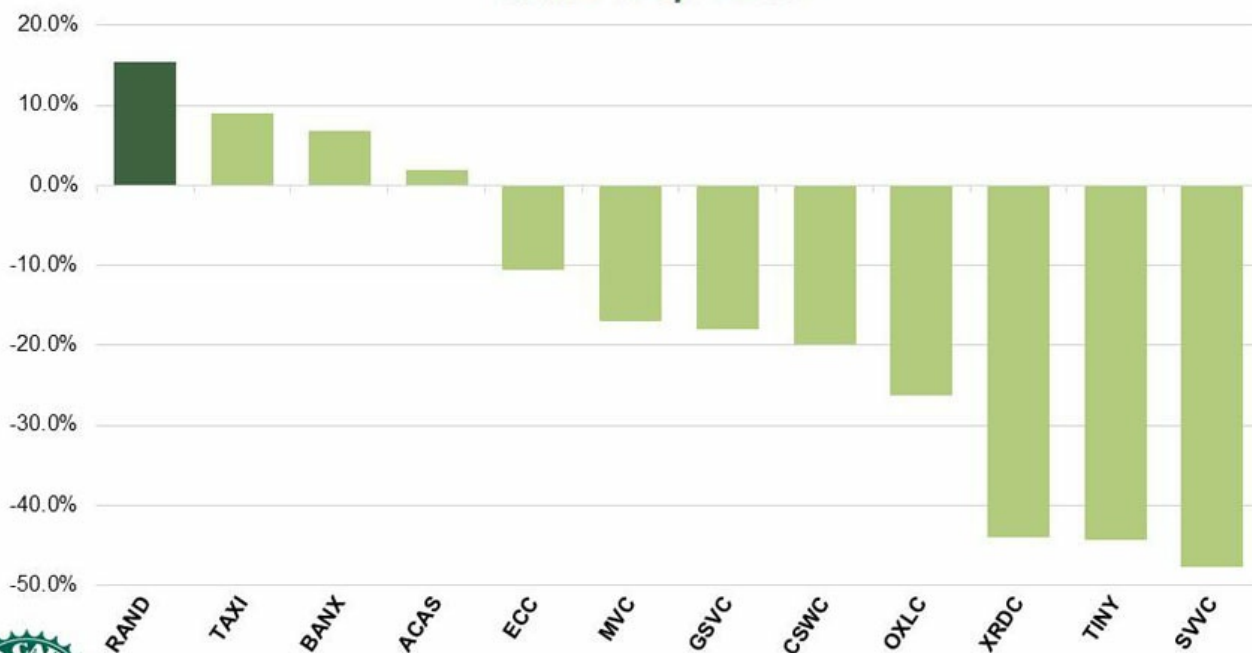
Source: BDCInvestor.com

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# Top-Tier BDC Performance in Shareholder Returns

## 12-Month Total Shareholder Return Comparisons

*RAND is up 15.4%*



Source: Seacap Financial BDC Group as of March 31, 2016



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# Success Story – Gemcor II, LLC



- ✓ Acquired: 6/28/04
  - Revenue increased to > 5x
  - Workforce grew from 29 to 95
  - Investment: 31% equity position
- ✓ Equity cost: \$625 thousand
- ✓ Sold 3/31/16 for ~ \$50 million
  - ✓ Rand gross proceeds ~\$15.2 million
- ✓ Return on invested capital: ~11x
- ✓ Internal rate of return: ~64%

*Leading designer and manufacturer of automatic drilling and fastening systems utilized in the assembly of aircraft by Bombardier, Boeing, Embraer, Airbus and others, including China's indigenous provider, Comac.*



# Five Largest Investments = 43% of Portfolio

**\$26 million total portfolio, 32 companies**

	Company	Investments at Fair Value (in millions)	Year Acquired	Industry	% of Total Portfolio
	Rheonix, Inc.	\$2.9	2009	Healthcare—Testing Devices	12%
	Outmatch	\$2.1	2010	Software—Predictive Talent Selection	8%
	SocialFlow	\$2.1	2013	Software—Social Publishing	8%
	Genicon	\$2.0	2015	Healthcare—Surgical Instrumentation	8%
	Microcision	\$1.9	2009	Manufacturing—Medical Products	7%
	<b>TOTAL</b>	<b>\$11.0</b>			<b>43%</b>



All values as of March 31, 2016, may not foot due to rounding

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## Featured Portfolio Companies

### Rheonix

- ✓ Initial equity investment: 10/29/09
  - \$680 thousand follow-on investment (2015)
- ✓ 5% equity position
- ✓ Equity cost: \$2.8 million
- ✓ Equity fair value (3/31/16): \$2.9 million

### OUTMATCH

- ✓ Initial equity investment: 11/18/10
  - \$500 thousand follow-on investment (2015)
- ✓ 4% equity position
- ✓ Equity cost: \$2.1 million
- ✓ Equity fair value (3/31/16): \$2.1 million

### SOCIALFLOW

- ✓ Initial equity investment: 4/5/13
  - \$500 thousand follow-on investment (2015)
- ✓ 4% equity position
- ✓ Equity cost: \$1.8 million
- ✓ Equity fair value (3/31/16): \$2.1 million

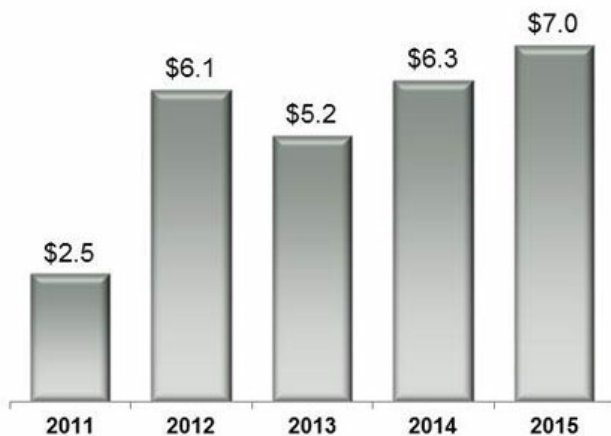
### GENICON

- ✓ Initial equity investment: 4/10/15
  - \$1 million follow-on debt investment (Q1 2016)
- ✓ 6% equity position + debt
- ✓ Equity cost: \$1.0 million
- ✓ Equity fair value (3/31/16): \$1.0 million
- ✓ Senior debt: \$1.0 million

# Stronger Investment Engine

## Rand New & Follow-on Investments

(\$ in millions)



## Investments Projected to Mature in 2 - 5 Years

Rheonix



OUTMATCH.





## Strong History: Now Defining Our Future

- ✓ Completed busiest investment periods in 40+ year history
  - >\$5 million invested in 2012, 2013, 2014 and 2015
  - Record level of investment in 2015 at \$7.0 million into 16 portfolio companies
- ✓ Large exits over last 4 years
- ✓ Current portfolio companies at varying stages of maturity
  - Expecting several exits over next few years
- ✓ Strong base of regulatory capital to leverage
- ✓ Retained earnings expanding

**Executed a comprehensive review of strategic options to enhance shareholder value**



# Evaluated Strategic Alternatives for Rand

**Objective: Drive Shareholder Value**

## **Options Considered**

- **Voluntary Delisting from NASDAQ / Deregistering from SEC Reporting**  
**Also Called: Going Dark**
  - Significant negative impact to trading liquidity and value
- **Electing RIC Status (Special Tax Vehicle)**
  - Requires ~\$30 million cash distribution, exceeds value of portfolio
- **Portfolio Run-Off – Liquidating Company**
  - No long-term growth
- **Sale to Third Party Acquirer**
  - Poor market conditions; difficult to capture full value for portfolio and platform





# Selected Growth Strategies

***Objective: Drive Shareholder Value***

## **Strategies to Pursue**

### **+ Acquisitions & Mergers**

- Looking for opportunities
- Will consider value-maximizing sale transaction

### **+ Accelerated Growth**

- More aggressive plan with larger capital base
- Enhanced relationship with SBA: Expand borrowings



# Long-Term Strategy to Drive Growth

*Increase rate of growth with larger investment capacity*

Increase leverage for greater investment capability

Increase participation in transactions

Broaden investment network and geography

Strengthen investor communications

Create scale to add talent

## Higher funding levels:

Past: \$300k with \$1.0m max

Recent: \$1.0m with \$3.0m max

Future: \$1.5m with \$5.0m max



# Capital Allocation Priorities

**Available Cash Balance\*:** ~\$12 million

- ✓ Basis for increased leverage with SBA

## Uses of Cash

- ✓ Follow-on investments
- ✓ New investments
- ✓ Stock repurchases
- ✓ Debt repayment
- ✓ Acquisitions



*\* At the SBIC, net of escrow and estimated taxes*

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# 2016 Investor Relations Action Plan

- ✓ Continue increased level of investor communication
  - Press releases – business events and portfolio company successes
  - Website improvements
- ✓ Increase outreach effort to investment community
  - Present at 2 investor conferences
  - Host 1:1 meetings: New York, Boston, Toronto, Atlanta
- ✓ Objectives
  - Increase investor following and number of investors (institutional and retail)
  - Improve liquidity of Rand's stock



# Why Rand?

- ✓ Strong performance: financially and operationally
- ✓ Proven management team
- ✓ Delivers shareholder returns
- ✓ Strategy for NAV growth
- ✓ Only early and expansion stage SBIC fund in Upstate New York
- ✓ Solid reputation among investment partners
  - Decisive and responsive
- ✓ Opportunistic share buy backs





# 2016 Annual Shareholders Meeting

April 21, 2016