

APOLLO INVESTMENT CORP
Form 10-Q
August 08, 2018

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

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2018

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number: 814-00646

APOLLO INVESTMENT CORPORATION

(Exact name of Registrant as specified in its charter)

Maryland

52-2439556

(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

9 West 57th Street

37th Floor

10019

New York, New York

(Address of principal executive offices)

(Zip Code)

(212) 515-3450

(Registrant's telephone number, including area code)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

(Do not check if a smaller reporting company)

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class of Common Stock Outstanding at August 7, 2018

\$0.001 par value 214,898,694

APOLLO INVESTMENT CORPORATION

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PART I. FINANCIAL INFORMATION

In this report, the terms the “Company,” “Apollo Investment,” “AIC,” “we,” “us,” and “our” refer to Apollo Investment Corporation unless the context specifically states otherwise.

Item 1. Financial Statements

APOLLO INVESTMENT CORPORATION

STATEMENTS OF ASSETS AND LIABILITIES

(In thousands, except share and per share data)

	June 30, 2018 (Unaudited)	March 31, 2018
Assets		
Investments at fair value:		
Non-controlled/non-affiliated investments (cost — \$1,627,841 and \$1,471,492, respectively)	\$ 1,601,259	\$ 1,450,033
Non-controlled/affiliated investments (cost — \$69,977 and \$73,943, respectively)	64,123	68,954
Controlled investments (cost — \$815,599 and \$723,161, respectively)	830,077	729,060
Cash and cash equivalents	11,612	14,035
Foreign currencies (cost — \$1,063 and \$1,292, respectively)	1,055	1,298
Cash collateral on option contracts	4,228	5,016
Receivable for investments sold	15,874	2,190
Interest receivable	23,406	22,272
Dividends receivable	7,815	2,550
Deferred financing costs	13,121	14,137
Variation margin receivable	—	1,846
Prepaid expenses and other assets	801	419
Total Assets	\$2,573,371	\$2,311,810
Liabilities		
Debt	\$ 1,102,679	\$ 789,846
Payable for investments purchased	11,453	41,827
Distributions payable	32,293	32,447
Management and performance-based incentive fees payable	17,506	16,585
Interest payable	10,184	5,310
Accrued administrative services expense	1,575	2,507
Variation margin payable on option contracts	1,206	—
Other liabilities and accrued expenses	5,309	5,202
Total Liabilities	\$ 1,182,205	\$ 893,724
Commitments and contingencies (Note 10)		
Net Assets	\$ 1,391,166	\$ 1,418,086
Net Assets		
Common stock, \$0.001 par value (400,000,000 shares authorized; 214,925,294 and 216,312,096 shares issued and outstanding, respectively)	\$ 215	\$ 216
Paid-in capital in excess of par	2,628,631	2,636,507
Accumulated over-distributed net investment income	(10,974)	(10,229)
Accumulated net realized loss	(1,189,654)	(1,166,471)
Net unrealized loss	(37,052)	(41,937)
Net Assets	\$ 1,391,166	\$ 1,418,086

Net Asset Value Per Share	\$6.47	\$6.56
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See notes to financial statements.

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APOLLO INVESTMENT CORPORATION
 STATEMENTS OF OPERATIONS (Unaudited)
 (In thousands, except per share data)

	Three Months Ended June 30,	
	2018	2017
Investment Income		
Non-controlled/non-affiliated investments:		
Interest income (excluding Payment-in-kind (“PIK”) interest income)	\$39,443	\$38,952
PIK interest income	1,250	2,056
Other income	1,403	1,129
Non-controlled/affiliated investments:		
Interest income (excluding PIK interest income)	—	114
Dividend income	312	1,087
PIK interest income	—	2,437
Other income	—	(306)
Controlled investments:		
Interest income (excluding PIK interest income)	14,490	15,075
Dividend income	5,265	4,850
PIK interest income	1,428	1,317
Total Investment Income	\$63,591	\$66,711
Expenses		
Management fees	\$8,873	\$12,125
Performance-based incentive fees	7,423	7,912
Interest and other debt expenses	13,576	14,215
Administrative services expense	1,638	1,675
Other general and administrative expenses	2,533	2,557
Total expenses	34,043	38,484
Management and performance-based incentive fees waived	(1,856)	(5,009)
Expense reimbursements	(144)	(84)
Net Expenses	\$32,043	\$33,391
Net Investment Income	\$31,548	\$33,320
Net Realized and Change in Unrealized Gains (Losses)		
Net realized gains (losses):		
Non-controlled/non-affiliated investments	\$(9,946)	\$(89,839)
Non-controlled/affiliated investments	—	(146,840)
Option contracts	(13,209)	—
Foreign currency transactions	(28)	2,924
Net realized losses	(23,183)	(233,755)
Net change in unrealized gains (losses):		
Non-controlled/non-affiliated investments	(5,123)	91,238
Non-controlled/affiliated investments	(865)	155,730
Controlled investments	8,579	(7,068)
Option contracts	(567)	—
Foreign currency translations	2,861	(10,684)
Net change in unrealized losses	4,885	229,216
Net Realized and Change in Unrealized Losses	\$(18,298)	\$(4,539)
Net Increase (Decrease) in Net Assets Resulting from Operations	\$13,250	\$28,781
Earnings Per Share — Basic	\$0.06	\$0.13

Earnings Per Share — Diluted

N/A

N/A

See notes to financial statements.

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STATEMENTS OF CHANGES IN NET ASSETS

(In thousands, except share data)

	Three Months Ended June 30, 2018 (Unaudited)	Year Ended March 31, 2018
Operations		
Net investment income	\$31,548	\$133,387
Net realized losses	(23,183)	(258,128)
Net change in unrealized losses	4,885	211,770
Net Increase in Net Assets Resulting from Operations	\$13,250	\$87,029
Distributions to Stockholders		
Distribution of net investment income	\$(32,293)	\$(86,906)
Distribution of return of capital	—	(44,088)
Net Decrease in Net Assets Resulting from Distributions to Stockholders	\$(32,293)	\$(130,994)
Capital Share Transactions		
Repurchase of common stock	\$(7,877)	\$(19,746)
Net Decrease in Net Assets Resulting from Capital Share Transactions	\$(7,877)	\$(19,746)
Net Assets		
Net decrease in net assets during the period	\$(26,920)	\$(63,711)
Net assets at beginning of period	1,418,086	1,481,797
Net Assets at End of Period	\$1,391,166	\$1,418,086
Capital Share Activity		
Shares repurchased during the period	(1,386,802)	(3,382,558)
Shares issued and outstanding at beginning of period	216,312,096	219,694,654
Shares Issued and Outstanding at End of Period	214,925,294	216,312,096

See notes to financial statements.

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APOLLO INVESTMENT CORPORATION
 STATEMENTS OF CASH FLOWS (Unaudited)
 (In thousands)

	Three Months Ended June 30,	
	2018	2017
Operating Activities		
Net increase in net assets resulting from operations	\$ 13,250	\$ 28,781
Net realized losses	23,183	233,755
Net change in unrealized losses	(4,885)	(229,216)
Net amortization of premiums and accretion of discounts on investments	(1,536)	(1,864)
Accretion of discount on notes	148	148
Amortization of deferred financing costs	1,165	1,211
Gains/Losses from foreign currency transactions	(28)	2,924
PIK interest and dividends capitalized	(1,983)	(2,775)
Changes in operating assets and liabilities:		
Purchases of investments	(389,324)	(329,897)
Proceeds from sales and repayments of investments	94,019	285,440
Purchases of option contracts	(13,277)	—
Proceeds from option contracts	288	—
Net settlement of option contracts	2,265	—
Increase in interest receivable	(1,142)	(1,581)
Decrease (increase) in dividends receivable	(5,265)	3,326
Increase in prepaid expenses and other assets	(382)	(144)
Increase in management and performance-based incentive fees payable	921	1,039
Increase in interest payable	4,874	4,293
Decrease in accrued administrative services expense	(932)	(1,084)
Increase (decrease) in other liabilities and accrued expenses	107	(1,116)
Net Cash Used in Operating Activities	\$(278,534)	\$(6,760)
Financing Activities		
Issuances of debt	\$ 328,918	\$ 418,517
Payments of debt	(13,500)	(357,416)
Financing costs paid and deferred	—	(10)
Repurchase of common stock	(7,877)	—
Distributions paid	(32,447)	(32,954)
Net Cash Provided by Financing Activities	\$ 275,094	\$ 28,137
Cash, Cash Equivalents, Foreign Currencies and Collateral on Option Contracts		
Net increase/(decrease) in cash, cash equivalents, foreign currencies and collateral on option contracts during the period	\$(3,440)	\$ 21,377
Effect of foreign exchange rate changes on cash and cash equivalents	(14)	33
Cash, cash equivalents, foreign currencies and collateral on option contracts at beginning of period	20,349	11,280
Cash, Cash Equivalents, Foreign Currencies and Collateral on Option Contracts at the End of Period	\$ 16,895	\$ 32,690
Supplemental Disclosure of Cash Flow Information		
Cash interest paid	\$ 7,437	\$ 8,542

Non-Cash Activity
PIK income

\$2,678 \$5,810

See notes to financial statements.

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APOLLO INVESTMENT CORPORATION
SCHEDULE OF INVESTMENTS (Unaudited)

June 30, 2018

(In thousands, except share data)

Industry / Company	Investment Type	Interest Rate (20)	Maturity Date	Par / Shares (12)	Cost (30)	Fair Value (1) (31)	
Advertising, Printing & Publishing							
A-L Parent LLC	Second Lien Secured Debt	9.35% (1M L+725, 1.00% Floor)	12/02/24	\$ 5,536	\$ 5,489	\$ 5,591	
American Media, Inc.	First Lien Secured Debt	11.36% (3M L+900, 1.00% Floor)	08/24/20	12,699	12,475	13,080	
	First Lien Secured Debt - Revolver	12.00% (P+700)	08/24/20	178	178	183	(23)
	First Lien Secured Debt - Revolver	10.34% (3M L+800)	08/24/20	533	533	549	(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	08/24/20	1,067	(29)	—	(21)(23)
					13,157	13,812	
Simplifi Holdings, Inc.	First Lien Secured Debt	7.59% (1M L+550, 1.00% Floor)	09/28/22	25,556	25,053	25,300	(9)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	09/28/22	2,400	(61)	(24)	(8)(9)(21)(23)
					24,992	25,276	
Total Advertising, Printing & Publishing					\$43,638	\$44,679	
Aerospace & Defense							
Erickson Inc	First Lien Secured Debt - Revolver	9.84% (3M L+750, 1.00% Floor)	04/28/22	\$ 26,014	\$ 26,014	\$ 25,429	(9)(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	04/28/22	12,124	(412)	(273)	(8)(9)(21)(23)
	First Lien Secured Debt - Letters of Credit	7.50%	8/16/18 - 4/30/20	6,862	—	(153)	(8)(9)(23)
					25,602	25,003	
ILC Dover LP	Second Lien Secured Debt	10.84% (3M L+850, 1.00% Floor)	06/28/24	20,000	19,583	19,550	
PAE Holding Corporation	Second Lien Secured Debt	11.59% (1M L+950, 1.00% Floor)	10/20/23	28,097	27,451	28,272	(10)
Total Aerospace & Defense					\$72,636	\$72,825	
Automotive							

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Accelerate Parent Corp.	Common Equity/Interest - Common Stock	N/A	N/A	1,664,046 Shares	\$1,714	\$100	(13)
Crowne Automotive							
Vari-Form Group, LLC	First Lien Secured Debt	13.33% (3M L+11.00% (7.00% Cash plus 4.00% PIK), 1.00% Floor)	02/02/23	4,998	4,862	4,848	(9)
Vari-Form Inc.	First Lien Secured Debt	13.33% (3M L+11.00% (7.00% Cash plus 4.00% PIK), 1.00% Floor)	02/02/23	9,997	9,725	9,697	(9)
					14,587	14,545	
K&N Parent, Inc.	Second Lien Secured Debt	11.08% (3M L+875, 1.00% Floor)	10/21/24	26,765	26,336	26,096	(10)
Total Automotive Aviation and Consumer Transport Merx Aviation Merx Aviation Finance Assets Ireland Limited (5)					\$42,637	\$40,741	
Merx Aviation Finance, LLC (5)	First Lien Secured Debt - Letters of Credit	2.25%	09/30/18	\$3,600	\$—	\$—	(23)
	First Lien Secured Debt - Revolver	12.00%	10/31/23	450,800	450,800	450,800	(23)
	First Lien Secured Debt - Letter of Credit	2.25%	07/13/18	177	—	—	(23)
	Common Equity/Interests - Membership Interests	N/A	N/A	N/A	15,000	52,001	
Total Aviation and Consumer Transport Beverage, Food & Tobacco Eagle Foods Family Group, LLC					\$465,800	\$502,801	
	First Lien Secured Debt	8.84% (3M L+650, 1.00% Floor)	06/14/24	\$25,000	\$24,721	\$24,719	(9)

See notes to financial statements.

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SCHEDULE OF INVESTMENTS (Unaudited)

June 30, 2018

(In thousands, except share data)

Industry / Company	Investment Type	Interest Rate (20)	Maturity Date	Par / Shares (12)	Cost (30)	Fair Value (1) (31)	
	First Lien Secured Debt - Revolver	8.84% (3M L+650, 1.00% Floor)	06/14/23	833	833	824	(9)(23)
	First Lien Secured Debt - Unfunded Revolver	0.00% Unfunded	06/14/23	2,917	(39)	(33)	(8)(9)(21)(23)
Total Beverage, Food & Tobacco Business Services					\$25,515	\$25,510	
Access CIG, LLC	Second Lien Secured Debt	9.84% (1M L+775)	02/27/26	\$ 19,931	\$ 19,747	\$ 20,056	(10)
	Second Lien Secured Debt - Unfunded Delayed Draw	0.00% Unfunded	02/27/26	969	—	—	(10)(21)(23)
					19,747	20,056	
Aero Operating LLC	First Lien Secured Debt	9.34% (1M L+725, 1.00% Floor)	12/29/22	33,267	32,519	32,935	(9)
	First Lien Secured Debt - Unfunded Revolver	1.00% Unfunded	12/29/22	4,812	(43)	(48)	(8)(9)(21)(23)
					32,476	32,887	
Almonde, Inc	Second Lien Secured Debt	9.56% (3M L+725, 1.00% Floor)	06/13/25	2,316	2,296	2,235	(10)(17)
Ambrosia Buyer Corp.	Second Lien Secured Debt	10.09% (1M L+ 800, 1.00% Floor)	08/28/25	21,429	20,950	20,948	
Aptean, Inc.	Second Lien Secured Debt	11.83% (3M L+950, 1.00% Floor)	12/20/23	11,148	11,050	11,217	(10)
CT Technologies Intermediate Holdings, Inc	Second Lien Secured Debt	11.09% (1M L+900, 1.00% Floor)	12/01/22	31,253	30,511	30,315	(9)
Electro Rent Corporation	Second Lien Secured Debt	11.31% (3M L+900, 1.00% Floor)	01/31/25	18,333	17,880	17,967	(9)
	Second Lien Secured Debt	11.33% (3M L+900, 1.00% Floor)	01/31/25	18,265	17,766	17,899	(9)
					35,646	35,866	
Ministry Brands, LLC	Second Lien Secured Debt	11.75% (6M L+925, 1.00% Floor)	06/02/23	10,000	9,886	10,065	
	First Lien Secured Debt		12/29/22	16,069	15,716	15,909	(9)

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Newsycle Solutions, Inc.		9.09% (1M L+700, 1.00% Floor)						
	First Lien Secured Debt - Revolver	9.10% (1M L+700, 1.00% Floor)	12/29/22	160	160	158	(9)(23)	
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	12/29/22	340	(13)	(3)	(8)(9)(21)(23)	
					15,863	16,064		
PSI Services, LLC	First Lien Secured Debt	7.09% (1M L+500, 1.00% Floor)	01/20/23	4,609	4,522	4,565	(9)	
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	01/20/22	397	(7)	(4)	(8)(9)(21)(23)	
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	01/20/22	£47	—	—	(9)(21)(23)	
	Second Lien Secured Debt	11.09% (1M L+900, 1.00% Floor)	01/20/24	33,452	32,688	32,796	(9)	
					37,203	37,357		
RA Outdoors, LLC	First Lien Secured Debt	6.84% (1M L+475, 1.00% Floor)	09/11/24	7,192	7,065	7,121	(9)	
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	09/09/22	1,200	(20)	(12)	(8)(9)(21)(23)	
	Second Lien Secured Debt	10.84% (1M L+875, 1.00% Floor)	09/11/25	34,200	33,430	33,515	(9)	
					40,475	40,624		
Skyline Data/Dodge Data								
Dodge Data & Analytics LLC	First Lien Secured Debt	11.09% (3M L+875, 1.00% Floor)	10/31/19	48,209	47,950	48,210		
Skyline Data, News and Analytics LLC	Common Equity/Interests - Class A Common Unit	N/A	N/A	4,500,000 Shares	4,500	4,500	(13)	
					52,450	52,710		

See notes to financial statements.

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APOLLO INVESTMENT CORPORATION
SCHEDULE OF INVESTMENTS (Unaudited)

June 30, 2018

(In thousands, except share data)

Industry / Company	Investment Type	Interest Rate (20)	Maturity Date	Par / Shares (12)	Cost (30)	Fair Value (1) (31)	
STG-Fairway Acquisitions, Inc.	Second Lien Secured Debt	11.34% (1M L+925, 1.00% Floor)	06/30/23	15,000	14,765	14,400	(10)
Transplace Holdings, Inc.	Second Lien Secured Debt	10.80% (1M L+875, 1.00% Floor)	10/06/25	13,599	13,288	13,735	(10)
U.S. Security Associates Holdings, Inc.	Unsecured Debt	11.00%	01/28/20	80,000	80,000	80,000	
Total Business Services Chemicals, Plastics & Rubber Carbon Free Chemicals Carbonfree Chemicals SPE I LLC (f/k/a Maxus Capital Carbon SPE I LLC)					\$416,606	\$418,479	
	First Lien Secured Debt	5.215% PIK	09/30/20	\$ 51,805	\$ 51,805	\$ 46,457	
	Common Equity/Partnership Interests - Residual Interests	N/A	09/30/20	7,500	7,500	—	(13)
Carbonfree Caustic SPE LLC	Unfunded Delayed Draw - Promissory Note	N/A	06/30/20	6,111	—	—	(21)(23)
					59,305	46,457	
Hare Bidco, Inc.	Second Lien Secured Debt	9.75% (3M E+875, 1.00% Floor)	08/01/24	€ 13,574	14,434	15,532	
Total Chemical, Plastics & Rubber Consumer Goods – Durable					\$ 73,739	\$ 61,989	
Hayward Industries, Inc. KLO Holdings	Second Lien Secured Debt	10.34% (1M L+825)	08/04/25	\$ 25,110	\$ 24,664	\$ 24,660	
9357-5991 Quebec Inc.	First Lien Secured Debt	11.75% (1M L+975, 0.75% Floor)	04/07/22	9,203	9,117	8,857	
KLO Acquisition LLC	First Lien Secured Debt	11.88% (1M L+975, 0.75% Floor)	04/07/22	5,363	5,312	5,161	
					14,429	14,018	
Sorenson Holdings, LLC	Common Equity/Interests - Membership Interests	N/A	N/A	587 Shares	—	471	(13)
Total Consumer Goods - Durable Consumer Goods – Non-Durable					\$ 39,093	\$ 39,149	

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ABG Intermediate Holdings 2, LLC	Second Lien Secured Debt	9.84% (1M L+775, 1.00% Floor)	09/29/25	\$ 11,232	\$ 11,168	\$ 11,260	(10)
	Second Lien Secured Debt - Unfunded Delayed Draw	0.3875% Unfunded	09/29/25	1,139	—	—	(21)(23)
					11,168	11,260	
Sequential Brands Group, Inc.	Second Lien Secured Debt	11.09% (1M L+900)	07/01/22	17,072	16,929	17,168	(17)
Total Consumer Goods - Non-Durable Consumer Services					\$ 28,097	\$ 28,428	
1A Smart Start LLC	Second Lien Secured Debt	10.34% (1M L+825, 1.00% Floor)	08/22/22	\$ 25,100	\$ 24,654	\$ 24,645	
Total Consumer Services Containers, Packaging & Glass					\$ 24,654	\$ 24,645	
Sprint Industrial Holdings, LLC	Second Lien Secured Debt	13.5% PIK	11/14/19	\$ 19,714	\$ 18,107	\$ 11,770	(13)(14)
	Common Equity/Interests - Warrants	N/A	N/A	7,341 Warrants	—	—	(13)(26)
					18,107	11,770	
TricorBraun Holdings, Inc.	First Lien Secured Debt - Revolver	7.25% (P+225)	11/30/21	450	450	451	(23)
	First Lien Secured Debt - Revolver	5.34% (1M L+325)	11/30/21	1,500	1,500	1,503	(23)

See notes to financial statements.

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APOLLO INVESTMENT CORPORATION
SCHEDULE OF INVESTMENTS (Unaudited)

June 30, 2018

(In thousands, except share data)

Industry / Company	Investment Type	Interest Rate (20)	Maturity Date	Par / Shares (12)	Cost (30)	Fair Value (1) (31)	
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	11/30/21	3,675	(346)	—	(21)(23)
					1,604	1,954	
	Total Containers, Packaging & Glass				\$19,711	\$13,724	
	Diversified Investment Vehicles, Banking, Finance, Real Estate						
Armor Holding II LLC	Second Lien Secured Debt	11.09% (1M L+900, 1.25% Floor)	12/26/20	\$8,000	\$7,946	\$8,070	(10)
Craft 2014-1A	Structured Products and Other - Credit-Linked Note	N/A	05/15/21	42,500	—	—	(11)(17)
Craft 2015-2	Structured Products and Other - Credit-Linked Note	10.62% (3M L+925)	01/16/24	24,998	25,599	24,998	(11)(17)
Golden Bear 2016-R, LLC (3)(4)	Structured Products and Other - Membership Interests	N/A	09/20/42	—	16,548	13,634	(17)
Mayfield Agency Borrower Inc.	Second Lien Secured Debt	10.59% (1M L+850, 1.00% Floor)	03/02/26	5,000	4,928	4,978	(10)
Purchasing Power, LLC	First Lien Secured Debt - Revolver	10.09% (1M L + 800, 1.00% Floor)	07/10/19	2,179	2,179	2,167	(9)(23)
	First Lien Secured Debt - Unfunded Revolver	0.75% Unfunded	07/10/19	2,321	(23)	(12)	(8)(9)(21)(23)
					2,156	2,155	
Ten-X, LLC	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	09/29/22	4,680	(358)	(366)	(8)(21)(23)
	Total Diversified Investment Vehicles, Banking, Finance, Real Estate				\$56,819	\$53,469	
	Energy – Electricity						
AMP Solar Group, Inc. (4)	Common Equity/Interests - Class A Common Unit	N/A	N/A	243,646 Shares	10,000	5,114	(13)(17)
Renew Financial AIC SPV Holdings II, LLC (4)	Preferred Equity - Preferred Stock	N/A	N/A	143 Shares	534	886	(15)(17)
		N/A	N/A		8,343	18,809	(13)

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Renew Financial LLC (f/k/a Renewable Funding, LLC) (4)	Preferred Equity - Series B Preferred Stock			1,505,868 Shares			
	Preferred Equity - Series D Preferred Stock	N/A	N/A	436,689 Shares	5,568	6,620	(13)
Renew JV LLC (4)	Common Equity/Interests - Membership Interests	N/A	N/A	N/A	3,065	5,207	(13)(17)
					17,510	31,522	
Solarplicity Group							
Solarplicity Group Limited (3)(4)	First Lien Secured Debt	N/A	11/30/22	£4,331	5,811	5,705	(13)(17)
Solarplicity UK Holdings Limited	First Lien Secured Debt	4.00%	03/08/23	£5,562	7,636	7,317	(17)
	Preferred Equity - Preferred Stock	N/A	N/A	4,286 Shares	5,862	4,752	(2)(13)(17)
	Common Equity/Interests - Ordinary Shares	N/A	N/A	2,825 Shares	4	974	(2)(13)(17)
					19,313	18,748	
Westinghouse Electric Co LLC	First Lien Secured Debt	6.63% (1M L+450, 1.00% Floor)	01/11/19	30,000	30,000	30,000	(9)
Total Energy – Electricity					\$76,823	\$85,384	
Energy – Oil & Gas							
Glacier Oil & Gas Corp. (f/k/a Miller Energy Resources, Inc.) (5)	First Lien Secured Debt	8.00% Cash (10.00% PIK Toggle)	03/29/19	\$15,000	\$15,000	\$15,000	
	Second Lien Secured Debt	10.00% PIK (8.00% Cash Toggle)	03/29/21	31,279	31,279	31,279	

See notes to financial statements.

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(In thousands, except share data)

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	Common Equity/Interests - Common Stock	N/A	N/A	5,000,000 Shares	30,078	15,981	(13)
					76,357	62,260	
Pelican Energy, LLC (4)	Common Equity/Interests - Membership Interests	N/A	N/A	1,444 Shares	20,108	8,148	(13)(17)(29)
SHD Oil & Gas, LLC (5)	First Lien Secured Debt - Tranche A Note	14.00% (8.00% Cash plus 6.00% PIK)	12/31/19	44,095	44,095	45,417	
	First Lien Secured Debt - Tranche B Note	14.00% PIK	12/31/19	75,823	44,380	45,470	(13)(14)
	First Lien Secured Debt - Tranche C Note	12.00%	12/31/19	19,200	19,200	19,776	
	First Lien Secured Debt - Unfunded Delayed Draw	0.00% Unfunded	12/31/19	2,800	—	—	(21)(23)
	Common Equity/Interests - Series A Units	N/A	N/A	7,600,000 Shares	1,411	—	(13)(29)
					109,086	110,663	
Total Energy – Oil & Gas					\$205,551	\$181,071	
Food & Grocery							
Bumble Bee Foods							
Bumble Bee Holdings, Inc.	First Lien Secured Debt	10.33% (3M L+800, 1.00% Floor)	08/15/23	\$ 15,468	\$15,193	\$15,158	
Connors Bros Clover Leaf Seafoods Company	First Lien Secured Debt	10.33% (3M L+800, 1.00% Floor)	08/15/23	4,382	4,304	4,294	
					19,497	19,452	
Grocery Outlet, Inc.	Second Lien Secured Debt	10.34% (1M L+825, 1.00% Floor)	10/21/22	25,000	24,796	25,250	(10)
Total Food & Grocery					\$44,293	\$44,702	
Healthcare & Pharmaceuticals							

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Altasciences							
9360-1367 Quebec Inc.	First Lien Secured Debt	8.58% (3M L+625, 1.00% Floor)	06/09/23	\$ 2,891	\$2,838	\$2,805	(9)(17)
	First Lien Secured Debt	7.94% (3M L+625, 1.00% Floor)	06/09/23	C\$2,412	1,763	1,779	(9)(17)
Altasciences US Acquisition, Inc.	First Lien Secured Debt	8.58% (3M L+625, 1.00% Floor)	06/09/23	5,222	5,124	5,066	(9)
	First Lien Secured Debt - Revolver	8.61% (3M L+625, 1.00% Floor)	06/09/23	107	107	104	(9)(23)(28)
	First Lien Secured Debt - Unfunded Revolver	0.25% Unfunded	06/09/23	1,319	(26	) (40	) (8)(9)(21)(23)(28)
	First Lien Secured Debt - Unfunded Delayed Draw	0.50% Unfunded	06/09/23	2,851	(29	) (86	) (8)(9)(21)(23)(28)
					9,777	9,628	
Amerivet Partners Management, Inc.	First Lien Secured Debt	7.85% (1M L+575, 1.00% Floor)	06/05/24	6,045	5,895	5,895	(9)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	06/05/24	806	(21	) (20	) (8)(9)(21)(23)
	First Lien Secured Debt - Unfunded Delayed Draw	0.50% Unfunded	06/05/24	20,149	(225	) (499	) (8)(9)(21)(23)
					5,649	5,376	
Analogic Corporation	First Lien Secured Debt	8.33% (3M L+600, 1.00% Floor)	06/22/24	27,391	26,710	27,117	(9)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	06/22/23	2,609	(67	) (26	) (8)(9)(21)(23)
					26,643	27,091	
Aptevo Therapeutics Inc.	First Lien Secured Debt	9.69% (1M L+760, 0.50% Floor)	02/01/21	8,571	8,739	8,563	(9)

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(In thousands, except share data)

Industry / Company	Investment Type	Interest Rate (20)	Maturity Date	Par / Shares (12)	Cost (30)	Fair Value (1) (31)
Argon Medical Devices Holdings, Inc.	Second Lien Secured Debt	10.09% (1M L+800, 1.00% Floor)	01/23/26	21,300	21,198	21,580(10)
Avalign Technologies, Inc.	Second Lien Secured Debt	10.38% (6M L+825, 1.00% Floor)	09/02/24	5,500	5,451	5,459(10)
BioClinica Holding I, LP	Second Lien Secured Debt	10.63% (3M L+825, 1.00% Floor)	10/21/24	24,612	24,213	22,880(10)
Genesis Healthcare, Inc.	First Lien Secured Debt	8.34% (3M L+600, 0.50% Floor)	03/06/23	25,000	24,642	24,652(9)
	First Lien Secured Debt - Revolver	8.36% (3M L+600, 0.50% Floor)	03/06/23	9,966	9,966	9,828(9)(23)
	First Lien Secured Debt - Revolver	5.86% (3M L+350, 0.50% Floor)	03/06/23	10,336	10,336	10,192(9)(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	03/06/23	40,567	0	773 (8)(9)(21)(23)
	First Lien Secured Debt - Unfunded Delayed Draw	2.00% Unfunded	03/06/23	9,131	0	171 (8)(9)(21)(23)
						44,007(3,983)
Elements Behavioral Health, Inc.	Second Lien Secured Debt	15.09% (3M L+1275 PIK, 1.00% Floor)	02/11/20	12,353	11,914	— (13)(14)
Invuity, Inc.	First Lien Secured Debt	8.59% (1M L+650, 1.50% Floor)	03/01/22	10,000	9,875	9,750(9)
	First Lien Secured Debt - Revolver	5.34% (1M L+325, 1.50% Floor)	03/01/22	809	809	799 (9)(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	03/01/22	1,191	0	7 (8)(9)(21)(23)
	Common Equity/Interests - Warrants	N/A	N/A	32,803 Warrants	180	69 (9)(13)
						10,857(10,603)
Lanai Holdings III, Inc.	Second Lien Secured Debt	10.86% (3M L+850, 1.00% Floor)	08/28/23	17,391	17,009	16,696(10)
LSCS Holdings, Inc	Second Lien Secured Debt	10.58% (3M L+825)	03/16/26	20,455	20,010	20,351
	Second Lien Secured Debt	10.34% (1M L+825)	03/16/26	3,864	3,780	3,844
	Second Lien Secured Debt - Unfunded Delayed Draw	0.00% Unfunded	03/16/26	682	0	15 (8)(21)(23)

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										23,772,192
Maxor National Pharmacy Services, LLC	First Lien Secured Debt	8.33% (3M L+600, 1.00% Floor)	11/22/23	21,523	21,032	21,327	(9)			
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	11/22/22	1,557	Ø11	Ø14	(8)	(9)	(21)	(23)
										21,021,313
Oxford Immunotec, Inc.	First Lien Secured Debt	9.69% (1M L+760, 0.50% Floor)	10/01/21	9,750	9,918	9,950	(9)	(17)		
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	10/01/21	1,000	Ø3	—	(9)	(17)	(21)	(23)
										9,915,950
Partner Therapeutics, Inc	First Lien Secured Debt	8.74% (1M L+665, 1.00% Floor)	01/01/23	10,000	9,831	9,845	(9)			
	Preferred Equity - Preferred Stock	N/A	N/A	55,556 Shares	333	333	(9)			
	Common Equity/Interests - Warrants	N/A	N/A	33,333 Warrants	135	102	(9)	(13)		
										10,299,028
PTC Therapeutics, Inc	First Lien Secured Debt	8.24% (1M L+615, 1.00% Floor)	05/01/21	12,667	12,622	12,793	(9)	(17)		
	First Lien Secured Debt - Unfunded Delayed Draw	0.00% Unfunded	05/01/21	6,333	Ø22	—	(9)	(17)	(21)	(23)
										12,600,273
RiteDose Holdings I, Inc.	First Lien Secured Debt	8.84% (3M L+650, 1.00% Floor)	09/13/23	14,925	14,504	14,367	(9)			
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	09/13/22	2,000	Ø55	Ø66	(8)	(9)	(21)	(23)
										14,449,301

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Teladoc, Inc.	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	07/14/20	1,306	(44)	(1)	(8)(17)(21)(23)
	First Lien Secured Debt - Letters of Credit	7.25%	1/12/19 - 5/15/20	360	—	—	(8)(17)(23)
TherapeuticsMD, Inc.	First Lien Secured Debt	9.84% (1M L+775, 2.00% Floor)	05/01/23	22,500	22,290	22,275	(9)(17)
	First Lien Secured Debt - Unfunded Delayed Draw	0.00% Unfunded	05/01/23	37,500	(370)	(375)	(8)(9)(17)(21)(23)
Wright Medical Group, Inc.	First Lien Secured Debt	9.94% (1M L+785, 1.00% Floor)	12/23/21	6,667	6,539	6,533	(9)(17)
	First Lien Secured Debt - Revolver	6.34% (1M L+425, 0.75% Floor)	12/23/21	11,933	11,933	11,933	(9)(17)(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	12/23/21	38,067	(348)	—	(9)(17)(21)(23)
	First Lien Secured Debt - Unfunded Delayed Draw	0.00% Unfunded	12/23/21	6,667	(89)	(133)	(8)(9)(17)(21)(23)
Total Healthcare & Pharmaceuticals					18,035	18,333	
High Tech Industries					\$317,431	\$304,929	
BCPE Burgundy Merger Sub, Inc.	First Lien Secured Debt	5.58% (1M L+350)	06/22/25	\$30,000	\$30,000	\$30,000	
	Second Lien Secured Debt	9.58% (1M L+750)	06/22/26	12,500	12,500	12,500	
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	06/22/23	3,333	—	—	(21)(23)
						42,500	42,500

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ChyronHego Corporation	First Lien Secured Debt	7.43% (3M L+643, 1.00% Floor)	03/09/20	35,044	34,776	33,643	(18)
DigiCert Holdings, Inc.	Second Lien Secured Debt	10.09% (1M L+800, 1.00% Floor)	10/31/25	20,196	20,103	19,780	(10)
International Cruise & Excursion Gallery, Inc.	First Lien Secured Debt	7.58% (3M L+525, 1.00% Floor)	06/06/25	15,000	14,701	14,703	
LabVantage Solutions							
LabVantage Solutions Inc.	First Lien Secured Debt	9.59% (1M L+750, 1.00% Floor)	12/29/20	13,500	13,279	13,365	
LabVantage Solutions Limited	First Lien Secured Debt	8.50% (1M E+750, 1.00% Floor)	12/29/20	€12,367	13,089	14,295	(17)
	First Lien Secured Debt - Revolver	8.50% (1M E+750, 1.00% Floor)	12/29/20	€609	750	704	(17)(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	12/29/20	€2,827	(57)	(33)	(8)(17)(21)(23)
					27,061	28,331	
Omnitracs, LLC	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	03/23/23	3,750	(319)	(338)	(8)(21)(23)
Smokey Merger Sub, Inc.	Second Lien Secured Debt	10.82% (3M L+850, 1.00% Floor)	05/24/24	30,000	29,240	29,400	(9)
Telestream Holdings Corporation	First Lien Secured Debt	7.61% (3M L+645, 1.00% Floor)	03/24/22	36,655	36,372	35,738	(18)
Tibco Software Inc.	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	12/05/19	6,000	(17)	(840)	(8)(21)(23)
ZPower, LLC	First Lien Secured Debt	9.84% (1M L+775, 1.00% Floor)	07/01/22	6,667	6,634	6,624	(9)
	First Lien Secured Debt - Unfunded Delayed Draw	0.00% Unfunded	07/01/22	1,667	(7)	(11)	(8)(9)(21)(23)

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	Common Equity/Interests - Warrants	N/A	N/A	29,630 Warrants	48	76	(9)(13)
					6,675	6,689	
					\$211,092	\$209,606	
Total High Tech Industries							
Hotel, Gaming, Leisure, Restaurants							
		10.30% (3M L+800 Cash (L+800 PIK Toggle), 1.50% Floor)					
GFRC Holdings LLC	First Lien Secured Debt		02/01/22	\$2,500	\$2,500	\$2,500	
Total Hotel, Gaming, Leisure, Restaurants					\$2,500	\$2,500	
Insurance							
		11.81% (3M L+950, 1.25% Floor)					
Confie Seguros Holding II Co.	Second Lien Secured Debt		05/08/19	\$21,844	\$21,815	\$21,298	(10)
Total Insurance					\$21,815	\$21,298	
Manufacturing, Capital Equipment							
		10.80% (2M L+875, 1.00% Floor)					
MedPlast Holdings Inc.	Second Lien Secured Debt		06/06/23	\$8,000	\$7,840	\$8,080	(10)
		10.09% (3M L+775)					
			07/02/26	8,000	7,920	8,080	(10)
					15,760	16,160	
Power Products, LLC	Second Lien Secured Debt	11.36% (3M L+900, 1.00% Floor)	12/20/23	32,500	31,608	32,236	(9)
Total Manufacturing, Capital Equipment					\$47,368	\$48,396	
Media – Diversified & Production							
		0.50% Unfunded					
SESAC Holdco II LLC	First Lien Secured Debt - Unfunded Revolver		02/23/22	\$587	\$(39)	\$(44)	(8)(21)(23)
		9.34% (1M L+725, 1.00% Floor)					
			02/24/25	3,241	3,214	3,224	(10)
Total Media – Diversified & Production					\$3,175	\$3,180	
Metals & Mining							
		10.34% (3M L+800 Cash (PIK Toggle))					
Magnetation, LLC	First Lien Secured Debt		12/31/19	\$1,352	\$1,273	\$405	(13)(14)
Total Metals & Mining					\$1,273	\$405	
Telecommunications							
IPC Corporation			08/06/21	\$10,000	\$9,905	\$9,900	(9)

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Securus Technologies Holdings, Inc.	First Lien Secured Debt	7.34% (3M L+500, 1.00% Floor)					
	Second Lien Secured Debt	10.34% (1M L+825, 1.00% Floor)	11/01/25	12,878	12,760	12,932	(10)
UniTek Global Services Inc.	First Lien Secured Debt	10.83% (3M L+850, 1.00% Floor)	01/13/19	30,597	30,597	31,515	
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	01/13/19	5,000	—	—	(21)(23)
	First Lien Secured Debt - Letters of Credit	7.50%	01/13/19	5,749	—	—	(23)
	Unsecured Debt	15.00% PIK	07/13/19	10,290	10,290	10,599	
Wave Holdco Merger Sub, Inc.	Second Lien Secured Debt	13.25% (P+825)	05/27/23	10,000	9,819	9,993	
Total Telecommunications Transportation – Cargo, Distribution					\$73,371	\$74,939	
Dynamic Product Tankers, LLC (5)	First Lien Secured Debt	9.33% (3M L+700)	06/30/23	\$42,000	\$41,800	\$42,000	(17)
	First Lien Secured Debt - Letters of Credit	2.25%	9/20/18 - 1/31/21	2,750	—	—	(17)(23)
	Common Equity/Interests - Class A Units	N/A	N/A	N/A	48,106	40,075	(17)(24)
					89,906	82,075	

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MSEA Tankers LLC (5)	Common Equity/Interests - Class A Units	N/A	N/A	N/A	74,450	72,278	(17)(25)
PT Intermediate Holdings III, LLC	Second Lien Secured Debt	10.33% (3M L+800, 1.00% Floor)	12/08/25	9,375	9,287	9,516	(10)
Total Transportation – Cargo, Distribution Utilities – Electric					\$173,643	\$163,869	
Asset Repackaging Trust Six B.V.	Structured Products and Other	12.81%	05/18/27	\$58,411	\$26,137	\$28,741	(11)(17)(19)
Total Utilities – Electric					\$26,137	\$28,741	
Total Investments before Cash Equivalents and Option Contracts					\$2,513,417	\$2,495,459	
J.P. Morgan U.S. Government Money Market Fund	N/A	N/A	N/A	\$11,612	\$11,612	\$11,612	(22)
Total Investments after Cash Equivalents and before Option Contracts					\$2,525,029	\$2,507,071	
Counterparty	Instrument	Exercise Price	Maturity Date	Number of Contracts	Notional Amount (27)	Cost (Proceeds)	Fair Value (1)
Purchased Put Options							
CME Group	WTI Crude Oil Put Options	\$ 42.05	12/31/19	125	\$5,256	\$150	\$131 (10)
CME Group	WTI Crude Oil Put Options	45.00	7/31/18 - 4/30/19	1,558	70,110	3,042	217 (10)
Total Purchased Put Options						\$3,192	\$348 (16)
Written Call Options							
CME Group	WTI Crude Oil Call Options	\$ 54.30	7/31/18 - 3/29/19	369	\$(20,037)	\$(957)	\$(5,804) (10)
CME Group	WTI Crude Oil Call Options	55.00	7/31/18 - 3/29/19	369	(20,295)	(921)	(5,571) (10)
CME Group	WTI Crude Oil Call Options	57.50	7/31/18 - 4/30/19	410	(23,575)	(859)	(5,228) (10)
CME Group	WTI Crude Oil Call Options	62.75	7/31/18 - 4/30/19	410	(25,728)	(503)	(3,495) (10)
CME Group	WTI Crude Oil Call Options	85.00	12/31/19	125	(10,625)	(150)	(160) (10)
Total Written Call Options						\$(3,390)	\$(20,258) (16)
Total Investments after Cash Equivalents and Option Contracts						\$2,524,831	\$2,487,161 (6)(7)

(1) Fair value is determined in good faith by or under the direction of the Board of Directors of the Company (See Note 2 to the financial statements).

- (2) Preferred and ordinary shares in Solarplicity UK Holdings Limited are GBP denominated equity investments. Denotes investments in which the Company owns greater than 25% of the equity, where the governing documents of each entity preclude the Company from exercising a controlling influence over the management or policies of such entity. The Company does not have the right to elect or appoint more than 25% of the directors or another party has the right to elect or appoint more directors than the Company and has the right to appoint certain members of senior management. Therefore, the Company has determined that these entities are not controlled affiliates. As of June 30, 2018, we had a 100% and 28% equity ownership interest in Golden Bear 2016-R, LLC and Solarplicity Group Limited, respectively. Equity ownership in Solarplicity Group Limited was written off as it was deemed worthless.
- (3)

See notes to financial statements.

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SCHEDULE OF INVESTMENTS (Unaudited)

June 30, 2018

(In thousands, except share data)

- Denotes investments in which we are an “Affiliated Person,” as defined in the 1940 Act, due to holding the power to vote or owning 5% or more of the outstanding voting securities of the investment but not controlling the company.
- (4) Fair value as of March 31, 2018 and June 30, 2018 along with transactions during the three months ended June 30, 2018 in these affiliated investments are as follows:

Name of Issuer	Fair Value at March 31, 2018	Gross Additions	Gross Reductions	Net Change in Unrealized Gains (Losses)	Fair Value at June 30, 2018	Net Realized Gains (Losses)	Interest/Dividend/Other
AIC SPV Holdings II, LLC, Preferred Stock	\$ 925	\$ —	\$ —	\$ (39)	\$ 886	\$ —	\$ 23
AMP Solar Group, Inc., Class A Common Unit	5,051	—	—	63	5,114	—	—
Golden Bear 2016-R, LLC, Membership Interests	14,147	42	—	(555)	13,634	—	289
Pelican Energy, LLC, Membership Interests	12,946	—	(4,333)	(465)	8,148	—	—
Renew Financial LLC (f/k/a Renewable Funding, LLC), Series B Preferred Stock	19,035	—	—	(226)	18,809	—	—
Renew Financial LLC (f/k/a Renewable Funding, LLC), Series D Preferred Stock	6,676	—	—	(56)	6,620	—	—
Renew JV LLC, Membership Interests	4,111	360	(35)	771	5,207	—	—
Solarplicity Group Limited, First Lien Term Loan	6,063	—	—	(358)	5,705	—	—
	\$ 68,954	\$ 402	\$ (4,368)	\$ (865)	\$ 64,123	\$ —	\$ 312

Gross additions includes increases in the basis of investments resulting from new portfolio investments, payment-in-kind interest or dividends, the accretion of discounts, the exchange of one or more existing securities for one or more new securities and the movement of an existing portfolio company into this category from a different category.

Gross reductions include decreases in the basis of investments resulting from principal collections related to investment repayments or sales, the amortization of premiums, the exchange of one or more existing securities for one or more new securities and the movement of an existing portfolio company out of this category into a different category.

See notes to financial statements.

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SCHEDULE OF INVESTMENTS (Unaudited)

June 30, 2018

(In thousands, except share data)

Denotes investments in which we are deemed to exercise a controlling influence over the management or policies of a company, as defined in the 1940 Act, due to beneficially owning, either directly or through one or more (5) controlled companies, more than 25% of the outstanding voting securities of the investment. Fair value as of March 31, 2018 and June 30, 2018 along with transactions during the three months ended June 30, 2018 in these controlled investments are as follows:

Name of Issuer	Fair Value at March 31, 2018	Gross Additions	Gross Reductions	Net Change in Unrealized Losses	Fair Value at June 30, 2018	Net Realized Losses	Interest/Dividend/Other Income
Dynamic Product Tankers, LLC, First Lien Term Loan	\$42,000	\$ 10	\$ —	-\$ (10)	\$42,000	\$ —	\$ 976
Dynamic Product Tankers, LLC, Letters of Credit	—	—	—	—	—	—	—
Dynamic Product Tankers, LLC, Class A Units	41,479	—	—	(1,404)	40,075	—	—
Glacier Oil & Gas Corp. (f/k/a Miller Energy Resources, Inc.), First Lien Term Loan	15,000	—	—	—	15,000	—	303
Glacier Oil & Gas Corp. (f/k/a Miller Energy Resources, Inc.), Second Lien Term Loan	30,510	769	—	—	31,279	—	778
Glacier Oil & Gas Corp. (f/k/a Miller Energy Resources, Inc.), Common Stock	20,303	—	—	(4,322)	15,981	—	—
Merx Aviation Finance Assets Ireland Limited, Letters of Credit	—	—	—	—	—	—	—
Merx Aviation Finance, LLC, Letter of Credit	—	—	—	—	—	—	—
Merx Aviation Finance, LLC, Revolver	359,800	91,000	—	—	450,800	—	11,727
Merx Aviation Finance, LLC, Membership Interests	42,381	—	—	9,620	52,001	—	3,500
MSEA Tankers LLC, Class A Units	72,256	—	—	22	72,278	—	1,765
SHD Oil & Gas, LLC, Tranche A Note	44,739	659	—	19	45,417	—	1,552
SHD Oil & Gas, LLC, Tranche B Note	40,816	—	—	4,654	45,470	—	—
SHD Oil & Gas, LLC, Tranche C Note	19,776	—	—	—	19,776	—	582
SHD Oil & Gas, LLC, Unfunded Tranche C Note	—	—	—	—	—	—	—
SHD Oil & Gas, LLC, Series A Units	—	—	—	—	—	—	—
	\$729,060	\$92,438	\$ —	-\$8,579	\$830,077	\$ —	-\$ 21,183

Gross additions includes increases in the basis of investments resulting from new portfolio investments, payment-in-kind interest or dividends, the accretion of discounts, the exchange of one or more existing securities for one or more new securities and the movement of an existing portfolio company into this category from a different category.

Gross reductions include decreases in the basis of investments resulting from principal collections related to investment repayments or sales, the amortization of premiums, the exchange of one or more existing securities for one or more new securities and the movement of an existing portfolio company out of this category into a different category.

As of June 30, 2018, the Company had a 85%, 47%, 100%, 98% and 38% equity ownership interest in Dynamic Product Tankers, LLC; Glacier Oil & Gas Corp. (f/k/a Miller Energy Resources, Inc.); Merx Aviation Finance, LLC; MSEA Tankers, LLC; and SHD Oil & Gas, LLC (f/k/a Spotted Hawk Development LLC), respectively.

(6) Aggregate gross unrealized gain and loss for federal income tax purposes is \$150,806 and \$182,905, respectively. Net unrealized loss is \$32,099 based on a tax cost of \$2,519,260.

Substantially all securities are pledged as collateral to our multi-currency revolving credit facility (the “Senior Secured Facility” as defined in Note 8 to the financial statements). As such, these securities are not available as collateral to our general creditors.

(8) The negative fair value is the result of the commitment being valued below par.

These are co-investments made with the Company’s affiliates in accordance with the terms of the exemptive order (9) the Company received from the Securities and Exchange Commission (the “SEC”) permitting us to do so. (See Note 3 to the financial statements for discussion of the exemptive order from the SEC.)

Other than the investments noted by this footnote, the fair value of the Company’s investments is determined using (10) unobservable inputs that are significant to the overall fair value measurement. See Note 2 to the financial statements for more information regarding ASC 820, Fair Value Measurements (“ASC 820”).

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June 30, 2018

(In thousands, except share data)

- (11) These securities are exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions that are exempt from registration, normally to qualified institutional buyers.
- (12) Par amount is denominated in USD unless otherwise noted, Euro (“€”), British Pound (“£”), and Canadian Dollar (“C\$”).
- (13) Non-income producing security.
- (14) Non-accrual status (See Note 2 to the financial statements).
- (15) The underlying investments of AIC SPV Holdings II, LLC is a securitization in which the Company owns preferred shares representing 14.25% economic interest.
Refer to Note 7 to the financial statements for details of the Offsetting Assets and Liabilities. On the Statement of
- (16) Assets and Liabilities, the fair value of purchased put options and written call options that are settled-to-market are offset against the cash collateral posted with the clearing house as variation margin amounting to \$18,704. Investments that the Company has determined are not “qualifying assets” under Section 55(a) of the 1940 Act. Under the 1940 Act, we may not acquire any non-qualifying asset unless, at the time such acquisition is made,
- (17) qualifying assets represent at least 70% of our total assets. The status of these assets under the 1940 Act is subject to change. The Company monitors the status of these assets on an ongoing basis. As of June 30, 2018, non-qualifying assets represented approximately 14.14% of the total assets of the Company.
- (18) In addition to the interest earned based on the stated rate of this loan, the Company may be entitled to receive additional interest as a result of its arrangement with other lenders in a syndication.
- (19) This investment represents a leveraged subordinated interest in a trust that holds one foreign currency denominated bond and a derivative instrument.
Generally, the interest rate on floating interest rate investments is at benchmark rate plus spread. The borrower has an option to choose the benchmark rate, such as the London Interbank Offered Rate (“LIBOR”), the Euro Interbank Offered Rate (“EURIBOR”), the federal funds rate or the prime rate. The spread may change based on the type of rate used. The terms in the Schedule of Investments disclose the actual interest rate in effect as of the
- (20) reporting period. LIBOR loans are typically indexed to 30-day, 60-day, 90-day or 180-day LIBOR rates (1M L, 2M L, 3M L or 6M L, respectively), and EURIBOR loans are typically indexed to 90-day EURIBOR rates (3M E), at the borrower’s option. LIBOR and EURIBOR loans may be subject to interest floors. As of June 30, 2018, rates for 1M L, 2M L, 3M L, 6M L, 1M E, 3M E, and Prime are 2.09%, 2.17%, 2.34%, 2.50%, (0.39%), (0.36%) and 5.00%, respectively.
- (21) The rates associated with these undrawn committed revolvers and delayed draw term loans represent rates for commitment and unused fees.
- (22) This security is included in the Cash and Cash Equivalents on the Statements of Assets and Liabilities.

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(In thousands, except share data)

As of June 30, 2018, the Company had the following commitments to fund various revolving and delayed draw senior secured and subordinated loans, including commitments to issue letters of credit through a financial intermediary on behalf of certain portfolio companies. Such commitments are subject to the satisfaction of certain (23) conditions set forth in the documents governing these loans and letters of credit and there can be no assurance that such conditions will be satisfied. See Note 10 to the financial statements for further information on revolving and delayed draw loan commitments, including commitments to issue letters of credit, related to certain portfolio companies.

Portfolio Company	Total Commitment	Drawn Commitment	Letters of Credit	Undrawn Commitment
ABG Intermediate Holdings 2, LLC	\$ 1,139	\$ —	\$—	\$ 1,139
Access CIG, LLC	969	—	—	969
Aero Operating LLC	4,812	—	—	4,812
Altasciences US Acquisition, Inc.	4,277	107	—	4,170
American Media, Inc.	1,778	711	—	1,067
Amerivet Partners Management, Inc.	20,955	—	—	20,955
Analogic Corporation	2,609	—	—	2,609
BCPE Burgundy Merger Sub, Inc.	3,333	—	—	3,333
Carbonfree Caustic SPE LLC	6,111	—	—	6,111
Dynamic Product Tankers, LLC	2,750	—	2,750	—
Eagle Foods Family Group, LLC	3,750	833	—	2,917
Erickson Inc	45,000	26,014	6,862	12,124
Genesis Healthcare, Inc.	70,000	20,302	—	49,698
Invuity, Inc.	2,000	809	—	1,191
LabVantage Solutions Limited*	4,011	711	—	3,300
LSCS Holdings, Inc	682	—	—	682
Maxor National Pharmacy Services, LLC	1,557	—	—	1,557
Merx Aviation Finance Assets Ireland Limited	3,600	—	3,600	—
Merx Aviation Finance, LLC	177	—	177	—
Newsycle Solutions, Inc.	500	160	—	340
Omnitracs, LLC	3,750	—	—	3,750
Oxford Immunotec, Inc.	1,000	—	—	1,000
PSI Services, LLC*	459	—	—	459
PTC Therapeutics, Inc	6,333	—	—	6,333
Purchasing Power, LLC	4,500	2,179	—	2,321
RA Outdoors, LLC	1,200	—	—	1,200
RiteDose Holdings I, Inc.	2,000	—	—	2,000
SESAC Holdco II LLC	587	—	—	587
SHD Oil & Gas, LLC	2,800	—	—	2,800
Simplifi Holdings, Inc.	2,400	—	—	2,400
Teladoc, Inc.	1,666	—	360	1,306
Ten-X, LLC	4,680	—	—	4,680
TherapeuticsMD, Inc.	37,500	—	—	37,500
Tibco Software Inc.	6,000	—	—	6,000
TricorBraun Holdings, Inc.	5,625	1,950	—	3,675

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UniTek Global Services Inc.	10,749	—	5,749	5,000
Wright Medical Group, Inc.	56,667	11,933	—	44,734
ZPower, LLC	1,667	—	—	1,667
Total Commitments	\$ 329,593	\$ 65,709	\$ 19,498	\$ 244,386

* These investments are in a foreign currency and the total commitment has been converted to USD using the June 30, 2018 exchange rate.

See notes to financial statements.

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APOLLO INVESTMENT CORPORATION
SCHEDULE OF INVESTMENTS (Unaudited)

June 30, 2018

(In thousands, except share data)

(24) As of June 30, 2018, Dynamic Product Tankers, LLC had various classes of limited liability interests outstanding of which the Company holds Class A-1 and Class A-3 units which are identical except that Class A-1 unit is voting and Class A-3 unit is non-voting. The units entitle the Company to appoint three out of five managers to the board of managers.

(25) As of June 30, 2018, MSEA Tankers, LLC had various classes of limited liability interests outstanding of which the Company holds Class A-1 and Class A-2 units which are identical except that Class A-1 unit is voting and Class A-2 unit is non-voting. The units entitle the Company to appoint two out of three managers to the board of managers.

(26) The Company holds three classes of warrants in Sprint Industrial Holdings, LLC. The Company holds 5,595 warrants of Class G, 507 warrants of Class H, and 1,239 warrants of Class I.

(27) The notional value represents the number of contracts open multiplied by the exercise price as of June 30, 2018.

(28) The unused line fees of 0.50% and 0.25% are collected for the Unfunded Delayed Draw and Unfunded Revolver, respectively from both Altasciences US Acquisition, Inc. and Altasciences/9360-1367 Quebec Inc. as each borrower has access to the respective lending facilities.

(29) AIC Spotted Hawk Holdings, LLC, AIC SHD Holdings, LLC and AIC Pelican Holdings, LLC are consolidated wholly-owned special purpose vehicles which only hold equity investments of the underlying portfolio companies and have no other significant assets or liabilities. AIC Spotted Hawk Holdings, LLC and AIC SHD Holdings, LLC hold equity investments in SHD Oil & Gas, LLC. AIC Pelican Holdings, LLC holds an equity investment in Pelican Energy, LLC.

See notes to financial statements.

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SCHEDULE OF INVESTMENTS (Unaudited)

June 30, 2018

(In thousands, except share data)

(30) The following shows the composition of the Company's portfolio at cost by control designation, investment type and industry as of June 30, 2018:

Industry	First Lien - Secured Debt	Second Lien - Secured Debt	Unsecured Debt	Structured Products and Other	Preferred Equity	Common Equity/Interests	Warrants	Total
Non-Controlled/Non-Affiliated Investments								
Advertising, Printing & Publishing	\$38,149	\$5,489	\$—	\$—	\$—	\$—	\$—	\$43,638
Aerospace & Defense	25,602	47,034	—	—	—	—	—	72,636
Automotive	14,587	26,336	—	—	—	1,714	—	42,637
Beverage, Food & Tobacco	25,515	—	—	—	—	—	—	25,515
Business Services	107,849	224,257	80,000	—	—	4,500	—	416,606
Chemicals, Plastics & Rubber	51,805	14,434	—	—	—	7,500	—	73,739
Consumer Goods – Durable	14,429	24,664	—	—	—	—	—	39,093
Consumer Goods – Non-Durable	—	28,097	—	—	—	—	—	28,097
Consumer Services	—	24,654	—	—	—	—	—	24,654
Containers, Packaging & Glass	1,604	18,107	—	—	—	—	—	19,711
Diversified Investment Vehicles, Banking, Finance, Real Estate	1,798	12,874	—	25,599	—	—	—	40,271
Energy – Electricity	37,636	—	—	—	5,862	4	—	43,502
Food & Grocery	19,497	24,796	—	—	—	—	—	44,293
Healthcare & Pharmaceuticals	213,226	103,557	—	—	333	—	315	317,431
High Tech Industries	149,201	61,843	—	—	—	—	48	211,092
Hotel, Gaming, Leisure, Restaurants	2,500	—	—	—	—	—	—	2,500
Insurance	—	21,815	—	—	—	—	—	21,815
Manufacturing, Capital Equipment	—	47,368	—	—	—	—	—	47,368
Media – Diversified & Production	(39)	3,214	—	—	—	—	—	3,175
Metals & Mining	1,273	—	—	—	—	—	—	1,273
Telecommunications	40,502	22,579	10,290	—	—	—	—	73,371
Transportation – Cargo, Distribution	—	9,287	—	—	—	—	—	9,287
Utilities – Electric	—	—	—	26,137	—	—	—	26,137
Total Non-Controlled/Non-Affiliated Investments	\$745,134	\$720,405	\$90,290	\$51,736	\$6,195	\$13,718	\$363	\$1,627,841
Non-Controlled/Affiliated Investments								
Diversified Investment Vehicles, Banking, Finance, Real Estate	\$—	\$—	\$—	\$16,548	\$—	\$—	\$—	\$16,548
Energy – Electricity	5,811	—	—	—	14,445	13,065	—	33,321
Energy – Oil & Gas	—	—	—	—	—	20,108	—	20,108
Total Non-Controlled/Affiliated Investments	\$5,811	\$—	\$—	\$16,548	\$14,445	\$33,173	\$—	\$69,977
Controlled Investments								
Aviation and Consumer Transport	\$450,800	\$—	\$—	\$—	\$—	\$15,000	\$—	\$465,800
Energy – Oil & Gas	122,675	31,279	—	—	—	31,489	—	185,443
Transportation – Cargo, Distribution	41,800	—	—	—	—	122,556	—	164,356

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Total Controlled Investments	\$615,275	\$31,279	\$—	\$—	\$—	\$169,045	\$—	\$815,599
Total	\$1,366,220	\$751,684	\$90,290	\$68,284	\$20,640	\$215,936	\$363	\$2,513,417

See notes to financial statements.

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SCHEDULE OF INVESTMENTS (Unaudited)

June 30, 2018

(In thousands, except share data)

(31) The following shows the composition of the Company's portfolio at fair value by control designation, investment type and industry as of June 30, 2018:

Industry	First Lien - Secured Debt	Second Lien - Secured Debt	Unsecured Debt	Structured Products and Other	Preferred Equity	Common Equity/Interests	Warrant	Total	% of Net Assets
Non-Controlled / Non-Affiliated Investments									
Advertising, Printing & Publishing	\$39,088	\$5,591	\$—	\$—	\$—	\$—	\$—	\$44,679	3.2 %
Aerospace & Defense	25,003	47,822	—	—	—	—	—	72,825	5.2 %
Automotive	14,545	26,096	—	—	—	100	—	40,741	2.9 %
Beverage, Food & Tobacco	25,510	—	—	—	—	—	—	25,510	1.8 %
Business Services	108,831	225,148	80,000	—	—	4,500	—	418,479	30.1 %
Chemicals, Plastics & Rubber	46,457	15,532	—	—	—	—	—	61,989	4.5 %
Consumer Goods – Durable	14,018	24,660	—	—	—	471	—	39,149	2.8 %
Consumer Goods – Non-Durable	—	28,428	—	—	—	—	—	28,428	2.0 %
Consumer Services	—	24,645	—	—	—	—	—	24,645	1.8 %
Containers, Packaging & Glass	1,954	11,770	—	—	—	—	—	13,724	1.0 %
Diversified									
Investment Vehicles, Banking, Finance, Real Estate	1,789	13,048	—	24,998	—	—	—	39,835	2.9 %
Energy – Electricity	37,317	—	—	—	4,752	974	—	43,043	3.1 %
Food & Grocery	19,452	25,250	—	—	—	—	—	44,702	3.2 %
Healthcare & Pharmaceuticals	213,609	90,816	—	—	333	—	171	304,929	21.9 %
High Tech Industries	147,850	61,680	—	—	—	—	76	209,606	15.1 %
Hotel, Gaming, Leisure, Restaurants	2,500	—	—	—	—	—	—	2,500	0.2 %
Insurance	—	21,298	—	—	—	—	—	21,298	1.5 %
Manufacturing, Capital Equipment	—	48,396	—	—	—	—	—	48,396	3.5 %
Media – Diversified & Production	(44	) 3,224	—	—	—	—	—	3,180	0.2 %
Metals & Mining	405	—	—	—	—	—	—	405	0%
Telecommunications	41,415	22,925	10,599	—	—	—	—	74,939	5.4 %
Transportation – Cargo, Distribution	—	9,516	—	—	—	—	—	9,516	0.7 %
Utilities – Electric	—	—	—	28,741	—	—	—	28,741	2.1 %

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Total										
Non-Controlled / Non-Affiliated	\$739,699	\$705,845	\$90,599	\$53,739	\$5,085	\$6,045	\$247	\$1,601,259	115.1%	
Investments										
% of Net Assets	53.2	%50.7	%6.5	%3.9	%0.4	%0.4	%0%	115.1	%	
Non-Controlled / Affiliated Investments										
Diversified										
Investment Vehicles, Banking, Finance, Real Estate	\$—	\$—	\$—	\$13,634	\$—	\$—	\$—	\$13,634	1.0	%
Energy – Electricity	5,705	—	—	—	26,315	10,321	—	42,341	3.0	%
Energy – Oil & Gas	—	—	—	—	—	8,148	—	8,148	0.6	%
Total										
Non-Controlled / Affiliated	\$5,705	\$—	\$—	\$13,634	\$26,315	\$18,469	\$—	\$64,123	4.6	%
Investments										
% of Net Assets	0.4	%—	%—	%1.0	%1.9	%1.3	%—	%4.6	%	
Controlled Investments										
Aviation and Consumer Transport	\$450,800	\$—	\$—	\$—	\$—	\$52,001	\$—	\$502,801	36.2	%
Energy – Oil & Gas	125,663	31,279	—	—	—	15,981	—	172,923	12.4	%
Transportation – Cargo, Distribution	42,000	—	—	—	—	112,353	—	154,353	11.1	%
Total Controlled Investments	\$618,463	\$31,279	\$—	\$—	\$—	\$180,335	\$—	\$830,077	59.7	%
% of Net Assets	44.5	%2.2	%—	%—	%—	%13.0	%—	%59.7	%	
Total	\$1,363,867	\$737,124	\$90,599	\$67,373	\$31,400	\$204,849	\$247	\$2,495,459	179.4%	
% of Net Assets	98.1	%52.9	%6.5	%4.9	%2.3	%14.7	%0%	179.4	%	

See notes to financial statements.

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SCHEDULE OF INVESTMENTS (Unaudited)

June 30, 2018

(In thousands, except share data)

Industry Classification	Percentage of Total Investments (at Fair Value) as of June 30, 2018
Aviation and Consumer Transport	20.1%
Business Services	16.8%
Healthcare & Pharmaceuticals	12.2%
High Tech Industries	8.4%
Energy – Oil & Gas	7.3%
Transportation – Cargo, Distribution	6.6%
Energy – Electricity	3.4%
Telecommunications	3.0%
Aerospace & Defense	2.9%
Chemicals, Plastics & Rubber	2.5%
Diversified Investment Vehicles, Banking, Finance, Real Estate	2.2%
Manufacturing, Capital Equipment	1.9%
Food & Grocery	1.8%
Advertising, Printing & Publishing	1.8%
Automotive	1.6%
Consumer Goods – Durable	1.6%
Utilities – Electric	1.2%
Consumer Goods – Non-durable	1.1%
Beverage, Food & Tobacco	1.0%
Consumer Services	1.0%
Insurance	0.9%
Containers, Packaging & Glass	0.5%
Media – Diversified & Production	0.1%
Hotel, Gaming, Leisure, Restaurants	0.1%
Metals & Mining	0.0%
Total Investments	100.0%

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APOLLO INVESTMENT CORPORATION

SCHEDULE OF INVESTMENTS

March 31, 2018

(In thousands, except share data)

Industry / Company	Investment Type	Interest Rate (20)	Maturity Date	Par / Shares (12)	Cost (30)	Fair Value (1) (31)	
Advertising, Printing & Publishing							
A-L Parent LLC	Second Lien Secured Debt	9.13% (1M L+725, 1.00% Floor)	12/02/24	\$7,536	\$7,473	\$7,611	
American Media, Inc.	First Lien Secured Debt	10.75% (3M L+900, 1.00% Floor)	08/24/20	13,867	13,596	14,213	
	First Lien Secured Debt - Revolver	11.25% (3M L+900, 1.00% Floor)	08/24/20	948	948	963	(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	08/24/20	746	(32)	—	(21)(23)
	First Lien Secured Debt - Letter of Credit	9.00%	08/24/20	84	—	—	(23)
					14,512	15,176	
Simplifi Holdings, Inc.	First Lien Secured Debt	8.39% (1M L+650, 1.00% Floor)	09/28/22	12,139	11,812	11,775	(9)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	09/28/22	2,400	(65)	(72)	(8)(9)(21)(23)
					11,747	11,703	
Total Advertising, Printing & Publishing					\$33,732	\$34,490	
Aerospace & Defense							
Erickson Inc	First Lien Secured Debt - Revolver	9.81% (3M L+750, 1.00% Floor)	04/28/22	\$21,140	\$21,140	\$20,823	(9)(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	04/28/22	16,201	(458)	(243)	(8)(9)(21)(23)
	First Lien Secured Debt - Letter of Credit	7.50%	04/01/18	277	—	(4)	(8)(9)(23)
	First Lien Secured Debt - Letter of Credit	7.50%	06/20/18	43	—	—	(8)(9)(23)
	First Lien Secured Debt - Letter of Credit	7.50%	06/25/18	4	—	—	(8)(9)(23)
	First Lien Secured Debt - Letter of Credit	7.50%	09/30/18	104	—	(2)	(8)(9)(23)
	First Lien Secured Debt - Letter of Credit	7.50%	10/18/18	708	—	(11)	(8)(9)(23)

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	First Lien Secured						
	Debt - Letter of	7.50%	11/28/18	670	—	(10)	(8)(9)(23)
	Credit						
	First Lien Secured						
	Debt - Letter of	7.50%	12/10/18	37	—	(1)	(8)(9)(23)
	Credit						
	First Lien Secured						
	Debt - Letter of	7.50%	03/31/20	1,287	—	(19)	(8)(9)(23)
	Credit						
	First Lien Secured						
	Debt - Letter of	7.50%	08/24/18	288	—	(4)	(8)(9)(23)
	Credit						
	First Lien Secured						
	Debt - Letter of	7.50%	10/27/18	5	—	—	(8)(9)(23)
	Credit						
	First Lien Secured						
	Debt - Letter of	7.50%	08/26/18	9	—	—	(8)(9)(23)
	Credit						
	First Lien Secured						
	Debt - Letter of	7.50%	08/16/18	9	—	—	(8)(9)(23)
	Credit						
	First Lien Secured						
	Debt - Letter of	7.50%	04/30/20	4,218	—	(63)	(8)(9)(23)
	Credit						
					20,682	20,466	
ILC Dover LP	Second Lien	10.95% (6M L+850,	06/28/24	20,000	19,566	19,550	
	Secured Debt	1.00% Floor)					
PAE Holding	Second Lien	11.49% (2M L+950,	10/20/23	28,097	27,422	28,343	(10)
Corporation	Secured Debt	1.00% Floor)					
Total Aerospace & Defense					\$67,670	\$68,359	
Automotive							
Crowne							
Automotive							
Vari-Form	First Lien Secured	12.92% (3M L+11.00%	02/02/23	\$5,000	\$4,855	\$4,850	(9)
Group, LLC	Debt	(7.00% Cash plus 4.00% PIK), 1.00% Floor)					

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Vari-Form Inc.	First Lien Secured Debt	12.92% (3M L+11.00% (7.00% Cash plus 4.00% PIK), 1.00% Floor)	02/02/23	10,000	9,710	9,700	(9)
					14,565	14,550	
K&N Parent, Inc.	Second Lien Secured Debt	10.63% (1M L+875, 1.00% Floor)	10/21/24	27,000	26,550	26,325	(10)
Total Automotive Aviation and Consumer Transport					\$41,115	\$40,875	
Merx Aviation Finance Assets Ireland Limited (5)	First Lien Secured Debt - Letter of Credit	2.25%	09/30/18	\$3,600	\$—	\$—	(23)
Merx Aviation Finance, LLC (5)	First Lien Secured Debt - Revolver	12.00%	10/31/23	359,800	359,800	359,800	(23)
	First Lien Secured Debt - Letter of Credit	2.25%	07/13/18	177	—	—	(23)
	Common Equity/Interests - Membership Interests	N/A	N/A	N/A	15,000	42,381	
Total Aviation and Business Services	Consumer Transport				\$374,800	\$402,181	
Access CIG, LLC	Second Lien Secured Debt	9.63% (1M L+775)	02/27/26	\$20,235	\$20,035	\$20,463	(10)
	Second Lien Secured Debt - Unfunded Delayed Draw	0.00% Unfunded	02/27/26	3,765	—	—	(10)(21)(23)
					20,035	20,463	
Aero Operating LLC	First Lien Secured Debt	9.13% (1M L+725, 1.00% Floor)	12/29/22	33,477	32,683	32,640	(9)
	First Lien Secured Debt - Revolver	9.13% (1M L+725, 1.00% Floor)	12/29/22	2,486	2,486	2,424	(9)(23)
	First Lien Secured Debt - Unfunded	1.00% Unfunded	12/29/22	2,326	(71) (58) (8)(9)(21)(23)

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		Revolver			35,098	35,006	
Almonde, Inc	Second Lien Secured Debt	9.23% (3M L+725, 1.00% Floor)	06/13/25	2,316	2,294	2,300	(10)(17)
Ambrosia Buyer Corp.	Second Lien Secured Debt	9.88% (1M L+800, 1.00% Floor)	08/28/25	21,429	20,933	20,934	
Aptean, Inc.	Second Lien Secured Debt	11.80% (3M L+950, 1.00% Floor)	12/20/23	11,148	11,045	11,245	(10)
CT Technologies Intermediate Holdings, Inc	Second Lien Secured Debt	10.88% (1M L+900, 1.00% Floor)	12/01/22	31,253	30,470	30,315	(9)
Electro Rent Corporation	Second Lien Secured Debt	10.98% (3M L+900, 1.00% Floor)	01/31/25	18,333	17,863	17,967	(9)
	Second Lien Secured Debt	11.25% (3M L+900, 1.00% Floor)	01/31/25	18,265	17,753	17,899	(9)
					35,616	35,866	
Ministry Brands, LLC	Second Lien Secured Debt	11.13% (1M L+925, 1.00% Floor)	06/02/23	10,000	9,880	9,875	
Newscycle Solutions, Inc.	First Lien Secured Debt	8.89% (1M L+700, 1.00% Floor)	12/28/22	13,743	13,416	13,399	(9)
	First Lien Secured Debt	8.88% (1M L+700, 1.00% Floor)	12/28/22	1,257	1,227	1,226	(9)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	12/28/22	500	(7)	(13)	(8)(9)(21)(23)
					14,636	14,612	
PSI Services, LLC	First Lien Secured Debt	6.87% (1M L+500, 1.00% Floor)	01/20/23	4,121	4,038	4,055	(9)

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	First Lien Secured Debt - Revolver	6.89% (1M L+500, 1.00% Floor)	01/20/22	79	79	78	(9)(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	01/20/22	159	(8) (2) (8)(9)(21)(23)
	First Lien Secured Debt - Revolver	6.85% (1M L+500, 1.00% Floor)	01/20/22	159	159	156	(9)(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	01/20/22	£ 47	—	—	(9)(21)(23)
	Second Lien Secured Debt	10.87% (1M L+900, 1.00% Floor)	01/20/24	25,714	25,073	25,170	(9)
					29,341	29,457	
RA Outdoors, LLC	First Lien Secured Debt	6.54% (1M L+475, 1.00% Floor)	09/11/24	7,229	7,095	7,156	(9)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	09/09/22	1,200	(21	) (12	) (8)(9)(21)(23)
	Second Lien Secured Debt	10.54% (1M L+875, 1.00% Floor)	09/11/25	34,200	33,404	33,516	(9)
					40,478	40,660	
Skyline Data/Dodge Data							
Dodge Data & Analytics LLC	First Lien Secured Debt	11.06% (3M L+875, 1.00% Floor)	10/31/19	48,965	48,653	47,790	
Skyline Data, News and Analytics LLC	Common Equity/Interests - Class A Common Unit	N/A	N/A	4,500,000 Shares	4,500	4,500	(13)
					53,153	52,290	
STG-Fairway Acquisitions, Inc.	Second Lien Secured Debt	11.23% (3M L+925, 1.00% Floor)	06/30/23	15,000	14,753	14,400	(10)
Transplace Holdings, Inc.	Second Lien Secured Debt	10.46% (1M L+875, 1.00% Floor)	10/06/25	14,963	14,609	15,187	(10)

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U.S. Security Associates Holdings, Inc.	Unsecured Debt	11.00%	01/28/20	80,000	80,000	80,000	
Total Business Services Chemicals, Plastics & Rubber Carbon Free Chemicals Carbonfree					\$412,341	\$412,610	
Chemicals SPE I LLC (f/k/a Maxus Capital Carbon SPE I LLC)	First Lien Secured Debt	5.215% PIK	06/30/20	\$59,305	\$59,305	\$47,170	
Carbonfree Caustic SPE LLC	Unfunded Delayed Draw - Promissory Note	0.00% Unfunded	06/30/20	6,111	—	—	(21)(23)
					59,305	47,170	
Hare Bidco, Inc.	Second Lien Secured Debt	9.75% (3M E+875, 1.00% Floor)	08/01/24	€13,574	14,423	16,360	
Total Chemical, Plastics & Rubber Consumer Goods – Durable					\$73,728	\$63,530	
Hayward Industries, Inc. KLO Holdings	Second Lien Secured Debt	10.13% (1M L+825)	08/04/25	\$25,110	\$24,649	\$24,647	
9357-5991 Quebec Inc.	First Lien Secured Debt	9.69% (1M L+775, 0.75% Floor)	04/07/22	9,322	9,229	9,224	
KLO Acquisition LLC	First Lien Secured Debt	9.69% (1M L+775, 0.75% Floor)	04/07/22	5,397	5,343	5,340	
					14,572	14,564	
Sorenson Holdings, LLC	Common Equity/Interests - Membership Interests	N/A	N/A	587 Shares	—	466	(13)
Total Consumer Goods - Durable Consumer Goods – Non-Durable					\$39,221	\$39,677	
ABG Intermediate Holdings 2, LLC	Second Lien Secured Debt	10.05% (3M L+775, 1.00% Floor)	09/29/25	\$8,094	\$8,036	\$8,226	(10)

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Sequential Brands Group, Inc.	Second Lien Secured Debt	10.79% (1M L+900)	07/01/22	17,160	17,007	17,250	(17)
Total Consumer Goods - Non-Durable Consumer Services					\$25,043	\$25,476	
1A Smart Start LLC	Second Lien Secured Debt	10.13% (1M L+825, 1.00% Floor)	08/22/22	\$25,100	\$24,628	\$24,623	
Total Consumer Services					\$24,628	\$24,623	
Containers, Packaging & Glass							
Sprint Industrial Holdings, LLC	Second Lien Secured Debt	13.5% PIK	11/14/19	\$19,072	\$18,107	\$10,159	(13)(14)
	Common Equity/Interests - Warrants	N/A	N/A	7,341 Warrants	—	—	(13)(26)
					18,107	10,159	
TricorBraun Holdings, Inc.	First Lien Secured Debt - Revolver	7.00% (P+225)	11/30/21	1,560	1,560	1,561	(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	11/30/21	4,065	(371)	—	(21)(23)
					1,189	1,561	
Total Containers, Packaging & Glass					\$19,296	\$11,720	
Diversified Investment Vehicles, Banking, Finance, Real Estate							
Armor Holding II LLC	Second Lien Secured Debt	11.31% (3M L+900, 1.25% Floor)	12/26/20	\$8,000	\$7,941	\$8,110	(10)
Craft 2014-1A	Structured Products and Other - Credit-Linked Note	N/A	05/15/21	42,500	—	—	(11)(17)
Craft 2015-2	Structured Products and Other - Credit-Linked Note	10.22% (3M L+925)	01/16/24	24,998	25,691	24,960	(11)(17)
Golden Bear 2016-R, LLC (3)(4)	Structured Products and Other - Membership Interests	N/A	09/20/42	—	16,506	14,147	(17)
Mayfield Agency Borrower Inc.	Second Lien Secured Debt	10.38% (1M L+850, 1.00% Floor)	03/02/26	5,000	4,926	4,997	(10)
Purchasing Power, LLC	First Lien Secured Debt - Revolver	9.88% (1M L + 800, 1.00% Floor)	07/10/19	3,068	3,068	3,048	(9)(23)

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	First Lien Secured Debt - Unfunded Revolver	0.75% Unfunded	07/10/19	1,432	(53)	(35)	(8)(9)(21)(23)
					3,015	3,013	
Ten-X, LLC	First Lien Secured Debt - Revolver	5.60% (1M L+375, 1.00% Floor)	09/29/22	520	520	477	(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	09/29/22	4,160	(379)	(341)	(8)(21)(23)
					141	136	
Total Diversified Investment Vehicles, Banking, Finance, Real Estate Energy – Electricity					\$58,220	\$55,363	
AMP Solar Group, Inc. (4)	Common Equity/Interests - Class A Common Unit	N/A	N/A	243,646 Shares	\$10,000	\$5,051	(13)(17)
Renew Financial AIC SPV Holdings II, LLC (4)	Preferred Equity - Preferred Stock	N/A	N/A	143 Shares	534	925	(13)(15)(17)
Renew Financial LLC (f/k/a Renewable Funding, LLC) (4)	Preferred Equity - Series B Preferred Stock	N/A	N/A	1,505,868 Shares	8,343	19,035	(13)
	Preferred Equity - Series D Preferred Stock	N/A	N/A	436,689 Shares	5,568	6,676	(13)
Renew JV LLC (4)	Common Equity/Interests - Membership Interests	N/A	N/A	N/A	2,740	4,111	(13)(17)
					17,185	30,747	
Solarplicity Group Solarplicity Group Limited (3)(4)	First Lien Secured Debt	N/A	11/30/22	£4,331	5,811	6,063	(13)(17)

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Solarplicity UK Holdings Limited	First Lien Secured Debt	4.00%	03/08/23	£ 5,562	7,637	7,778	(17)
	Preferred Equity - Preferred Stock	N/A	N/A	4,286 Shares	5,832	5,008	(2)(17)
	Common Equity/Interests - Ordinary Shares	N/A	N/A	2,825 Shares	4	929	(2)(13)(17)
					19,284	19,778	
Westinghouse Electric Co LLC	First Lien Secured Debt	6.44% (1M L+450, 1.00% Floor)	01/11/19	\$ 30,000	30,000	30,000	(9)
Total Energy – Electricity					\$76,469	\$85,576	
Energy – Oil & Gas							
Glacier Oil & Gas Corp. (f/k/a Miller Energy Resources, Inc.) (5)	First Lien Secured Debt	8.00% Cash (10.00% PIK Toggle)	03/29/19	\$ 15,000	\$15,000	\$15,000	
	Second Lien Secured Debt	10.00% PIK (8.00% Cash Toggle)	03/29/21	30,510	30,510	30,510	
	Common Equity/Interests - Common Stock	N/A	N/A	5,000,000 Shares	30,078	20,303	(13)
					75,588	65,813	
Pelican Energy, LLC (4)	Common Equity/Interests - Membership Interests	N/A	N/A	1,444 Shares	24,441	12,946	(13)(17)(29)
SHD Oil & Gas, LLC (5)	First Lien Secured Debt - Tranche A Note	14.00% (8.00% Cash plus 6.00% PIK)	12/31/19	43,436	43,436	44,739	
	First Lien Secured Debt - Tranche B Note	14.00% PIK	12/31/19	73,231	44,380	40,816	(13)(14)
	First Lien Secured Debt - Tranche C Note	12.00%	12/31/19	19,200	19,200	19,776	
	First Lien Secured Debt - Unfunded Delayed Draw	0.00% Unfunded	12/31/19	2,800	—	—	(21)(23)
			N/A	N/A		1,411	—

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		Common Equity/Interests - Series A Units	7,600,000 Shares				
				108,427	105,331		
Total Energy – Oil & Gas				\$208,456	\$184,090		
Food & Grocery							
Bumble Bee							
Foods							
Bumble Bee Holdings, Inc.	First Lien Secured Debt	9.87% (3M L+800, 1.00% Floor)	08/15/23	\$ 15,507	\$15,221	\$15,197	
Connors Bros Clover Leaf Seafoods Company	First Lien Secured Debt	9.87% (3M L+800, 1.00% Floor)	08/15/23	4,393	4,312	4,305	
					19,533	19,502	
Grocery Outlet, Inc.	Second Lien Secured Debt	10.55% (3M L+825, 1.00% Floor)	10/21/22	25,000	24,784	25,250	(10)
Total Food & Grocery					\$44,317	\$44,752	
Healthcare & Pharmaceuticals							
Altasciences							
9360-1367 Quebec Inc.	First Lien Secured Debt	7.93% (3M L+625, 1.00% Floor)	06/09/23	C\$2,418	\$1,766	\$1,833	(9)(17)
	First Lien Secured Debt	8.56% (3M L+625, 1.00% Floor)	06/09/23	\$ 2,899	2,842	2,834	(9)(17)
Altasciences US Acquisition, Inc.	First Lien Secured Debt	8.56% (3M L+625, 1.00% Floor)	06/09/23	5,235	5,133	5,117	(9)
	First Lien Secured Debt - Unfunded Delayed Draw	0.50% Unfunded	06/09/23	2,851	(31	) (64	) (8)(9)(21)(23)(28)
	First Lien Secured Debt - Revolver	8.56% (3M L+625, 1.00% Floor)	06/09/23	71	71	70	(9)(23)(28)

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	First Lien Secured Debt - Revolver	8.56% (3M L+625, 1.00% Floor)	06/09/23	214	214	209 (9)(23)(28)
	First Lien Secured Debt - Unfunded Revolver	0.25% Unfunded	06/09/23	1,140	∅28	∅27 (8)(9)(21)(23)(28)
						9,9679,972
Aptevo Therapeutics Inc.	First Lien Secured Debt	9.48% (1M L+760, 0.50% Floor)	02/01/21	8,571	8,708	8,531(9)
Argon Medical Devices Holdings, Inc.	Second Lien Secured Debt	10.30% (3M L+800, 1.00% Floor)	01/23/26	21,600	21,494	21,870(10)
Avalign Technologies, Inc.	Second Lien Secured Debt	10.38% (6M L+825, 1.00% Floor)	09/02/24	5,500	5,449	5,483(10)
BioClinica Holding I, LP	Second Lien Secured Debt	9.99% (3M L+825, 1.00% Floor)	10/21/24	24,612	24,202	23,874(10)
Genesis Healthcare, Inc.	First Lien Secured Debt	8.31% (3M L+600, 0.50% Floor)	03/06/23	25,000	24,630	24,630(9)
	First Lien Secured Debt - Unfunded Delayed Draw	2.00% Unfunded	03/06/23	9,130	∅180	∅135 (8)(9)(21)(23)
	First Lien Secured Debt - Revolver	8.03% (3M L+600, 0.50% Floor)	03/06/23	23,835	23,835	23,483(9)(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	03/06/23	37,035	∅877	∅547 (8)(9)(21)(23)
						47,4087,431
Elements Behavioral Health, Inc.	Second Lien Secured Debt	15.06% (3M L+1275, 1.00% Floor)	02/11/20	12,353	11,914	— (13)(14)
Invuity, Inc.	First Lien Secured Debt	8.38% (1M L+650, 1.50% Floor)	03/01/22	10,000	9,855	9,750(9)
	First Lien Secured Debt - Revolver	5.13% (1M L+325, 1.50% Floor)	03/01/22	657	657	649 (9)(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	03/01/22	1,343	∅8	∅17 (8)(9)(21)(23)
		N/A	N/A		180	69 (9)(13)

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	Common Equity/Interests - Warrants				32,803				
					Warrants				10,684,451
Lanai Holdings III, Inc.	Second Lien Secured Debt	10.29% (2M L+850, 1.00% Floor)	08/28/23	17,391	16,991	16,696	(10)		
LSCS Holdings, Inc	Second Lien Secured Debt	10.31% (3M L+825)	03/16/26	20,455	19,992	20,352			
	Second Lien Secured Debt - Unfunded Delayed Draw	0.00% Unfunded	03/16/26	4,545	Ø102	Ø23	(8)(21)(23)		
									19,892,329
Maxor National Pharmacy Services, LLC	First Lien Secured Debt	8.25% (3M L+600, 1.00% Floor)	11/22/23	21,577	21,070	21,373	(9)		
	First Lien Secured Debt - Revolver	9.75% (P+500)	11/22/22	195	195	193	(9)(23)		
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	11/22/22	1,363	Ø19	Ø12	(8)(9)(21)(23)		
									21,246,554
Oxford Immunotec, Inc.	First Lien Secured Debt	9.48% (1M L+760, 0.50% Floor)	10/01/21	9,750	9,886	9,916	(9)(17)		
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	10/01/21	1,000	Ø4	—	(9)(17)(21)(23)		
									9,882,916
Partner Therapeutics, Inc	First Lien Secured Debt	8.53% (1M L+665, 1.00% Floor)	01/01/23	10,000	9,821	9,846	(9)		
	Preferred Equity - Preferred Stock	N/A	N/A	55,556	333	333	(9)		
	Common Equity/Interests - Warrants	N/A	N/A	33,333	135	104	(9)(13)		
									10,289,283

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Industry / Company	Investment Type	Interest Rate (20)	Maturity Date	Par / Shares (12)	Cost (30)	Fair Value (1) (31)	
PTC Therapeutics, Inc	First Lien Secured Debt	8.03% (1M L+615, 1.00% Floor)	05/01/21	12,667	12,618	12,743	(9)(17)
	First Lien Secured Debt - Unfunded Delayed Draw	0.00% Unfunded	05/01/21	6,333	(24)	—	(9)(17)(21)(23)
					12,594	12,743	
RiteDose Holdings I, Inc.	First Lien Secured Debt	8.81% (3M L+650, 1.00% Floor)	09/13/23	14,963	14,520	14,681	(9)
	First Lien Secured Debt - Revolver	8.81% (3M L+650, 1.00% Floor)	09/13/22	1,067	1,067	1,048	(9)(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	09/13/22	933	(58)	(17)	(8)(9)(21)(23)
					15,529	15,712	
Teladoc, Inc.	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	07/14/20	1,289	(52)	(1)	(8)(17)(21)(23)
	First Lien Secured Debt - Letter of Credit	7.25%	01/12/19	378	—	—	(8)(17)(23)
					(52)	(1)	
Wright Medical Group, Inc.	First Lien Secured Debt - Revolver	6.13% (1M L+425, 0.75% Floor)	12/23/21	18,333	18,333	18,333	(9)(17)(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	12/23/21	31,667	(373)	—	(9)(17)(21)(23)
					17,960	18,333	
Total Healthcare & Pharmaceuticals					\$264,154	\$253,177	
High Tech Industries							
ChyronHego Corporation	First Lien Secured Debt	7.43% (3M L+643, 1.00% Floor)	03/09/20	\$35,277	\$34,967	\$33,866	(18)
DigiCert Holdings, Inc.	Second Lien Secured Debt	9.77% (3M L+800, 1.00% Floor)	10/31/25	20,196	20,100	20,405	(10)
LabVantage Solutions			12/29/20	13,688	13,441	13,551	

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LabVantage Solutions Inc.	First Lien Secured Debt	9.38% (1M L+750, 1.00% Floor)						
LabVantage Solutions Limited	First Lien Secured Debt	8.50% (1M E+750, 1.00% Floor)	12/29/20	€ 12,539	13,246	15,267	(17)	
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	12/29/20	€ 3,435	(63	) (42	) (8)(17)(21)(23)	
					26,624	28,776		
Omnitracs, LLC	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	03/23/23	3,750	(336	) (338	) (8)(21)(23)	
Smokey Merger Sub, Inc.	Second Lien Secured Debt	10.44% (3M L+850, 1.00% Floor)	05/24/24	30,000	29,208	29,250	(9)	
Telestream Holdings Corporation	First Lien Secured Debt	7.61% (6M L+645, 1.00% Floor)	03/24/22	36,748	36,446	36,014	(18)	
Tibco Software Inc.	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	12/05/19	6,000	(20	) (840	) (8)(21)(23)	
ZPower, LLC	First Lien Secured Debt	9.63% (1M L+775, 1.00% Floor)	07/01/22	6,667	6,607	6,593	(9)	
	First Lien Secured Debt - Unfunded Delayed Draw	0.00% Unfunded	07/01/22	1,667	71	(18	) (8)(9)(21)(23)	
	Common Equity/Interests - Warrants	N/A	N/A	29,630 Warrants	48	78	(9)(13)	
Total High Tech Industries Hotel, Gaming, Leisure, Restaurants					6,726	6,653		
					\$153,715	\$153,786		
GFRC Holdings LLC	First Lien Secured Debt	9.77% (3M L+800 Cash (L+800 PIK Toggle), 1.50% Floor))	02/01/22	\$ 2,500	\$ 2,500	\$ 2,500		
Total Hotel, Gaming, Leisure, Restaurants					\$ 2,500	\$ 2,500		

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(In thousands, except share data)

Industry / Company	Investment Type	Interest Rate (20)	Maturity Date	Par / Shares (12)	Cost (30)	Fair Value (1) (31)	
Insurance							
Alliant Holdings Intermediate, LLC	First Lien Secured Debt - Revolver	7.25% (P+250)	08/14/20	\$3,375	\$3,375	\$3,278	(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	08/14/20	11,438	(810)	(327)	(8)(21)(23)
	First Lien Secured Debt - Letter of Credit	3.375%	04/23/18	37	—	(1)	(8)(23)
	First Lien Secured Debt - Letter of Credit	3.375%	05/04/18	8	—	—	(8)(23)
	First Lien Secured Debt - Letter of Credit	3.375%	07/30/18	97	—	(2)	(8)(23)
	First Lien Secured Debt - Letter of Credit	3.375%	11/30/18	37	—	(1)	(8)(23)
	First Lien Secured Debt - Letter of Credit	3.375%	05/31/19	8	—	—	(8)(23)
					2,565	2,947	
Confie Seguros Holding II Co.	Second Lien Secured Debt	11.48% (3M L+950, 1.25% Floor)	05/08/19	21,844	21,807	21,216	(10)
Total Insurance					\$24,372	\$24,163	
Manufacturing, Capital Equipment							
MedPlast Holdings Inc.	Second Lien Secured Debt	10.43% (2M L+875, 1.00% Floor)	06/06/23	\$8,000	\$7,832	\$7,740	
Power Products, LLC	Second Lien Secured Debt	10.74% (3M L+900, 1.00% Floor)	12/20/23	32,500	31,568	32,226	(9)
Total Manufacturing, Capital Equipment					\$39,400	\$39,966	
Media – Diversified & Production							
SESAC Holdco II LLC	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	02/23/22	\$587	\$(41)	\$(44)	(8)(21)(23)
	Second Lien Secured Debt	9.13% (1M L+725, 1.00% Floor)	02/24/25	3,241	3,213	3,233	(10)
Total Media – Diversified & Production					\$3,172	\$3,189	
Metals & Mining							
Magnetation, LLC	First Lien Secured Debt	10.31% (3M L+800 Cash (PIK Toggle))	12/31/19	\$1,352	\$1,273	\$451	(13)(14)
Total Metals & Mining					\$1,273	\$451	
Telecommunications							
Securus Technologies Holdings, Inc.	Second Lien Secured Debt	10.13% (1M L+825, 1.00% Floor)	11/01/25	\$12,878	\$12,755	\$13,051	(10)
			01/13/19	32,367	32,367	33,014	

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UniTek Global Services Inc.	First Lien Secured Debt	10.81% (3M L+850, 1.00% Floor)					
	First Lien Secured Debt	10.81% (3M L+750 Cash plus 1.00% PIK, 1.00% Floor)	01/13/19	1,951	1,951	1,951	
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	01/13/19	5,000	—	—	(21)(23)
	First Lien Secured Debt - Letter of Credit	7.50%	01/13/19	5,857	—	—	(23)
	Unsecured Debt	15.00% PIK	07/13/19	9,918	9,918	10,117	
					44,236	45,082	
Wave Holdco Merger Sub, Inc.	Second Lien Secured Debt	11.13% (1M L+925, 1.00% Floor)	05/27/23	10,000	9,810	9,890	
Total Telecommunications Transportation – Cargo, Distribution American Tire					\$66,801	\$68,023	
Accelerate Parent Corp.	Common Equity/Interests - Common Stock	N/A	N/A	1,664,046 Shares	\$1,715	\$2,310	(13)

See notes to financial statements.

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(In thousands, except share data)

Industry / Company	Investment Type	Interest Rate (20)	Maturity Date	Par / Shares (12)	Cost (30)	Fair Value (1) (31)	
American Tire Distributors, Inc.	Unsecured Debt	10.25%	03/01/22	\$12,741	12,798	13,049	(10)(11)
					14,513	15,359	
Dynamic Product Tankers, LLC (5)	First Lien Secured Debt	9.30% (3M L+700)	06/30/23	42,000	41,790	42,000	(17)
	First Lien Secured Debt - Letter of Credit	2.25%	09/20/18	2,250	—	—	(17)(23)
	First Lien Secured Debt - Letter of Credit	2.25%	01/31/21	500	—	—	(17)(23)
	Common Equity/Interests - Class A Units	N/A	N/A	N/A	48,106	41,479	(17)(24)
					89,896	83,479	
MSEA Tankers LLC (5)	Common Equity/Interests - Class A Units	N/A	N/A	N/A	74,450	72,256	(17)(25)
PT Intermediate Holdings III, LLC	Second Lien Secured Debt	10.30% (3M L+800, 1.00% Floor)	12/08/25	9,375	9,284	9,516	
Total Transportation – Cargo, Distribution Utilities – Electric Asset Repackaging Trust Six B.V.	Structured Products and Other	12.81%	05/18/27	\$58,411	\$26,030	\$28,860	(11)(17)(19)
Total Utilities – Electric					\$26,030	\$28,860	
Total Investments before Cash Equivalents and Option Contracts					\$2,268,596	\$2,248,047	
J.P. Morgan U.S. Government Money Market Fund	N/A	N/A	N/A	\$14,035	\$14,035	\$14,035	(22)
Total Investments after Cash Equivalents and before Option Contracts					\$2,282,631	\$2,262,082	
Counterparty	Instrument	Exercise Price	Maturity Date	Number of Contracts	Notional Amount (27)	Cost (Proceeds)	Fair Value (1)
Purchased Put Options							
CME Group	WTI Crude Oil Put Options	\$ 45.00	4/30/18 - 4/30/19	2,750	\$123,750	\$5,758	\$1,226 (10)
Total Purchased Put Options						\$5,758	\$1,226 (16)
Written Call Options							
CME Group	WTI Crude Oil Call Options	\$ 54.30	4/30/18 - 3/29/19	660	\$(35,838)	\$(1,713)	\$(6,388) (10)

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CME Group	WTI Crude Oil Call Options	55.00	4/30/18 - 3/29/19	660	(36,300)	(1,647)	(6,021)	(10)
CME Group	WTI Crude Oil Call Options	57.50	4/30/18 - 4/30/19	715	(41,113)	(1,499)	(5,150)	(10)
CME Group	WTI Crude Oil Call Options	62.75	4/30/18 - 4/30/19	715	(44,866)	(877)	(2,791)	(10)
Total Written Call Options						\$(5,736)	\$(20,350)	(16)
Total Investments after Cash Equivalents and Option Contracts						\$2,282,653	\$2,242,958	(6)(7)

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- (1) Fair value is determined in good faith by or under the direction of the Board of Directors of the Company (See Note 2 to the financial statements).
- (2) Preferred and ordinary shares in Solarplicity UK Holdings Limited are GBP denominated equity investments. Denotes investments in which the Company owns greater than 25% of the equity, where the governing documents of each entity preclude the Company from exercising a controlling influence over the management or policies of such entity. The Company does not have the right to elect or appoint more than 25% of the directors or another party has the right to elect or appoint more directors than the Company and has the right to appoint certain members of senior management. Therefore, the Company has determined that these entities are not controlled affiliates. As of March 31, 2018, we had a 100% and 28% equity ownership interest in Golden Bear 2016-R, LLC and Solarplicity Group Limited, respectively. Equity ownership in Solarplicity Group Limited was written off as it was deemed worthless.

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Denotes investments in which we are an “Affiliated Person,” as defined in the 1940 Act, due to holding the power to vote or owning 5% or more of the outstanding voting securities of the investment but not controlling the company.

(4) Fair value as of March 31, 2017 and March 31, 2018 along with transactions during the year ended March 31, 2018 in these affiliated investments are as follows:

Name of Issuer	Fair Value at March 31, 2017	Gross Additions	Gross Reductions	Net Change in Unrealized Gains (Losses)	Fair Value at March 31, 2018	Net Realized Gains (Losses)	Interest/Dividend/Other Income
AIC SPV Holdings I, LLC, Membership Interests	\$ 24,285	\$ 35	\$(69,074)	)\$44,754	\$—	\$(43,284)	)\$ 114
AIC SPV Holdings II, LLC, Preferred Stock	—	534	—	391	925	—	—
AMP Solar Group, Inc., Class A Common Unit	4,687	—	—	364	5,051	—	—
Golden Bear 2016-R, LLC, Membership Interests	17,066	47	—	(2,966)	)14,147	—	—
Ivy Hill Middle Market Credit Fund IX, Ltd., Subordinated Notes	9,537	—	(9,159)	)(378)	)—	1,954	1,008
Ivy Hill Middle Market Credit Fund X, Ltd., Subordinated Notes	10,841	—	(11,078)	)237	—	(238)	)905
LVI Group Investments, LLC, Common Units	—	—	(17,505)	)17,505	—	(17,505)	)(306)
MCF CLO I, LLC, Membership Interests	—	—	—	—	—	(19)	)120
MCF CLO III, LLC, Membership Interests	—	—	—	—	—	(19)	)427
Pelican Energy, LLC, First Lien Term Loan	15,417	—	(26,665)	)11,248	—	—	—
Pelican Energy, LLC, Membership Interests	—	26,664	(3,322)	)(10,396)	)12,946	—	—
Renew Financial LLC (f/k/a Renewable Funding, LLC), Series B Preferred Stock	19,383	—	—	(348)	)19,035	—	—
Renew Financial LLC (f/k/a Renewable Funding, LLC), Series D Preferred Stock	6,254	—	—	422	6,676	—	—
Renew JV LLC, Membership Interests	4,701	10,062	(9,282)	)(1,370)	)4,111	7,831	67
Solarplicity Group Limited, First Lien Term Loan	119,426	5,064	(145,851)	)27,424	6,063	(24,885)	)7,554
Solarplicity Group Limited, Class B Common Shares	—	—	(2,472)	)2,472	—	(2,472))—
	—	7,637	(7,778)	)141	—	—	21

Solarplicity UK Holdings Limited, First Lien Term Loan							
Solarplicity UK Holdings Limited, Unsecured Debt	2,501	223	(2,721	)(3	)—	246	204
Solarplicity UK Holdings Limited, Ordinary Shares	4,952	—	(928	)(4,024)—	—	—
Solarplicity UK Holdings Limited, Preferred Stock	—	5,832	(5,008	)(824)—	—	—
Venoco, Inc., Unsecured Debt	—	—	(338	)338	—	(338)—
Venoco, Inc., LLC Units	—	—	(40,517	)40,517	—	(40,517)—
Venoco, Inc., Series A Warrants	—	—	(48,170	)48,170	—	(48,170)—
	\$ 239,050	\$ 56,098	\$(399,868)	\$ 173,674	\$ 68,954	\$(167,416)	\$ 10,114

Gross additions includes increases in the basis of investments resulting from new portfolio investments, payment-in-kind interest or dividends, the accretion of discounts, the exchange of one or more existing securities for one or more new securities and the movement of an existing portfolio company into this category from a different category.

Gross reductions include decreases in the basis of investments resulting from principal collections related to investment repayments or sales, the amortization of premiums, the exchange of one or more existing securities for one or more new securities and the movement of an existing portfolio company out of this category into a different category.

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(In thousands, except share data)

Denotes investments in which we are deemed to exercise a controlling influence over the management or policies of a company, as defined in the 1940 Act, due to beneficially owning, either directly or through one or more (5) controlled companies, more than 25% of the outstanding voting securities of the investment. Fair value as of March 31, 2017 and March 31, 2018 along with transactions during the year ended March 31, 2018 in these controlled investments are as follows:

Name of Issuer	Fair Value at March 31, 2017	Gross Additions	Gross Reductions	Net Change in Unrealized Losses	Fair Value at March 31, 2018	Net Realized Losses	Interest/Dividend/Other Income
Dynamic Product Tankers, LLC, First Lien Term Loan	\$—	\$41,790	\$—	\$ 210	\$42,000	\$ —	\$ 1
Dynamic Product Tankers, LLC, Letters of Credit	—	—	—	—	—	—	—
Dynamic Product Tankers, LLC, Class A Units	42,644	—	—	(1,165)	41,479	—	—
Glacier Oil & Gas Corp. (f/k/a Miller Energy Resources, Inc.), First Lien Term Loan	10,000	5,000	—	—	15,000	—	1,133
Glacier Oil & Gas Corp. (f/k/a Miller Energy Resources, Inc.), Second Lien Term Loan	27,617	2,893	—	—	30,510	—	2,885
Glacier Oil & Gas Corp. (f/k/a Miller Energy Resources, Inc.), Common Stock	18,862	—	—	1,441	20,303	—	—
Merx Aviation Finance Assets Ireland Limited, Letters of Credit	—	—	—	—	—	—	—
Merx Aviation Finance, LLC, Letter of Credit	—	—	—	—	—	—	—
Merx Aviation Finance, LLC, Revolver	374,084	139,700	(153,984)	—	359,800	—	49,244
Merx Aviation Finance, LLC, Membership Interests	48,811	—	(4,205)	(2,225)	42,381	—	12,350
MSEA Tankers LLC, Class A Units	72,797	—	—	(541)	72,256	—	4,803
SHD Oil & Gas, LLC, Tranche A Note	40,891	2,545	—	1,303	44,739	—	5,924
SHD Oil & Gas, LLC, Tranche B Note	32,793	—	—	8,023	40,816	—	—
SHD Oil & Gas, LLC, Tranche C Note	6,750	12,450	—	576	19,776	—	2,033
SHD Oil & Gas, LLC, Unfunded Tranche C Note	—	—	—	—	—	—	—
SHD Oil & Gas, LLC, Series A Units	—	—	—	—	—	—	—
	\$ 675,249	\$ 204,378	\$ (158,189)	\$ 7,622	\$ 729,060	\$ —	\$ 78,373

Gross additions includes increases in the basis of investments resulting from new portfolio investments, payment-in-kind interest or dividends, the accretion of discounts, the exchange of one or more existing securities for one or more new securities and the movement of an existing portfolio company into this category from a different category.

Gross reductions include decreases in the basis of investments resulting from principal collections related to investment repayments or sales, the amortization of premiums, the exchange of one or more existing securities for one or more new securities and the movement of an existing portfolio company out of this category into a different category.

As of March 31, 2018, the Company had a 85%, 47%, 100%, 98% and 38% equity ownership interest in Dynamic Product Tankers, LLC; Glacier Oil & Gas Corp. (f/k/a Miller Energy Resources, Inc.); Merx Aviation Finance, LLC; MSEA Tankers, LLC; and SHD Oil & Gas, LLC (f/k/a Spotted Hawk Development LLC), respectively.

(6) Aggregate gross unrealized gain and loss for federal income tax purposes is \$143,712 and \$138,978, respectively. Net unrealized gain is \$4,734 based on a tax cost of \$2,238,224.

(7) Substantially all securities are pledged as collateral to our multi-currency revolving credit facility (the “Senior Secured Facility” as defined in Note 8 to the financial statements). As such, these securities are not available as collateral to our general creditors.

(8) The negative fair value is the result of the commitment being valued below par.

(9) These are co-investments made with the Company’s affiliates in accordance with the terms of the exemptive order the Company received from the Securities and Exchange Commission (the “SEC”) permitting us to do so. (See Note 3 to the financial statements for discussion of the exemptive order from the SEC.)

(10) Other than the investments noted by this footnote, the fair value of the Company’s investments is determined using unobservable inputs that are significant to the overall fair value measurement. See Note 2 to the financial statements for more information regarding ASC 820, Fair Value Measurements (“ASC 820”).

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- (11) These securities are exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions that are exempt from registration, normally to qualified institutional buyers.
- (12) Par amount is denominated in USD unless otherwise noted, Euro (“€”), British Pound (“£”), and Canadian Dollar (“C\$”).
- (13) Non-income producing security.
- (14) Non-accrual status (See Note 2 to the financial statements).
- (15) The underlying investments of AIC SPV Holdings II, LLC is a securitization in which the Company has a 14.25% ownership interest in the residual tranche.
Refer to Note 7 to the financial statements for details of the Offsetting Assets and Liabilities. On the Statement of
- (16) Assets and Liabilities, the fair value of purchased put options and written call options that are settled-to-market are offset against the cash collateral posted with the clearing house as variation margin amounting to \$20,970. Investments that the Company has determined are not “qualifying assets” under Section 55(a) of the 1940 Act. Under the 1940 Act, we may not acquire any non-qualifying asset unless, at the time such acquisition is made,
- (17) qualifying assets represent at least 70% of our total assets. The status of these assets under the 1940 Act is subject to change. The Company monitors the status of these assets on an ongoing basis. As of March 31, 2018, non-qualifying assets represented approximately 15.13% of the total assets of the Company.
- (18) In addition to the interest earned based on the stated rate of this loan, the Company may be entitled to receive additional interest as a result of its arrangement with other lenders in a syndication.
- (19) This investment represents a leveraged subordinated interest in a trust that holds one foreign currency denominated bond and a derivative instrument.
Generally, the interest rate on floating interest rate investments is at benchmark rate plus spread. The borrower has an option to choose the benchmark rate, such as the London Interbank Offered Rate (“LIBOR”), the Euro Interbank Offered Rate (“EURIBOR”), the federal funds rate or the prime rate. The spread may change based on the type of rate used. The terms in the Schedule of Investments disclose the actual interest rate in effect as of the
- (20) reporting period. LIBOR loans are typically indexed to 30-day, 60-day, 90-day or 180-day LIBOR rates (1M L, 2M L, 3M L or 6M L, respectively), and EURIBOR loans are typically indexed to 90-day EURIBOR rates (3M E), at the borrower’s option. LIBOR and EURIBOR loans may be subject to interest floors. As of March 31, 2018, rates for 1M L, 2M L, 3M L, 6M L, 1M E, 3M E, and Prime are 1.88%, 2.00%, 2.31%, 2.45%, (0.41%), (0.37%) and 4.75%, respectively.
- (21) The rates associated with these undrawn committed revolvers and delayed draw term loans represent rates for commitment and unused fees.
- (22) This security is included in the Cash and Cash Equivalents on the Statements of Assets and Liabilities.

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As of March 31, 2018, the Company had the following commitments to fund various revolving and delayed draw senior secured and subordinated loans, including commitments to issue letters of credit through a financial intermediary on behalf of certain portfolio companies. Such commitments are subject to the satisfaction of certain (23) conditions set forth in the documents governing these loans and letters of credit and there can be no assurance that such conditions will be satisfied. See Note 10 to the financial statements for further information on revolving and delayed draw loan commitments, including commitments to issue letters of credit, related to certain portfolio companies.

Portfolio Company	Total Commitment	Drawn Commitment	Letters of Credit	Undrawn Commitment
Access CIG, LLC	\$ 3,765	\$ —	\$—	\$ 3,765
Aero Operating LLC	4,812	2,486	—	2,326
Alliant Holdings Intermediate, LLC	15,000	3,375	187	11,438
Altasciences US Acquisition, Inc.	4,276	285	—	3,991
American Media, Inc.	1,778	948	84	746
Carbonfree Caustic SPE LLC	6,111	—	—	6,111
Dynamic Product Tankers, LLC	2,750	—	2,750	—
Erickson Inc	45,000	21,140	7,659	16,201
Genesis Healthcare, Inc.	70,000	23,835	—	46,165
Invuity, Inc.	2,000	657	—	1,343
LabVantage Solutions Limited*	4,225	—	—	4,225
LSCS Holdings, Inc	4,545	—	—	4,545
Maxor National Pharmacy Services, LLC	1,558	195	—	1,363
Merx Aviation Finance Assets Ireland Limited	3,600	—	3,600	—
Merx Aviation Finance, LLC	177	—	177	—
Newscycle Solutions, Inc.	500	—	—	500
Omnitracs, LLC	3,750	—	—	3,750
Oxford Immunotec, Inc.	1,000	—	—	1,000
PSI Services, LLC*	462	238	—	224
PTC Therapeutics, Inc	6,333	—	—	6,333
Purchasing Power, LLC	4,500	3,068	—	1,432
RA Outdoors, LLC	1,200	—	—	1,200
RiteDose Holdings I, Inc.	2,000	1,067	—	933
SESAC Holdco II LLC	587	—	—	587
SHD Oil & Gas, LLC	2,800	—	—	2,800
Simplifi Holdings, Inc.	2,400	—	—	2,400
Teladoc, Inc.	1,667	—	378	1,289
Ten-X, LLC	4,680	520	—	4,160
Tibco Software Inc.	6,000	—	—	6,000
TricorBraun Holdings, Inc.	5,625	1,560	—	4,065
UniTek Global Services Inc.	10,857	—	5,857	5,000
Wright Medical Group, Inc.	50,000	18,333	—	31,667
ZPower, LLC	1,667	—	—	1,667
Total Commitments	\$ 275,625	\$ 77,707	\$20,692	\$ 177,226

* These investments are in a foreign currency and the total commitment has been converted to USD using the March 31, 2018 exchange rate.

(24) As of March 31, 2018, Dynamic Product Tankers, LLC had various classes of limited liability interests outstanding of which the Company holds Class A-1 and Class A-3 units which are identical except that Class A-1 unit is voting and Class A-3 unit is non-voting. The units entitle the Company to appoint three out of five managers to the board of managers.

(25) As of March 31, 2018, MSEA Tankers, LLC had various classes of limited liability interests outstanding of which the Company holds Class A-1 and Class A-2 units which are identical except that Class A-1 unit is voting and Class A-2 unit is non-voting. The units entitle the Company to appoint two out of three managers to the board of managers.

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SCHEDULE OF INVESTMENTS

March 31, 2018

(In thousands, except share data)

- (26) The Company holds three classes of warrants in Sprint Industrial Holdings, LLC. The Company holds 5,595 warrants of Class G, 507 warrants of Class H, and 1,239 warrants of Class I.
- (27) The notional value represents the number of contracts open multiplied by the exercise price as of March 31, 2018. The unused line fees of 0.50% and 0.25% are collected for the Unfunded Delayed Draw and Unfunded Revolver, respectively from both Altasciences US Acquisition, Inc. and Altasciences / 9360-1367 Quebec Inc. as each borrower has access to the respective lending facilities.
- AIC Spotted Hawk Holdings, LLC, AIC SHD Holdings, LLC and AIC Pelican Holdings, LLC are consolidated wholly-owned special purpose vehicles which only hold equity investments of the underlying portfolio companies (29) and have no other significant assets or liabilities. AIC Spotted Hawk Holdings, LLC and AIC SHD Holdings, LLC hold equity investments in SHD Oil & Gas, LLC. AIC Pelican Holdings, LLC holds an equity investment in Pelican Energy, LLC.

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APOLLO INVESTMENT CORPORATION

SCHEDULE OF INVESTMENTS

March 31, 2018

(In thousands, except share data)

(30) The following shows the composition of the Company's portfolio at cost by control designation, investment type and industry as of March 31, 2018:

Industry	First Lien - Secured Debt	Second Lien - Secured Debt	Unsecured Debt	Structured Products and Other	Preferred Equity	Common Equity/Interests	Warrant	Total
Non-Controlled / Non-Affiliated Investments								
Advertising, Printing & Publishing	\$26,259	\$7,473	\$—	\$—	\$—	\$—	\$—	\$33,732
Aerospace & Defense	20,682	46,988	—	—	—	—	—	67,670
Automotive	14,565	26,550	—	—	—	—	—	41,115
Business Services	109,729	218,112	80,000	—	—	4,500	—	412,341
Chemicals, Plastics & Rubber	59,305	14,423	—	—	—	—	—	73,728
Consumer Goods – Durable	14,572	24,649	—	—	—	—	—	39,221
Consumer Goods – Non-Durable	—	25,043	—	—	—	—	—	25,043
Consumer Services	—	24,628	—	—	—	—	—	24,628
Containers, Packaging & Glass	1,189	18,107	—	—	—	—	—	19,296
Diversified Investment Vehicles, Banking, Finance, Real Estate	3,156	12,867	—	25,691	—	—	—	41,714
Energy – Electricity	37,637	—	—	—	5,832	4	—	43,473
Food & Grocery	19,533	24,784	—	—	—	—	—	44,317
Healthcare & Pharmaceuticals	163,567	99,939	—	—	333	—	315	264,154
High Tech Industries	104,359	49,308	—	—	—	—	48	153,715
Hotel, Gaming, Leisure, Restaurants	2,500	—	—	—	—	—	—	2,500
Insurance	2,565	21,807	—	—	—	—	—	24,372
Manufacturing, Capital Equipment	—	39,400	—	—	—	—	—	39,400
Media – Diversified & Production	41	3,213	—	—	—	—	—	3,172
Metals & Mining	1,273	—	—	—	—	—	—	1,273
Telecommunications	34,318	22,565	9,918	—	—	—	—	66,801
Transportation – Cargo, Distribution	—	9,284	12,798	—	—	1,715	—	23,797
Utilities – Electric	—	—	—	26,030	—	—	—	26,030
Total Non-Controlled / Non-Affiliated Investments	\$615,168	\$689,140	\$102,716	\$51,721	\$6,165	\$6,219	\$363	\$1,471,492
Non-Controlled / Affiliated Investments								
Diversified Investment Vehicles, Banking, Finance, Real Estate	\$—	\$—	\$—	\$16,506	\$—	\$—	\$—	\$16,506
Energy – Electricity	5,811	—	—	—	13,911	13,274	—	32,996
Energy – Oil & Gas	—	—	—	—	—	24,441	—	24,441
Total Non-Controlled / Affiliated Investments	\$5,811	\$—	\$—	\$16,506	\$13,911	\$37,715	\$—	\$73,943
Controlled Investments	\$359,800	\$—	\$—	\$—	\$—	\$15,000	\$—	\$374,800

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Aviation and Consumer Transport								
Energy – Oil & Gas	122,016	30,510	—	—	—	31,489	—	184,015
Transportation – Cargo, Distribution	41,790	—	—	—	—	122,556	—	164,346
Total Controlled Investments	\$523,606	\$30,510	\$—	\$—	\$—	\$ 169,045	\$ —	\$723,161
Total	\$1,144,585	\$719,650	\$102,716	\$ 68,227	\$20,076	\$ 212,979	\$ 363	\$2,268,596

See notes to financial statements.

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APOLLO INVESTMENT CORPORATION

SCHEDULE OF INVESTMENTS

March 31, 2018

(In thousands, except share data)

(31) The following shows the composition of the Company's portfolio at fair value by control designation, investment type and industry as of March 31, 2018:

Industry	First Lien - Secured Debt	Second Lien - Secured Debt	Unsecured Debt	Structured Products and Other	Preferred Equity	Common Equity/Interests	Warrant	Total	% of Net Assets
Non-Controlled / Non-Affiliated Investments									
Advertising, Printing & Publishing	\$26,879	\$7,611	\$—	\$—	\$—	\$—	\$—	\$34,490	2.4 %
Aerospace & Defense	20,466	47,893	—	—	—	—	—	68,359	4.8 %
Automotive	14,550	26,325	—	—	—	—	—	40,875	2.9 %
Business Services	108,839	219,271	80,000	—	—	4,500	—	412,610	29.1 %
Chemicals, Plastics & Rubber	47,170	16,360	—	—	—	—	—	63,530	4.5 %
Consumer Goods – Durable	14,564	24,647	—	—	—	466	—	39,677	2.8 %
Consumer Goods – Non-Durable	—	25,476	—	—	—	—	—	25,476	1.8 %
Consumer Services	—	24,623	—	—	—	—	—	24,623	1.8 %
Containers, Packaging & Glass	1,561	10,159	—	—	—	—	—	11,720	0.8 %
Diversified									
Investment Vehicles, Banking, Finance, Real Estate	3,149	13,107	—	24,960	—	—	—	41,216	2.9 %
Energy – Electricity	37,778	—	—	—	5,008	929	—	43,715	3.1 %
Food & Grocery	19,502	25,250	—	—	—	—	—	44,752	3.2 %
Healthcare & Pharmaceuticals	164,419	88,252	—	—	333	—	173	253,177	17.9 %
High Tech Industries	104,053	49,655	—	—	—	—	78	153,786	10.8 %
Hotel, Gaming, Leisure, Restaurants	2,500	—	—	—	—	—	—	2,500	0.2 %
Insurance	2,947	21,216	—	—	—	—	—	24,163	1.7 %
Manufacturing, Capital Equipment	—	39,966	—	—	—	—	—	39,966	2.8 %
Media – Diversified & Production	(44)	3,233	—	—	—	—	—	3,189	0.2 %
Metals & Mining	451	—	—	—	—	—	—	451	0%
Telecommunications	34,965	22,941	10,117	—	—	—	—	68,023	4.8 %
Transportation – Cargo, Distribution	—	9,516	13,049	—	—	2,310	—	24,875	1.8 %
Utilities – Electric	—	—	—	28,860	—	—	—	28,860	2.0 %
Total	\$603,749	\$675,501	\$103,166	\$53,820	\$5,341	\$8,205	\$251	\$1,450,033	102.3 %
Non-Controlled /									

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Non-Affiliated									
Investments									
% of Net Assets	42.6	%47.6	%7.3	%3.8	%0.4	%0.6	%0%	102.3	%
Non-Controlled / Affiliated Investments									
Diversified									
Investment Vehicles,	\$—	\$—	\$—	\$14,147	\$—	\$—	\$—	\$14,147	1.0 %
Banking, Finance,									
Real Estate									
Energy – Electricity	6,063	—	—	—	25,711	10,087	—	41,861	3.0 %
Energy – Oil & Gas	—	—	—	—	—	12,946	—	12,946	0.9 %
Total									
Non-Controlled /	\$6,063	\$—	\$—	\$14,147	\$25,711	\$23,033	\$—	\$68,954	4.9 %
Affiliated									
Investments									
% of Net Assets	0.4	%—	%—	%1.0	%1.8	%1.7	%—	%4.9	%
Controlled Investments									
Aviation and	\$359,800	\$—	\$—	\$—	\$—	\$42,381	\$—	\$402,181	28.3 %
Consumer Transport									
Energy – Oil & Gas	120,331	30,510	—	—	—	20,303	—	171,144	12.1 %
Transportation –	42,000	—	—	—	—	113,735	—	155,735	11.0 %
Cargo, Distribution									
Total Controlled	\$522,131	\$30,510	\$—	\$—	\$—	\$176,419	\$—	\$729,060	51.4 %
Investments									
% of Net Assets	36.8	%2.2	%—	%—	%—	%12.4	%—	%51.4	%
Total	\$1,131,943	\$706,011	\$103,166	\$67,967	\$31,052	\$207,657	\$251	\$2,248,047	158.6 %
% of Net Assets	79.8	%49.8	%7.3	%4.8	%2.2	%14.7	%0%	158.6	%

See notes to financial statements.

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APOLLO INVESTMENT CORPORATION

SCHEDULE OF INVESTMENTS

March 31, 2018

(In thousands, except share data)

Industry Classification	Percentage of Total Investments (at Fair Value) as of March 31, 2018
Business Services	18.4%
Aviation and Consumer Transport	17.9%
Healthcare & Pharmaceuticals	11.3%
Energy – Oil & Gas	8.2%
Transportation – Cargo, Distribution	8.0%
High Tech Industries	6.9%
Energy – Electricity	3.8%
Aerospace & Defense	3.0%
Telecommunications	3.0%
Chemicals, Plastics & Rubber	2.8%
Diversified Investment Vehicles, Banking, Finance, Real Estate	2.5%
Food & Grocery	2.0%
Automotive	1.8%
Manufacturing, Capital Equipment	1.8%
Consumer Goods – Durable	1.8%
Advertising, Printing & Publishing	1.5%
Utilities – Electric	1.3%
Consumer Goods – Non-durable	1.1%
Consumer Services	1.1%
Insurance	1.1%
Containers, Packaging & Glass	0.5%
Media – Diversified & Production	0.1%
Hotel, Gaming, Leisure, Restaurants	0.1%
Metals & Mining	0.0%
Total Investments	100.0%

See notes to financial statements.

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APOLLO INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (Unaudited)

(In thousands, except share and per share data)

Note 1. Organization

Apollo Investment Corporation (the “Company,” “Apollo Investment,” “AIC,” “we,” “us,” or “our”), a Maryland corporation incorporated on February 2, 2004, is a closed-end, externally managed, non-diversified 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”). In addition, for tax purposes we have elected to be treated as a regulated investment company (“RIC”) under Subchapter M of the Internal Revenue Code of 1986, as amended (the “Code”). We commenced operations on April 8, 2004 receiving net proceeds of \$870,000 from our initial public offering by selling 62 million shares of common stock at a price of \$15.00 per share. Since then, and through June 30, 2018, we have raised approximately \$2,210,067 in net proceeds from additional offerings of common stock and repurchased common stock for \$127,978. Apollo Investment Management, L.P. (the “Investment Adviser” or “AIM”) is our investment adviser and an affiliate of Apollo Global Management, LLC and its consolidated subsidiaries (“AGM”). The Investment Adviser, subject to the overall supervision of our Board of Directors, manages the day-to-day operations of and provides investment advisory services to the Company.

Apollo Investment Administration, LLC (the “Administrator” or “AIA”), an affiliate of AGM, provides, among other things, administrative services and facilities for the Company. Furthermore, AIA provides on our behalf managerial assistance to those portfolio companies to which we are required to provide such assistance.

Our investment objective is to generate current income and capital appreciation. We invest primarily in various forms of debt investments, including secured and unsecured debt, loan investments, and/or equity in private middle-market companies. We may also invest in the securities of public companies and in structured products and other investments such as collateralized loan obligations (“CLOs”) and credit-linked notes (“CLNs”). Our portfolio is comprised primarily of investments in debt, including secured and unsecured debt of private middle-market companies that, in the case of senior secured loans, generally are not broadly syndicated and whose aggregate tranche size is typically less than \$250 million. Our portfolio may include equity interests such as common stock, preferred stock, warrants and/or options.

Note 2. Significant Accounting Policies

The following is a summary of the significant accounting and reporting policies used in preparing the financial statements.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) pursuant to the requirements on Form 10-Q, ASC 946, Financial Services — Investment Companies (“ASC 946”), and Articles 6, 10 and 12 of Regulation S-X. In the opinion of management, all adjustments, which are of a normal recurring nature, considered necessary for the fair presentation of the financial statements for the periods presented, have been included.

Under the 1940 Act, ASC 946, and the regulations pursuant to Article 6 of Regulation S-X, we are precluded from consolidating any entity other than another investment company or an operating company which provides substantially all of its services to benefit us. Consequently, as of June 30, 2018, the Company consolidated some special purposes entities. These special purposes entities only hold investments of the Company and have no other significant asset and liabilities. All significant intercompany transactions and balances have been eliminated in consolidation.

These financial statements should be read in conjunction with the audited financial statements and accompanying notes included in our Annual Report on Form 10-K for the year ended March 31, 2018.

Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amounts of income, expenses, gains and losses during the reported periods. Changes in the economic

environment, financial markets, credit worthiness of our portfolio companies and any other parameters used in determining these estimates could cause actual results to differ materially.

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APOLLO INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

(In thousands, except share and per share data)

Cash and Cash Equivalents

The Company defines cash equivalents as securities that are readily convertible into known amounts of cash and near maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only securities with a maturity of three months or less from the date of purchase would qualify, with limited exceptions. The Company deems that certain money market funds, U.S. Treasury bills, repurchase agreements, and other high-quality, short-term debt securities would qualify as cash equivalents.

Cash and cash equivalents are carried at cost which approximates fair value. Cash equivalents held as of June 30, 2018 was \$11,612. Cash equivalents held as of March 31, 2018 was \$14,035.

Collateral on Option Contracts

Collateral on option contracts represents restricted cash held by our counterparty as collateral against our derivative instruments until such contracts mature or are settled upon per agreement of buyer and seller of the contract. In accordance with Accounting

Standards Update No. 2016-18, Statement of Cash Flows: Restricted Cash, the Statements of Cash Flows outline the changes in cash, including both restricted and unrestricted cash, cash equivalents and foreign currencies.

Investment Transactions

Investments are recognized when we assume an obligation to acquire a financial instrument and assume the risks for gains and losses related to that instrument. Investments are derecognized when we assume an obligation to sell a financial instrument and forego the risks for gains or losses related to that instrument. Specifically, we record all security transactions on a trade date basis. Amounts for investments recognized or derecognized but not yet settled are reported as a receivable for investments sold and a payable for investments purchased, respectively, in the Statements of Assets and Liabilities.

Fair Value Measurements

The Company follows guidance in ASC 820, Fair Value Measurement (“ASC 820”), where fair value is defined 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. Fair value measurements are determined within a framework that establishes a three-tier hierarchy which maximizes the use of observable market data and minimizes the use of unobservable inputs to establish a classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk, such as the risk inherent in a particular valuation technique used to measure fair value using a pricing model and/or the risk inherent in the inputs for the valuation technique. Inputs may be observable or unobservable. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Company. Unobservable inputs reflect the Company’s own assumptions about the assumptions market participants would use in pricing the asset or liability based on the information available. The inputs or methodology used for valuing assets or liabilities may not be an indication of the risks associated with investing in those assets or liabilities.

ASC 820 classifies the inputs used to measure these fair values into the following hierarchy:

Level 1: Quoted prices in active markets for identical assets or liabilities, accessible by us at the measurement date.

Level 2: Quoted prices for similar assets or liabilities in active markets, or quoted prices for identical or similar assets or liabilities in markets that are not active, or other observable inputs other than quoted prices.

Level 3: Unobservable inputs for the asset or liability.

In all cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls has been determined based on the lowest level of input that is significant to the fair value measurement. Our assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to each investment. The level assigned to the investment valuations may not be indicative of the risk or liquidity associated with investing in such investments. Because of the inherent uncertainties of valuation, the values

reflected in the financial statements may differ materially from the values that would be received upon an actual disposition of such investments.

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APOLLO INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

(In thousands, except share and per share data)

Investment Valuation Process

Under procedures established by our Board of Directors, we value investments, including certain secured debt, unsecured debt and other debt securities with maturities greater than 60 days, for which market quotations are readily available, at such market quotations (unless they are deemed not to represent fair value). We attempt to obtain market quotations from at least two brokers or dealers (if available, otherwise from a principal market maker, primary market dealer or other independent pricing service). We utilize mid-market pricing as a practical expedient for fair value unless a different point within the range is more representative. If and when market quotations are unavailable or are deemed not to represent fair value, we typically utilize independent third party valuation firms to assist us in determining fair value. Accordingly, such investments go through our multi-step valuation process as described below. In each case, our independent third party valuation firms consider observable market inputs together with significant unobservable inputs in arriving at their valuation recommendations for such investments. Investments purchased within 15 business days before the valuation date and debt investments with remaining maturities of 60 days or less may each be valued at cost with interest accrued or discount amortized to the date of maturity (although they are typically valued at available market quotations), unless such valuation, in the judgment of our Investment Adviser, does not represent fair value. In this case such investments shall be valued at fair value as determined in good faith by or under the direction of our Board of Directors including using market quotations where available. Investments that are not publicly traded or whose market quotations are not readily available are valued at fair value as determined in good faith by or under the direction of our Board of Directors. Such determination of fair values may involve subjective judgments and estimates.

With respect to investments for which market quotations are not readily available or when such market quotations are deemed not to represent fair value, our Board of Directors has approved a multi-step valuation process each quarter, as described below:

1. Our quarterly valuation process begins with each investment being initially valued by the investment professionals of our Investment Adviser who are responsible for the investment.
2. Preliminary valuation conclusions are then documented and discussed with senior management of our Investment Adviser.
3. Independent valuation firms are engaged by our Board of Directors to conduct independent appraisals by reviewing our Investment Adviser's preliminary valuations and then making their own independent assessment.
The Audit Committee of the Board of Directors reviews the preliminary valuation of our Investment Adviser and
4. the valuation prepared by the independent valuation firms and responds, if warranted, to the valuation recommendation of the independent valuation firms.
5. The Board of Directors discusses valuations and determines in good faith the fair value of each investment in our portfolio based on the input of our Investment Adviser, the applicable independent valuation firm, and the Audit Committee of the Board of Directors.

Investments determined by these valuation procedures which have a fair value of less than \$1 million during the prior fiscal quarter may be valued based on inputs identified by the Investment Adviser without the necessity of obtaining valuation from an independent valuation firm, if once annually an independent valuation firm using the procedures described herein provides an independent assessment of value. Investments in all asset classes are valued utilizing a market approach, an income approach, or both approaches, as appropriate. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities (including a business). The income approach uses valuation techniques to convert future amounts (for example, cash flows or earnings) to a single present amount (discounted). The measurement is based on the value indicated by current market expectations about those future amounts. In following these approaches, the types of factors that we may take into account in fair value pricing our investments include, as relevant: available current market data, including relevant and applicable market trading and transaction comparables, applicable market yields and multiples, security covenants, seniority of investment in the investee company's capital structure, call protection provisions, information rights, the

nature and realizable value of any collateral, the portfolio company's ability to make payments, its earnings and discounted cash flows, the markets in which the portfolio company does business, comparisons of financial ratios of peer companies that are public, M&A comparables, our principal market (as the reporting entity) and enterprise values, among other factors. When readily available, broker quotations and/or quotations provided by pricing services are considered as an input in the valuation process. During the three months ended June 30, 2018, there were no significant changes to the Company's valuation techniques and related inputs considered in the valuation process.

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APOLLO INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

(In thousands, except share and per share data)

Derivative Instruments

The Company recognizes all derivative instruments as assets or liabilities at fair value in its financial statements.

Derivative contracts entered into by the Company are not designated as hedging instruments, and as a result the Company presents changes in fair value and realized gains or losses through current period earnings.

Derivative instruments are measured in terms of the notional contract amount and derive their value based upon one or more underlying instruments. Derivative instruments are subject to various risks similar to non-derivative instruments including market, credit, liquidity, and operational risks. The Company manages these risks on an aggregate basis as part of its risk management process. The derivatives may require the Company to pay or receive an upfront fee or premium. These upfront fees or premiums are carried forward as cost or proceeds to the derivatives.

Exchange-traded derivatives which include put and call options are valued based on the last reported sales price on the date of valuation. Over-the-counter (“OTC”) derivatives, including credit default swaps, are valued by the Investment Adviser using quotations from counterparties. In instances where models are used, the value of the OTC derivative is derived from the contractual terms of, and specific risks inherent in, the instrument as well as the availability and reliability of observable inputs, such as credit spreads.

Offsetting Assets and Liabilities

The Company has elected not to offset cash collateral against the fair value of derivative contracts. The fair values of these derivatives are presented on a gross basis, even when derivatives are subject to master netting agreements. The Company’s disclosures regarding offsetting are discussed in Note 7 to the financial statements.

Valuation of Other Financial Assets and Financial Liabilities

ASC 825, Financial Instruments, permits an entity to choose, at specified election dates, to measure certain assets and liabilities at fair value (the “Fair Value Option”). We have not elected the Fair Value Option to report selected financial assets and financial liabilities. Debt issued by the Company is reported at amortized cost (see Note 8 to the financial statements). The carrying value of all other financial assets and liabilities approximates fair value due to their short maturities or their close proximity of the originations to the measurement date.

Realized Gains or Losses

Security transactions are accounted for on a trade date basis. Realized gains or losses on investments are calculated by using the specific identification method. Securities that have been called by the issuer are recorded at the call price on the call effective date.

Investment Income Recognition

The Company records interest and dividend income, adjusted for amortization of premium and accretion of discount, on an accrual basis. Some of our loans and other investments, including certain preferred equity investments, may have contractual payment-in-kind (“PIK”) interest or dividends. PIK income computed at the contractual rate is accrued into income and reflected as receivable up to the capitalization date. PIK investments offer issuers the option at each payment date of making payments in cash or in additional securities. When additional securities are received, they typically have the same terms, including maturity dates and interest rates as the original securities issued. On these payment dates, the Company capitalizes the accrued interest or dividends receivable (reflecting such amounts as the basis in the additional securities received). PIK generally becomes due at maturity of the investment or upon the investment being called by the issuer. At the point the Company believes PIK is not fully expected to be realized, the PIK investment will be placed on non-accrual status. When a PIK investment is placed on non-accrual status, the accrued, uncapitalized interest or dividends are reversed from the related receivable through interest or dividend income, respectively. The Company does not reverse previously capitalized PIK interest or dividends. Upon capitalization, PIK is subject to the fair value estimates associated with their related investments. PIK investments on non-accrual status are restored to accrual status if the Company believes that PIK is expected to be realized.

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APOLLO INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

(In thousands, except share and per share data)

Investments that are expected to pay regularly scheduled interest and/or dividends in cash are generally placed on non-accrual status when principal or interest/dividend cash payments are past due 30 days or more and/or when it is no longer probable that principal or interest/dividend cash payments will be collected. Such non-accrual investments are restored to accrual status if past due principal and interest or dividends are paid in cash, and in management's judgment, are likely to continue timely payment of their remaining interest or dividend obligations. Interest or dividend cash payments received on non-accrual designated investments may be recognized as income or applied to principal depending upon management's judgment.

Loan origination fees, original issue discount ("OID"), and market discounts are capitalized and accreted into interest income over the respective terms of the applicable loans using the effective interest method or straight-line, as applicable. Upon the prepayment of a loan, prepayment premiums, any unamortized loan origination fees, OID, or market discounts are recorded as interest income. Other income generally includes amendment fees, bridge fees, and structuring fees which are recorded when earned.

The Company records as dividend income the accretable yield from its beneficial interests in structured products such as CLOs based upon a number of cash flow assumptions that are subject to uncertainties and contingencies. Such assumptions include the rate and timing of principal and interest receipts (which may be subject to prepayments and defaults) of the underlying pool of assets. These assumptions are updated on at least a quarterly basis to reflect changes related to a particular security, actual historical data, and market changes. A structured product investment typically has an underlying pool of assets. Payments on structured product investments are and will be payable solely from the cash flows from such assets. As such, any unforeseen event in these underlying pools of assets might impact the expected recovery of principal and future accrual of income.

Expenses

Expenses include management fees, performance-based incentive fees, insurance expenses, administrative service fees, legal fees, directors' fees, audit and tax service expenses, third-party valuation fees and other general and administrative expenses. Expenses are recognized on an accrual basis.

Financing Costs

The Company records expenses related to shelf filings and applicable offering costs as deferred financing costs in the Statements of Assets and Liabilities. To the extent such expenses relate to equity offerings, these expenses are charged as a reduction of capital upon utilization, in accordance with ASC 946-20-25, or charged to expense if no offering is completed.

The Company records origination and other expenses related to its debt obligations as deferred financing costs. The deferred financing cost for all outstanding debt is presented as a direct deduction from the carrying amount of the related debt liability, except that incurred under the Senior Secured Facility (as defined in Note 8 to the financial statements), which the Company presents as an asset on the Statements of Assets and Liabilities. These expenses are deferred and amortized as part of interest expense using the straight-line method over the stated life of the obligation which approximates the effective yield method. In the event that we modify or extinguish our debt before maturity, the Company follows the guidance in ASC 470-50, Modification and Extinguishments ("ASC 470-50"). For modifications to or exchanges of our Senior Secured Facility (as defined in Note 8 to the financial statements), any unamortized deferred financing costs relating to lenders who are not part of the new lending group are expensed. For extinguishments of our senior secured notes and senior unsecured notes, any unamortized deferred financing costs are deducted from the carrying amount of the debt in determining the gain or loss from the extinguishment.

Foreign Currency Translations

The accounting records of the Company are maintained in U.S. dollars. All assets and liabilities denominated in foreign currencies are translated into U.S. dollars based on the foreign exchange rate on the date of valuation. The Company does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held. The Company's investments in foreign securities may involve certain risks, including without limitation: foreign exchange restrictions,

expropriation, taxation or other political, social or economic risks, all of which could affect the market and/or credit risk of the investment. In addition, changes in the relationship of foreign currencies to the U.S. dollar can significantly affect the value of these investments and therefore the earnings of the Company.

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APOLLO INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

(In thousands, except share and per share data)

Dividends and Distributions

Dividends and distributions to common stockholders are recorded as of the ex-dividend date. The amount to be paid out as a distribution is determined by the Board of Directors each quarter. Net realized capital gains, if any, are generally distributed or deemed distributed at least annually.

Share Repurchases

In connection with the Company's share repurchase program, the cost of shares repurchased is charged to net assets on the trade date.

Federal and State Income Taxes

We have elected to be treated as a RIC under the Code and operate in a manner so as to qualify for the tax treatment applicable to RICs. To qualify as a RIC, the Company must (among other requirements) meet certain source-of-income and asset diversification requirements and timely distribute to its stockholders at least 90% of its investment company taxable income as defined by the Code, for each year. The Company (among other requirements) has made and intends to continue to make the requisite distributions to its stockholders, which will generally relieve the Company from corporate-level income taxes. For income tax purposes, distributions made to stockholders are reported as ordinary income, capital gains, non-taxable return of capital, or a combination thereof. The tax character of distributions paid to stockholders through June 30, 2018 may include return of capital, however, the exact amount cannot be determined at this point. The final determination of the tax character of distributions will not be made until we file our tax return for the tax year ending March 31, 2019. The character of income and gains that we will distribute is determined in accordance with income tax regulations that may differ from GAAP. Book and tax basis differences relating to stockholder dividend and distributions and other permanent book and tax difference are reclassified to paid-in capital.

If we do not distribute (or are not deemed to have distributed) at least 98% of our annual ordinary income and 98.2% of our capital gains in the calendar year earned, we will generally be required to pay excise tax equal to 4% of the amount by which 98% of our annual ordinary income and 98.2% of our capital gains exceed the distributions from such taxable income for the year. To the extent that we determine that our estimated current year annual taxable income will be in excess of estimated current year dividend distributions from such taxable income, we accrue excise taxes, if any, on estimated undistributed taxable income.

If we fail to satisfy the annual distribution requirement or otherwise fail to qualify as a RIC in any taxable year, we would be subject to tax on all of our taxable income at regular corporate rates. Distribution would generally be taxable to our individual and other non-corporate taxable stockholders as ordinary dividend income eligible for the reduced maximum rate applicable to qualified dividend income to the extent of our current and accumulated earnings and profits provided certain holding period and other requirements are met. Subject to certain limitation under the Code, corporate distributions would be eligible for the dividend-received deduction. To qualify again to be taxed as a RIC in a subsequent year, we would be required to distribute to our stockholders our accumulated earnings and profits payable by us as an additional tax. In addition, if we failed to qualify as a RIC for a period greater than two taxable years, then, in order to qualify as a RIC in a subsequent year, we would be required to elect to recognize and pay tax on any net built-in gain (the excess of aggregate gain, including items of income, over aggregate loss that would have been realized if we had been liquidated) or, alternatively, be subject to taxation on such built-in gain recognized for a period of five years.

We follow ASC 740, Income Taxes ("ASC 740"). ASC 740 provides guidance for how uncertain tax positions should be recognized, measured, presented, and disclosed in the financial statements. ASC 740 requires the evaluation of tax positions taken or expected to be taken in the course of preparing our tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold are recorded as a tax benefit or expense in the current year. Penalties or interest, if applicable, that may be assessed relating to income taxes would be classified as other operating expenses in the financial statements. As of June 30, 2018, there were no uncertain tax positions and no amounts accrued for

interest or penalties. Management's determinations regarding ASC 740 may be subject to review and adjustment at a later date based upon factors including, but not limited to, an on-going analysis of tax laws, regulations and interpretations thereof. Although we file both federal and state income tax returns, our major tax jurisdiction is federal. Our tax returns for each of our federal tax years since 2015 remain subject to examination by the Internal Revenue Service.

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APOLLO INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

(In thousands, except share and per share data)

Note 3. Related Party Agreements and Transactions

Investment Advisory Agreement with AIM

The Company has an investment advisory management agreement with the Investment Adviser (the “Investment Advisory Agreement”) under which AIM receives a fee from the Company, consisting of two components — a base management fee and a performance-based incentive fee.

Base Management Fee

Effective April 1, 2018, the base management fee is calculated initially at an annual rate of 1.50% (0.375% per quarter) of the lesser of (i) the average of the value of the Company’s gross assets (excluding cash or cash equivalents but including other assets purchased with borrowed amounts) at the end of each of the two most recently completed calendar quarters and (ii) the average monthly value (measured as of the last day of each month) of the Company’s gross assets (excluding cash or cash equivalents but including other assets purchased with borrowed amounts) during the most recently completed calendar quarter; provided, however, in each case, the base management fee is calculated at an annual rate of 1.00% (0.250% per quarter) of the average of the value of the Company’s gross assets (excluding cash or cash equivalents but including other assets purchased with borrowed amounts) that exceeds the product of (A) 200% and (B) the value of the Company’s net asset value at the end of the prior calendar quarter. The base management fee will be payable quarterly in arrears. The value of the Company’s gross assets shall be calculated in accordance with the Company’s valuation policies.

For the period from April 1, 2017 through March 31, 2018, the base management was calculated at an annual rate of 2% (0.50% per quarter) of the average of the value of the Company’s gross assets (excluding cash or cash equivalents but including other assets purchased with borrowed amounts) at the end of each of the two most recently completed calendar quarters. For the same period, the Investment Adviser agreed to waive 25% of its base management fee so the base management fee was reduced from 2% to 1.50%.

Performance-based Incentive Fee

The incentive fee (the “Incentive Fee”) consists of two components that are determined independent of each other, with the result that one component may be payable even if the other is not. A portion of the Incentive Fee is based on income and a portion is based on capital gains, each as described below:

A. Incentive Fee based on Income

(i) Incentive Fee on Pre-Incentive Fee Net Investment Income - (April 1, 2017 - December 31, 2018)

The first part of the incentive fee is calculated and payable quarterly in arrears based on our pre-incentive fee net investment income for the immediately preceding calendar quarter at an annual rate of 20%. For this purpose, pre-incentive fee net investment income means interest income, dividend income and any other income (including, without limitation, any accrued income that the Company has not yet received in cash and any other fees such as commitment, origination, structuring, diligence and consulting fees or other fees that the Company receives from portfolio companies) accrued during the calendar quarter, minus the Company’s operating expenses accrued during the calendar quarter (including, without limitation, the Base Management Fee, administration expenses and any interest expense and dividends paid on any issued and outstanding preferred stock, but excluding the Incentive Fee on Income and the Incentive Fee on Capital Gains). Pre-incentive fee net investment income does not include any realized or unrealized gains or losses. Pre-incentive fee net investment income, expressed as a rate of return on the value of our net assets at the end of the immediately preceding calendar quarter, is compared to the rate of 1.75% per quarter (7% annualized) (the “performance threshold”). For the period from April 1, 2017 through December 31, 2018, if the resulting incentive fee rate was less than 20% due to the incentive fee waiver discussed below, the percentage at which the Investment Adviser’s 100% catch-up is complete would also be reduced ratably from 2.1875% (8.75% annualized) to as low as 2.06% (8.24% annualized) (“catch-up threshold”).

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NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

(In thousands, except share and per share data)

The Company pays the Investment Adviser an incentive fee with respect to our pre-incentive fee net investment income in each calendar quarter as follows: (1) no incentive fee in any calendar quarter in which our pre-incentive fee net investment income does not exceed the performance threshold; and (2) 100% of our pre-incentive fee net investment income with respect to that portion of such pre-incentive fee net investment income, if any, that exceeds 1.75% but does not exceed the catch-up threshold in any calendar quarter; and (3) for the period from April 1, 2017 through December 31, 2018, 15% to 20% of the amount of our pre-incentive fee net investment income, if any, that exceeds catch-up threshold in any calendar quarter. These calculations are appropriately prorated for any period of less than three months. The effect of the fee calculation described above is that if pre-incentive fee net investment income is equal to or exceeds catch-up threshold, the Investment Adviser will receive a fee of 15% to 20% of our pre-incentive fee net investment income for the quarter.

Incentive Fee Waiver

For the period from April 1, 2018 through December 31, 2018, the Investment Adviser has agreed to waive 25% of its performance based incentive fee so that the incentive fee on pre-incentive fee net investment income is accrued at 15%.

For the period from April 1, 2017 through March 31, 2018, the Investment Adviser has agreed to waive up to 25% of its performance based incentive fee so that the incentive fee on pre-incentive fee net investment income could be accrued at as low a rate as 15% to the extent the Company experiences cumulative net realized and change in unrealized losses during the waiver period (“cumulative net losses”). The inclusion of cumulative net gains and cumulative net losses will be measured on a cumulative basis from April 1, 2017 through the end of each quarter during the waiver period. Any cumulative net gains will result in a dollar for dollar increase in the incentive fee payable up to a maximum rate of 20% and any cumulative net losses will result in a dollar for dollar decrease in the incentive fee payable down to a minimum rate of 15%.

(ii) Incentive Fee on Pre-Incentive Fee Net Income - effective from January 1, 2019

Beginning January 1, 2019, the incentive fee on pre-incentive fee net investment income will be determined and paid quarterly in arrears by calculating the amount by which (x) the aggregate amount of the pre-incentive fee net investment income in respect of the current calendar quarter and each of the eleven preceding calendar quarters beginning with the calendar quarter that commences on or after April 1, 2018 (the “trailing twelve quarters”) exceeds (y) preferred return amount in respect of the trailing twelve quarters.

The preferred return amount will be determined on a quarterly basis, and will be calculated by summing the amounts obtained by multiplying 1.75% by the Company’s net asset value at the beginning of each applicable calendar quarter comprising the relevant trailing twelve quarters. The preferred return amount will be calculated after making appropriate adjustments to the Company’s net asset value at the beginning of each applicable calendar quarter for Company capital issuances and distributions during the applicable calendar quarter.

The amount of the Incentive Fee on Income that will be paid to the Investment Adviser for a particular quarter will equal the excess of the incentive fee on pre-incentive fee net investment income, so calculated less the aggregate incentive fee on pre-incentive fee net investment income that were paid to the Investment Adviser (excluding waivers, if any) in the preceding eleven calendar quarters comprising the relevant trailing twelve quarters.

The Company will pay the Investment Adviser an incentive fee with respect to our pre-incentive fee net investment income in each calendar quarter as follows:

- (1) no incentive fee in any calendar quarter in which our pre-incentive fee net investment income for the trailing twelve quarters does not exceed the preferred return amount.
- (2) 100% of our pre-incentive fee net investment income for the trailing twelve quarters, if any, that exceeds the preferred return amount but is less than or equal to an amount (the “catch-up amount”) determined by multiplying 2.1875% by the Company’s net asset value at the beginning of each applicable calendar quarter comprising the relevant trailing twelve quarters.

(3) for any quarter in which the Company's pre-incentive fee net investment income for the trailing twelve quarters exceeds the catch-up amount, the incentive fee shall equal 20% of the amount of the Company's pre-incentive fee net investment income for such trailing twelve quarters.

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NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

(In thousands, except share and per share data)

The Incentive Fee on Income as calculated is subject to a cap (the “Incentive Fee Cap”). The Incentive Fee Cap in any quarter is an amount equal to (a) 20% of the Cumulative Pre-Incentive Fee Net Return (as defined below) during the relevant trailing twelve quarters less (b) the aggregate Incentive Fees on Income that were paid to the Investment Adviser (excluding waivers, if any) in the preceding eleven calendar quarters (or portion thereof) comprising the relevant trailing twelve quarters.

For this purpose, “Cumulative Pre-Incentive Fee Net Return” during the relevant trailing twelve quarters means (x) Pre-Incentive Fee Net Investment Income in respect of the trailing twelve quarters less (y) any Net Capital Loss, since April 1, 2018, in respect of the trailing twelve quarters. If, in any quarter, the Incentive Fee Cap is zero or a negative value, the Company shall pay no Incentive Fee on Income to the Investment Adviser in that quarter. If, in any quarter, the Incentive Fee Cap is a positive value but is less than the Incentive Fee on Income calculated in accordance with Section 3(c)(i) above, the Company shall pay the Investment Adviser the Incentive Fee Cap for such quarter. If, in any quarter, the Incentive Fee Cap is equal to or greater than the Incentive Fee on Income calculated in accordance with Section 3(c)(i) above, the Company shall pay the Investment Adviser the Incentive Fee on Income for such quarter. “Net Capital Loss” in respect of a particular period means the difference, if positive, between (i) aggregate capital losses, whether realized or unrealized, in such period and (ii) aggregate capital gains, whether realized or unrealized, in such period.

B. Annual Incentive Fee Based on Capital Gains.

The Incentive Fee on Capital Gains shall be determined and payable in arrears as of the end of each calendar year (or upon termination of this agreement). This fee shall equal 20.0% of the sum of the Company’s realized capital gains on a cumulative basis, calculated as of the end of each calendar year (or upon termination of this Agreement), computed net of all realized capital losses and unrealized capital depreciation on a cumulative basis, less the aggregate amount of any Incentive Fees on Capital Gains previously paid to the Investment Adviser. The aggregate unrealized capital depreciation of the Company shall be calculated as the sum of the differences, if negative, between (a) the valuation of each investment in the Company’s portfolio as of the applicable calculation date and (b) the accreted or amortized cost basis of such investment.

For accounting purposes only, we are required under GAAP to accrue a theoretical capital gains incentive fee based upon net realized capital gains and unrealized capital gain and loss on investments held at the end of each period. The accrual of this theoretical capital gains incentive fee assumes all unrealized capital gain and loss is realized in order to reflect a theoretical capital gains incentive fee that would be payable to the Investment Adviser at each measurement date. There was no accrual for theoretical capital gains incentive fee for the three months ended June 30, 2018 and 2017. It should be noted that a fee so calculated and accrued would not be payable under the Investment Advisers Act of 1940 (the “Advisers Act”) or the Investment Advisory Agreement, and would not be paid based upon such computation of capital gains incentive fees in subsequent periods. Amounts actually paid to the Investment Adviser will be consistent with the Advisers Act and formula reflected in the Investment Advisory Agreement which specifically excludes consideration of unrealized capital gain.

Deferred Payment of Certain Incentive Fees

For the period between April 1, 2013 and March 31, 2018, AIM has agreed to be paid the portion of the incentive fee that is attributable to interest or dividend income on PIK securities when the Company receives such interest or dividend income in cash. The accrual of incentive fee shall be reversed if such interest or dividend income is written off or determined to be no longer realizable. Upon payment of the deferred incentive fee, AIM will also receive interest on the deferred incentive fee at an annual rate of 3.25% for the period between the date in which the incentive fee is earned and the date of payment.

Effective April 1, 2018, with changes in the incentive fees calculation there will be no more deferral of incentive fees on PIK income. The interest will only continue to accrue on the deferred incentive fees payable to AIM as of March 31, 2018.

For the three months ended June 30, 2018 and 2017, the Company recognized \$8,873 and \$12,125 respectively, of management fees, and \$7,423 and \$7,912, respectively, of incentive fees before impact of waived fees. For the three months ended June 30, 2018 and 2017, management fees waived were \$0 and \$3,031, respectively, and incentive fees waived were \$1,856 and \$1,978, respectively. As of June 30, 2018 and March 31, 2018, management and performance-based incentive fees payable were \$17,506 and \$16,585, respectively.

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NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

(In thousands, except share and per share data)

For the three months ended June 30, 2018 and 2017, the amount of incentive fees on PIK income for which payments have been deferred were \$0 and \$871, respectively. For the three months ended June 30, 2018 and 2017, the Company reversed none of the deferred incentive fee payable related to PIK income which were deemed to be no longer realizable. As of June 30, 2018 and March 31, 2018, the cumulative deferred incentive fee on PIK income included in management and performance-based incentive fee payable line of the Statements of Assets and Liabilities were \$3,066 and \$3,066, respectively.

For the three months ended June 30, 2018 and 2017, the amount of interest on deferred incentive fees accrued were \$25 and \$19. For the three months ended June 30, 2018 and 2017, the Company reversed none of the accrued interest payable on deferred incentive fees related to PIK income which were deemed to be no longer realizable. As of June 30, 2018 and March 31, 2018, the accrued interest payable on deferred incentive fees were \$109 and \$85, respectively.

Administration Agreement with AIA

The Company has also entered into an administration agreement with the Administrator (the “Administration Agreement”) under which AIA provides administrative services for the Company. For providing these services, facilities and personnel, the Company reimburses the Administrator for the allocable portion of overhead and other expenses incurred by the Administrator and requested to be reimbursed by the Administrator in performing its obligations under the Administration Agreement. The expenses include rent and the Company’s allocable portion of compensation and other related expenses for its Chief Financial Officer, Chief Legal Officer and Chief Compliance Officer and their respective staffs. For the three months ended June 30, 2018 and 2017, the Company recognized administrative services expense under the Administration Agreement of \$1,638 and \$1,675, respectively. There was no payable to AIA and its affiliates for expenses paid on our behalf as of June 30, 2018 and March 31, 2018.

Administrative Service Expense Reimbursement

Merx Aviation Finance, LLC (“Merx”), a wholly-owned portfolio company of the Company, has entered into an administration agreement with the Administrator (the “Merx Administration Agreement”) under which AIA provides administrative services to Merx. For the three months ended June 30, 2018 and 2017, the Company recognized administrative service expense reimbursements of \$63 and \$63, respectively, under the Merx Administration Agreement.

Debt Expense Reimbursements

The Company has also entered into debt expense reimbursement agreements with Merx Aviation Finance Assets Ireland Limited (an affiliate of Merx), Dynamic Product Tankers, LLC and UniTek Global Services Inc. which will reimburse the Company for reasonable out-of-pocket expenses incurred, including any interest, fees or other amounts incurred by the Company in connection with letters of credit issued on their behalf. For the three months ended June 30, 2018 and 2017, the Company recognized debt expense reimbursements of \$81 and \$85, respectively, under the debt expense reimbursement agreements.

Co-Investment Activity

We may co-invest on a concurrent basis with affiliates of ours, subject to compliance with applicable regulations and our allocation procedures. Certain types of negotiated co-investments may be made only in accordance with the terms of the exemptive order we received from the SEC permitting us to do so. On March 29, 2016, we received an exemptive order from the SEC (the “Order”) permitting us greater flexibility to negotiate the terms of co-investment transactions with certain of our affiliates, including investment funds managed by AIM or its affiliates, subject to the conditions included therein. Under the terms of the Order, a “required majority” (as defined in Section 57(o) of the 1940 Act) of our independent directors must be able to reach certain conclusions in connection with a co-investment transaction, including that (1) the terms of the proposed transaction are reasonable and fair to us and our stockholders and do not involve overreaching of us or our stockholders on the part of any person concerned, and (2) the transaction is consistent with the interests of our stockholders and is consistent with our Board of Directors’ approved criteria. In certain situations where co-investment with one or more funds managed by AIM or its affiliates is not covered by the

Order, the personnel of AIM or its affiliates will need to decide which fund will proceed with the investment. Such personnel will make these determinations based on allocation policies and procedures, which are designed to reasonably ensure that investment opportunities are allocated fairly and equitably among affiliated funds over time and in a manner that is consistent with applicable laws, rules and regulations. The Order is subject to certain terms and conditions so there can be no assurance that we will be permitted to co-invest with certain of our affiliates other than in the circumstances currently permitted by regulatory guidance and the Order.

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NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

(In thousands, except share and per share data)

As of June 30, 2018, the Company's co-investment holdings were 24% of the portfolio or \$607,941, measured at fair value. On a cost basis, 24% of the portfolio or \$606,371 were co-investments. As of March 31, 2018, the Company's co-investment holdings were 22% of the portfolio or \$498,704, measured at fair value. On a cost basis, 22% of the portfolio or \$497,418 were co-investments.

Note 4. Earnings Per Share

The following table sets forth the computation of earnings (loss) per share ("EPS"), pursuant to ASC 260-10, for the three months ended June 30, 2018 and 2017:

	Three Months Ended	
	June 30, 2018	2017
Basic Earnings (Loss) Per Share		
Net increase (decrease) in net assets resulting from operations	\$ 13,250	\$ 28,781
Weighted average shares outstanding	215,914,717	219,694,654
Basic earnings (loss) per share	\$0.06	\$ 0.13

Note 5. Investments

Fair Value Measurement and Disclosures

The following table shows the composition of our investment and derivative portfolio as of June 30, 2018, with the fair value disaggregated into the three levels of the fair value hierarchy in accordance with ASC 820:

	Cost	Fair Value	Fair Value Hierarchy		
			Level 1	Level 2	Level 3
First Lien Secured Debt	\$ 1,366,220	\$ 1,363,867	\$—	\$—	\$ 1,363,867
Second Lien Secured Debt	751,684	737,124	—	315,101	422,023
Unsecured Debt	90,290	90,599	—	—	90,599
Structured Products and Other	68,284	67,373	—	—	67,373
Preferred Equity	20,640	31,400	—	—	31,400
Common Equity/Interests	215,936	204,849	—	—	204,849
Warrants	363	247	—	—	247
Total Investments before Option Contracts and Cash Equivalents	\$ 2,513,417	\$ 2,495,459	\$—	\$ 315,101	\$ 2,180,358
Purchased Put Options	\$ 3,192	\$ 348	\$ 348	\$—	\$—
Written Call Options	(3,390)	(20,258)	(20,258)	—	—
Total Option Contracts	\$(198)	\$(19,910)	\$(19,910)	\$—	\$—
Money Market Fund	\$ 11,612	\$ 11,612	\$ 11,612	\$—	\$—
Total Cash Equivalents	\$ 11,612	\$ 11,612	\$ 11,612	\$—	\$—
Total Investments after Option Contracts and Cash Equivalents	\$ 2,524,831	\$ 2,487,161	\$(8,298)	\$ 315,101	\$ 2,180,358

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APOLLO INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

(In thousands, except share and per share data)

The following table shows the composition of our investment and derivative portfolio as of March 31, 2018, with the fair value disaggregated into the three levels of the fair value hierarchy in accordance with ASC 820:

	Cost	Fair Value	Fair Value Hierarchy		
			Level 1	Level 2	Level 3
First Lien Secured Debt	\$1,144,585	\$1,131,943	\$—	\$—	\$1,131,943
Second Lien Secured Debt	719,650	706,011	—	290,673	415,338
Unsecured Debt	102,716	103,166	—	13,049	90,117
Structured Products and Other	68,227	67,967	—	—	67,967
Preferred Equity	20,076	31,052	—	—	31,052
Common Equity/Interests	212,979	207,657	—	—	207,657
Warrants	363	251	—	—	251
Total Investments before Option Contracts and Cash Equivalents	\$2,268,596	\$2,248,047	\$—	\$303,722	\$1,944,325
Purchased Put Options	\$5,758	\$1,226	\$1,226	\$—	\$—
Written Call Options	(5,736)	(20,350)	(20,350)	—	—
Total Option Contracts	\$22	\$(19,124)	\$(19,124)	\$—	\$—
Money Market Fund	\$14,035	\$14,035	\$14,035	\$—	\$—
Total Cash Equivalents	\$14,035	\$14,035	\$14,035	\$—	\$—
Total Investments after Option Contracts and Cash Equivalents	\$2,282,653	\$2,242,958	\$(5,089)	\$303,722	\$1,944,325

The following table shows changes in the fair value of our Level 3 investments during the three months ended June 30, 2018:

	First Lien Secured Debt (2)	Second Lien Secured Debt (2)	Unsecured Debt	Structured Products and Other	Preferred Equity	Common Equity/Interests	Warrants	Total
Fair value as of March 31, 2018	\$1,131,943	\$415,338	\$90,117	\$67,967	\$31,052	\$207,657	\$251	\$1,944,325
Net realized gains (losses)	23	29	—	—	(1)	—	—	51
Net change in unrealized gains (losses)	10,290	1,296	110	(652)	(216)	(5,766)	(4)	5,058
Net amortization on investments	904	343	—	107	—	—	—	1,354
Purchases, including capitalized PIK (3)	315,052	24,630	372	43	535	7,860	—	348,492
Sales (3)	(94,345)	(2,017)	—	(92)	30	(4,902)	—	(101,326)
Transfers out of Level 3 (1)	—	(17,596)	—	—	—	—	—	(17,596)
Transfers into Level 3 (1)	—	—	—	—	—	—	—	—
Fair value as of June 30, 2018	\$1,363,867	\$422,023	\$90,599	\$67,373	\$31,400	\$204,849	\$247	\$2,180,358
Net change in unrealized gains (losses) on Level 3 investments still held as of June 30, 2018	\$8,712	\$1,072	\$110	\$(652)	\$(216)	\$(5,766)	\$(4)	\$3,256

- Transfers out (if any) of Level 3 are due to an increase in the quantity and reliability of broker quotes obtained and transfers into (if any) Level 3 are due to a decrease in the quantity and reliability of broker quotes obtained as assessed by the Investment Adviser. Transfers are assumed to have occurred at the end of the period. There were no transfers between Level 1 and Level 2 fair value measurements during the period shown.
- (1)
 - (2) Includes unfunded commitments measured at fair value of \$(4,163).
 - (3) Includes reorganizations and restructuring of investments.

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APOLLO INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

(In thousands, except share and per share data)

The following table shows changes in the fair value of our Level 3 investments during the three months ended June 30, 2017:

	First Lien Secured Debt (2)	Second Lien Secured Debt (2)	Unsecured Debt	Structured Products and Other	Preferred Equity	Common Equity/Interests	Warrant	Total
Fair value as of March 31, 2017	\$ 1,049,232	\$ 446,772	\$ 146,218	\$ 166,893	\$ 25,637	\$ 228,200	\$ 94	\$ 2,063,046
Net realized gains (losses)	(10,335)	—	(338)	—	(93,725)	(81,833)	(49,771)	(236,002)
Net change in unrealized gains (losses)	24,665	(3,884)	441	2,044	93,843	72,020	49,759	238,888
Net amortization on investments	805	688	—	93	—	35	—	1,621
Purchases, including capitalized PIK (3)	233,538	61,047	321	—	—	28,146	—	323,052
Sales (3)	(172,065)	(51,260)	—	(33,166)	—	(28,879)	—	(285,370)
Transfers out of Level 3 (1)	—	(19,625)	—	—	—	—	—	(19,625)
Transfers into Level 3 (1)	—	27,142	—	—	—	—	—	27,142
Fair value as of June 30, 2017	\$ 1,125,840	\$ 460,880	\$ 146,642	\$ 135,864	\$ 25,755	\$ 217,689	\$ 82	\$ 2,112,752
Net change in unrealized gains (losses) on Level 3 investments still held as of June 30, 2017	\$ 3,503	\$(3,666)	\$ 103	\$ 1,961	\$ 118	\$(13,727)	\$(11)	\$(11,719)

Transfers out of Level 3 are due to an increase in the quantity and reliability of broker quotes obtained and transfers into Level 3 are due to a decrease in the quantity and reliability of broker quotes obtained as assessed by (1) the Investment Adviser. Transfers are assumed to have occurred at the end of the period. There were no transfers between Level 1 and Level 2 fair value measurements during the period shown.

(2) Includes unfunded commitments measured at fair value of \$(2,507).

(3) Includes reorganizations and restructuring of investments.

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APOLLO INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

(In thousands, except share and per share data)

The following tables summarize the significant unobservable inputs the Company used to value its investments categorized within Level 3 as of June 30, 2018 and March 31, 2018. In addition to the techniques and inputs noted in the tables below, according to our valuation policy we may also use other valuation techniques and methodologies when determining our fair value measurements. The below tables are not intended to be all-inclusive, but rather provide information on the significant unobservable inputs as they relate to the Company's determination of fair values.

The unobservable inputs used in the fair value measurement of our Level 3 investments as of June 30, 2018 were as follows:

Asset Category	Fair Value	Quantitative Information about Level 3 Fair Value Measurements					
		Valuation Techniques/Methodologies	Unobservable Input	Range		Weighted Average (1)	
First Lien Secured Debt	\$885	Broker Quoted	Broker Quote	N/A	N/A	N/A	
	492,800	Discounted Cash Flow	Discount Rate	2.3%	14.1%	12.2%	
	46,457	Recovery Analysis	Recoverable Amount	N/A	N/A	N/A	
		Market Comparable	Comparable Multiple	4.9x	4.9x	4.9x	
	82,264	Recent Transaction	Recent Transaction	N/A	N/A	N/A	
	125,664	Recovery Analysis	Commodity Price	\$62.50	\$70.00	\$64.97	
	405	Recovery Analysis	Recoverable Amount	N/A	N/A	N/A	
		Yield Analysis	Discount Rate	25.0%	25.0%	25.0%	
	5,705	Transaction Price	Expected Proceeds	N/A	N/A	N/A	
	611,457	Yield Analysis	Discount Rate	4.1%	15.5%	10.7%	
Second Lien Secured Debt	29,785	Broker Quoted	Broker Quote	N/A	N/A	N/A	
	11,770	Market Comparable	Comparable Multiple	0.6x	7.9x	7.9x	
	12,500	Recent Transaction	Recent Transaction	N/A	N/A	N/A	
	31,279	Recovery Analysis	Commodity Price	\$66.80	\$70.00	\$67.32	
	336,689	Yield Analysis	Discount Rate	10.9%	14.3%	12.8%	
Unsecured Debt	90,599	Yield Analysis	Discount Rate	10.1%	16.1%	10.8%	
	Structured Products and Other	42,375	Discounted Cash Flow	Discount Rate	9.5%	10.2%	10.0%
		24,998	Transaction Price	Transaction Price	N/A	N/A	N/A
Preferred Equity	886	Discounted Cash Flow	Discount Rate	10.5%	10.5%	10.5%	
	25,429	Option Pricing Model	Expected Volatility	40.0%	40.0%	40.0%	
	5,085	Yield Analysis	Discount Rate	11.1%	18.0%	17.5%	
Common Equity/Interests	471	Broker Quoted	Broker Quote	N/A	N/A	N/A	
	175,649	Discounted Cash Flow	Discount Rate	10.5%	25.0%	13.0%	
	4,500	Market Comparable		4.9x	7.9x	7.6x	

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			Comparable Multiple			
	100	Option Pricing Model	Expected Volatility	20.0%	20.0%	20.0%
	24,129	Recovery Analysis	Commodity Price	\$62.50	\$70.00	\$64.26
Warrants	247	Option Pricing Model	Expected Volatility	37.5%	60.0%	53.1%
Total Level 3 Investments	\$2,180,358					

(1) The weighted average information is generally derived by assigning each disclosed unobservable input a proportionate weight based on the fair value of the related investment. For the commodity price unobservable input, the weighted average price is an undiscounted price based upon the estimated production level from the underlying reserves.

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APOLLO INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

(In thousands, except share and per share data)

The unobservable inputs used in the fair value measurement of our Level 3 investments as of March 31, 2018 were as follows:

Asset Category	Fair Value	Quantitative Information about Level 3 Fair Value Measurements				
		Valuation Techniques/Methodologies	Unobservable Input	Range	Weighted Average (1)	
First Lien Secured Debt	\$ (885,401,800)	Broker Quoted	Broker Quote	N/A	N/A	N/A
		Discounted Cash Flow	Discount Rate	2.3%	14.6%	12.3%
	(337,120,331)	Recent Transaction	Recent Transaction	N/A	N/A	N/A
		Recovery Analysis	Commodity Price	\$60.00	\$66.00	\$63.27
	47,170	Recovery Analysis	Recoverable Amount	N/A	N/A	N/A
		Market Comparable Technique	Comparable Multiple	4.9x	4.9x	4.9x
	451	Recovery Analysis	Recoverable Amount	N/A	N/A	N/A
		Yield Analysis	Discount Rate	25.0%	25.0%	25.0%
	6,063	Transaction Price	Expected Proceeds	N/A	N/A	N/A
		557,350	Yield Analysis	Discount Rate	3.7%	14.8%	10.8%
Second Lien Secured Debt	37,456	Broker Quoted	Broker Quote	N/A	N/A	N/A
		Market Comparable Technique	Comparable Multiple	0.8x	7.9x	7.9x
	30,510	Recovery Analysis	Commodity Price	\$64.00	\$66.00	\$65.54
	337,213	Yield Analysis	Discount Rate	10.9%	14.1%	12.7%
		90,117	Yield Analysis	Discount Rate	11.2%	17.0%	11.9%
Structured Products and Other	67,967	Discounted Cash Flow	Discount Rate	9.0%	11.0%	10.4%
		Preferred Equity	Expected Volatility	39.5%	39.5%	39.5%
Common Equity/Interests	5,341	Yield Analysis	Discount Rate	10.8%	12.5%	12.4%
	466	Broker Quoted	Broker Quote	N/A	N/A	N/A
Warrants	167,132	Discounted Cash Flow	Discount Rate	10.0%	25.0%	13.4%
		6,810	Market Comparable Technique	Comparable Multiple	7.7x	11.4x	9.0x
	33,249	Recovery Analysis	Commodity Price	\$60.00	\$66.00	\$62.51
Total Level 3 Investments	\$1,944,325	Option Pricing Model	Expected Volatility	37.5%	60.0%	53.0%

(1) The weighted average information is generally derived by assigning each disclosed unobservable input a proportionate weight based on the fair value of the related investment. For the commodity price unobservable input, the weighted average price is an undiscounted price based upon the estimated production level from the

underlying reserves.

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APOLLO INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

(In thousands, except share and per share data)

The significant unobservable inputs used in the fair value measurement of the Company's debt and equity securities are primarily earnings before interest, taxes, depreciation and amortization ("EBITDA") comparable multiples and market discount rates. The Company typically uses EBITDA comparable multiples on its equity securities to determine the fair value of investments. The Company uses market discount rates for debt securities to determine if the effective yield on a debt security is commensurate with the market yields for that type of debt security. If a debt security's effective yield is significantly less than the market yield for a similar debt security with a similar credit profile, the resulting fair value of the debt security may be lower. For certain investments where fair value is derived based on a recovery analysis, the Company uses underlying commodity prices from third party market pricing services to determine the fair value and/or recoverable amount, which represents the proceeds expected to be collected through asset sales or liquidation. Further, for certain investments, the Company also considered the probability of future events which are not in management's control. Significant increases or decreases in any of these inputs in isolation would result in a significantly lower or higher fair value measurement. The significant unobservable inputs used in the fair value measurement of the structured products include the discount rate applied in the valuation models in addition to default and recovery rates applied to projected cash flows in the valuation models. Specifically, when a discounted cash flow model is used to determine fair value, the significant input used in the valuation model is the discount rate applied to present value the projected cash flows. Increases in the discount rate can significantly lower the fair value of an investment; conversely decreases in the discount rate can significantly increase the fair value of an investment. The discount rate is determined based on the market rates an investor would expect for a similar investment with similar risks. For certain investments such as warrants, the independent valuation firms engaged by the Company may use an option pricing technique, of which the applicable method is the Black-Scholes Option Pricing Method ("BSM"), to perform independent valuations. The BSM is a model of price variation over time of financial instruments, such as equity, that is used to determine the price of call or put options. Various inputs are required but the primary unobservable input into the BSM model is the underlying asset volatility.

Investment Transactions

For the three months ended June 30, 2018 and 2017, purchases of investments on a trade date basis were \$358,950 and \$342,036, respectively. For the three months ended June 30, 2018 and 2017, sales and repayments (including prepayments and unamortized fees) of investments on a trade date basis were \$108,618 and \$251,947, respectively.

PIK Income

The Company holds loans and other investments, including certain preferred equity investments, that have contractual PIK income. PIK income computed at the contractual rate is accrued into income and reflected as receivable up to the capitalization date. During the three months ended June 30, 2018 and 2017, PIK income earned was \$2,678 and \$5,810, respectively.

The following table shows the change in capitalized PIK balance for the three months ended June 30, 2018 and 2017:

	Three Months	
	Ended June 30,	
	2018	2017
PIK balance at beginning of period	\$24,454	\$53,262
PIK income capitalized	1,983	2,775
Adjustments due to investments exited or written off	—	(35,697)
PIK income received in cash	—	(370)
PIK balance at end of period	\$26,437	\$19,970

Dividend Income

The Company holds structured products and other investments. The CLO equity investments are entitled to recurring distributions which are generally equal to the excess cash flow generated from the underlying investments after payment of the contractual payments to debt holders and fund expenses. The Company records as dividend income the accretable yield from its beneficial interests in structured products such as CLOs based upon a number of cash flow

assumptions that are subject to uncertainties and contingencies. During the three months ended June 30, 2018 and 2017, dividend income from structured products was \$312 and \$1,087, respectively.

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APOLLO INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

(In thousands, except share and per share data)

Investments on Non-Accrual Status

As of June 30, 2018, 3.0% of total investments at amortized cost, or 2.3% of total investments at fair value, were on non-accrual status. As of March 31, 2018, 3.3% of total investments at amortized cost, or 2.3% of total investments at fair value, were on non-accrual status.

Unconsolidated Significant Subsidiary

The following unconsolidated subsidiaries are considered significant subsidiaries under SEC Regulation S-X Rule 10-01(b)(1) as of June 30, 2018. Accordingly, summarized, unaudited, comparative financial information is presented below for the unconsolidated significant subsidiary.

Merx Aviation Finance, LLC

Merx Aviation Finance, LLC and its subsidiaries (“Merx Aviation”) are principally engaged in acquiring and leasing commercial aircraft to airlines. Its focus is on current generation aircraft, held either domestically or internationally. Merx Aviation may acquire fleets of aircraft primarily through securitized, non-recourse debt or individual aircraft. Merx Aviation may outsource its aircraft servicing requirements to third parties that have the global staff and expertise necessary to complete such tasks. The following table shows unaudited summarized financial information for Merx Aviation:

	Three Months Ended June 30,	
	2018	2017
Net revenue	\$ 123,295	\$ 28,858
Net operating income	99,911	17,490
Earnings before taxes	83,422	9,057
Net profit	83,369	9,057

Note 6. Derivative Instruments

In the normal course of business, the Company enters into derivative instruments which serve as components of the Company’s investment strategies and are utilized primarily to structure the portfolio to economically match the investment strategies of the Company. These instruments are subject to various risks, similar to non-derivative instruments, including market, credit and liquidity risks. The Investment Adviser manages these risks on an aggregate basis along with the risks associated with the Company’s investing activities as part of its overall risk management policy.

Purchased Put Options

Purchased put option contracts give the Company the right, but not the obligation, to sell within a limited time, a financial instrument, commodity or currency at a contracted price that may also be settled in cash, based on differentials between specified indices or prices. Purchasing put options tends to decrease exposure to the underlying instrument. The Company pays a premium, which is recorded as an asset and subsequently marked-to-market to reflect the current value of the option. Premiums paid for purchasing options which expire unexercised are treated as realized losses. Premiums paid for purchasing options which are exercised are added to the amounts paid for, or offset against the proceeds received on, the underlying security or reference investment. The risk associated with purchasing put options is limited to the premium paid.

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APOLLO INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

(In thousands, except share and per share data)

Written Call Options

Written call options obligate the Company to buy within a limited time, a financial instrument, commodity or currency at a contracted price that may also be settled in cash, based on differentials between specified indices or prices. When the Company writes a call option, an amount equal to the premium received by the Company is treated as a liability. The amount of the liability is subsequently marked-to-market to reflect the current market value of the written call option. If an option which the Company has written either expires unexercised on its stipulated expiration date or the Company enters into a closing purchase transaction, the Company realizes a gain or loss (if the cost of a closing purchase transaction is less than or exceeds, respectively, the premium received when the option was written) without regard to any unrealized gain or loss on the underlying security or derivative instrument, and the liability related to such option is extinguished. If a call option which the Company has written is exercised, the Company recognizes a realized gain or loss from the sale of the underlying security or derivative instrument and the proceeds from the sale are increased by the premium originally received. In writing a call option, the Company bears the market risk of an unfavorable change in the price, potentially unlimited in amount, of the derivative instrument or security underlying the written call option.

The following table sets forth the gross fair value of derivative contracts, by major risk type, as of June 30, 2018. The table also includes information on the volume of derivatives based on the base notional value of option contracts open at June 30, 2018.

Underlying Risk Type	June 30, 2018		Base Notional Liabilities	Derivative Liabilities Fair Value
	Base Notional Assets	Derivative Assets Fair Value		

Commodity:

Purchased Put Options	\$75,366	\$ 348	\$ —	\$ —
Written Call Options	—	—	(100,260)	(20,258)

The following table sets forth the gross fair value of derivative contracts, by major risk type, as of March 31, 2018.

The table also includes information on the volume of derivatives based on the base notional value of option contracts open at March 31, 2018.

Underlying Risk Type	March 31, 2018		Base Notional Liabilities	Derivative Liabilities Fair Value
	Base Notional Assets	Derivative Assets Fair Value		

Commodity:

Purchased Put Options	\$123,750	\$ 1,226	\$ —	\$ —
Written Call Options	—	—	(158,117)	(20,350)

The volume of derivatives presented in the tables above is representative of activities from September 6, 2017, when the Company started re-entering into these derivatives, through June 30, 2018 and March 31, 2018, respectively.

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APOLLO INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

(In thousands, except share and per share data)

The effect of transactions in derivative instruments to the Statements of Operations during the three months ended June 30, 2018 and 2017 were as follows:

	Three Months Ended June 30,	
	2018	2017
Net Change in Unrealized Losses on Derivatives		
Purchased Put Options	\$1,687	\$ —
Written Call Options	(2,254)	—
Net Change in Unrealized Losses on Derivatives	\$(567)	\$ —

	Three Months Ended June 30,	
	2018	2017
Net Realized Losses on Derivatives		
Purchased Put Options	\$(2,577)	\$ —
Written Call Options	(10,632)	—
Net Realized Losses on Derivatives	\$(13,209)	\$ —

The Investment Adviser is exempt from registration with the U.S. Commodity Futures Trading Commission (“CFTC”) as a commodity pool operator (“CPO”) with respect to the Company. To the extent such exemption is no longer available and the Investment Adviser is required to register with the CFTC as a CPO, compliance with the CFTC’s disclosure, reporting and recordkeeping requirements may increase the Company’s expenses and may affect the ability of the Company to use commodity interests (including futures, option contracts, commodities, and swaps) to the extent or in the manner desired.

Note 7. Offsetting Assets and Liabilities

The Company entered into centrally cleared derivative contracts with Chicago Mercantile Exchange (“CME”). Upon entering into the centrally cleared derivative contracts, the Company is required to deposit with the relevant clearing organization cash or securities, which is referred to as the initial margin. Cash deposited as initial margin is reported as cash collateral on the Statements of Assets and Liabilities. Centrally cleared derivative contracts entered into with CME are considered settled-to-market contracts where daily variation margin posted is legally characterized as a settlement payment as opposed to collateral. The settlement payment does not terminate the derivative contract and the contract will continue to exist with no changes to its terms. Daily changes in fair value are recorded as a payable or receivable on the Statements of Assets and Liabilities as variation margin.

The Company has elected not to offset assets and liabilities in the Statements of Assets and Liabilities that may be received or paid as part of collateral arrangements, even when an enforceable master netting arrangement or other agreement is in place that provides the Company, in the event of counterparty default, the right to liquidate collateral and the right to offset a counterparty’s rights and obligations. The following table presents both gross and net information about derivative instruments eligible for offset in the Statements of Assets and Liabilities as of June 30, 2018.

Counterparty	Gross Amounts of Recognized Assets and Liabilities	Gross Amounts Offset in the Statements of Assets and	Net Amounts Presented in the Statements of Assets and	Gross Amounts Not Offset in the Statements of Assets and Liabilities Gross Collateral	Net Amounts
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Liabilities Liabilities

CME Group:

Variation Margin \$ (1,206) — \$ (1,206) (a) — \$ 1,206 (b) —

The variation margin payable on option contracts is the result of purchased put options and written call options that (a) are settled-to-market with a fair value of \$348 and (\$20,258), respectively, as of June 30, 2018, offset against the variation margin posted with the CME amounting to \$18,704.

(b) Per GAAP disclosure requirements, the table above does not include excess cash collateral paid in the amount of \$3,022.

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APOLLO INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

(In thousands, except share and per share data)

The following table presents both gross and net information about derivative instruments eligible for offset in the Statements of Assets and Liabilities as of March 31, 2018.

Counterparty	Gross Amounts of Recognized Assets and Liabilities	Gross	Net	Gross Amounts Not		
		Amounts Offset in the Statements of Assets and Liabilities	Amounts Presented in the Statements of Assets and Liabilities	Offset in the Statements of Assets and Liabilities	Financial Instruments	Net Amounts
CME Group:						
Variation Margin	\$ 1,846	—	\$ 1,846	(a)—	\$ 1,846	(b)

The variation margin receivable on option contracts is the result of purchased put options and written call options (a) that are settled-to-market with a fair value of \$1,226 and (\$20,350), respectively, as of March 31, 2018, offset against the variation margin posted with the CME amounting to \$20,970.

(b) Per GAAP disclosure requirements, the table above does not include excess cash collateral paid in the amount of \$5,016.

Note 8. Debt and Foreign Currency Transactions and Translations

The Company's outstanding debt obligations as of June 30, 2018 were as follows:

	Date Issued/Amended	Total Aggregate		Fair Value	Final Maturity Date
		Principal Amount Committed	Principal Amount Outstanding		
Senior Secured Facility	12/22/2016	\$ 1,190,000	\$ 597,751	* \$ 610,944	(3) 12/22/2021
Senior Secured Notes (Series B)	9/29/2011	16,000	16,000	16,080	(3) 9/29/2018
2043 Notes	6/17/2013	150,000	150,000	150,180	(1) 7/15/2043
2025 Notes	3/3/2015	350,000	350,000	331,205	(2) 3/3/2025
Total Debt Obligations		\$ 1,706,000	\$ 1,113,751	\$ 1,108,409	
Deferred Financing Cost and Debt Discount			\$ (11,072)		
Total Debt Obligations, net of Deferred Financing Cost and Debt Discount			\$ 1,102,679		

* Includes foreign currency debt obligations as outlined in Foreign Currency Transactions and Translations within this note to the financial statements.

(1) The fair value of these debt obligations would be categorized as Level 1 under ASC 820 as of June 30, 2018. The valuation is based on quoted prices of identical liabilities in active markets.

(2) The fair value of these debt obligations would be categorized as Level 2 under ASC 820 as of June 30, 2018. The valuation is based on broker quoted prices.

The fair value of these debt obligations would be categorized as Level 3 under ASC 820 as of June 30, 2018. The (3) valuation is based on a yield analysis and discount rate commensurate with the market yields for similar types of debt.

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APOLLO INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

(In thousands, except share and per share data)

The Company's outstanding debt obligations as of March 31, 2018 were as follows:

	Date Issued/Amended	Total Aggregate Principal Amount Committed	Principal Amount Outstanding	Fair Value	Final Maturity Date
Senior Secured Facility	12/22/2016	\$ 1,190,000	\$ 285,216	* \$292,338	(1)12/22/2021
Senior Secured Notes (Series B)	9/29/2011	16,000	16,000	16,191	(1)9/29/2018
2043 Notes	6/17/2013	150,000	150,000	152,040	(2)7/15/2043
2025 Notes	3/3/2015	350,000	350,000	351,676	(3)3/3/2025
Total Debt Obligations		\$ 1,706,000	\$ 801,216	\$812,245	
Deferred Financing Cost and Debt Discount			\$ (11,370)		
Total Debt Obligations, net of Deferred Financing Cost and Debt Discount			\$ 789,846		

* Includes foreign currency debt obligations as outlined in Foreign Currency Transactions and Translations within this note.

The fair value of these debt obligations would be categorized as Level 3 under ASC 820 as of March 31, 2018. The (1) valuation is based on a yield analysis and discount rate commensurate with the market yields for similar types of debt.

(2) The fair value of these debt obligations would be categorized as Level 1 under ASC 820 as of March 31, 2018. The valuation is based on quoted prices of identical liabilities in active markets.

(3) The fair value of these debt obligations would be categorized as Level 2 under ASC 820 as of March 31, 2018. The valuation is based on broker quoted prices.

Senior Secured Facility

On December 22, 2016, the Company amended and restated its senior secured, multi-currency, revolving credit facility (the "Senior Secured Facility") from the previous April 24, 2015 amendment. The amended and restated agreement decreased the lenders' commitments from \$1,310,000 to \$1,140,000, extended the final maturity date through December 22, 2021, and included an accordion provision which allows the Company to increase the total commitments under the existing revolving facility up to an aggregate principal amount of \$1,965,000 from new or existing lenders on the same terms and conditions as the existing commitments. On August 29, 2017, the Company entered into an amendment to its Senior Secured Facility to increase the multicurrency commitments under the Senior Secured Facility by \$50,000 from \$1,140,000 to \$1,190,000 pursuant to the accordion provisions therein. The Senior Secured Facility is secured by substantially all of the assets in the Company's portfolio, including cash and cash equivalents. Commencing January 31, 2021, the Company is required to repay, in twelve consecutive monthly installments of equal size, the outstanding amount under the Senior Secured Facility as of December 22, 2020. In addition, the stated interest rate on the facility remains as a formula-based calculation based on a minimum borrowing base, resulting in a stated interest rate, depending on the type of borrowing, of (a) either LIBOR plus 1.75% per annum or LIBOR plus 2.00% per annum, or (b) either Alternate Base Rate plus 0.75% per annum or Alternate Base Rate plus 1% per annum. As of June 30, 2018, the stated interest rate on the facility was LIBOR plus 2.00%. The Company is required to pay a commitment fee of 0.375% per annum on any unused portion of the Senior Secured Facility and participation fees and fronting fees of up to 2.25% per annum on the letters of credit issued.

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APOLLO INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

(In thousands, except share and per share data)

The Senior Secured Facility contains affirmative and restrictive covenants, events of default and other customary provisions for similar debt facilities, including: (a) periodic financial reporting requirements, (b) maintaining minimum stockholders' equity of the greater of (i) 40% of the total assets of the Company and its consolidated subsidiaries as at the last day of any fiscal quarter and (ii) the sum of (A) \$870,000 plus (B) 25% of the net proceeds from the sale of equity interests in the Company after the closing date of the Senior Secured Facility, (c) maintaining a ratio of total assets, less total liabilities (other than indebtedness) to total indebtedness, in each case of the Company and its consolidated subsidiaries, of not less than 2.0:1.0, (d) limitations on the incurrence of additional indebtedness, including a requirement to meet a certain minimum liquidity threshold before the Company can incur such additional debt, (e) limitations on liens, (f) limitations on investments (other than in the ordinary course of the Company's business), (g) limitations on mergers and disposition of assets (other than in the normal course of the Company's business activities), (h) limitations on the creation or existence of agreements that permit liens on properties of the Company's consolidated subsidiaries and (i) limitations on the repurchase or redemption of certain unsecured debt and debt securities. In addition to the asset coverage ratio described in clause (c) of the preceding sentence, borrowings under the Senior Secured Facility (and the incurrence of certain other permitted debt) are subject to compliance with a borrowing base that applies different advance rates to different types of assets in the Company's portfolio.

The Senior Secured Facility also provides for the issuance of letters of credit up to an aggregate amount of \$150,000. As of June 30, 2018 and March 31, 2018, the Company had \$14,126 and \$14,234, respectively, in standby letters of credit issued through the Senior Secured Facility. The amount available for borrowing under the Senior Secured Facility is reduced by any standby letters of credit issued through the Senior Secured Facility. Under GAAP, these letters of credit are considered commitments because no funding has been made and as such are not considered a liability. These letters of credit are not senior securities because they are not in the form of a typical financial guarantee and the portfolio companies are obligated to refund any drawn amounts. The available remaining capacity under the Senior Secured Facility was \$578,123 and \$890,550 as of June 30, 2018 and March 31, 2018, respectively. Terms used in this disclosure have the meanings set forth in the Senior Secured Facility agreement.

Senior Secured Notes — Series A and Series B

On September 29, 2011, the Company closed a private offering of \$45,000 aggregate principal amount of senior secured notes consisting of two series: \$29,000 aggregate principal amount of 5.875% Senior Secured Notes, Series A, due September 29, 2016 (the "Series A Notes"); and \$16,000 aggregate principal amount of 6.250% Senior Secured Notes, Series B, due September 29, 2018 (the "Series B Notes," and together with the Series A Notes, the "Series A and B Notes"). The Series A and B Notes were issued in a private placement only to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended. Interest on the Series A and B Notes is due semi-annually on March 29 and September 29, commencing on March 29, 2012.

On September 29, 2016, the Series A Notes, which had an outstanding principal balance of \$29,000, matured and were repaid in full.

Senior Unsecured Notes**2042 Notes**

On October 9, 2012, the Company issued \$150,000 aggregate principal amount of senior unsecured notes for net proceeds of \$145,275 (the "2042 Notes"). The 2042 Notes will mature on October 15, 2042. Interest on the 2042 Notes is paid quarterly on January 15, April 15, July 15 and October 15, at an annual rate of 6.625%, commencing on January 15, 2013. The Company may redeem the 2042 Notes in whole or in part at any time or from time to time on or after October 15, 2017. The 2042 Notes are general, unsecured obligations and rank equal in right of payment with all of our existing and future senior, unsecured indebtedness. The 2042 Notes were listed on the New York Stock Exchange under the ticker symbol "AIB."

On October 16, 2017, the Company redeemed the entire \$150,000 aggregate principal amount outstanding of the 2042 Notes in accordance with the terms of the indenture governing the 2042 Notes, before its stated maturity date, which resulted in a realized loss on the extinguishment of debt of \$5,790.

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APOLLO INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

(In thousands, except share and per share data)

2043 Notes

On June 17, 2013, the Company issued \$135,000 aggregate principal amount of senior unsecured notes and on June 24, 2013, an additional \$15,000 in aggregate principal amount of such notes was issued pursuant to the underwriters' over-allotment option exercise. In total, \$150,000 of aggregate principal was issued for net proceeds of \$145,275 (the "2043 Notes"). The 2043 Notes will mature on July 15, 2043. Interest on the 2043 Notes is paid quarterly on January 15, April 15, July 15 and October 15, at an annual rate of 6.875%, commencing on October 15, 2013. The Company may redeem the 2043 Notes in whole or in part at any time or from time to time on or after July 15, 2018. The 2043 Notes are general, unsecured obligations and rank equal in right of payment with all of our existing and future senior, unsecured indebtedness. The 2043 Notes are listed on the New York Stock Exchange under the ticker symbol "AIY."

2025 Notes

On March 3, 2015, the Company issued \$350,000 aggregate principal amount of senior unsecured notes for net proceeds of \$343,650 (the "2025 Notes"). The 2025 Notes will mature on March 3, 2025. Interest on the 2025 Notes is due semi-annually on March 3 and September 3, at an annual rate of 5.25%, commencing on September 3, 2015. The 2025 Notes are general, unsecured obligations and rank equal in right of payment with all of our existing and future senior unsecured indebtedness.

The following table summarizes the average and maximum debt outstanding, and the interest and debt issuance cost for the three months ended June 30, 2018 and 2017:

	Three Months Ended		
	June 30,		
	2018	2017	
Average debt outstanding	\$929,468	\$971,816	
Maximum amount of debt outstanding	1,102,679	1,056,929	
Weighted average annualized interest cost (1)	5.25	% 5.32	%
Annualized amortized debt issuance cost	0.56	% 0.56	%
Total annualized interest cost	5.81	% 5.88	%

(1) Includes the stated interest expense and commitment fees on the unused portion of the Senior Secured Facility. Commitment fees for the three months ended June 30, 2018 and 2017 were \$711 and \$760, respectively.

Foreign Currency Transactions and Translations

The Company had the following foreign-denominated debt outstanding on the Senior Secured Facility as of June 30, 2018:

	Original Principal Amount (Local)	Original Principal Amount (USD)	Principal Amount Outstanding	Unrealized Gain/(Loss)	Reset Date
Canadian Dollar	C\$2,300	\$ 1,894	\$ 1,748	\$ 146	7/18/2018
Euro	€ 14,000	15,129	16,346	(1,217)	7/16/2018
Euro	€ 15,000	16,424	17,513	(1,089)	7/31/2018
British Pound	£ 14,500	21,941	19,144	2,797	7/31/2018
		\$ 55,388	\$ 54,751	\$ 637	

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APOLLO INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

(In thousands, except share and per share data)

The Company had the following foreign-denominated debt outstanding on the Senior Secured Facility as of March 31, 2018:

	Original Principal Amount (Local)	Original Principal Amount (USD)	Principal Amount Outstanding	Unrealized Gain/(Loss)	Reset Date
Canadian Dollar	C\$2,300	\$ 1,894	\$ 1,784	\$ 110	4/16/2018
Euro	€ 14,000	15,129	17,218	(2,089)	4/12/2018
Euro	€ 12,500	13,507	15,372	(1,865)	4/30/2018
British Pound	£ 14,500	21,941	20,340	1,601	4/30/2018
		\$ 52,471	\$ 54,714	\$ (2,243)	

As of June 30, 2018 and March 31, 2018, the Company was in compliance with all debt covenants for all outstanding debt obligations.

Note 9. Stockholders' Equity

There were no equity offerings of common stock during the three months ended June 30, 2018 and March 31, 2018.

The Company adopted the following plans, approved by the Board of Directors, for the purpose of repurchasing its common stock in accordance with applicable rules specified in the Securities Exchange Act of 1934 (the "1934 Act") (the "Repurchase Plans"):

Date of Agreement/Amendment	Maximum Cost of Shares That May Be Repurchased	Cost of Shares Repurchased	Remaining Cost of Shares That May Be Repurchased
August 5, 2015	\$ 50,000	\$ 50,000	\$ —
December 14, 2015	50,000	50,000	—
September 14, 2016	50,000	27,978	22,022
Total as of June 30, 2018	\$ 150,000	\$ 127,978	\$ 22,022

The Repurchase Plans were designed to allow the Company to repurchase its shares both during its open window periods and at times when it otherwise might be prevented from doing so under applicable insider trading laws or because of self-imposed trading blackout periods. A broker selected by the Company will have the authority under the terms and limitations specified in an agreement with the Company to repurchase shares on the Company's behalf in accordance with the terms of the Repurchase Plans. Repurchases are subject to SEC regulations as well as certain price, market volume and timing constraints specified in the Repurchase Plans. Pursuant to the Repurchase Plans, the Company may from time to time repurchase a portion of its shares of common stock and the Company is hereby notifying stockholders of its intention as required by applicable securities laws.

Under the Repurchase Plans described above, the Company allocated the following amounts to be repurchased in accordance with SEC Rule 10b5-1 (the "10b5-1 Repurchase Plans"):

Effective Date	Termination Date	Amount Allocated to 10b5-1 Repurchase Plans
September 15, 2015	November 5, 2015	\$ 5,000
January 1, 2016	February 5, 2016	10,000
April 1, 2016	May 19, 2016	5,000
July 1, 2016	August 5, 2016	15,000

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September 30, 2016	November 8, 2016	20,000
January 4, 2017	February 6, 2017	10,000
March 31, 2017	May 19, 2017	10,000
June 30, 2017	August 7, 2017	10,000
October 2, 2017	November 6, 2017	10,000
January 3, 2018	February 8, 2018	10,000
June 18, 2018	August 9, 2018	10,000

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APOLLO INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

(In thousands, except share and per share data)

During the three months ended June 30, 2018, the Company repurchased 1,386,802 shares at a weighted average price per share of \$5.68, inclusive of commissions, for a total cost of \$7,877. This represents a discount of approximately 12.80% of the average net asset value per share for the three months ended June 30, 2018.

During the year ended March 31, 2018, the Company repurchased 3,382,558 shares at a weighted average price per share of \$5.84, inclusive of commissions, for a total cost of \$19,746. This represents a discount of approximately 12.47% of the average net asset value per share for the year ended March 31, 2018.

Since the inception of the Repurchase Plans through June 30, 2018, the Company repurchased 21,816,057 shares at a weighted average price per share of \$5.87, inclusive of commissions, for a total cost of \$127,978.

On September 12, 2014, the Company announced an at-the-market offering program (the "ATM Program") through which it can sell up to 16 million shares of its common stock from time to time. As of June 30, 2018, no shares had been sold through the Company's ATM Program.

Note 10. Commitments and Contingencies

The Company has various commitments to fund various revolving and delayed draw senior secured and subordinated loans, including commitments to issue letters of credit through a financial intermediary on behalf of certain portfolio companies. As of June 30, 2018 and March 31, 2018, the Company had the following unfunded commitments to its portfolio companies:

	June 30, 2018	March 31, 2018
Unfunded revolver obligations and bridge loan commitments (1)	\$373,004	\$239,689
Standby letters of credit issued and outstanding (2)	19,498	20,692
Unfunded delayed draw loan commitments (3)	23,105	21,959
Unfunded delayed draw loan commitments (performance thresholds not met) (4)	72,893	15,244
Total Unfunded Commitments	\$488,500	\$297,584

The unfunded revolver obligations may or may not be funded to the borrowing party in the future. The amounts relate to loans with various maturity dates, but the entire amount was eligible for funding to the borrowers as of (1) June 30, 2018 and March 31, 2018, subject to the terms of each loan's respective credit agreements which includes borrowing covenants that need to be met prior to funding. As of June 30, 2018 and March 31, 2018, the bridge loan commitments included in the balances were \$224,616 and \$99,666, respectively.

For all these letters of credit issued and outstanding, the Company would be required to make payments to third parties if the portfolio companies were to default on their related payment obligations. None of the letters of credit (2) issued and outstanding are recorded as a liability on the Company's Statements of Assets and Liabilities as such letters of credit are considered in the valuation of the investments in the portfolio company.

The Company's commitment to fund delayed draw loans is triggered upon the satisfaction of certain pre-negotiated (3) terms and conditions which can include covenants to maintain specified leverage levels and other related borrowing base covenants.

The borrowers are required to meet certain performance thresholds before the Company is obligated to fulfill the (4) commitments and those performance thresholds were not met as of June 30, 2018 and March 31, 2018.

Of the unfunded commitments which existed as of June 30, 2018, \$413,653 were outstanding as of August 7, 2018.

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APOLLO INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

(In thousands, except share and per share data)

Note 11. Financial Highlights

The following is a schedule of financial highlights for the three months ended June 30, 2018 and fiscal year ended March 31, 2018.

	Three Months Ended June 30, 2018 (Unaudited)	Year Ended March 31, 2018	
Per Share Data*			
Net asset value at beginning of period	\$ 6.56	\$ 6.74	
Net investment income (1)	0.15	0.61	
Net realized and change in unrealized losses (1)	(0.08)	(0.21)	
Net increase in net assets resulting from operations	0.06	0.40	
Distribution of net investment income (2)	(0.15)	(0.40)	
Distribution of return of capital (2)	—	(0.20)	
Accretion due to share repurchases	0.01	0.01	
Net asset value at end of period	\$ 6.47	\$ 6.56	
Per share market value at end of period	\$ 5.57	\$ 5.22	
Total return (3)	9.53	% (12.06)%	
Shares outstanding at end of period	214,925,294	216,312,096	
Weighted average shares outstanding	215,914,717	218,623,840	
Ratio/Supplemental Data			
Net assets at end of period (in millions)	\$ 1,391.2	\$ 1,418.1	
Annualized ratio of operating expenses to average net assets (4)(5)	5.30	% 5.02	%
Annualized ratio of interest and other debt expenses to average net assets (5)	3.85	% 3.61	%
Annualized ratio of total expenses to average net assets (4)(5)	9.15	% 8.63	%
Annualized ratio of net investment income to average net assets (5)	9.01	% 9.15	%
Average debt outstanding (in millions)	\$ 929.5	\$ 899.3	
Average debt per share	\$ 4.30	\$ 4.11	
Annualized portfolio turnover rate (5)	18.49	% 45.06	%
Asset coverage per unit (6)	\$ 2,249	\$ 2,770	

*Totals may not foot due to rounding.

(1) Financial highlights are based on the weighted average number of shares outstanding for the period presented.

The tax character of distributions are determined based on taxable income calculated in accordance with income tax regulations which may differ from amounts determined under GAAP. Although the tax character of (2) distributions paid to stockholders through June 30, 2018 may include return of capital, the exact amount cannot be determined at this point. Per share amounts are based on actual rate per share.

Total return is based on the change in market price per share during the respective periods. Total return also takes (3) into account distributions, if any, reinvested in accordance with the Company's dividend reinvestment plan.

(4) The ratio of operating expenses to average net assets and the ratio of total expenses to average net assets are shown inclusive of all voluntary management and incentive fee waivers (See Note 3 to the financial statements). For the three months ended June 30, 2018, the annualized ratio of operating expenses to average net assets and the

annualized ratio of total expenses to average net assets would be 5.84% and 9.72%, respectively, without the voluntary fee waivers. For the year ended March 31, 2018, the ratio of operating expenses to average net assets and the ratio of total expenses to average net assets would be 6.39% and 10.03%, respectively, without the voluntary fee waivers.

(5) Annualized for the three months ended June 30, 2018.

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APOLLO INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

(In thousands, except share and per share data)

The asset coverage ratio for a class of senior securities representing indebtedness is calculated as our total assets, (6)less all liabilities and indebtedness not represented by senior securities, divided by senior securities representing indebtedness. This asset coverage ratio is multiplied by one thousand to determine the asset coverage per unit.

Note 12. Subsequent Events

Management has evaluated subsequent events through the date of issuance of these financial statements and has determined that there are no subsequent events outside the ordinary scope of business that require adjustment to, or disclosure in, the financial statements other than those disclosed below.

During the period from July 1, 2018 through August 7, 2018, the Company repurchased 26,600 shares at a weighted average price per share of \$5.58, inclusive of commissions, for a total cost of \$149, leaving a maximum of \$21,873 available for future purchases under the Repurchase Plans.

On August 8, 2018, at an in-person meeting, the Board of Directors approved an amended and restated investment advisory management agreement (the "Advisory Agreement"). The Advisory Agreement was amended to align the calculation of management fees with the timing of the deployment of assets during the quarter. Management fees will be calculated based on the lesser of the average value of gross assets as of the two most recently completed quarters and the average monthly value of gross assets during the most recently completed calendar quarter.

On August 8, 2018, the Board of Directors declared a distribution of \$0.15 per share, payable on October 9, 2018 to stockholders of record as of September 24, 2018.

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Report of Independent Registered Public Accounting Firm
To the Board of Directors and Stockholders of Apollo Investment Corporation
Results of Review of Financial Statements

We have reviewed the accompanying statement of assets and liabilities, including the schedule of investments, of Apollo Investment Corporation as of June 30, 2018, and the related statements of operations and of cash flows for the three-month periods ended June 30, 2018 and 2017 and the statement of changes in net assets for the three-month period ended June 30, 2018, including the related notes (collectively referred to as the “interim financial statements”). Based on our reviews, we are not aware of any material modifications that should be made to the accompanying interim financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the statement of assets and liabilities, including the schedule of investments, of the Company as of March 31, 2018, and the related statements of operations, of changes in net assets and of cash flows for the year then ended (not presented herein), and in our report dated May 18, 2018, we expressed an unqualified opinion on those financial statements. In our opinion, the information set forth in the accompanying statement of assets and liabilities, including the schedule of investments, as of March 31, 2018, and the accompanying statement of changes in net assets for the year then ended, is fairly stated, in all material respects, in relation to the statement of assets and liabilities, including the schedule of investments, and the statement of changes in net assets from which they have been derived.

Basis for Review Results

These interim financial statements are the responsibility of the Company’s management. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB. We conducted our review in accordance with the standards of the PCAOB. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the PCAOB, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

/s/ PricewaterhouseCoopers LLP
New York, New York
August 8, 2018

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following analysis of our financial condition and results of operations should be read in conjunction with our financial statements and the notes thereto contained elsewhere in this report. Some of the statements in this report constitute forward-looking statements, which relate to future events or our future performance or financial condition. The forward-looking statements contained herein involve risks and uncertainties, including statements as to:

- our future operating results;
- our business prospects and the prospects of our portfolio companies;
- the impact of investments that we expect to make;
- our contractual arrangements and relationships with third parties;
- the dependence of our future success on the general economy and its impact on the industries in which we invest;
- the ability of our portfolio companies to achieve their objectives;
- our expected financings and investments;
- the adequacy of our cash resources and working capital; and
- the timing of cash flows, if any, from the operations of our portfolio companies.

We generally use words such as "anticipates," "believes," "expects," "intends" and similar expressions to identify forward-looking statements. Our actual results could differ materially from those projected in the forward-looking statements for any reason, including any factors set forth in "Risk Factors" and elsewhere in this report.

We have based the forward-looking statements included in this report on information available to us on the date of this report, and we assume no obligation to update any such forward-looking statements. Although we undertake no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise, you are advised to consult any additional disclosures that we may make directly to you or through reports that we in the future may file with the Securities and Exchange Commission ("SEC"), including any annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K.

Overview

Apollo Investment Corporation (the "Company," "Apollo Investment," "AIC," "we," "us," or "our") was incorporated under the Maryland General Corporation Law in February 2004. We have elected to be treated as a business development company ("BDC") under the Investment Company Act of 1940 (the "1940 Act"). As such, we are required to comply with certain regulatory requirements. For instance, we generally have to invest at least 70% of our total assets in "qualifying assets," including securities of private or thinly traded public U.S. companies, cash equivalents, U.S. government securities and high-quality debt investments that mature in one year or less. In addition, for federal income tax purposes we have elected to be treated as a regulated investment company ("RIC") under Subchapter M of the Internal Revenue Code of 1986, as amended (the "Code"). Pursuant to this election and assuming we qualify as a RIC, we generally do not have to pay corporate-level federal income taxes on any income we distribute to our stockholders. We commenced operations on April 8, 2004 upon completion of our initial public offering that raised \$870 million in net proceeds from selling 62 million shares of common stock at a price of \$15.00 per share. Since then, and through June 30, 2018, we have raised approximately \$2.21 billion in net proceeds from additional offerings of common stock and we have repurchased common stock for \$128.0 million.

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Apollo Investment Management, L.P. (the “Investment Adviser” or “AIM”) is our investment adviser and an affiliate of Apollo Global Management, LLC and its consolidated subsidiaries (“AGM”). The Investment Adviser, subject to the overall supervision of our Board of Directors, manages the day-to-day operations of, and provides investment advisory services to the Company. AGM and other affiliates manage other funds that may have investment mandates that are similar, in whole or in part, with ours. AIM and its affiliates may determine that an investment is appropriate both for us and for one or more of those other funds. In such event, depending on the availability of such investment and other appropriate factors, AIM may determine that we should invest on a side-by-side basis with one or more other funds. We make all such investments subject to compliance with applicable regulations and interpretations, and our allocation procedures. Certain types of negotiated co-investments may be made only in accordance with the terms of the exemptive order (the “Order”) we received from the SEC permitting us to do so. Under the terms of the Order, a “required majority” (as defined in Section 57(o) of the 1940 Act) of our independent directors must be able to reach certain conclusions in connection with a co-investment transaction, including that (1) the terms of the proposed transaction are reasonable and fair to us and our stockholders and do not involve overreaching of us or our stockholders on the part of any person concerned, and (2) the transaction is consistent with the interests of our stockholders and is consistent with our Board of Directors’ approved criteria. In certain situations where co-investment with one or more funds managed by AIM or its affiliates is not covered by the Order, the personnel of AIM or its affiliates will need to decide which fund will proceed with the investment. Such personnel will make these determinations based on allocation policies and procedures, which are designed to reasonably ensure that investment opportunities are allocated fairly and equitably among affiliated funds over time and in a manner that is consistent with applicable laws, rules and regulations. The Order is subject to certain terms and conditions so there can be no assurance that we will be permitted to co-invest with certain of our affiliates other than in the circumstances currently permitted by regulatory guidance and the Order.

Apollo Investment Administration, LLC (the “Administrator” or “AIA”), an affiliate of AGM, provides, among other things, administrative services and facilities for the Company. In addition to furnishing us with office facilities, equipment, and clerical, bookkeeping and recordkeeping services, AIA also oversees our financial records as well as prepares our reports to stockholders and reports filed with the SEC. AIA also performs the calculation and publication of our net asset value, the payment of our expenses and oversees the performance of various third-party service providers and the preparation and filing of our tax returns. Furthermore, AIA provides on our behalf managerial assistance to those portfolio companies to which we are required to provide such assistance.

Investments

Our investment objective is to generate current income and capital appreciation. We invest primarily in various forms of debt investments, including secured and unsecured debt, loan investments, and/or equity in private middle-market companies. We may also invest in the securities of public companies and in structured products and other investments such as collateralized loan obligations (“CLOs”) and credit-linked notes (“CLNs”). Our portfolio is comprised primarily of investments in debt, including secured and unsecured debt of private middle-market companies that, in the case of senior secured loans, generally are not broadly syndicated and whose aggregate tranche size is typically less than \$250 million. Our portfolio also includes equity interests such as common stock, preferred stock, warrants or options. Our level of investment activity can and does vary substantially from period to period depending on many factors, including the amount of debt and equity capital available to middle-market companies, the level of merger and acquisition activity for such companies, the general economic environment, and the competitive environment for the types of investments we make. As a BDC, we must not acquire any assets other than “qualifying assets” specified in the 1940 Act unless, at the time the acquisition is made, at least 70% of our total assets are qualifying assets (with certain limited exceptions). As of June 30, 2018, non-qualifying assets represented approximately 14.1% of the total assets of the Company.

Revenue

We generate revenue primarily in the form of interest and dividend income from the securities we hold and capital gains, if any, on investment securities that we may acquire in portfolio companies. Our debt investments, whether in the form of mezzanine or senior secured loans, generally have a stated term of five to ten years and bear interest at a fixed rate or a floating rate usually determined on the basis of a benchmark, such as the London Interbank Offered

Rate (“LIBOR”), the Euro Interbank Offered Rate (“EURIBOR”), the federal funds rate, or the prime rate. Interest on debt securities is generally payable quarterly or semiannually and while U.S. subordinated debt and corporate notes typically accrue interest at fixed rates, some of our investments may include zero coupon and/or step-up bonds that accrue income on a constant yield to call or maturity basis. In addition, some of our investments provide for payment-in-kind (“PIK”) interest or dividends. Such amounts of accrued PIK interest or dividends are added to the cost of the investment on the respective capitalization dates and generally become due at maturity of the investment or upon the investment being called by the issuer. We may also generate revenue in the form of commitment, origination, structuring fees, fees for providing managerial assistance and, if applicable, consulting fees, etc.

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Expenses

For all investment professionals of AIM and their staff, when and to the extent engaged in providing investment advisory and management services to us, the compensation and routine overhead expenses of that personnel which is allocable to those services are provided and paid for by AIM. We bear all other costs and expenses of our operations and transactions, including those relating to:

- investment advisory and management fees;
 - expenses incurred by AIM payable to third parties, including agents, consultants or other advisors, in monitoring our financial and legal affairs and in monitoring our investments and performing due diligence on our prospective portfolio companies;
 - calculation of our net asset value (including the cost and expenses of any independent valuation firm);
 - direct costs and expenses of administration, including independent registered public accounting and legal costs;
 - costs of preparing and filing reports or other documents with the SEC;
 - interest payable on debt, if any, incurred to finance our investments;
 - offerings of our common stock and other securities;
 - registration and listing fees;
 - fees payable to third parties, including agents, consultants or other advisors, relating to, or associated with, evaluating and making investments;
 - transfer agent and custodial fees;
 - taxes;
 - independent directors' fees and expenses;
 - marketing and distribution-related expenses;
 - the costs of any reports, proxy statements or other notices to stockholders, including printing and postage costs;
 - our allocable portion of the fidelity bond, directors and officers/errors and omissions liability insurance, and any other insurance premiums;
 - organizational costs; and
- all other expenses incurred by us or the Administrator in connection with administering our business, such as our allocable portion of overhead under the administration agreement, including rent and our allocable portion of the cost of our Chief Financial Officer, Chief Legal Officer and Chief Compliance Officer and their respective staffs.
- We expect our general and administrative operating expenses related to our ongoing operations to increase moderately in dollar terms. During periods of asset growth, we generally expect our general and administrative operating expenses to decline as a percentage of our total assets and increase during periods of asset declines. Incentive fees, interest expense and costs relating to future offerings of securities, among others, may also increase or reduce overall operating expenses based on portfolio performance, interest rate benchmarks, and offerings of our securities relative to comparative periods, among other factors.

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Portfolio and Investment Activity

Our portfolio and investment activity during the three months ended June 30, 2018 and 2017 was as follows:

(in millions)*	Three Months Ended June 30,	
	2018	2017
Investments made in portfolio companies	\$359.0	\$342.0
Investments sold	(14.8)	(9.9)
Net activity before repaid investments	344.1	332.1
Investments repaid	(93.8)	(242.0)
Net investment activity	\$250.3	\$90.1
Portfolio companies at beginning of period	90	86
Number of new portfolio companies	7	11
Number of exited portfolio companies	(1)	(13)
Portfolio companies at end of period	96	84
Number of investments made in existing portfolio companies	20	11

*Totals may not foot due to rounding.

Our portfolio composition and weighted average yields as of June 30, 2018 and March 31, 2018 were as follows:

	June 30, 2018	March 31, 2018
Portfolio composition, at fair value:		
Secured debt	84 %	82 %
Unsecured debt	4 %	5 %
Structured products and other	3 %	3 %
Preferred equity	1 %	1 %
Common equity/interests and warrants	8 %	9 %
Weighted average yields, at amortized cost (1):		
Secured debt portfolio (2)	10.7%	10.7%
Unsecured debt portfolio (2)	11.4%	11.3%
Total debt portfolio (2)	10.7%	10.7%
Total portfolio (3)	9.7 %	9.6 %
Interest rate type, at fair value (4):		
Fixed rate amount	\$0.1 billion	\$0.1 billion
Floating rate amount	\$1.4 billion	\$1.2 billion
Fixed rate, as percentage of total	6 %	8 %
Floating rate, as percentage of total	94 %	92 %
Interest rate type, at amortized cost (4):		
Fixed rate amount	\$0.1 billion	\$0.1 billion
Floating rate amount	\$1.4 billion	\$1.2 billion
Fixed rate, as percentage of total	6 %	8 %
Floating rate, as percentage of total	94 %	92 %

(1) An investor's yield may be lower than the portfolio yield due to sales loads and other expenses.

(2) Exclusive of investments on non-accrual status.

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- (3) Inclusive of all income generating investments, non-income generating investments and investments on non-accrual status.
- (4) The interest rate type information is calculated using the Company's corporate debt portfolio and excludes aviation, oil and gas, structured credit, renewables, shipping, commodities and investments on non-accrual status.

Since the initial public offering of Apollo Investment in April 2004 and through June 30, 2018, invested capital totaled \$18.5 billion in 443 portfolio companies. Over the same period, Apollo Investment completed transactions with more than 100 different financial sponsors.

Recent Developments

On March 23, 2018, the President signed into law the Small Business Credit Availability Act (the "SBCAA"), which included various changes to regulations under the federal securities laws that impact BDCs, including changes to the 1940 Act to allow BDCs to decrease their asset coverage requirement to 150% from 200% under certain circumstances. On April 4, 2018, the Board of Directors approved the application of the modified asset coverage requirements for the Company. Accordingly, effective April 4, 2019, for every \$100 of net assets, we may raise \$200 from senior securities, such as borrowings or issuing preferred stock. After April 4, 2019, if the asset coverage ratio declines below 150%, the contractual arrangements governing these securities may require us to sell a portion of our investments and, depending on the nature of our leverage, repay a portion of our indebtedness at a time when such sales may be disadvantageous.

Critical Accounting Policies

Our discussion and analysis of our financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses, gains and losses. Changes in the economic environment, financial markets, credit worthiness of portfolio companies and any other parameters used in determining such estimates could cause actual results to differ materially. In addition to the discussion below, our critical accounting policies are further described in the notes to the financial statements.

Fair Value Measurements

The Company follows guidance in ASC 820, Fair Value Measurement ("ASC 820"), where fair value is defined 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. Fair value measurements are determined within a framework that establishes a three-tier hierarchy which maximizes the use of observable market data and minimizes the use of unobservable inputs to establish a classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk, such as the risk inherent in a particular valuation technique used to measure fair value using a pricing model and/or the risk inherent in the inputs for the valuation technique. Inputs may be observable or unobservable. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Company. Unobservable inputs reflect the Company's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the information available. The inputs or methodology used for valuing assets or liabilities may not be an indication of the risks associated with investing in those assets or liabilities.

ASC 820 classifies the inputs used to measure these fair values into the following hierarchy:

Level 1: Quoted prices in active markets for identical assets or liabilities, accessible by us at the measurement date.

Level 2: Quoted prices for similar assets or liabilities in active markets, or quoted prices for identical or similar assets or liabilities in markets that are not active, or other observable inputs other than quoted prices.

Level 3: Unobservable inputs for the asset or liability.

In all cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls has been determined based on the lowest level of input that is significant to the fair value measurement. Our assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to each investment. The level assigned to the investment valuations may not be indicative of the risk or liquidity associated with investing in such investments. Because of the inherent uncertainties of valuation, the values

reflected in the financial statements may differ materially from the values that would be received upon an actual disposition of such investments.

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As of June 30, 2018, \$2.18 billion or 87.4% of the Company's investments were classified as Level 3. The high proportion of Level 3 investments relative to our total investments is directly related to our investment philosophy and target portfolio, which consists primarily of long-term secured debt, as well as unsecured and mezzanine positions of private middle-market companies. A fundamental difference exists between our investments and those of comparable publicly traded fixed income investments, namely high-yield bonds, and this difference affects the valuation of our private investments relative to comparable publicly traded instruments.

Senior secured loans, or senior loans, are higher in the capital structure than high-yield bonds, and are typically secured by assets of the borrowing company. This improves their recovery prospects in the event of default and affords senior loans a structural advantage over high-yield bonds. Many of the Company's investments are also privately negotiated and contain covenant protections that limit the issuer to take actions that could harm us as a creditor. High-yield bonds typically do not contain such covenants.

Given the structural advantages of capital seniority and covenant protection, the valuation of our private debt portfolio is driven more by investment specific credit factors than movements in the broader debt capital markets. Each security is evaluated individually and as indicated below, we value our private investments based upon a multi-step valuation process, including valuation recommendations from independent valuation firms.

Investment Valuation Process

Under procedures established by our Board of Directors, we value investments, including certain secured debt, unsecured debt, and other debt securities with maturities greater than 60 days, for which market quotations are readily available, at such market quotations (unless they are deemed not to represent fair value). We attempt to obtain market quotations from at least two brokers or dealers (if available, otherwise from a principal market maker, primary market dealer or other independent pricing service). We utilize mid-market pricing as a practical expedient for fair value unless a different point within the range is more representative. If and when market quotations are deemed not to represent fair value, we typically utilize independent third party valuation firms to assist us in determining fair value. Accordingly, such investments go through our multi-step valuation process as described below. In each case, our independent valuation firms consider observable market inputs together with significant unobservable inputs in arriving at their valuation recommendations for such investments. Investments purchased within 15 business days before the valuation date and debt investments with remaining maturities of 60 days or less may each be valued at cost with interest accrued or discount amortized to the date of maturity (although they are typically valued at available market quotations), unless such valuation, in the judgment of our Investment Adviser, does not represent fair value. In this case, such investments shall be valued at fair value as determined in good faith by or under the direction of our Board of Directors, including using market quotations where available. Investments that are not publicly traded or whose market quotations are not readily available are valued at fair value as determined in good faith by or under the direction of our Board of Directors. Such determination of fair values may involve subjective judgments and estimates.

With respect to investments for which market quotations are not readily available or when such market quotations are deemed not to represent fair value, our Board of Directors has approved a multi-step valuation process each quarter, as described below:

1. Our quarterly valuation process begins with each investment being initially valued by the investment professionals of our Investment Adviser who are responsible for the portfolio company.
2. Preliminary valuation conclusions are then documented and discussed with senior management of our Investment Adviser.
3. Independent valuation firms are engaged by our Board of Directors to conduct independent appraisals by reviewing our Investment Adviser's preliminary valuations and then making their own independent assessment. The Audit Committee of the Board of Directors reviews the preliminary valuation of our Investment Adviser and
4. the valuation prepared by the independent valuation firms and responds, if warranted, to the valuation recommendation of the independent valuation firms.
5. The Board of Directors discusses valuations and determines in good faith the fair value of each investment in our portfolio based on the input of our Investment Adviser, the applicable independent valuation firm, and the Audit Committee of the Board of Directors.

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Investments determined by these valuation procedures which have a fair value of less than \$1 million during the prior fiscal quarter may be valued based on inputs identified by the Investment Adviser without the necessity of obtaining valuation from an independent valuation firm, if once annually an independent valuation firm using the procedures described herein provides a valuation. Investments in all asset classes are valued utilizing a market approach, an income approach, or both approaches, as appropriate. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities (including a business). The income approach uses valuation techniques to convert future amounts (for example, cash flows or earnings) to a single present amount (discounted). The measurement is based on the value indicated by current market expectations about those future amounts. In following these approaches, the types of factors that we may take into account in fair value pricing our investments include, as relevant: available current market data, including relevant and applicable market trading and transaction comparables, applicable market yields and multiples, security covenants, seniority of investment in the investee company's capital structure, call protection provisions, information rights, the nature and realizable value of any collateral, the portfolio company's ability to make payments, its earnings and discounted cash flows, the markets in which the portfolio company does business, comparisons of financial ratios of peer companies that are public, M&A comparables, our principal market (as the reporting entity) and enterprise values, among other factors. When readily available, broker quotations and/or quotations provided by pricing services are considered in the valuation process of independent valuation firms. During the three months ended June 30, 2018, there were no significant changes to the Company's valuation techniques and related inputs considered in the valuation process.

Investment Income Recognition

The Company records interest and dividend income, adjusted for amortization of premium and accretion of discount, on an accrual basis. Some of our loans and other investments, including certain preferred equity investments, may have contractual PIK interest or dividends. PIK income computed at the contractual rate is accrued into income and reflected as receivable up to the capitalization date. Certain PIK investments offer issuers the option at each payment date of making payments in cash or in additional securities. When additional securities are received, they typically have the same terms, including maturity dates and interest rates as the original securities issued. On these payment dates, the Company capitalizes the accrued interest or dividends receivable (reflecting such amounts as the basis in the additional securities received). PIK generally becomes due at maturity of the investment or upon the investment being called by the issuer. At the point the Company believes PIK is not expected to be realized, the PIK investment will be placed on non-accrual status. When a PIK investment is placed on non-accrual status, the accrued, uncapitalized interest or dividends are reversed from the related receivable through interest or dividend income, respectively. The Company does not reverse previously capitalized PIK interest or dividends. Upon capitalization, PIK is subject to the fair value estimates associated with their related investments. PIK investments on non-accrual status are restored to accrual status if the Company believes that PIK is expected to be realized.

Investments that are expected to pay regularly scheduled interest and/or dividends in cash are generally placed on non-accrual status when principal or interest/dividend cash payments are past due 30 days or more and/or when it is no longer probable that principal or interest/dividend cash payments will be collected. Such non-accrual investments are restored to accrual status if past due principal and interest or dividends are paid in cash, and in management's judgment, are likely to continue timely payment of their remaining interest or dividend obligations. Interest or dividend cash payments received on non-accrual designated investments may be recognized as income or applied to principal depending upon management's judgment.

Loan origination fees, original issue discount ("OID"), and market discounts are capitalized and accreted into interest income over the respective terms of the applicable loans using the effective interest method or straight-line, as applicable. Upon the prepayment of a loan, prepayment premiums, any unamortized loan origination fees, OID, or market discounts are recorded as interest income. Other income generally includes amendment fees, administrative fees, management fees, bridge fees, and structuring fees which are recorded when earned.

The Company records as dividend income the accretable yield from its beneficial interests in structured products such as CLOs based upon a number of cash flow assumptions that are subject to uncertainties and contingencies. Such assumptions include the rate and timing of principal and interest receipts (which may be subject to prepayments and defaults) of the underlying pools of assets. These assumptions are updated on at least a quarterly basis to reflect

changes related to a particular security, actual historical data, and market changes. A structured product investment typically has an underlying pool of assets. Payments on structured product investments are payable solely from the cash flows from such assets. As such any unforeseen event in these underlying pools of assets might impact the expected recovery and future accrual of income.

Expenses

Expenses include management fees, performance-based incentive fees, insurance expenses, administrative service fees, legal fees, directors' fees, audit and tax service expenses, third-party valuation fees and other general and administrative expenses. Expenses are recognized on an accrual basis.

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Net Realized Gains (Losses) and Net Change in Unrealized Gains (Losses)

We measure realized gains or losses by the difference between the net proceeds from the repayment or sale and the amortized cost basis of the investment, without regard to unrealized gains or losses previously recognized, but considering unamortized upfront fees and prepayment penalties. Net change in unrealized gain (loss) reflects the net change in portfolio investment values during the reporting period, including the reversal of previously recorded unrealized gains or losses.

Within the context of these critical accounting policies, we are not currently aware of any reasonably likely events or circumstances that would result in materially different amounts being reported.

Results of Operations

Operating results for the three months ended June 30, 2018 and 2017 were as follows:

(in millions)*	Three Months Ended June 30,	
	2018	2017
Investment Income		
Interest income (excluding Payment-in-kind (“PIK”) interest income)	\$53.9	\$54.1
Dividend income	5.6	5.9
PIK interest income	2.7	5.8
Other income	1.4	0.8
Total investment income	\$63.6	\$66.7
Expenses		
Management and performance-based incentive fees, net of amounts waived	\$14.4	\$15.0
Interest and other debt expenses, net of reimbursements	13.5	14.2
Administrative services expense, net of reimbursements	1.6	1.6
Other general and administrative expenses	2.5	2.6
Net Expenses	\$32.0	\$33.4
Net Investment Income	\$31.5	\$33.3
Net Realized and Change in Unrealized Gains (Losses)		
Net realized losses	\$(23.2)	\$(233.8)
Net change in unrealized losses	4.9	229.2
Net Realized and Change in Unrealized Losses	(18.3)	(4.5)
Net Increase in Net Assets Resulting from Operations	\$13.3	\$28.8
Net Investment Income on Per Average Share Basis (1)	\$0.15	\$0.15
Earnings per share — basic (1)	\$0.06	\$0.13

*Totals may not foot due to rounding.

(1)Based on the weighted average number of shares outstanding for the period presented.

Total Investment Income

The decrease in total investment income for the three months ended June 30, 2018 compared to the three months ended June 30, 2017 was primarily driven by the decrease in total interest income (including PIK) of \$3.3 million and decrease in dividend income of \$0.4 million. The decrease in total interest income (including PIK) was due to a lower income-bearing investment portfolio and decrease in prepayment fees and income recognized from the acceleration of discount, premium, or deferred fees on repaid investments which totaled \$0.9 million and \$3.0 million for the three months ended June 30, 2018 and three months ended June 30, 2017, respectively. This was partially offset by an increase in overall yield for the total debt portfolio to 10.7% from 10.3%. The decrease in dividend income was due to the exits of MCF CLO III, LLC, Ivy Hill Middle Market Credit Fund IX, Ltd., and Ivy Hill Middle Market Credit Fund X, Ltd. The decrease in dividend income was partially offset by the higher dividends received from MSEA Tankers LLC. Furthermore, there was an increase in other income of \$0.6 million due to higher structuring fees and syndication fees.

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Net Expenses

The decrease in net expenses for the three months ended June 30, 2018 compared to the three months ended June 30, 2017 was due to the decrease in interest and other debt expenses of \$0.6 million. This decrease was due to the early redemption of the 2042 Senior Unsecured Notes in October 2017 which carried a higher interest rate than our Senior Secured Facility and the change in the average debt outstanding and net leverage from \$0.97 billion and 0.62x, respectively during the three months ended June 30, 2017, to \$0.93 billion and 0.78x, respectively during the three months ended June 30, 2018. In addition, the decrease of \$0.6 million in management and performance-based incentive fees (net of amounts waived) was primarily due to lower average gross assets and lower net investment income during the three months ended June 30, 2018 compared to the three months ended June 30, 2017.

Net Realized Gains (Losses)

During the three months ended June 30, 2018, we recognized gross realized gains of \$0.1 million and gross realized losses of \$23.3 million, resulting in net realized losses of \$23.2 million. Significant realized gains (losses) for the three months ended June 30, 2018 are summarized below:

(in millions)	Net Realized Gain (Loss)
Access CIG, LLC	\$ 0.1
Accelerate Parent Corp. (American Tire)	(10.1)

During the three months ended June 30, 2017, we recognized gross realized gains of \$7.0 million and gross realized losses of \$240.8 million, resulting in net realized loss of \$233.8 million. Significant realized gains (losses) for the three months ended June 30, 2017 are summarized below:

(in millions)	Net Realized Gain (Loss)
Renew JV LLC	\$ 4.0
Venoco, Inc.	(89.0) *
Delta Career Education Corporation	(72.8) *
AIC SPV Holdings I, LLC	(44.3) **
LVI Group Investments, LLC	(17.5) **
Magnetation, LLC	(10.4) *
Clothesline Holdings, Inc.	(6.0) *

* Venoco, Delta/Gryphon, Magnetation and Clothesline were written off during the quarter as no proceeds are expected to be realized. The realized losses on these investments were previously recorded as unrealized losses.

** AIC SPV Holdings I, LLC and LVI Group Investments, LLC were sold during the quarter. The realized losses on these investments were previously recorded as unrealized losses.

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Net Change in Unrealized Gains (Losses)

During the three months ended June 30, 2018, we recognized gross unrealized gains of \$23.6 million and gross unrealized losses of \$18.7 million, including the impact of transferring unrealized to realized gains (losses), resulting in net change in unrealized losses of \$4.9 million. Significant changes in unrealized gains (losses) for the three months ended June 30, 2018 are summarized below:

(in millions)	Net Change in Unrealized Gain (Loss)
Merx Aviation Finance, LLC	\$ 9.6
SHD Oil & Gas, LLC	4.7
Sprint Industrial Holdings, LLC	1.6
Skyline Data, News and Analytics LLC (Dodge)	1.1
Glacier Oil & Gas Corp. (f/k/a Miller Energy Resources, Inc.)	(4.3)
Accelerate Parent Corp. (American Tire)	(2.5)
Dynamic Product Tankers (Prime), LLC	(1.4)
Solarplicity Group Limited (f/k/a AMP Solar UK)	(1.1)
BioClinica Holding I, LP	(1.0)

During the three months ended June 30, 2017, we recognized gross unrealized gains of \$256.9 million and gross unrealized losses of \$27.7 million, including the impact of transferring unrealized to realized gains (losses), resulting in net change in unrealized losses of \$229.2 million. Significant changes in unrealized gains (losses) for the three months ended June 30, 2017 are summarized below:

(in millions)	Net Change in Unrealized Gain (Loss)
Venoco, Inc.	\$ 89.0
Delta Career Education Corporation	72.8
AIC SPV Holdings I, LLC	44.8
LVI Group Investments, LLC	17.5
Magnetation, LLC	10.4
Clothesline Holdings, Inc.	6.0
SHD Oil & Gas, LLC	(4.3)
Sprint Industrial Holdings, LLC	(2.1)
Liquidity and Capital Resources	

The Company's liquidity and capital resources are generated and generally available through periodic follow-on equity and debt offerings, our Senior Secured Facility (as defined in Note 8 to the financial statements), our senior secured notes, our senior unsecured notes, investments in special purpose entities in which we hold and finance particular investments on a non-recourse basis, as well as from cash flows from operations, investment sales of liquid assets and repayments of senior and subordinated loans and income earned from investments.

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Cash Equivalents

The Company defines cash equivalents as securities that are readily convertible into known amounts of cash and near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only securities with a maturity of three months or less from the date of purchase would qualify, with limited exceptions. The Company deems that certain money market funds, U.S. Treasury bills, repurchase agreements and other high-quality, short-term debt securities would qualify as cash equivalents (See Note 2 to the financial statements.) At the end of each fiscal quarter, we consider taking proactive steps utilizing cash equivalents with the objective of enhancing our investment flexibility during the following quarter, pursuant to Section 55 of the 1940 Act. More specifically, we may purchase U.S. Treasury bills from time-to-time on the last business day of the quarter and typically close out that position on the following business day, settling the sale transaction on a net cash basis with the purchase, subsequent to quarter end. Apollo Investment may also utilize repurchase agreements or other balance sheet transactions, including drawing down on our Senior Secured Facility, as we deem appropriate. The amount of these transactions or such drawn cash for this purpose is excluded from total assets for purposes of computing the asset base upon which the management fee is determined.

Debt

See Note 8 to the financial statements for information on the Company's debt.

The following table shows the contractual maturities of our debt obligations as of June 30, 2018:

(in millions)	Payments Due by Period				
	Total	Less than 1 Year	1 to 3 Years	3 to 5 Years	More than 5 Years
Senior Secured Facility (1)	\$597.8	\$ —	—	—\$597.8	\$ —
Senior Secured Notes (Series B)	16.0	16.0	—	—	—