

Apollo Senior Floating Rate Fund Inc.  
Form N-CSR  
February 28, 2019

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**FORM N-CSR**

**CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT**

**INVESTMENT COMPANIES**

Investment Company Act file number 811-22481

Apollo Senior Floating Rate Fund Inc.

(Exact name of registrant as specified in charter)

9 West 57th Street

New York, New York 10019

(Address of principal executive offices) (Zip code)

Joseph Moroney, President

9 West 57th Street

New York, New York 10019

(Name and address of agent for service)

Registrant's telephone number, including area code: (212) 515-3200

Date of fiscal year end: December 31

Date of reporting period: December 31, 2018

**Item 1. Reports to Stockholders.**

The Report to Shareholders is attached herewith.

**Apollo Senior Floating Rate Fund Inc. (NYSE: AFT)**

**Apollo Tactical Income Fund Inc. (NYSE: AIF)**

Annual Report

December 31, 2018

**Important Information on Paperless Delivery**

Beginning on January 1, 2021, as permitted by new regulations adopted by the Securities and Exchange Commission, paper copies of the Funds' annual and semi-annual shareholder reports will no longer be sent by mail, unless you specifically request paper copies of the reports. Instead, the reports will be made available on the Funds' website, [www.apollofunds.com](http://www.apollofunds.com), and you will be notified by mail each time a report is posted and provided with a web-site link to access the report.

If you already elected to receive shareholder reports electronically, you will not be affected by this change and you need not take any action. You may elect to receive shareholder reports and other communications from a Fund electronically at any time by contacting your financial intermediary (such as a broker-dealer or bank) or, if you are a direct investor, by calling (877) 864-4834.

You may elect to receive all future reports in paper free of charge. If you invest through a financial intermediary, you can contact your financial intermediary to request that you continue to receive paper copies of your shareholder reports; if you invest directly with a Fund, you can call (877) 864-4834. Your election to receive paper reports applies to all funds held within the Fund complex.

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Economic and market conditions change frequently.

There is no assurance that the trends described in this report will continue or commence.

**This report, including the financial information herein, is transmitted to shareholders of the Funds for their information. It is not a prospectus. Past performance results shown in this report should not be considered a representation of future performance. Statements and other information herein are as dated and are subject to change.**

**Apollo Senior Floating Rate Fund Inc.**

**Apollo Tactical Income Fund Inc.**

**Manager Commentary**

**As of December 31, 2018 (unaudited)**

Dear Shareholders,

We would like to start by saying thank you for your interest in the Apollo Senior Floating Rate Fund Inc. and the Apollo Tactical Income Fund Inc. (the Funds). We appreciate the trust and confidence you have placed with us through your investment in the Funds.

2018 was a difficult year for investing across most capital markets, and the leveraged credit markets were not immune to the conditions creating these difficulties. Despite a fundamental backdrop that remains largely benign and in many ways improved from a similarly good 2017, and economic conditions in the US that can really only be described as robust, concerns about where the US economy might be with regards to the next cycle, the scope and impact of potentially tighter financial policies from the Fed, uncertainty around the implications of the administration's trade policies and a more pronounced risk-off mentality across the investing community created periods of pronounced selling of risk assets that were considerably dilutive to returns. While these instances were almost entirely technical in nature, and despite the lack of any roots in fundamentals, consistently lower secondary levels into higher yields and wider spreads were a hallmark of November and particularly December. While we believe this selling has contributed to a much more attractive investing environment in these markets going forward, it did in many instances nearly completely deplete positive returns in 2018.

The negative technical conditions in the loan market in December in particular were truly historic. While most capital markets saw heavy outflows of capital throughout the period, leading to the many superlatives describing equity and credit market performance in the month, open-end leveraged loan mutual funds and ETFs in particular saw a reduction of interest at record levels that was further influenced by higher probabilities for a lower rate environment. The impact of these outflows from open-end mutual funds and ETFs is fairly profound; they must become sellers of assets into the market regardless of increased transaction costs and much greater levels of volatility. While this can create extremely attractive opportunities for funds structured differently, such as ours, it will drive prices lower in degrees commensurate with the outflows. The monthly outflow in December (by one commonly used measure) of \$12.6Bn was a new monthly record for the loan mutual fund market, and handily eclipsed the previous record of \$7.4Bn in December 2014. The four consecutive weekly outflows ending in early January 2019 would each have been a new weekly record on their own. The incident was comparable to previous mutual fund-driven market selloffs (August 2011, December 2014, and December 2015 – February 2016), though, in our opinion, the fact that prices only moved 3.7 points (from 96.81 – 93.11, using the S&P Leveraged Loan 100 index, representing the 100 largest loans in the market) from the highs to the lows of the month on this kind of transfer of risk speaks to market liquidity, the demand for loans trading at outsized spreads and yields, and the breadth of market participants compared to the earlier, similar periods mentioned previously. The fact that this happened at the same time fundamental credit performance across the Funds, and the broader market, generally has remained strong, default activity muted, and the capital markets largely open for refinancing activity, speaks to how meaningful market technicals can be.

Looking forward, coming into the new year the loan market was trading at 93.84 on price, or a yield to worst of 7.5% and spread to worst of 491, using widely recognized leveraged loan benchmark indices at the end of 2018; this compared to similar levels of 98.05, 6.3% and 410, respectively, at the beginning of 2018. We regularly speak of our intentions to use imbalances in supply and demand to maximize forward returns while remaining focused on limiting credit risk, and these continue to be our objectives now that a new opportunity set has clearly been established. We

expect volatility to remain elevated in 2019. Concerns around various political and macroeconomic issues, expectations for a different approach from the Fed and the impact this has on rates and what should be a fulsome calendar for primary supply should all impact the loan and high yield bond markets. While the current fundamental performance of most industries we lend to remains strong, and the default environment is and should be expected to remain benign, there are enough signals of a nascent slowing in the economy combined with the aforementioned catalysts for economic and market shocks that it is reasonable to expect we are closer to the threshold for flagging economic growth than would have been contemplated over most of last year. This coincides with a generally robust fundamental backdrop with, across the leveraged finance universe, relatively lower leverage levels given recent earnings growth and higher interest coverage ratios, strong underlying economic conditions in the US, and little to no maturity issues in the market until 2022. The confluence of these current conditions, with clearly rising probabilities for when the economy will begin to see growth stall, will in our view be the most significant tension as it relates to market volatility going forward.

We appreciate your interest and support in the Funds. If you have any questions about the Funds, please call (877) 864-4834, or visit our website at [www.apollofunds.com](http://www.apollofunds.com).

Sincerely,

Apollo Credit Management, LLC

**Apollo Senior Floating Rate Fund Inc.****Financial Data**

As of December 31, 2018 (unaudited)

**Portfolio Composition (as % of Current Market Value of Investment Securities)**

Loans	89.9%
High Yield Bonds	8.8%
Equity/Other	1.3%

**Portfolio Characteristics <sup>(a)</sup>**

Weighted Average Floating-Rate Spread	4.15%
Weighted Average Fixed-Rate Coupon	6.89%
Weighted Average Maturity (in years) (floating assets)	4.94
Weighted Average Maturity (in years) (fixed assets)	5.96
Weighted Average Modified Duration (in years) (fixed assets)	4.39
Weighted Average Modified Duration (in years) <sup>(h)</sup>	4.83
Average Position Size	\$ 2,188,946
Number of Positions	200
Weighted Average S&P Rating <sup>(i)</sup>	B
Weighted Average Rating Factor (Moody <sup>(j)</sup> )	3,005

**Credit Quality <sup>(b)</sup>**

BBB	2.2%
BB	10.9%
B	66.6%
CCC+ or Lower	17.6%
Not Rated	2.7%

**Top 5 Industries (as % of Current Market Value of Investment Securities) <sup>(c)</sup>**

High Tech Industries	13.0%
Healthcare & Pharmaceuticals	12.2%
Services: Business	10.4%
Telecommunications	8.8%
Banking, Finance, Insurance & Real Estate	8.8%
<b>Total</b>	<b>53.2%</b>

**Top 10 Issuers (as % of Current Market Value of Investment Securities) <sup>(d)</sup>**

Frontier Communications Corp.	2.0%
Bausch Health Companies, Inc.	1.8%
Advantage Sales & Marketing, Inc.	1.8%
Asurion, LLC	1.8%
Intelsat Jackson Holdings S.A.	1.8%
DigiCert, Inc.	1.6%
Univision Communications, Inc.	1.6%
Air Medical Group Holdings, Inc.	1.6%
ION Trading Finance, Ltd.	1.4%
CenturyLink, Inc.	1.4%
<b>Total</b>	<b>16.8%</b>

### Performance Comparison

	YTD	5 Yr	Since Inception <sup>(j)</sup>
AFT - Market Price	(3.98%) <sup>(e)</sup>	2.79% <sup>(e)(f)</sup>	3.01% <sup>(e)(f)</sup>
AFT - NAV	(0.98%) <sup>(e)</sup>	4.29% <sup>(e)(f)</sup>	5.31% <sup>(e)(f)</sup>
S&P/LSTA Leveraged Loan Index <sup>(g)</sup>	0.44%	3.05% <sup>(f)</sup>	3.68% <sup>(f)</sup>

- (a) Averages based on par value of investment securities, except for the weighted average modified duration, which is based on market value.
- (b) Credit quality is calculated as a percentage of fair value of investment securities at December 31, 2018. The quality ratings reflected were issued by S&P Global Ratings ( S&P ), an internationally recognized statistical rating organization. Credit quality ratings reflect the rating agency's opinion of the credit quality of the underlying positions in the Fund's portfolio and not that of the Fund itself. Credit quality ratings are subject to change.
- (c) The industry classifications reported are from widely recognized market indexes or rating group indexes, and/or as defined by Fund management, with the primary source being Moody's Investors Service ( Moody's ), an internationally recognized statistical rating organization.
- (d) Holdings are subject to change and are provided for informational purposes only.
- (e) Performance reflects total return assuming all distributions were reinvested at the dividend reinvestment rate. Past performance does not necessarily indicate how the Fund will perform in the future. The performance information provided does not reflect the deduction of taxes that a shareholder would pay on distributions received from the Fund.
- (f) Annualized.
- (g) The S&P/LSTA Leveraged Loan Index is a broad index designed to reflect the performance of the U.S. dollar facilities in the leveraged loan market.
- (h) Excludes equity investments and includes fixed and floating rate assets. Floating rate loan duration is calculated by using 3 month LIBOR.
- (i) Excludes securities with no rating or in default as of December 31, 2018.
- (j) Inception date February 23, 2011.



**Apollo Tactical Income Fund Inc.****Financial Data**

As of December 31, 2018 (unaudited)

**Portfolio Composition (as % of Current Market Value of Investment Securities)**

Loans	79.7%
High Yield Bonds	10.9%
Structured Products	8.2%
Equity/Other	1.2%

**Portfolio Characteristics <sup>(a)</sup>**

Weighted Average Floating-Rate Spread	4.43%
Weighted Average Fixed-Rate Coupon	6.34%
Weighted Average Maturity (in years) (floating assets)	5.31
Weighted Average Maturity (in years) (fixed assets)	6.00
Weighted Average Modified Duration (in years) (fixed assets)	4.73
Weighted Average Modified Duration (in years) <sup>(h)</sup>	5.19
Average Position Size	\$ 2,092,303
Number of Positions	189
Weighted Average S&P Rating <sup>(i)</sup>	B
Weighted Average Rating Factor (Moody <sup>(j)</sup> )	2,919

**Credit Quality <sup>(b)</sup>**

BBB	1.7%
BB	11.4%
B	63.8%
CCC+ or Lower	16.7%
Not Rated	6.4%

**Top 5 Industries (as % of Current Market Value of Investment Securities) <sup>(c)</sup>**

Healthcare & Pharmaceuticals	11.8%
High Tech Industries	11.8%
Services: Business	9.6%
Banking, Finance, Insurance & Real Estate	9.4%
Telecommunications	8.2%
<b>Total</b>	<b>50.8%</b>

**Top 10 Issuers (as % of Current Market Value of**

**Investment Securities) (d)**

TIAA Churchhill Middle Market CLO	2.4%
Intelsat Jackson Holdings S.A.	2.0%
Advantage Sales & Marketing, Inc.	1.9%
Frontier Communications Corp.	1.8%
Air Medical Group Holdings, Inc.	1.7%
Univision Communications, Inc.	1.7%
Asurion, LLC	1.7%
ION Trading Finance, Ltd.	1.6%
AP Exhaust Acquisition, LLC	1.5%
Riverbed Technology, Inc.	1.4%
<b>Total</b>	<b>17.7%</b>

**Performance Comparison**

	<b>YTD</b>	<b>5 Yr</b>	<b>Since Inception(j)</b>
AIF - Market Price	(4.67%)(e)	4.04%(e)(f)	2.56%(e)(f)
AIF - NAV	0.47%(e)	5.59%(e)(f)	6.14%(e)(f)
S&P/LSTA Leveraged Loan Index (g)	0.44%	3.05%(f)	3.30%(f)

- (a) Averages based on par value of investment securities, except for the weighted average modified duration, which is based on market value.
- (b) Credit quality is calculated as a percentage of fair value of investment securities at December 31, 2018. The quality ratings reflected were issued by S&P, an internationally recognized statistical rating organization. Credit quality ratings reflect the rating agency's opinion of the credit quality of the underlying positions in the Fund's portfolio and not that of the Fund itself. Credit quality ratings are subject to change.
- (c) The industry classifications reported are from widely recognized market indexes or rating group indexes, and/or as defined by Fund management, with the primary source being Moody's, an internationally recognized statistical rating organization. The Top 5 Industries table above excludes Structured Products which represent 8.2% of the portfolio as of December 31, 2018.
- (d) Holdings are subject to change and are provided for informational purposes only.
- (e) Performance reflects total return assuming all distributions were reinvested at the dividend reinvestment rate. Past performance does not necessarily indicate how the Fund will perform in the future. The performance information provided does not reflect the deduction of taxes that a shareholder would pay on distributions received from the Fund.
- (f) Annualized.
- (g) The S&P/LSTA Leveraged Loan Index is a broad index designed to reflect the performance of the U.S. dollar facilities in the leveraged loan market.
- (h) Excludes equity investments and includes fixed and floating rate assets. Floating rate loan duration is calculated by using 3 month LIBOR.
- (i) Excludes securities with no rating or in default as of December 31, 2018.
- (j) Inception date February 25, 2013.



**Apollo Senior Floating Rate Fund Inc.****Schedule of Investments****December 31, 2018**

	<b>Principal</b>	
	<u>Amount (\$)</u>	<u>Value (\$)</u>
<b>Senior Loans - 141.1%<sup>(a)</sup></b>		
<b>AEROSPACE &amp; DEFENSE - 5.6%</b>		
MRO Holdings, Inc. Initial Term Loan, (LIBOR + 4.75%, 1.00% Floor), 7.43%, 10/25/23 <sup>(b)</sup>	594,000	591,030
PAE Holding Corp. First Lien Initial Term Loan, (LIBOR + 5.50%, 1.00% Floor), 8.12%, 10/20/22 <sup>(b)</sup>	1,861,090	1,837,826
Second Lien Initial Term Loan, (LIBOR + 9.50%, 1.00% Floor), 12.12%, 10/20/23 <sup>(b)</sup>	1,324,023	1,304,163
Photonis Technologies SAS (France) First Lien Initial Dollar Term Loan, (LIBOR + 7.50%, 1.00% Floor), 10.30%, 09/18/19 <sup>(b)(c)(d)</sup>	3,152,510	2,958,110
Science Applications International Corp. Term Loan B, (LIBOR + 1.75%, 0.00% Floor), 4.27%, 10/31/25 <sup>(b)(d)</sup>	2,000,000	1,915,000
StandardAero Aviation Holdings, Inc. Initial Term Loan, (LIBOR + 3.75%, 1.00% Floor), 6.27%, 07/07/22 <sup>(b)</sup>	1,989,087	1,970,747
Transdigm, Inc. 2018 New Tranche E Term Loans, (LIBOR + 2.50%, 0.00% Floor), 5.02%, 05/30/25 <sup>(b)</sup>	997,487	944,032
2018 New Tranche F Term Loan, (LIBOR + 2.50%, 0.00% Floor), 5.02%, 06/09/23 <sup>(b)(d)</sup>	997,487	943,873
New Tranche G Term Loans, (LIBOR + 2.50%, 0.00% Floor), 5.02%, 08/22/24 <sup>(b)</sup>	1,994,962	1,888,451
		14,353,232

**AUTOMOTIVE - 3.4%**

AP Exhaust Acquisition, LLC  
First Lien Initial Term Loan,