MACC PRIVATE EQUITIES INC
Form N-2/A
April 14, 2010

As filed with the Securities and Exchange Commission on April 14, 2010
Securities Act Registration No. 333-153439

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Amendment No. 2
Form N-2 / A

x REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

x PRE-EFFECTIVE AMENDMENT NO. 2

o POST-EFFECTIVE AMENDMENT NO.

MACC Private Equities Inc.
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Approximate Date of Proposed Public Offering: As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this form will be offered on a delayed or continuous basis in reliance on Rule 415 under the Securities Act of 1933, other than securities offered in connection with a dividend reinvestment plan, check the following box. x

It is proposed that this filing will become effective (check appropriate box):

o when declared effective pursuant to Section 8(c).

CALCULATION OF REGISTRATION FEE UNDER THE SECURITIES ACT OF 1933

Title of Securities Being Registered	Amount to be Registered	Proposed Maximum Offering Price Per Share (1)	Proposed Maximum Aggregate Offering Price (1)	Amount of Registration Fee
Common Stock, $.01 per value	821,541	$1.10	$903,695	$71.30 (1)
Subscription Rights	821,541	--	--	-- (2)

(1) Estimated for purposes of calculating the registration fee pursuant to Rule 457(c) under the Securities Act of 1933, as amended (the "1933 Act"), based on the assumed offering price of $1.10 per share. $58.44 previously paid.

(2) Pursuant to Rule 457(g) of the 1933 Act, no separate registration fee is required for the Subscription Rights as the Rights are being registered in the same registration statement as the Common Stock of the Registrant underlying the Rights.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such dates as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

Subject to Completion

Preliminary Prospectus dated April 14, 2010

The information in this Prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This Prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

PROSPECTUS

821,541 Shares of Common Stock
Issuable upon the Exercise of Transferable Rights to Subscribe for such Shares

MACC Private Equities Inc. (the "Company," "we" or "us") is issuing to its stockholders of record ("Record Date Stockholders") as of the close of business on __, 2010 (the "Record Date") transferable rights ("Rights") entitling you to subscribe for an aggregate of 821,541 shares of common stock, $.01 par value ("Common Stock"), of the Company (such shares, together with all outstanding shares of our Common Stock, "Shares"). You will receive one Right for each three Shares you hold on the Record Date. The number of Rights issued to you will be rounded up to the nearest number of Rights. The Rights entitle you to subscribe for Shares at the rate of one Share for every one Right held (the "Primary Subscription"). The Rights further entitle you to subscribe, subject to certain limitations and subject to allotment, for any Shares not acquired by other holders in the Primary Subscription (the "Over-Subscription Privilege"). The offering of the Rights (the "Offering") will expire at 5:00 p.m., Eastern time, on __, 2010 (the "Expiration Date"), unless extended by us.

The Rights are transferable and will be listed for trading on the Nasdaq Capital Market under the symbol "MACR." The Shares trade on the Nasdaq Capital Market under the symbol "MACC," though we were notified on March 16, 2010 that the Shares are subject to delisting for violation of Nasdaq Listing Rule 5550(a)(2) because our Common Stock did not maintain a minimum bid price of $1.00 per share for the preceding 30 consecutive business days. As described in more detail below under "Trading and Net Asset Value Information," we have filed an appeal of the delisiting decision on March 23, 2010. Such appeal suspends the delisting until Nasdaq's hearing panel decides whether to grant us additional time to comply with the Rule. We will conduct our appeal on April 28, 2010, where we intend to present a plan to regain compliance with the Rule. The continued listing of our Common Stock is a condition to our ability to list the Rights on the Nasdaq.

The subscription price for each Share to be issued pursuant to the Offering will be the higher of (i) 95% of the volume-weighted average of the last reported bid price per Share on the Nasdaq Capital Market on the Expiration Date and each of the four preceding business days, or (ii) $1.10 (the "Subscription Price"). You will not know the actual Subscription Price at the time of exercise. You therefore will be required initially to pay for the Shares at the estimated Subscription Price of $1.10 per Share (the "Estimated Subscription Price"). Once you subscribe for Shares and your payment is received, you will not be able to change your decision.

Stockholders who do not exercise their Rights should expect that they will, at the completion of the Offering, own a smaller proportional interest in the Company than they would if they exercised. In addition, because the Subscription Price per Share will be less than the net asset value per share on the Pricing Date, you will experience an immediate dilution, which could be significant, of the aggregate net asset value of your shares. This dilution will disproportionately affect you if you do not exercise your Rights in full. we cannot state precisely the extent of this dilution at this time because we do not know what the net asset value per share will be when the Offering expires, what the Subscription Price will be or what proportion of the Rights will be exercised. See “Risk Factors – This Offering may dilute the value of your Shares.”

Our net asset value per share at the close of business on September 30, 2007, September 30, 2008 and September 30, 2009 were $4.67, $4.23 and $3.17, respectively. Our unaudited net asset value per share at the close of business on December 31, 2009 was $2.97, and the last reported bid price per share on the Nasdaq Capital Market on __, 2010 was $__. We do not have a dividend distribution policy, and we do not currently pay our stockholders a minimum annual distribution. We have not paid any dividends in cash to our stockholders since inception in 1995.

We are a non-diversified, closed-end management investment company that has elected to be treated as a business development company (“BDC”) under the Investment Company Act of 1940 (the “1940 Act”). Our investment objective is to provide stockholders with long-term capital appreciation by making new equity investments in small- and micro-cap companies that qualify for investment by a BDC under the 1940 Act. Our mailing address is 580 Second Street, Suite 102, Encinitas, California 92024; our telephone number is (760) 479-5080.

Investing in our Common Stock involves risks, including the risk of leverage, that are described in the "Risk Factors" section of this Prospectus beginning on page 25. Shares of closed-end investment companies, such as the Company, have in the past frequently traded at a discount to their net asset value. Our Common Stock trades at a discount to net asset value, which may increase the risk of loss for purchasers in this Offering.

	Per Share	Total (1)
Public offering price (1)	$1.10	$903,695
Sales load	None	None
Proceeds, before expenses, to us (2)	$1.10	$903,695

(1) Assumes all Rights are exercised at the Estimated Subscription Price of $1.10 per share.

(2) Represents gross offering proceeds. Upon deduction of Offering costs incurred related to this Offering, payable by us, which are estimated to be $90,000, the proceeds to us will be $0.99 and $813,695 on a per-share and total basis, respectively. Funds received prior to the final due date of the Offering will be deposited into a segregated interest-bearing account (which interest will be paid to us) pending proration and distribution of Shares. Interest on subscription monies will be paid to us regardless of whether shares are issued by us.

Please read this Prospectus before investing, and keep it for future reference. The Prospectus contains important information about us that a prospective investor should know before investing in our Common Shares. A statement of additional information dated ___, 2010, as supplemented from time to time (the "SAI"), containing additional information about us, has been filed with the Securities and Exchange Commission ("SEC") and is incorporated by reference in its entirety into this Prospectus. We file annual, quarterly and current reports, proxy statements and other information with the SEC. This information, in addition to the SAI, is available free of charge by contacting us at 580 Second Street, Suite 102, Encinitas, California 92024, or by telephone at (760) 479-5080. The SEC also maintains a website at www.sec.gov that contains such information. We do not maintain a website, and accordingly, we do not make such information available in that manner. You may also contact us at the above number regarding shareholder inquiries or to request other information about us.

Neither the SEC nor any state securities commission have approved or disapproved of these securities or determined if this Prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this Prospectus is April 14, 2010.

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You should rely only on the information contained in this Prospectus. We have not authorized any other person to provide you with different information or to make any representations not contained in this Prospectus. If anyone provides you with different or inconsistent information, you should not rely on it. We are not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information contained in this Prospectus is accurate only as of the date on the front cover of this Prospectus. Our business, financial condition, results of operations and prospects may have changed since that date. We will update the information in this Prospectus to reflect any material changes occurring prior to the completion of this offering.

PROSPECTUS SUMMARY

This summary may not contain all of the information that you may want to consider. You should read carefully the information set forth under "Risk Factors" and other information included in this Prospectus. The following summary is qualified by the more detailed information and financial statements appearing elsewhere in this Prospectus. Except where the context suggests otherwise, the terms "we," "us," "our" and "the Company" refer to MACC Private Equities Inc. Throughout this Prospectus we have assumed the issuance of 2,464,621 Rights and the resulting sale of 821,541 shares of Common Stock at $1.10 per Share.

The Company

The Company was formed as a Delaware corporation on March 3, 1994. We are a non-diversified, closed-end management investment company that has elected to be treated as a BDC under the 1940 Act. Our investment objective is to provide stockholders with long-term capital appreciation by making new equity investments primarily in small- and micro-cap companies that qualify for investment by a BDC under the 1940 Act. No assurance can be given that we will achieve our investment objective. We do not currently pay to our stockholders a minimum annual distribution or other dividend. We have paid no dividends in cash to our stockholders since our inception.

Key Risks & Dilution

As discussed more fully in this Prospectus, an investment in us involves a number of significant and substantial risks, including (i) risks associated with our investments in small growth companies; (ii) risks associated with our investments in higher risk securities of private companies; (iii) risks associated with our investments in certain restricted and illiquid securities; (iv) the fluctuation of our net asset value in connection with changes in the value of our portfolio securities; and (v) interest rate risks on borrowed funds.

In addition to seeking additional cash through future sales of portfolio securities, we expect to raise funds under this Offering for operating purposes and our new strategy of investing in highly liquid public securities qualified for BDC investment. Further, we believe that future capital raises will be necessary and we are exploring those options. We expect the attractiveness of our new investment strategy, combined with the underlying value of our current portfolio, will make additional capital raises possible in the future. Absent additional sources of financing, current working capital and cash will not be adequate for operations at their current levels. If this Offering and such efforts are not successful, we may need to liquidate our current investment portfolio, to the extent possible which could result in significant realized losses due to the current economic conditions. These uncertainties raise substantial doubt about our ability to continue as a going concern.

The Offering involves the risk of an immediate dilution of the aggregate net asset value of your Shares. If shareholders do not exercise their Rights, at the completion of the Offering they will own a smaller proportional interest in us than they would if they had exercised, and therefore such shareholders' relative voting power in the Company will be reduced. In addition, because the Subscription Price will be less than the net asset value per Share, shareholders will experience an immediate dilution, which could be significant, of the aggregate net asset value of their Shares.

The following table, which is based upon the following assumptions as of December 31, 2009, illustrates the decrease in net asset value: (i) 821,54 rights are issued, (ii) all rights are exercised at the Estimated Subscription Price of $1.10 per share (183% of the closing market bid price on December 31, 2009), (iii) the expenses of the Offering are estimated to be $90,000, and (iv) our net asset value otherwise remains constant, then our net asset value per share of $2.97 (unaudited) would be reduced by approximately $0.48 per Share (or 16%) to $2.49 per Share. This dilution would disproportionately affect those shareholders who do not exercise their Rights in full.

Dilutive Effects Offering (unaudited)

Number of Rights Issued	Number of Rights Exercised	Subscription Price	Offering Expenses	Net Asset Value Per Share Before Offering	Net Asset Value Per Share After Offering	Percentage Reduction in Net Asset Value Per Share
821,541	821,541	$1.10	$90,000	$2.97	$2.49	-16%

1

We were notified by Nasdaq on March 16, 2010 that our Common Stock is subject to delisting for violation of Nasdaq Listing Rule 5550(a)(2) because our Common Stock did not maintain a minimum bid price of $1.00 per share for the preceding 30 consecutive business days. The continued listing of our Common Stock is a condition to our ability to list the Rights on the Nasdaq. As described in more detail below under "Trading and Net Asset Value Information," we have appealed such delisting notice a hearing will be held an April 28, 2010, and we expect a determination from Nasdaq's hearing panel, on whether our Common Stock will be delisted, approximately 30 days after the hearing.

Our Investment Adviser & Subadviser

Eudaimonia Asset Management, LLC, a California limited liability company ("EAM" or the "Adviser"), with its executive offices at 580 Second Street, Suite 102, Encinitas, California 92024, is our investment adviser under an Investment Advisory Agreement dated April 29, 2008 (the "Advisory Agreement"), is registered as an investment adviser under the Investment Advisers Act of 1940, as amended (the "Advisers Act"), and is subject to the Advisers Act reporting and other requirements. EAM currently is the investment manager of no other funds, though it does (as of December 31, 2009) manage $66 million of other assets under strategies similar to that to be employed for all new portfolio investments made by us after the effectiveness of the Advisory Agreement, which investments will be made with the proceeds of this Offering (the "New Portfolio"). EAM will be responsible for the selection, structure and administration of our investment portfolios.

Roth Capital Partners, LLC ("RCP") contributed the operating capital to fund the EAM founders' business plan and holds a 49% interest in EAM. Gordon J. Roth, who has served on our Board since 2000, is the Chief Financial Officer and a Manager of RCP and serves on the Board of Managers of EAM. Together, EAM's employees hold the remaining 51% interest in EAM.

InvestAmerica Investment Advisors, Inc., an Iowa corporation ("InvestAmerica" or the "Subadviser"), serves as our subadviser under a Subadvisory Agreement dated April 29, 2008 among us, EAM and InvestAmerica (the "Subadvisory Agreement") and manages our portfolio of investments in existence prior to the effective date of the Advisory Agreement (the "Existing Portfolio") (including those assets previously held by our wholly-owned subsidiary, MorAmerica Capital Corporation ("MorAmerica"), prior to the merger of MorAmerica with and into the Company effective April 30, 2008 (the "Merger"). Together, the New Portfolio and the Existing Portfolio are referred to as the "Total Portfolio"). For additional information on the Adviser, the Subadviser and the terms of their contracts, see "Fees and Expenses," "The Company—Our Adviser," "The Company—Our Subadviser" and "Investment Advisory Agreeme Certain Relationships and Related Transactions."

Our Strategy Going Forward

At our 2008 Annual Stockholders' Meeting, our Shareholders approved the appointment of EAM as our new adviser to manage our New Portfolio while retaining InvestAmerica to manage our Existing Portfolio. The strategy we announced at that time was that we would, once we had assets available, seek to transition from investing in the types of illiquid debt and equity securities comprising our Existing Portfolio, toward investing in EAM's growth strategy for us, which includes the following elements:

Making investments in small companies which may not have access to traditional means of financing through private investments in public equities (so-called "Pipes") and registered direct offerings permissible for BDCs under the 1940 Act;

Investing up to a maximum of 30% of the Total Portfolio in equity positions of promising companies that are publicly-listed, with a focus on small- and micro-cap companies;

Investing on a limited basis (up to maximum of 10% of the Total Portfolio) in private companies;

Recruiting directors with diverse and broad financial and business experience;

Undertaking an investor relations strategy to obtain better market understanding of the Company;

Diligently focusing on internal growth through capital appreciation while retaining income and capital gains, and obtaining additional equity capital to reduce fixed expenses per Share, increase stockholder liquidity and maximize stockholder value; and

Retaining InvestAmerica on a transitional basis as a subadviser to efficiently liquidate and maximize the value of the Existing Portfolio.

At the 2008 Annual Stockholders' Meeting, our Shareholders also approved the terms of this Offering, among other strategies designed to increase our Shareholder base, market interest in us, and our asset level. We initially pursued this Offering in late 2008, but since that time market conditions have not presented favorable opportunities to effect this Offering.

More recently, our Board of Directors (the "Board") has determined that in addition to pursuing our new investment strategy by effecting this Offering, we will seek additional Shareholder approval on a variety of matters, all designed to enhance Shareholder value and rejuvenate our operations. Those matters include further approvals for additional similar rights offerings, approval to sell our Common Stock below net asset value, approval to change our name to reflect the transition toward New Portfolio investing, and approval of certain changes to the Advisory Agreement. Such approvals would be sought under a proxy statement distributed by us, and we will likely seek those approvals immediately after effecting this Offering.

Purpose of the Offering

Our Board has determined that it is in our best interests and the stockholders' best interest to increase the number of outstanding Shares and to increase our assets available for investment, consistent with the long-term strategy to be undertaken by EAM to grow our size and expand the universe of portfolio companies in which we invest. The Board approved the Offering because it believes the Offering may:

- increase the level of market interest in us and the liquidity of the Shares;
- reduce expenses per Share due to the spreading of fixed expenses over a larger number of outstanding Shares and lower our expenses as a proportion of net assets;
- allow us to achieve greater breadth in our Total Portfolio by increasing the total number and amount of our portfolio investments; and
- provide immediately-available funds to pursue our strategy for the New Portfolio.

In addition to seeking additional cash through future sales of portfolio securities, the Board expects to raise funds under this Offering for operating purposes and our new strategy of investing in highly liquid public securities qualified for BDC investment. Further, the Board believes that future capital raises will be necessary and we are exploring those options. The Board expects the attractiveness of our new investment strategy, combined with the underlying value of our current portfolio, will make additional capital raises possible in the future. Absent additional sources of financing, current working capital and cash will not be adequate for operations at their current levels. If this Offering and such efforts are not successful, we may need to liquidate our current investment portfolio, to the extent possible which could result in significant realized losses due to the current economic conditions. These uncertainties raise substantial doubt about our ability to continue as a going concern.

The Board considered the effect that the issuance of the Shares would have on our net asset value per Share and also considered the dilutive effect on current stockholders, particularly those who determine not to exercise their Rights to purchase additional Shares. The Board considered that non-participating stockholders would have the opportunity to sell their Rights for cash and would derive a benefit if we invest additional amounts that earn a return that exceeds the dilution, thus mitigating the dilutive effect of the Offering on those stockholders. The Board believes that the Offering will permit us to accomplish these objectives, while allowing stockholders an opportunity to purchase additional Shares at a price below market value without paying a brokerage commission. See "The Offering—The Purpose of the Offering" below.

Corporate Information

Our offices are located at 580 Second Street, Suite 102, Encinitas, California 92024, and our telephone number is (760) 479-5080. See "The Company" below and "Additional Information" in our SAI.

Key Offering Terms

Common Stock offered by us	821,541 shares of our Common Stock
Rights offered by us	821,541
Shares outstanding after this Offering	

	3,286,162 shares of our Common Stock
Number of Rights Issued Per Existing Shares	1 Right for each 3 Shares held
Subscription Ratio	1 Right to buy 1 Share
Estimated Subscription Price	$1.10
Shares outstanding at December 31, 2009	2,464,621

Key Elements of the Offering

One-For-Three Offering	The Offering will give Record Date Stockholders the “right” to purchase one new Share for every three Shares held on the Record Date. For example, if you own 300 Shares on the announced Record Date, you will receive 100 Rights entitling you to purchase 100 new Shares. Stockholders will be able to exercise all or some of their Rights. The number of Rights issued to a Record Date Stockholder will be rounded up to the nearest number of Rights. However, Record Date

	Stockholders who do not exercise all of their Rights in the primary subscription will not be able to participate in the Over-Subscription Privilege. See "The Offering—Terms of the Offering" and "Over-Subscription Privilege" below. If all the Rights are exercised, it will result in a 33.3% increase in the number of outstanding Shares.
Transferable Rights	The Rights will be transferable, are expected to be traded on the Nasdaq Capital Market and will afford non-subscribing stockholders the option of selling their Rights on the Nasdaq Capital Market or through the subscription agent, Mellon Bank, N.A. (the "Subscription Agent"). Selling the Rights allows a non-exercising stockholder (a stockholder who does not wish to purchase additional Shares in the Offering) the ability to offset some of the dilution which would otherwise occur as a result of the Offering. In contrast, in a non-transferable rights offering (an offering where the rights cannot be traded), non-exercising stockholders would experience full dilution. See "The Offering—Sale of Rights" below. There can be no assurance that a liquid trading market will develop for the Rights or that the price at which such Rights trade will approximate the amount of dilution otherwise realized by a non-exercising stockholder. The period during which Rights will trade will be limited and, upon the Expiration Date, the Rights will cease to trade and will have no residual value.
Subscription Price	Under the Offering, new Shares will be sold at a price equal to the greater of a $1.10 or 95% of the volume-weighted average of the last reported bid price per Share on the Nasdaq Capital Market on the Expiration Date and each of the four preceding business days. Management believes that this pricing formula, which is above the current bid price but below net asset value, will provide an incentive to current stockholders (as well as others who might trade in the transferable Rights) to participate in the Offering. See "The Offering—Terms of the Offering" below.
Over-Subscription Privilege	If all of the Rights initially issued are not exercised by Record Date Stockholders, any unsubscribed Shares will be offered to other Record Date Stockholders and Rights holders who have exercised all Rights held by them and who wish to acquire additional Shares. You must exercise all of your Rights in order to participate in the Over-Subscription Privilege. If available Shares are insufficient to honor all over-subscriptions, the available Shares will be allocated pro-rata among those who over-subscribe based on the number of Rights held by them. See "The Offering—Over-Subscription Privilege" below.
How to Subscribe	· If your existing Shares are held in a brokerage account or by a custodian bank or trust company, contact your broker or financial adviser for additional instructions on how to participate in the Offering. · If your existing Shares are held of record by you, complete, sign and date the enclosed Subscription Certificate. · Make your check or money order payable to "Mellon Investor Services LLC (acting on behalf of Mellon Bank, N.A., the Subscription Agent)" in the amount of $1.10 for each Share you wish to buy including any Shares you wish to buy pursuant to the Over-Subscription Privilege. This payment may be more or less than the actual Subscription Price. Additional payment may be required when the actual Subscription Price is determined. You should mail the subscription certificate and your payment in the enclosed envelope to the Subscription Agent in a manner that will ensure receipt prior to 5:00 p.m., Eastern time, on __, 2010, unless extended. Its mailing address is P.O. Box 3315, South Hackensack, NJ 07606 or 480 Washington Blvd., Jersey City, NJ 07310.

	Once you subscribe for Shares and your payment is received, you will not be able to change your decision. You will have no right to rescind a purchase after the Subscription Agent has received the Subscription Certificate or Notice of Guaranteed Delivery. See "The Offering" below. The Subscription Agent will deposit all checks received by it prior to the final due date into a segregated interest-bearing account pending distribution of the shares from the Offering. All interest will accrue to the benefit of the Company, and you will not earn interest on payments submitted.	
Important Dates	Record Date	__, 2010
	Final Date for Sales of Rights	__, 2010

	Due Date for Delivery by Brokerage Firms or Custodian Banks of Payment and Subscription Certificates to Subscription Agent pursuant to Notice of Guaranteed Delivery	__, 2010
	Mailing of Shares and Confirmations of Purchases of Shares	__, 2010

Additional Terms

The Rights entitle you to subscribe for Shares at the rate of one Share for every one Right held by you. You will receive one Right for each three Shares you hold on the Record Date. These Rights are transferable. The holders of the Rights may exercise them at any time from the date of this Prospectus until 5:00 p.m., Eastern time, on __, 2010, unless extended.

In addition, if a Record Date Stockholder or a purchaser of Rights subscribes for the maximum number of Shares to which it is entitled, such holder may also subscribe for Shares that were not otherwise subscribed for by other stockholders. Shares acquired pursuant to the Over-Subscription Privilege are subject to allotment, which is more fully discussed below under "The Offering - Over-Subscription Privilege." We will not offer or sell in connection with the Offering any Shares that are not subscribed for pursuant to the Primary Subscription or the Over-Subscription Privilege.

No fractional Rights will be issued.

The Subscription Price per Share will be the a price equal to the greater of $1.10 or 95% of the volume-weighted average of the last reported bid price per Share on the Nasdaq Capital Market on the Expiration Date and each of the four preceding business days. The Rights are transferable and will be listed for trading on the Nasdaq Capital Market under the symbol "MACR." There is no assurance that a market for the Rights will develop.

Before exercising your Rights, you should consider the factors described in this Prospectus, including without limitation, the factors described under "risk Factors" below and "Investment Objective and Policies" in the SAI. These factors include the effects of the Offering and the fact that shares of closed-end investment companies generally trade below their net asset value. In addition, the Offering involves the risk of an immediate dilution of the aggregate net asset value of your Shares if you do not fully exercise your Rights. Dilution of the aggregate net asset value of your Shares will also occur even if you fully exercise your Rights.

Other Important Information

Investment adviser	Eudaimonia Asset Management, LLC. See "The Company" below and "Management of the Company" in our SAI.
Trading Market	Our Shares trade on the Nasdaq Capital Market under the symbol "MACC." The Rights will also trade on the Nasdaq Capital Market under the symbol "MACR." We were notified by Nasdaq on March 16, 2010 that our Common Stock is subject to delisting for violation of Nasdaq Listing Rule 5550(a)(2) because our Common Stock did not maintain a minimum bid price of $1.00 per share for the preceding 30 consecutive business days. The continued listing of our Common Stock is a condition to our ability to list the Rights on the Nasdaq. As described in more detail below under "Trading and Net Asset Value Information," we have appealed such delisting notice and a hearing will be held on April 28, 2010, and we expect a determination from Nasdaq's hearing panel, on whether our Common Stock will be delisted, approximately 30 days after the hearing.
Leverage	We have existing debt incurred for purposes of providing capital to invest, to provide cash resources to meet our current liabilities, and we have granted a security interest in all of our assets in connection with such borrowing to the lender, which is not affiliated with us. As of December 31, 2009, we are leveraged through borrowings under the Term Loan in the outstanding principal amount of $4,494,625, or 27.4% of our total assets (including the proceeds of such leverage). Our asset coverage ratio as of December 31, 2009 was 260%. See "Regulation—Senior Securities (Leverage); Coverage Ratio" below, which discusses the limitations on borrowing imposed by the 1940 Act. In the future, we may borrow additional funds to make investments to the extent permitted by the 1940 Act, and we may grant a security interest in all of our assets in connection with such borrowings. We may also issue preferred stock as provided in the 1940 Act, but have no plans to do so at this time. We may use this practice, which is known as "leverage," to attempt to increase returns to our stockholders. However, leverage involves significant risks and the costs of any leverage transactions will be borne by our stockholders. See "Risk Factors" below. With certain limited exceptions, we are only