

APOLLO INVESTMENT CORP
Form 10-Q
August 04, 2017

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, 2017

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 3, 2017

\$0.001 par value 219,694,654

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, 2017	March 31, 2017
	(Unaudited)	
Assets		
Investments at fair value:		
Non-controlled/non-affiliated investments (cost — \$1,493,015 and \$1,510,980, respectively)	\$ 1,475,682	\$ 1,402,409
Non-controlled/affiliated investments (cost — \$242,840 and \$417,471, respectively)	220,149	239,050
Controlled investments (cost — \$729,539 and \$676,972, respectively)	720,748	675,249
Total investments at fair value (cost — \$2,465,394 and \$2,605,423, respectively)	2,416,579	2,316,708
Cash and cash equivalents	29,853	9,783
Foreign currencies (cost — \$2,801 and \$1,494, respectively)	2,837	1,497
Receivable for investments sold	4,812	40,226
Interest receivable	18,709	17,072
Dividends receivable	3,163	6,489
Deferred financing costs	16,633	17,632
Prepaid expenses and other assets	857	713
Total Assets	\$2,493,443	\$2,410,120
Liabilities		
Debt		
Payable for investments purchased	\$920,674	\$848,449
Distributions payable	26,109	13,970
Management and performance-based incentive fees payable	32,954	32,954
Interest payable	17,345	16,306
Accrued administrative services expense	11,612	7,319
Other liabilities and accrued expenses	1,166	2,250
Total Liabilities	5,959	7,075
Commitments and contingencies (Note 8)	\$1,015,819	\$928,323
Net Assets	\$1,477,624	\$1,481,797
Net Assets		
Common stock, \$0.001 par value (400,000,000 shares authorized; 219,694,654 and 219,694,654 shares issued and outstanding, respectively)	\$220	\$220
Paid-in capital in excess of par	2,924,775	2,924,775
Accumulated underdistributed net investment income	88,500	88,134
Accumulated net realized loss	(1,511,380)	(1,277,625)
Net unrealized loss	(24,491)	(253,707)
Net Assets	\$1,477,624	\$1,481,797
Net Asset Value Per Share	\$6.73	\$6.74

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,	
	2017	2016
Investment Income		
Non-controlled/non-affiliated investments:		
Interest income	\$41,008	\$48,343
Dividend income	—	1,104
Other income	1,129	1,699
Non-controlled/affiliated investments:		
Interest income	2,551	262
Dividend income	1,087	3,046
Other income	(306)	70
Controlled investments:		
Interest income	16,392	17,245
Dividend income	4,850	4,700
Other income	—	—
Total Investment Income	\$66,711	\$76,469
Expenses		
Management fees	\$12,125	\$14,398
Performance-based incentive fees	7,912	8,451
Interest and other debt expenses	14,215	16,793
Administrative services expense	1,675	1,526
Other general and administrative expenses	2,557	5,038
Total expenses	38,484	46,206
Management and performance-based incentive fees waived	(5,009)	(5,717)
Expense reimbursements	(84)	(84)
Net Expenses	\$33,391	\$40,405
Net Investment Income	\$33,320	\$36,064
Net Realized and Change in Unrealized Gains (Losses)		
Net realized gains (losses):		
Non-controlled/non-affiliated investments	\$(89,839)	\$(57,475)
Non-controlled/affiliated investments	(146,840)	65,830
Controlled investments	—	(191)
Foreign currency transactions	2,924	361
Net realized gains (losses)	(233,755)	8,525
Net change in unrealized gains (losses):		
Non-controlled/non-affiliated investments	91,238	18,721
Non-controlled/affiliated investments	155,730	(93,787)
Controlled investments	(7,068)	(24,299)
Foreign currency translations	(10,684)	12,690
Net change in unrealized gains (losses)	229,216	(86,675)
Net Realized and Change in Unrealized Gains (Losses)	\$(4,539)	\$(78,150)
Net Increase (Decrease) in Net Assets Resulting from Operations	\$28,781	\$(42,086)
Earnings (Loss) Per Share — Basic	\$0.13	\$(0.19)
Earnings (Loss) 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, 2017 (Unaudited)	Year Ended March 31, 2017
Operations		
Net investment income	\$33,320	\$149,243
Net realized gains (losses)	(233,755)	(41,823)
Net change in unrealized gains (losses)	229,216	(89,050)
Net Increase (Decrease) in Net Assets Resulting from Operations	\$28,781	\$18,370
Distributions to Stockholders		
Distribution of net investment income	\$(32,954)	\$(76,950)
Distribution of return of capital	—	(67,286)
Net Increase (Decrease) in Net Assets Resulting from Distributions to Stockholders	\$(32,954)	\$(144,236)
Capital Share Transactions		
Repurchase of common stock	—	(37,918)
Net Increase (Decrease) in Net Assets Resulting from Capital Share Transactions	\$—	\$(37,918)
Net Assets		
Net decrease in net assets during the period	\$(4,173)	\$(163,784)
Net assets at beginning of period	1,481,797	1,645,581
Net Assets at End of Period	\$1,477,624	\$1,481,797
Capital Share Activity		
Shares repurchased during the period	—	(6,461,842)
Shares issued and outstanding at beginning of period	219,694,654	226,156,496
Shares Issued and Outstanding at End of Period	219,694,654	219,694,654

See notes to financial statements.

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

	Three Months Ended June 30,	
	2017	2016
Operating Activities		
Net increase (decrease) in net assets resulting from operations	\$28,781	\$(42,086)
Net realized (gains) losses	233,755	(8,525)
Net change in unrealized (gains) losses	(229,216)	86,675
Net amortization of premiums and accretion of discounts on investments	(1,864)	(1,489)
Accretion of discount on notes	148	148
Amortization of deferred financing costs	1,211	1,899
Increase from foreign currency transactions	2,924	360
Payment-in-kind interest and dividends capitalized	(2,775)	(3,553)
Changes in operating assets and liabilities:		
Purchases of investments	(329,897)	(111,145)
Proceeds from sales and repayments of investments	285,440	370,127
Decrease (increase) in interest receivable	(1,581)	2,325
Decrease (increase) in dividends receivable	3,326	1,870
Decrease (increase) in prepaid expenses and other assets	(144)	(5,663)
Increase (decrease) in management and performance-based incentive fees payable	1,039	(2,169)
Increase (decrease) in interest payable	4,293	5,025
Increase (decrease) in accrued administrative services expense	(1,084)	556
Increase (decrease) in other liabilities and accrued expenses	(1,116)	642
Net Cash Provided by/(Used in) Operating Activities	\$(6,760)	\$294,997
Financing Activities		
Issuances of debt	\$418,517	\$215,189
Payments of debt	(357,416)	(416,880)
Financing costs paid and deferred	(10)	(485)
Repurchase of common stock	—	(6,073)
Distributions paid	(32,954)	(45,231)
Net Cash Provided by/(Used in) Financing Activities	\$28,137	\$(253,480)
Cash, Cash Equivalents and Foreign Currencies		
Net increase (decrease) in cash, cash equivalents and foreign currencies during the period	\$21,377	\$41,517
Effect of foreign exchange rate changes	33	(102)
Cash, cash equivalents and foreign currencies at beginning of period	11,280	18,905
Cash, Cash Equivalent and Foreign Currencies at the End of Period	\$32,690	\$60,320
Supplemental Disclosure of Cash Flow Information		
Cash interest paid	\$8,542	\$9,157
Non-Cash Activity		
Payment-in-kind income	\$5,810	\$6,364

See notes to financial statements.

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SCHEDULE OF INVESTMENTS (Unaudited)

June 30, 2017

(In thousands, except share data)

Investment	Industry	Interest Rate (20)	Maturity Date	Par (12)	Cost	Fair Value (1)
Non-Controlled/Non-Affiliated Investments						
Corporate Debt						
Secured Debt						
First Lien Secured Debt						
First Lien Secured Debt (excluding Revolvers and Letters of Credit)						
Altasciences / 9360-1367 Quebec Inc. (9)(16)(17)	Healthcare & Pharmaceuticals	7.55% (1M L+625, 1.00% Floor)	6/9/23	\$ 2,921	\$2,856	\$2,855
Altasciences / 9360-1367 Quebec Inc. (9)(16)(17)	Healthcare & Pharmaceuticals	7.55% (3M L+625, 1.00% Floor)	6/9/23	C\$2,436	1,774	1,834
Altasciences US Acquisition, Inc. (9)(16)	Healthcare & Pharmaceuticals	7.55% (1M L+625, 1.00% Floor)	6/9/23	5,275	5,157	5,156
Altasciences US Acquisition, Inc., Unfunded Delayed Draw (8)(9)(16)(21)(23)(28)	Healthcare & Pharmaceuticals	0.50% Unfunded	6/9/23	2,851	(35)	(64)
American Media, Inc. (16)	Advertising, Printing & Publishing	8.80% (3M L+750, 1.00% Floor)	8/24/20	390	380	390
American Media, Inc. (16)	Advertising, Printing & Publishing	8.80% (3M L+750, 1.00% Floor)	8/24/20	9,482	9,240	9,482
American Media, Inc. (16)	Advertising, Printing & Publishing	8.80% (3M L+750, 1.00% Floor)	8/24/20	5,195	5,064	5,195
Aptevo Therapeutics Inc. (9)(16)(23)	Healthcare & Pharmaceuticals	8.65% (1M L+760)	2/1/21	8,571	8,634	8,493
Aptevo Therapeutics Inc., Unfunded Delayed Draw (8)(9)(16)(21)(23)	Healthcare & Pharmaceuticals	0.00% Unfunded	2/1/21	6,429	(27)	(59)
ChyronHego Corporation (18)	High Tech Industries	7.43% (3M L+643, 1.00% Floor)	3/9/20	35,975	35,539	35,256
Dodge Data & Analytics LLC	Business Services	10.06% (3M L+875, 1.00% Floor)	10/31/19	50,478	50,004	49,090
GFRC Holdings LLC	Hotel, Gaming, Leisure, Restaurants	10.50% (1M L+900 Cash (L+900 PIK Toggle), 1.50% Floor)	2/1/22	2,500	2,500	2,375
Invuity, Inc. (9)(16)	Healthcare & Pharmaceuticals	8.00% (1M L+650, 1.50% Floor)	3/1/22	6,667	6,578	6,539
Invuity, Inc., Unfunded Delayed Draw (8)(9)(16)(21)(23)	Healthcare & Pharmaceuticals	0.00% Unfunded	3/1/22	3,333	(16)	(17)
KLO / 9357-5991 Quebec Inc	Consumer Goods – Durable	9.00% (1M L+775, 0.75% Floor)	4/7/22	9,500	9,387	9,386
KLO Acquisition LLC	Consumer Goods – Durable	9.00% (1M L+775, 0.75% Floor)	4/7/22	5,500	5,435	5,434
LabVantage Solutions Inc.	High Tech Industries		12/29/20	14,250	13,924	14,108

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		9.30% (3M L+800, 1.00% Floor)					
LabVantage Solutions Limited (16)(17)	High Tech Industries	9.00% (3M E+800, 1.00% Floor)	12/29/20	€ 13,054	13,714	14,740	
Magnetation, LLC (14)	Metals & Mining	9.15% (3M L+800 Cash (PIK Toggle))	12/31/19	2,081	2,050	717	
Maxus Capital Carbon SPE I, LLC	Chemicals, Plastics & Rubber	5.22% PIK	12/31/18	59,305	59,305	50,053	
My Alarm Center, LLC, Term Loan A (16)(23)	Business Services	9.05% (1M L+800, 1.00% Floor)	1/9/19	28,035	28,035	28,035	
My Alarm Center, LLC, Term Loan B (16)(23)	Business Services	9.23% (1M L+800, 1.00% Floor)	1/9/19	8,320	8,320	8,320	
My Alarm Center, LLC, Unfunded Term Loan B (16)(21)(23)	Business Services	0.35% Unfunded	1/9/19	441	—	—	
My Alarm Center, LLC, Term Loan C (16)(23)	Business Services	9.23% (1M L+800, 1.00% Floor)	1/9/19	3,554	3,554	3,554	

See notes to financial statements.

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APOLLO INVESTMENT CORPORATION
SCHEDULE OF INVESTMENTS (Unaudited)

June 30, 2017

(In thousands, except share data)

Investment	Industry	Interest Rate (20)	Maturity Date	Par (12)	Cost	Fair Value (1)
My Alarm Center, LLC, Unfunded Term Loan C (16)(21)(23)	Business Services	0.35% Unfunded	1/9/19	558	—	—
Nextech Systems, LLC (18)	High Tech Industries	8.40% (3M L+725, 1.00% Floor)	6/22/21	21,575	21,145	21,144
Novadaq Technologies Inc. (9)(16)(17)	Healthcare & Pharmaceuticals	8.25% (1M L+720, 0.50% Floor)	1/1/22	3,333	3,332	3,510
Novadaq Technologies Inc., Unfunded Delayed Draw (9)(16)(17)(21)(23)	Healthcare & Pharmaceuticals	0.00% Unfunded	1/1/22	6,667	(30) —
Oxford Immunotec, Inc. (9)(16)(17)	Healthcare & Pharmaceuticals	8.65% (1M L+760)	10/1/21	9,750	9,793	9,824
PSI Services, LLC (9)(16)	Business Services	6.22% (1M L+500, 1.00% Floor)	1/20/23	4,142	4,046	4,067
PSI Services, LLC (9)(16)	Business Services	8.25% (P+425)	1/20/23	10	10	10
PTC Therapeutics, Inc (9)(16)(17)	Healthcare & Pharmaceuticals	7.20% (1M L+615, 1.00% Floor)	5/1/21	12,667	12,606	12,603
PTC Therapeutics, Inc, Unfunded Delayed Draw (8)(9)(16)(17)(21)(23)	Healthcare & Pharmaceuticals	0.00% Unfunded	5/1/21	6,333	—	(32)
SCM Insurance Services, Inc. (17)	Business Services	9.25%	8/22/19	C\$39,480	33,483	27,254
SunEdison, Inc.	Utilities – Electric	8.72% (1M L+750, 1.00% Floor)	5/2/18	14,339	14,263	14,375
Telestream Holdings Corporation (18)	High Tech Industries	7.61% (3M L +6.45%, 1.00% Floor)	3/24/22	37,026	36,670	36,285
UniTek Global Services Inc. (16)	Telecommunications	9.80% (3M L+750 Cash plus 1.00% PIK, 1.00% Floor)	1/13/19	1,936	1,936	1,936
UniTek Global Services Inc. (16)	Telecommunications	9.80% (3M L+850, 1.00% Floor)	1/13/19	32,367	32,367	33,014
Westinghouse Electric Co LLC (9)(16)	Energy – Electricity	7.50% (1M L+625, 1.00% Floor)	3/31/18	40,000	39,175	40,000
Total First Lien Secured Debt (excluding Revolvers and Letters of Credit)—31.5% (10)					\$480,168	\$464,862

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Revolvers and Letters of Credit						
Alliant Holdings Intermediate, LLC, Letter of Credit (8)(16)(23)	Insurance	3.375%	4/23/18	\$ 37	\$—	\$(2)
Alliant Holdings Intermediate, LLC, Letter of Credit (8)(16)(23)	Insurance	3.375%	5/4/17	8	—	—
Alliant Holdings Intermediate, LLC, Letter of Credit (8)(16)(23)	Insurance	3.375%	7/29/17	80	—	(4)
Alliant Holdings Intermediate, LLC, Letter of Credit (8)(16)(23)	Insurance	3.375%	10/3/17	8	—	—
Alliant Holdings Intermediate, LLC, Letter of Credit (8)(16)(23)	Insurance	3.375%	11/30/17	37	—	(2)
Alliant Holdings Intermediate, LLC, Revolver (16)(23)	Insurance	4.52% (1M L+350)	8/14/20	1,125	1,125	1,076
Alliant Holdings Intermediate, LLC, Unfunded Revolver (8)(16)(21)(23)	Insurance	0.50% Unfunded	8/14/20	13,705	(1,068)	(603)
Altasciences / 9360-1367 Quebec Inc., Revolver (9)(16)(17)(23)	Healthcare & Pharmaceuticals	7.55% (1M L+625, 1.00% Floor)	6/9/23	143	143	139
Altasciences US Acquisition, Inc., Revolver (9)(16)(23)	Healthcare & Pharmaceuticals	7.55% (1M L+625, 1.00% Floor)	6/9/23	143	143	139
Altasciences US Acquisition, Inc., Unfunded Revolver (8)(9)(16)(21)(23)(28)	Healthcare & Pharmaceuticals	0.25% Unfunded	6/9/23	1,141	(32)	(26)
American Media, Inc., Letter of Credit (16)(23)	Advertising, Printing & Publishing	7.50%	8/24/20	153	—	—
American Media, Inc., Revolver (16)(23)	Advertising, Printing & Publishing	8.80% (3M L+750, 1.00% Floor)	8/24/20	652	652	652

See notes to financial statements.

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APOLLO INVESTMENT CORPORATION
SCHEDULE OF INVESTMENTS (Unaudited)

June 30, 2017

(In thousands, except share data)

Investment	Industry	Interest Rate (20)	Maturity Date	Par (12)	Cost	Fair Value (1)
American Media, Inc., Revolver (16)(23)	Advertising, Printing & Publishing	10.75% (L+750)	8/24/20	593	592	593
American Media, Inc., Unfunded Revolver (16)(21)(23)	Advertising, Printing & Publishing	0.50% Unfunded	8/24/20	380	Ø42	—
Avantor Performance Materials Holdings, LLC, Letter of Credit (8)(16)(23)	Chemicals, Plastics & Rubber	4.00%	3/10/18	72	—	—
Avantor Performance Materials Holdings, LLC, Unfunded Revolver (8)(16)(21)(23)	Chemicals, Plastics & Rubber	0.50% Unfunded	3/10/22	4,928	Ø586	Ø27
Erickson Inc., Letter of Credit (8)(9)(16)(23)	Aerospace & Defense	7.50%	4/1/18	277	—	Ø4
Erickson Inc., Letter of Credit (8)(9)(16)(23)	Aerospace & Defense	7.50%	10/31/17	73	—	Ø1
Erickson Inc., Letter of Credit (8)(9)(16)(23)	Aerospace & Defense	7.50%	11/28/17	670	—	Ø10
Erickson Inc., Letter of Credit (8)(9)(16)(23)	Aerospace & Defense	7.50%	7/11/17	7	—	—
Erickson Inc., Letter of Credit (8)(9)(16)(23)	Aerospace & Defense	7.50%	10/17/17	178	—	Ø3
Erickson Inc., Letter of Credit (8)(9)(16)(23)	Aerospace & Defense	7.50%	9/28/17	14	—	—
Erickson Inc., Letter of Credit (8)(9)(16)(23)	Aerospace & Defense	7.50%	6/25/18	3	—	—
Erickson Inc., Letter of Credit (8)(9)(16)(23)	Aerospace & Defense	7.50%	11/7/17	20	—	—
Erickson Inc., Letter of Credit (8)(9)(16)(23)	Aerospace & Defense	7.50%	12/31/17	180	—	Ø3
Erickson Inc., Revolver (9)(16)(23)	Aerospace & Defense	8.67% (3M L+750)	4/28/22	23,973	23,636	23,614
Erickson Inc., Unfunded Revolver (8)(9)(16)(21)(23)	Aerospace & Defense	0.50% Unfunded	4/28/22	19,605	Ø213	Ø294
Invuity, Inc., Revolver (9)(16)(23)	Healthcare & Pharmaceuticals	4.75% (1M L+325, 1.00% Floor)	3/1/22	850	850	846
Invuity, Inc., Unfunded Revolver (8)(9)(16)(21)(23)	Healthcare & Pharmaceuticals	0.50% Unfunded	3/1/22	1,150	Ø9	Ø6
LabVantage Solutions Limited, Unfunded Revolver (8)(16)(17)(21)(23)	High Tech Industries	0.50% Unfunded	12/29/20	€3,435	Ø83	Ø39
My Alarm Center, LLC, Revolver (16)(23)	Business Services	11.25% (P+900)	1/9/19	5,083	5,083	5,083
My Alarm Center, LLC, Unfunded Revolver (16)(21)(23)	Business Services	0.35% Unfunded	1/9/19	1,167	—	—
Novadaq Technologies Inc., Unfunded Revolver (8)(9)(16)(17)(21)(23)	Healthcare & Pharmaceuticals	0.50% Unfunded	1/1/22	3,000	Ø14	Ø2

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Oxford Immunotec, Inc., Unfunded Revolver (9)(16)(17)(21)(23)	Healthcare & Pharmaceuticals	0.50% Unfunded	10/1/21	1,000	ø4	—
		6.22% (1M L+500, 1.00% Floor)				
PSI Services, LLC, Revolver (9)(16)(23)	Business Services		1/20/22	198	198	195
PSI Services, LLC, Unfunded Revolver (8)(9)(16)(21)(23)	Business Services	0.50% Unfunded	1/20/22	198	ø9	ø4
PSI Services, LLC, Unfunded Revolver (9)(16)(21)(23)	Business Services	0.50% Unfunded	1/20/22	£47	—	—
SESAC Holdco II LLC, Unfunded Revolver (8)(16)(21)(23)	Media – Diversified & Production	0.50% Unfunded	2/23/22	587	ø49	ø44
Tibco Software Inc., Unfunded Revolver (8)(21)(23)	High Tech Industries	0.50% Unfunded	12/5/19	6,000	ø29	ø840
TricorBraun Holdings, Inc., Revolver (16)(23)	Containers, Packaging & Glass	6.25% (P+225)	11/30/21	1,410	1,410	1,412

See notes to financial statements.

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SCHEDULE OF INVESTMENTS (Unaudited)

June 30, 2017

(In thousands, except share data)

Investment	Industry	Interest Rate (20)	Maturity Date	Par (12)	Cost	Fair Value (1)
TricorBraun Holdings, Inc., Unfunded Revolver (16)(21)(23)	Containers, Packaging & Glass	0.50% Unfunded	11/30/21	4,215	(447)) —
UniTek Global Services Inc., Letter of Credit (16)(23)	Telecommunications	7.50%	1/13/19	7,762	—	—
UniTek Global Services Inc., Unfunded Revolver (16)(21)(23)	Telecommunications	0.50% Unfunded	1/13/19	5,000	—	—
Wright Medical Group, Inc., Revolver (9)(16)(17)(23)	Healthcare & Pharmaceuticals	5.48% (1M L+425, 0.75% Floor)	12/23/21	7,667	7,667	7,590
Wright Medical Group, Inc., Unfunded Revolver (8)(9)(16)(17)(21)(23)	Healthcare & Pharmaceuticals	0.50% Unfunded	12/23/21	42,333	(448)	) (423)
Total Revolvers and Letters of Credit—2.6% (10)					\$38,466	\$39,002
Total First Lien Secured Debt—34.1% (10)					\$518,634	\$503,864
Second Lien Secured Debt						
Access CIG, LLC (16)	Business Services	9.92% (1M L+875, 1.00% Floor)	10/17/22	\$50,970	\$49,277	\$50,589
Active Network, LLC	Business Services	10.73% (1M L+950, 1.00% Floor)	11/15/21	17,875	17,720	17,853
A-L Parent LLC	Advertising, Printing & Publishing	8.48% (1M L+725, 1.00% Floor)	12/2/24	10,048	9,954	10,098
Almonde, Inc (17)	Business Services	8.25% (3M L+725, 1.00% Floor)	6/13/25	2,316	2,293	2,360
Appriss Holdings, Inc.	Business Services	10.55% (3M L+925, 1.00% Floor)	5/21/21	23,309	23,090	23,309
Aptean, Inc.	Business Services	10.80% (1M L+950, 1.00% Floor)	12/20/23	9,548	9,414	9,577
Armor Holding II LLC	Diversified Investment Vehicles, Banking, Finance, Real Estate	10.30% (3M L+900, 1.25% Floor)	12/26/20	8,000	7,925	8,080
Asurion Corporation	Insurance	8.73% (1M L+750, 1.00% Floor)	3/3/21	39,590	39,426	39,837
ATS Consolidated, Inc.	Manufacturing, Capital Equipment	9.50% (3M L+850, 1.00%	5/30/25	15,000	14,701	14,963

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Avantor Performance Materials Holdings, LLC (16)	Chemicals, Plastics & Rubber	Floor) 9.48% (3M L+825, 1.00%	3/10/25	1,629	1,613	1,641
BioClinica Holding I, LP	Healthcare & Pharmaceuticals	Floor) 9.56% (3M L+825, 1.00%	10/21/24	24,612	24,159	24,120
Confie Seguros Holding II Co.	Insurance	Floor) 11.05% (3M L+975, 1.25%	5/8/19	22,344	22,283	22,009
CT Technologies Intermediate Holdings, Inc. (9)	Business Services	Floor) 10.22% (1M L+900, 1.00%	12/1/22	31,253	30,347	30,315
Electro Rent Corporation (9)	Business Services	Floor) 10.23% (1M L+900, 1.00%	1/31/25	18,333	17,812	17,967
Elements Behavioral Health, Inc.	Healthcare & Pharmaceuticals	Floor) 13.18% (3M L+1200 PIK, 1.00%	2/11/20	11,557	11,515	9,477
Erie Acquisition Holdings, Inc.	Business Services	Floor) 10.20% (3M L+900, 1.00%	3/1/24	16,250	16,039	16,189
Grocery Outlet, Inc.	Food & Grocery	Floor) 9.55% (3M L+825, 1.00%	10/21/22	25,000	24,749	25,250
Hare Bidco, Inc.	Chemicals, Plastics & Rubber	Floor) 9.75% (3M L+875, 1.00%	8/1/24	€13,574	14,391	15,171
Institutional Shareholder Services, Inc.	Business Services	Floor) 9.72% (3M L+850, 1.00%	4/30/22	8,232	8,169	8,273
K&N Parent, Inc.	Automotive	Floor) 9.98% (1M L+875, 1.00%	10/21/24	30,000	29,444	29,925
Lanai Holdings III, Inc.	Healthcare & Pharmaceuticals	Floor) 9.73% (1M L+850, 1.00%	8/28/23	17,391	16,936	17,043

See notes to financial statements.

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APOLLO INVESTMENT CORPORATION
SCHEDULE OF INVESTMENTS (Unaudited)

June 30, 2017

(In thousands, except share data)

Investment	Industry	Interest Rate (20)	Maturity Date	Par (12)	Cost	Fair Value (1)
MedPlast Holdings Inc.	Manufacturing, Capital Equipment	9.88% (3M L+875, 1.00% Floor)	6/6/23	8,000	7,808	7,800
Ministry Brands, LLC (16)	Business Services	10.48% (1M L+925, 1.00% Floor)	6/2/23	10,000	9,863	9,854
MW Industries, Inc.	Manufacturing, Capital Equipment	10.55% (3M L+925, 1.00% Floor)	12/28/20	20,000	19,610	20,100
PAE Holding Corporation	Aerospace & Defense	10.73% (1M L+950, 1.00% Floor)	10/20/23	28,097	27,334	28,378
Parfums Holding Company, Inc.	Retail	9.75% (3M L+875, 1.00% Floor)	6/30/25	8,000	7,760	7,840
Poseidon Merger Sub, Inc.	Business Services	9.67% (3M L+850, 1.00% Floor)	8/15/23	18,000	17,585	18,000
Power Products, LLC (9)	Manufacturing, Capital Equipment	10.34% (6M L+900, 1.00% Floor)	12/20/23	32,500	31,448	32,009
PSI Services, LLC (9)(16)	Business Services	10.22% (1M L+900, 1.00% Floor)	1/20/24	25,714	24,991	25,119
Securus Technologies Holdings, Inc.	Telecommunications	9.25% (1M L+825, 1.00% Floor)	6/20/25	12,878	12,749	12,991
Sequential Brands Group, Inc. (17)	Consumer Goods – Durable	10.09% (1M L+900)	7/1/22	17,424	17,241	17,174
SESAC Holdco II LLC (16)	Media – Diversified & Production	8.37% (3M L+725, 1.00% Floor)	2/24/25	3,241	3,210	3,254
SMG	Hotel, Gaming, Leisure, Restaurants	9.55% (3M L+825, 1.00% Floor)	2/27/21	19,649	19,649	19,625
Smokey Merger Sub, Inc. (9)	High Tech Industries	9.75% (3M L+875, 1.00% Floor)	5/24/24	30,000	29,113	29,100
Sprint Industrial Holdings, LLC (16)(30)	Containers, Packaging & Glass	13.5% PIK	11/14/19	16,163	15,733	6,700
Sprint Industrial Holdings, LLC	Containers, Packaging & Glass	13.5% PIK	11/14/19	1,106	1,106	1,106

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(16)(31)

STG-Fairway Acquisitions, Inc.	Business Services	10.45% (3M L+925, 1.00% Floor)	6/30/23	15,000	14,718	13,200	
TMK Hawk Parent, Corp.	Transportation – Cargo, Distribution	8.73% (1M L+750, 1.00% Floor)	10/1/22	34,000	33,776	34,000	
Velocity Technology Solutions, Inc.	Business Services	9.55% (3M L+825, 1.25% Floor)	9/28/20	16,500	16,335	16,459	
Wave Holdco Merger Sub, Inc.	Telecommunications	10.48% (1M L+925, 1.00% Floor)	5/27/23	10,000	9,783	9,877	
Total Second Lien Secured Debt—47.8% (10)						\$711,069	\$706,632
Total Secured Debt—81.9% (10)						\$1,229,703	\$1,210,496
Unsecured Debt							
American Tire Distributors, Inc. (11)	Transportation – Cargo, Distribution	10.25%	3/1/22	\$14,741	\$14,806	\$15,337	
Sorenson Holdings, LLC (11)	Consumer Goods – Durable	13.85% Cash (13.85% PIK Toggle)	10/31/21	52	35	49	
U.S. Security Associates Holdings, Inc.	Business Services	11.00%	7/28/18	135,000	135,000	135,000	
UniTek Global Services Inc. (16)	Telecommunications	15.00% PIK	7/13/19	8,867	8,867	9,044	
Total Unsecured Debt—10.8% (10)						\$158,708	\$159,430
Total Corporate Debt—92.7% (10)						\$1,388,411	\$1,369,926
Structured Products and Other							
Asset Repackaging							
Trust Six B.V. (11)(17)(19)	Utilities – Electric	13.11%	5/18/27	\$58,411	\$25,730	\$31,979	
Craft 2014-1A, Credit-Linked Note (11)(17)	Diversified Investment Vehicles, Banking, Finance, Real Estate	11.26% (3M L+965)	5/15/21	42,500	42,345	41,939	

See notes to financial statements.

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SCHEDULE OF INVESTMENTS (Unaudited)

June 30, 2017

(In thousands, except share data)

Investment	Industry	Interest Rate (20)	Maturity Date	Par (12)	Cost	Fair Value (1)
Craft 2015-2, Credit-Linked Note (11)(17)	Diversified Investment Vehicles, Banking, Finance, Real Estate	10.57% (3M L+925)	1/16/24	26,000	25,827	24,893
Total Structured Products and Equity	Other—6.7% (10)				\$93,902	\$98,811
Preferred Equity				Shares		
Sungevity Inc., Series D Preferred Stock (13)	Energy – Electricity	N/A	N/A	114,678,899	\$4,408	\$—
Total Preferred Equity	—0.0% (10)				\$4,408	\$—
Common Equity/Interests				Shares		
Accelerate Parent Corp., Common Stock (13)	Transportation – Cargo, Distribution	N/A	N/A	1,664,045	\$1,714	\$1,930
GFRC Holdings LLC, Membership Interests (13)	Hotel, Gaming, Leisure, Restaurants	N/A	N/A	2,500,000	—	—
Skyline Data, News and Analytics LLC, Class A Common Unit (13)	Business Services	N/A	N/A	4,500,000	4,500	4,500
Sorenson Holdings, LLC, Membership Interests (13)	Consumer Goods – Durable	N/A	N/A	586	—	433
Total Common Equity/Interests	—0.5% (10)				\$6,214	\$6,863
Warrants				Warrants		
Invuity, Inc., Warrants (9)	Healthcare & Pharmaceuticals	N/A	N/A	16,873	\$80	\$82
Sprint Industrial Holdings, LLC, Warrants (29)	Containers, Packaging & Glass	N/A	N/A	7,341	—	—
Total Warrants	—0.0% (10)				\$80	\$82
Total Equity	—0.5% (10)				\$10,702	\$6,945
Total Non-Controlled/Non-Affiliated Investments	—99.9% (10)				\$1,493,015	\$1,475,682

See notes to financial statements.

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SCHEDULE OF INVESTMENTS (Unaudited)

June 30, 2017

(In thousands, except share data)

Investment	Industry	Interest Rate (20)	Maturity Date	Par (12)	Cost	Fair Value (1)
Non-Controlled/Affiliated Investments (4)						
Corporate Debt						
Secured Debt						
First Lien Secured Debt						
		8.00% PIK				
Solarplicity Group Limited (3)(17)	Energy – Electricity	(8.00% Cash Toggle)	11/30/22	£ 125,468	146,598	124,297
Total First Lien Secured Debt—8.4% (10)					\$ 146,598	\$ 124,297
Total Secured Debt—8.4% (10)					\$ 146,598	\$ 124,297
Unsecured Debt						
		8.00% PIK				
Solarplicity UK Holdings Limited (17)	Energy – Electricity	(8.00% Cash Toggle)	2/24/22	£ 2,000	2,499	2,598
Total Unsecured Debt—0.2% (10)					\$ 2,499	\$ 2,598
Total Corporate Debt—8.6% (10)					\$ 149,097	\$ 126,895
Structured Products and Other						
Golden Bear 2016-R, LLC, Membership Interests (3)(17)	Diversified Investment Vehicles, Banking, Finance, Real Estate	N/A	9/20/42	\$—	\$ 16,458	\$ 17,364
Ivy Hill Middle Market Credit Fund IX, Ltd., Subordinated Notes (3)(11)(17)(22)	Diversified Investment Vehicles, Banking, Finance, Real Estate	13.34%	10/18/25	12,500	8,963	9,283
Ivy Hill Middle Market Credit Fund X, Ltd., Subordinated Notes (3)(11)(17)(22)	Diversified Investment Vehicles, Banking, Finance, Real Estate	11.25%	7/26/27	14,000	10,845	10,406
Total Structured Products and Other—2.5% (10)					\$ 36,266	\$ 37,053
Equity						
Preferred Equity				Shares		
Renew Financial LLC (f/k/a Renewable Funding, LLC), Series B Preferred Stock (13)	Energy – Electricity	N/A	N/A	1,505,868	\$ 8,343	\$ 18,665
Renew Financial LLC (f/k/a Renewable Funding, LLC), Series D Preferred Stock (13)	Energy – Electricity	N/A	N/A	436,689	5,568	7,090
Total Preferred Equity—1.7% (10)					\$ 13,911	\$ 25,755
Common Equity/Interests				Shares		
AIC SPV Holdings II, LLC, Membership Interests (13)(15)(17)	Energy – Electricity	N/A	N/A	N/A	\$ 534	\$ 1,456
AMP Solar Group, Inc., Class A Common Unit (13)(17)	Energy – Electricity	N/A	N/A	243,646	10,000	5,116
Pelican Energy, LLC, Membership Interests (13)(17)	Energy – Oil & Gas	N/A	N/A	1,444	27,764	15,603
	Energy – Electricity	N/A	N/A	2,527,756	2,792	3,550

Renew JV LLC, Membership Interests (13)(17)							
Solarplicity Group Limited, Class B Common Shares (2)(3)(13)(17)(26)	Energy – Electricity	N/A	N/A	2,825	2,472	—	
Solarplicity UK Holdings Limited, Ordinary Shares (2)(13)(17)	Energy – Electricity	N/A	N/A	2,825	4	4,721	
Total Common Equity/Interests—2.1% (10)					\$43,566	\$30,446	
Warrants					Warrants		
Total Warrants—0.0% (10)					\$—	\$—	
Total Equity—3.8% (10)					\$57,477	\$56,201	
Total Non-Controlled/Affiliated Investments—14.9% (10)					\$242,840	\$220,149	

See notes to financial statements.

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SCHEDULE OF INVESTMENTS (Unaudited)

June 30, 2017

(In thousands, except share data)

Investment	Industry	Interest Rate (20)	Maturity Date	Par (12)	Cost	Fair Value (1)
Controlled Investments (5)						
Corporate Debt						
Secured Debt						
First Lien Secured Debt						
First Lien Secured Debt (excluding Revolvers and Letters of Credit)						
Glacier Oil & Gas Corp. (f/k/a Miller Energy Resources, Inc.) (16)(23)	Energy – Oil & Gas	8.00% Cash (10.00% PIK Toggle)	3/29/19	\$ 12,500	\$ 12,500	\$ 12,500
Glacier Oil & Gas Corp. (f/k/a Miller Energy Resources, Inc.) (16)(21)(23)	Energy – Oil & Gas	0.00% Unfunded	3/29/19	7,500	—	—
SHD Oil & Gas, LLC, Tranche A Note (16)	Energy – Oil & Gas	14.00% (8.00% Cash plus 6.00% PIK)	12/31/19	41,511	41,511	42,756
SHD Oil & Gas, LLC, Tranche B Note (14)(16)	Energy – Oil & Gas	14.00% PIK	12/31/19	65,951	44,380	26,741
SHD Oil & Gas, LLC, Tranche C Note (16)	Energy – Oil & Gas	12.00%	12/31/19	15,750	15,750	16,223
SHD Oil & Gas, LLC, Unfunded Tranche C Note (16)(21)(23)	Energy – Oil & Gas	0.00% Unfunded	12/31/19	2,250	—	—
Total First Lien Secured Debt (excluding Revolvers and Letters of Credit)		6.6% (10)			\$ 114,141	\$ 98,220
Revolvers and Letters of Credit						
Dynamic Product Tankers, LLC, Letter of Credit (17)(23)	Transportation – Cargo, Distribution	2.25%	9/20/17	\$ 2,250	\$—	\$—
Merx Aviation Finance Assets Ireland Limited, Letter of Credit (16)(23)	Aviation and Consumer Transport	2.25%	9/30/17	3,600	—	—
Merx Aviation Finance, LLC, Letter of Credit (16)(23)	Aviation and Consumer Transport	2.25%	7/13/17	177	—	—
Merx Aviation Finance, LLC, Revolver (16)(23)	Aviation and Consumer Transport	12.00%	10/31/18	413,834	413,834	413,834
Total Revolvers and Letters of Credit		28.0% (10)			\$ 413,834	\$ 413,834
Total First Lien Secured Debt		34.6% (10)			\$ 527,975	\$ 512,054
Second Lien Secured Debt						
Glacier Oil & Gas Corp. (f/k/a Miller Energy Resources, Inc.) (16)	Energy – Oil & Gas	10.00% PIK Toggle (8.00% Cash)	3/29/21	\$ 28,314	\$ 28,314	\$ 28,314
Total Second Lien Secured Debt		1.9% (10)			\$ 28,314	\$ 28,314
Total Secured Debt		36.5% (10)			\$ 556,289	\$ 540,368
Total Corporate Debt		36.5% (10)			\$ 556,289	\$ 540,368
Equity						
Common Equity/Interests		N/A	N/A	Shares	—	\$ 48,106
						\$ 42,778

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Dynamic Product Tankers, LLC, Class A Units (17)(24)	Transportation – Cargo, Distribution						
Glacier Oil & Gas Corp. (f/k/a Miller Energy Resources, Inc.), Common Stock (13)	Energy – Oil & Gas	N/A	N/A	5,000,000	30,078	17,154	

See notes to financial statements.

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SCHEDULE OF INVESTMENTS (Unaudited)

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(In thousands, except share data)

Investment	Industry	Interest Rate (20)	Maturity Date	Par (12)	Cost	Fair Value (1)
Merx Aviation Finance, LLC, Membership Interests	Aviation and Consumer Transport	N/A	N/A	—	19,204	49,017
MSEA Tankers LLC, Class A Units (17)(25)	Transportation – Cargo, Distribution	N/A	N/A	—	74,451	71,431
SHD Oil & Gas, LLC, Series A Units (13)	Energy – Oil & Gas	N/A	N/A	7,600,000	1,411	—
Total Common Equity/Interests—12.2% (10)					\$ 173,250	\$ 180,380
Total Equity—12.2% (10)					\$ 173,250	\$ 180,380
Total Controlled Investments—48.7% (10)					\$ 729,539	\$ 720,748
Total Investments before Cash Equivalents—163.5% (10)					\$ 2,465,394	\$ 2,416,579
J.P. Morgan U.S. Government Money Market Fund (27)	N/A	N/A	N/A	\$	—\$ 29,853	\$ 29,853
Total Cash Equivalents—2.0% (10)					\$ 29,853	\$ 29,853
Total Investments after Cash Equivalents—165.5% (6)(7)(10)					\$ 2,495,247	\$ 2,446,432

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

(2) Solarplicity Group Limited and 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, 2017, we had a 100%, 32%, 32% and 28% equity ownership interest in Golden Bear 2016-R, LLC; Ivy Hill Middle Market Credit Fund IX, Ltd.; Ivy Hill Middle Market Credit Fund X, Ltd. and Solarplicity Group Limited, respectively.

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 June 30, 2017 along with transactions during the three months ended June 30, 2017 in these affiliated investments are as follows:

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Name of Issue	Fair Value at March 31, 2017	Gross Additions	Gross Reductions	Net Change in Unrealized Gains (Losses)	Fair Value at June 30, 2017	Net Realized Gains (Losses)	Interest/Dividend/Other Income
AIC SPV Holdings I, LLC, Membership Interests	24,285	35	(69,073)	)44,753	—	(44,327)	)115
AIC SPV Holdings II, LLC, Membership Interests	—	534	—	922	1,456	—	—
AMP Solar Group, Inc., Class A Common Unit	4,687	—	—	429	5,116	—	—
Golden Bear 2016-R, LLC, Membership Interests, 9/20/42	17,067	—	—	297	17,364	—	—
Ivy Hill Middle Market Credit Fund IX, Ltd., Subordinated Notes, 13.34%, 10/18/25	9,537	—	(196)	)(58)	)9,283	—	380
Ivy Hill Middle Market Credit Fund X, Ltd., Subordinated Notes, 11.25%, 7/26/27	10,841	—	(233)	)(202)	)10,406	—	393
LVI Group Investments, LLC, Common Units	—	—	(17,505)	)17,505	—	(17,505)	)(306)
MCF CLO III, LLC, Membership Interests, 20.40%, 1/20/24	—	—	—	—	—	—	314
Pelican Energy, LLC, 10.00% PIK Toggle (10.00% Cash), 12/31/18	15,417	—	(26,665)	)11,248	—	—	—
Pelican Energy, LLC, Membership Interests	—	26,664	—	(11,061)	)15,603	—	—
Renew Financial LLC (f/k/a Renewable Funding, LLC), Series B Preferred Stock	19,383	—	—	(718)	)18,665	—	—
Renew Financial LLC (f/k/a Renewable Funding, LLC), Series D Preferred Stock	6,253	—	—	837	7,090	—	—
Renew JV LLC, Membership Interests	4,701	947	(114)	)(1,984)	)3,550	4,017	—
Solarplicity Group Limited, 8.00% PIK (8.00% Cash Toggle), 11/30/22	119,426	—	—	4,871	124,297	—	2,385
Solarplicity UK Holdings Limited, 8.00% PIK (8.00% Cash Toggle), 2/24/22	2,501	—	—	97	2,598	—	51
Solarplicity UK Holdings Limited, Ordinary Shares	4,952	—	—	(231))4,721	—	—
Venoco, Inc., 10.00% PIK, 7/25/17	—	—	(338))338	—	(338))—

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Venoco, Inc., LLC Units	—	—	(40,517)	40,517	—	(40,517)	—
Venoco, Inc., Series A Warrants	—	—	(48,170)	48,170	—	(48,170)	—
	\$ 239,050	\$ 28,180	\$(202,811)	\$155,730	\$ 220,149	\$(146,840)	\$ 3,332

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, 2017

(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 June 30, 2017 along with transactions during the three months ended June 30, 2017 in these Controlled investments are as follows:

Name of Issue	Fair Value at March 31, 2017	Gross Additions	Gross Reductions	Net Change in Unrealized Losses	Fair Value at June 30, 2017	Net Realized Losses	Interest/Dividend/Other Income
Dynamic Product Tankers, LLC, Class A Units	42,644	—	—	134	42,778	—	—
Dynamic Product Tankers, LLC, Letter of Credit, 2.25%, 9/20/17	—	—	—	—	—	—	13
Glacier Oil & Gas Corp. (f/k/a Miller Energy Resources, Inc.), First Lien Term Loan	10,000	2,500	—	—	12,500	—	239
Glacier Oil & Gas Corp. (f/k/a Miller Energy Resources, Inc.), Second Lien Term Loan	27,617	697	—	—	28,314	—	697
Glacier Oil & Gas Corp. (f/k/a Miller Energy Resources, Inc.), Common Stock	18,862	—	—	(1,708)	17,154	—	—
Glacier Oil & Gas Corp. (f/k/a Miller Energy Resources, Inc.), Unfunded Delayed Draw, 0.00% Unfunded, 3/29/19	—	—	—	—	—	—	—
Merx Aviation Finance Assets Ireland Limited, Letter of Credit, 2.25%, 9/30/17	—	—	—	—	—	—	20
Merx Aviation Finance, LLC, Letter of Credit, 2.25%, 7/13/17	—	—	—	—	—	—	1
Merx Aviation Finance, LLC, Membership Interests	48,811	—	—	206	49,017	—	3,600
Merx Aviation Finance, LLC, Revolver, 12.00%, 10/31/18	374,084	105,400	(65,650)	—	413,834	—	13,503
MSEA Tankers LLC, Class A Units	72,797	—	—	(1,366)	71,431	—	1,250
SHD Oil & Gas, LLC, Tranche A Note, 14.00% (8.00% Cash plus 6.00% PIK), 12/31/19	40,891	620	—	1,245	42,756	—	1,447
SHD Oil & Gas, LLC, Tranche B Note, 14.00% PIK, 12/31/19	32,793	—	—	(6,052)	26,741	—	—
SHD Oil & Gas, LLC, Tranche C Note, 12.00%, 12/31/19	6,750	9,000	—	473	16,223	—	472
	\$ 675,249	\$ 118,217	\$ (65,650)	\$ (7,068)	\$ 720,748	\$ —	\$ 21,242

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, 2017, the Company had a 85%, 48%, 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 \$239,566 and \$226,112, respectively. Net unrealized loss is \$13,454 based on a tax cost of \$2,403,125.

Substantially all securities are pledged as collateral to our multi-currency revolving credit facility (the “Senior Secured Facility” as defined in Note 6). 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 for discussion of the exemptive order from the SEC.)

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June 30, 2017

(In thousands, except share data)

(10) The percentage is calculated over net assets.

(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) Denominated in USD unless otherwise noted, Euro (“€”), British Pound (“£”), and Canadian Dollar (“C\$”).

(13) Non-income producing security.

(14) Non-accrual status (Note 2).

(15) The underlying investments of AIC SPV Holdings II, LLC is a securitization in which the Company has a 15% ownership interest in the residual tranche.

(16) Denotes debt securities where the Company owns multiple tranches of the same broad asset type but whose security characteristics differ. Such differences may include level of subordination, call protection and pricing, and differing interest rate characteristics, among other factors. Such factors are usually considered in the determination of fair values.

(17) 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, 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, 2017, non-qualifying assets represented approximately 20.63% 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.

(20) 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 reporting period. LIBOR loans are typically indexed to 30-day, 60-day, 90-day or 180-day LIBOR rates (1M 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, 2017, rates for 1M L, 3M L, 6M L, 3M E, and prime are 1.22%, 1.30%, 1.45%, (0.37%), and 4.25%, respectively.

(21) The rates associated with these undrawn committed revolvers and delayed draw term loans represent rates for commitment and unused fees.

(22) The collateralized loan obligation (“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 current estimated yield is based on the current projections of this excess cash flow taking into account assumptions such as expected prepayments, losses and future reinvestment rates. These assumptions are periodically reviewed and adjusted. Ultimately, the actual yield may be higher or lower than the estimated yield if actual results differ from those used for the assumptions.

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As of June 30, 2017, 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 8 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
Alliant Holdings Intermediate, LLC	15,000	—	170	14,830
Altasciences / 9360-1367 Quebec Inc.	143	—	—	143
Altasciences US Acquisition, Inc.	4,134	—	—	4,134
American Media, Inc.	1,778	652	154	972
Aptevo Therapeutics Inc.	15,000	8,571	—	6,429
Avantor Performance Materials Holdings, LLC	6,629	1,629	72	4,928
Dynamic Product Tankers, LLC	2,250	—	2,250	—
Erickson Inc	45,000	—	1,422	43,578
Glacier Oil & Gas Corp. (f/k/a Miller Energy Resources, Inc.)	7,500	—	—	7,500
Invuity, Inc.	12,000	6,667	—	5,333
LabVantage Solutions Limited *	3,918	—	—	3,918
Merx Aviation Finance Assets Ireland Limited	3,600	—	3,600	—
Merx Aviation Finance, LLC	177	—	177	—
My Alarm Center, LLC	19,123	16,958	—	2,165
Novadaq Technologies Inc.	13,000	3,333	—	9,667
Oxford Immunotec, Inc.	1,000	—	—	1,000
PSI Services, LLC *	458	199	—	259
PTC Therapeutics, Inc	6,333	—	—	6,333
SESAC Holdco II LLC	587	—	—	587
SHD Oil & Gas, LLC (f/k/a Spotted Hawk Development LLC)	18,000	15,750	—	2,250
Tibco Software Inc.	6,000	—	—	6,000
TricorBraun Holdings, Inc.	5,625	1,410	—	4,215
UniTek Global Services Inc.	12,762	—	7,762	5,000
Wright Medical Group, Inc.	50,000	7,667	—	42,333
Total Commitments	\$ 250,017	\$ 62,836	\$ 15,607	\$ 171,574

* These investments are in a foreign currency and the total commitment has been converted to USD using June 30, 2017 exchange rate

(24) As of June 30, 2017, 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, 2017, 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) As of June 30, 2017, the Company holds two classes of shares in Solarplicity Group Limited. The Company holds 434 shares of Class A shares (non-voting) and 2,391 shares of Class B (voting).
- (27) This security is included in the Cash and Cash Equivalents on the Statement of Assets and Liabilities. The unused line fees of 0.50% and 0.25%, respectively are collected for the Unfunded Delayed Draw and Unfunded Revolver from both Altasciences US Acquisition, Inc. and Altasciences / 9360-1367 Quebec Inc. as each borrower has access to the respective lending facilities.
- (28) 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.
- (29) This investment represents the original debt investment made by the Company in Sprint Industrial Holdings, LLC which has been restructured and as a result accumulate PIK as a different investment (footnote 31), which has priority to the this investment.

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This investment represents a new debt investment resulting from the restructuring of the Company's original debt (31) investment in Sprint Industrial Holdings, LLC. The investment is comprised of capitalized PIK and has priority to the original debt investment (footnote 30).

Industry Classification	Percentage of Total Investments (at Fair Value) as of June 30, 2017
Business Services	21.7%
Aviation and Consumer Transport	19.2%
Energy – Electricity	8.6%
Transportation – Cargo, Distribution	6.9%
Energy – Oil & Gas	6.6%
High Tech Industries	6.2%
Diversified Investment Vehicles, Banking, Finance, Real Estate	4.6%
Healthcare & Pharmaceuticals	4.5%
Manufacturing, Capital Equipment	3.1%
Telecommunications	2.8%
Chemicals, Plastics & Rubber	2.8%
Insurance	2.6%
Aerospace & Defense	2.1%
Utilities – Electric	1.9%
Consumer Goods – Durable	1.3%
Automotive	1.2%
Advertising, Printing & Publishing	1.1%
Food & Grocery	1.0%
Hotel, Gaming, Leisure, Restaurants	0.9%
Containers, Packaging & Glass	0.4%
Retail	0.3%
Media – Diversified & Production	0.1%
Metals & Mining	0.1%
Total Investments	100.0%

See notes to financial statements.

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APOLLO INVESTMENT CORPORATION

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March 31, 2017

(In thousands, except share data)

Investment	Industry	Interest Rate (20)	Maturity Date	Par (12)	Cost	Fair Value (1)
Non-Controlled/Non-Affiliated Investments						
Corporate Debt						
Secured Debt						
First Lien Secured Debt						
First Lien Secured Debt (excluding Revolvers and Letters of Credit)						
American Media, Inc. (16)	Advertising, Printing & Publishing	8.50% (1M L+750, 1.00% Floor)	8/24/20	\$15,467	\$15,048	\$15,467
Aptevo Therapeutics Inc. (9)(16)(23)	Healthcare & Pharmaceuticals	8.38% (1M L+760)	2/1/21	8,571	8,605	8,419
Aptevo Therapeutics Inc., Unfunded Delayed Draw (9)(16)(21)(23)	Healthcare & Pharmaceuticals	0.00% Unfunded	2/1/21	6,429	(27)	) 114
ChyronHego Corporation (18)	High Tech Industries	7.43% (1M L+643, 1.00% Floor)	3/9/20	36,208	35,697	35,484
Dodge Data & Analytics LLC	Business Services	9.94% (3M L+875, 1.00% Floor)	10/31/19	51,234	50,647	49,825
ECN Holding Company (Emergency Communications Network) (16)(18)	High Tech Industries	9.50% (2M L+850, 1.00% Floor)	6/12/21	22,190	21,944	22,040
GFRC Holdings LLC (f/k/a Garden Fresh Restaurant Group, Inc.)	Hotel, Gaming, Leisure, Restaurants	10.50% (1M L+900 Cash (L+900 PIK Toggle), 1.50% Floor)	2/1/22	2,500	2,500	2,375
Invuity, Inc. (9)(16)	Healthcare & Pharmaceuticals	8.00% (1M L+650, 1.50% Floor)	3/1/22	6,667	6,558	6,539
Invuity, Inc., Unfunded Delayed Draw (8)(9)(16)(21)(23)	Healthcare & Pharmaceuticals	0.00% Unfunded	3/1/22	3,333	(16)	) (64)
LabVantage Solutions Inc.	High Tech Industries	9.00% (3M L+800, 1.00% Floor)	12/29/20	14,438	14,085	14,293
LabVantage Solutions Limited (16)(17)	High Tech Industries	9.00% (3M E+800, 1.00% Floor)	12/29/20	€13,226	13,852	14,004
Magnetation, LLC (14)(16)	Metals & Mining	12.00% PIK	12/31/19	12,527	10,378	—
Magnetation, LLC (14)(16)	Metals & Mining	9.15% (3M L+800 Cash (PIK Toggle))	12/31/19	2,081	2,050	705
Maxus Capital Carbon SPE I, LLC	Chemicals, Plastics & Rubber	5.22% PIK	12/31/18	59,305	59,305	50,585
My Alarm Center, LLC, Term Loan A (16)	Business Services	9.00% (1M L+800, 1.00% Floor)	1/9/19	28,035	28,035	28,035
My Alarm Center, LLC, Term Loan B (16)(23)	Business Services	9.00% (1M L+800, 1.00% Floor)	1/9/19	8,320	8,320	8,320
My Alarm Center, LLC, Unfunded Term Loan B	Business Services	0.35% Unfunded	1/9/19	441	—	—

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(16)(21)(23) My Alarm Center, LLC, Term Loan C (16)(23)	Business Services	9.00% (1M L+800, 1.00% Floor)	1/9/19	3,554	3,554	3,554
My Alarm Center, LLC, Unfunded Term Loan C (16)(21)(23)	Business Services	0.35% Unfunded	1/9/19	557	—	—
Nextech Systems, LLC (18)	High Tech Industries	8.40% (3M L+725, 1.00% Floor)	6/22/21	21,716	21,256	21,282
Novadaq Technologies Inc. (9)(16)(17)(23)	Healthcare & Pharmaceuticals	7.98% (1M L+720, 0.50% Floor)	1/1/22	3,333	3,324	3,325
Novadaq Technologies Inc., Unfunded Delayed Draw (8)(9)(16)(17)(21)(23)	Healthcare & Pharmaceuticals	0.00% Unfunded	1/1/22	6,666	(32)	(18)
Oxford Immunotec, Inc. (9)(16)(17)	Healthcare & Pharmaceuticals	8.38% (1M L+760)	10/1/21	9,750	9,752	9,756
PSI Services, LLC (9)(16)	Business Services	6.00% (1M L+500, 1.00% Floor)	1/20/23	7,698	7,511	7,508
Saba Software, Inc. (18)	High Tech Industries	9.00% (1M L+800, 1.00% Floor)	3/30/21	9,825	9,825	9,825

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APOLLO INVESTMENT CORPORATION

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March 31, 2017

(In thousands, except share data)

Investment	Industry	Interest Rate (20)	Maturity Date	Par (12)	Cost	Fair Value (1)
SCM Insurance Services, Inc. (17)	Business Services	9.250%	8/22/19	C\$39,480	33,387	25,527
Telestream Holdings Corporation (18)	High Tech Industries	7.61% (3M L+645, 1.00% Floor)	1/15/20	37,119	36,745	36,376
UniTek Global Services Inc. (16)	Telecommunications	9.65% (3M L+750 Cash plus 1.00% PIK, 1.00% Floor)	1/13/19	32,367	32,366	33,013
UniTek Global Services Inc. (16)	Telecommunications	11.50% (P+750)	1/13/19	10,000	10,000	10,000
UniTek Global Services Inc. (16)	Telecommunications	9.65% (3M L+750 Cash plus 1.00% PIK, 1.00% Floor)	1/13/19	1,709	1,709	1,709
Westinghouse Electric Co LLC (9)(16)	Energy – Electricity	7.25% (1M L+625, 1.00% Floor)	3/31/18	17,500	17,064	17,064
Westinghouse Electric Co LLC (9)(21)	Energy – Electricity	0.50% Unfunded	3/31/18	22,500	—	—
Total First Lien Secured Debt (excluding Revolvers and Letters of Credit)—29.4% (10)					\$463,442	\$435,062
Revolvers and Letters of Credit						
Alliant Holdings Intermediate, LLC, Letter of Credit (8)(16)(23)	Insurance	3.375%	4/24/17	\$ 37	\$—	\$(2)
Alliant Holdings Intermediate, LLC, Letter of Credit (8)(16)(23)	Insurance	3.375%	5/4/17	8	—	—
Alliant Holdings Intermediate, LLC, Letter of Credit (8)(16)(23)	Insurance	3.375%	6/30/17	17	—	(1)
Alliant Holdings Intermediate, LLC, Letter of Credit (8)(16)(23)	Insurance	3.375%	7/29/17	80	—	(4)
Alliant Holdings Intermediate, LLC, Letter of Credit (8)(16)(23)	Insurance	3.375%	10/3/17	8	—	—
Alliant Holdings Intermediate, LLC, Letter of Credit (8)(16)(23)	Insurance	3.375%	11/30/17	38	—	(2)
Alliant Holdings Intermediate, LLC, Unfunded Revolver	Insurance	0.50% Unfunded	8/14/20	14,812	(1,152)	(697)

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(8)(16)(21)(23) American Media, Inc., Letter of Credit (16)(23)	Advertising, Printing & Publishing	7.500%	8/24/20	154	—	—
American Media, Inc., Revolver (16)(23)	Advertising, Printing & Publishing	8.56% (3M L+750, 1.00% Floor)	8/24/20	770	770	770
American Media, Inc., Unfunded Revolver (16)(21)(23)	Advertising, Printing & Publishing	0.50% Unfunded	8/24/20	854	(45) —
Avantor Performance Materials Holdings, LLC, Letter of Credit (16)(23)	Chemicals, Plastics & Rubber	4.00%	3/10/18	72	1	—
Avantor Performance Materials Holdings, LLC, Unfunded Revolver (8)(16)(21)(23)	Chemicals, Plastics & Rubber	0.50% Unfunded	3/10/22	4,928	(617	) (13)
Endologix, Inc., Unfunded Revolver (8)(9)(17)(21)(23)	Healthcare & Pharmaceuticals	0.50% Unfunded	7/29/20	5,000	(21	) (25)
Invuity, Inc., Unfunded Revolver (8)(9)(16)(21)(23)	Healthcare & Pharmaceuticals	0.50% Unfunded	3/1/22	2,000	(9	) (10)
LabVantage Solutions Limited, Unfunded Revolver (8)(16)(17)(21)(23)	High Tech Industries	0.50% Unfunded	12/29/20	€ 3,435	(90	) (37)
My Alarm Center, LLC, Revolver (16)(23)	Business Services	11.00% (P+700)	1/9/19	5,083	5,083	5,083
My Alarm Center, LLC, Unfunded Revolver (16)(21)(23)	Business Services	0.35% Unfunded	1/9/19	1,167	—	—
Novadaq Technologies Inc., Unfunded Revolver (8)(9)(16)(17)(21)(23)	Healthcare & Pharmaceuticals	0.50% Unfunded	1/1/22	3,000	(14	) (14)
Oxford Immunotec, Inc., Unfunded Revolver (8)(9)(16)(17)(21)(23)	Healthcare & Pharmaceuticals	0.50% Unfunded	10/1/21	1,000	(5	) (5)
PSI Services, LLC, Revolver (9)(16)(23)	Business Services	6.00% (3M L+500, 1.00% Floor)	1/20/22	198	198	194

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PSI Services, LLC, Unfunded Revolver (9)(16)(21)(23)	Business Services	0.50% Unfunded	1/20/22	£47	—	—
PSI Services, LLC, Unfunded Revolver (9)(8)(16)(21)(23)	Business Services	0.50% Unfunded	1/20/22	198	(10)	(5)
SESAC Holdco II LLC, Unfunded Revolver (8)(16)(21)(23)	Media – Diversified & Production	0.50% Unfunded	2/23/22	587	(52)	(44)
Tibco Software Inc., Unfunded Revolver (8)(21)(23)	High Tech Industries	0.50% Unfunded	12/5/19	6,000	(32)	(839)
TricorBraun Holdings, Inc., Revolver (16)(23)	Containers, Packaging & Glass	6.25% (P+225)	11/30/21	960	960	960
TricorBraun Holdings, Inc., Unfunded Revolver (16)(21)(23)	Containers, Packaging & Glass	0.50% Unfunded	11/30/21	4,665	(472)	—
UniTek Global Services Inc., Letter of Credit (16)(23)	Telecommunications	7.50%	1/13/19	7,762	—	—
UniTek Global Services Inc., Unfunded Revolver (16)(21)(23)	Telecommunications	0.50% Unfunded	1/13/19	5,000	—	—
Wright Medical Group, Inc., Revolver (9)(16)(17)(23)	Healthcare & Pharmaceuticals	5.03% (1M L+425, 0.75% Floor)	12/23/21	10,000	10,000	9,900
Wright Medical Group, Inc., Unfunded Revolver (8)(9)(16)(17)(21)(23)	Healthcare & Pharmaceuticals	0.50% Unfunded	12/23/21	40,000	(302)	(400)
Total Revolvers and Letters of Credit—1.0% (10)					\$14,191	\$14,809
Total First Lien Secured Debt—30.4% (10)					\$477,633	\$449,871
Second Lien Secured Debt						
Access CIG, LLC (16)	Business Services	9.78% (3M L+875, 1.00% Floor)	10/17/22	\$50,970	\$49,054	\$51,313
Active Network, LLC	Business Services	10.50% (1M L+950, 1.00% Floor)	11/15/21	17,875	17,712	17,819
A-L Parent LLC	Advertising, Printing & Publishing	8.25% (1M L+725, 1.00% Floor)	12/2/24	10,048	9,951	10,023
Appriss Holdings, Inc.	Business Services	10.40% (3M L+925, 1.00% Floor)	5/21/21	23,309	23,057	23,309
Aptean, Inc.	Business Services	10.50% (1M L+950, 1.00%	12/20/23	9,548	9,409	9,571

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Armor Holding II LLC	Diversified Investment Vehicles, Banking, Finance, Real Estate	Floor) 10.25% (3M L+900, 1.25% Floor)	12/26/20	8,000	7,906	8,000
Asurion Corporation	Insurance	8.50% (1M L+750, 1.00% Floor)	3/3/21	39,590	39,404	40,167
Avantor Performance Materials Holdings, LLC (16)	Chemicals, Plastics & Rubber	9.25% (1M L+825, 1.00% Floor)	3/10/25	737	730	742
Avantor Performance Materials Holdings, LLC, Unfunded Delayed Draw (16)(21)(23)	Chemicals, Plastics & Rubber	0.00% Unfunded	3/10/25	892	(9)	—
BioClinica Holding I, LP	Healthcare & Pharmaceuticals	9.25% (1M L+825, 1.00% Floor)	10/21/24	24,612	24,144	24,474
Confie Seguros Holding II Co.	Insurance	10.25% (1M L+900, 1.25% Floor)	5/8/19	22,344	22,276	22,260
Electro Rent Corporation (9)	Business Services	10.00% (1M L+900, 1.00% Floor)	1/31/25	18,333	17,795	17,967
Elements Behavioral Health, Inc.	Healthcare & Pharmaceuticals	13.04% (3M L+1200 PIK, 1.00% Floor)	2/11/20	11,192	11,141	9,289
GCA Services Group, Inc.	Business Services	10.05% (3M L+900, 1.00% Floor)	3/1/24	16,250	16,022	16,189
Grocery Outlet, Inc.	Food & Grocery	9.40% (3M L+825, 1.00% Floor)	10/21/22	25,000	24,713	25,094

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Hare Bidco, Inc.	Chemicals, Plastics & Rubber	9.75% (3M L+875, 1.00% Floor)	8/1/24	€13,574	14,381	14,228
Institutional Shareholder Services, Inc.	Business Services	9.61% (3M L+850, 1.00% Floor)	4/30/22	8,232	8,162	8,314
K&N Parent, Inc.	Automotive	9.75% (3M L+875, 1.00% Floor)	10/21/24	30,000	29,425	29,849
Lanai Holdings III, Inc.	Healthcare & Pharmaceuticals	9.50% (1M L+850, 1.00% Floor)	8/28/23	17,391	16,907	17,217
MedPlast Holdings Inc.	Manufacturing, Capital Equipment	9.78% (3M L+875, 1.00% Floor)	6/6/23	8,000	7,800	7,800
Ministry Brands, LLC (16)(23)	Business Services	10.25% (1M L+925, 1.00% Floor)	6/2/23	10,000	9,856	9,851
MSC Software Corp. (17)	High Tech Industries	8.50% (1M L+750, 1.00% Floor)	5/31/21	13,448	13,359	13,464
MW Industries, Inc.	Manufacturing, Capital Equipment	10.40% (3M L+925, 1.00% Floor)	12/28/20	20,000	19,569	20,100
PAE Holding Corporation	Aerospace & Defense	10.50% (1M L+950, 1.00% Floor)	10/20/23	22,026	21,297	22,246
PetVet Care Centers, LLC	Healthcare & Pharmaceuticals	9.65% (3M L+850, 1.00% Floor)	6/17/21	13,500	13,120	13,298
Poseidon Merger Sub, Inc.	Business Services	9.56% (3M L+850, 1.00% Floor)	8/15/23	18,000	17,568	18,000
Power Products, LLC (9)	Manufacturing, Capital Equipment	10.34% (3M L+900, 1.00% Floor)	12/20/23	37,500	36,239	36,847
PSI Services, LLC (9)(16)	Business Services	10.00% (1M L+900, 1.00% Floor)	1/20/24	25,714	24,964	24,950
Sequential Brands Group, Inc. (17)	Consumer Goods – Durable	9.83% (1M L+900)	7/1/22	17,512	17,319	17,252
SESAC Holdco II LLC (16)	Media – Diversified & Production	8.25% (3M L+725, 1.00% Floor)	2/24/25	3,241	3,209	3,254
SiTV, Inc. (11)	Broadcasting & Subscription	10.38%	7/1/19	2,219	2,219	1,340
SMG	Hotel, Gaming, Leisure, Restaurants	9.40% (3M L+825, 1.00% Floor)	2/27/21	19,649	19,649	19,625
Sprint Industrial Holdings, LLC	Containers, Packaging & Glass	13.50% PIK	11/14/19	16,707	16,213	9,297

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Sterling Holdings Ultimate Parent, Inc.	Business Services	9.40% (3M L+825, 1.00% Floor)	6/19/23	20,000	19,824	19,800
STG-Fairway Acquisitions, Inc.	Business Services	10.30% (3M L+925, 1.00% Floor)	6/30/23	15,000	14,685	14,663
TMK Hawk Parent, Corp.	Transportation – Cargo, Distribution	8.50% (1M L+750, 1.00% Floor)	10/1/22	34,000	33,745	33,830
Velocity Technology Solutions, Inc.	Business Services	9.50% (3M L+825, 1.25% Floor)	9/28/20	16,500	16,298	16,335
Wave Holdco Merger Sub, Inc.	Telecommunications	10.25% (1M L+925, 1.00% Floor)	5/27/23	10,000	9,768	9,874
Total Second Lien Secured Debt—44.4% (10)					\$658,881	\$657,651
Total Secured Debt—74.8% (10)					\$1,136,514	\$1,107,522
Unsecured Debt						
American Tire Distributors, Inc. (11)	Transportation – Cargo, Distribution	10.25%	3/1/22	\$14,741	\$14,808	\$15,119
Sorenson Holdings, LLC (11)	Consumer Goods – Durable	13.85% Cash (13.85% PIK Toggle)	10/31/21	52	35	47
U.S. Security Associates Holdings, Inc.	Business Services	11.00%	7/28/18	135,000	135,000	135,000
UniTek Global Services Inc. (16)	Telecommunications	15.00% PIK	7/13/19	8,547	8,547	8,717
Total Unsecured Debt—10.7% (10)					\$158,390	\$158,883
Total Corporate Debt—85.5% (10)					\$1,294,904	\$1,266,405

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(In thousands, except share data)

Investment	Industry	Interest Rate (20)	Maturity Date	Par (12)	Cost	Fair Value (1)
Structured Products and Other						
Asset Repackaging Trust Six B.V. (11)(17)(19)	Utilities – Electric	13.11%	5/18/27	\$ 58,411	\$25,637	\$29,615
Craft 2013-1, Credit-Linked Note (11)(16)(17)	Diversified Investment Vehicles, Banking, Finance, Real Estate	10.31% (3M L+925)	4/17/22	25,000	25,013	25,000
Craft 2013-1, Credit-Linked Note (16)(17)	Diversified Investment Vehicles, Banking, Finance, Real Estate	9.98% (3M L+925)	4/17/22	7,625	7,694	7,625
Craft 2014-1A, Credit-Linked Note (11)(17)	Diversified Investment Vehicles, Banking, Finance, Real Estate	10.89% (3M L+965)	5/15/21	42,500	42,376	41,820
Craft 2015-2, Credit-Linked Note (11)(17)	Diversified Investment Vehicles, Banking, Finance, Real Estate	10.31% (3M L+925)	1/16/24	26,000	25,827	25,389
Total Structured Products and Other—8.7% (10)					\$126,547	\$129,449
Equity						
Preferred Equity				Shares		
Delta Career Education Corporation, Super Senior Preferred Stock A (13)	Education	N/A	N/A	7,812	\$7,049	\$—
Delta Career Education Corporation, Super Senior Preferred Stock B (13)	Education	N/A	N/A	10,585	8,788	—
Delta Career Education Corporation, Super Senior Preferred Stock C (13)	Education	N/A	N/A	23,769	20,665	—
Gryphon Colleges Corp., Preferred Stock (13)(14)	Education	12.50% PIK	N/A	332,500	6,863	—
Gryphon Colleges Corp., Preferred Stock (13)(14)	Education	13.50% PIK	N/A	12,360	27,685	—
Sungevity Inc., Series D Preferred Stock (13)	Energy – Electricity	N/A	N/A	114,678,899	4,409	—
Total Preferred Equity—0.0% (10)					\$75,459	\$—
Common Equity/Interests				Shares		
Accelerate Parent Corp., Common Stock (13)	Transportation – Cargo, Distribution	N/A	N/A	1,664,046	\$1,714	\$1,730
Clothesline Holdings, Inc., Common Stock (13)	Healthcare & Pharmaceuticals	N/A	N/A	6,000	6,000	—
GFRC Holdings LLC (f/k/a Garden Fresh Restaurant Group, Inc.), Membership Interests (13)	Hotel, Gaming, Leisure, Restaurants	N/A	N/A	2,500,000	—	—

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Gryphon Colleges Corp., Common Stock (13)	Education	N/A	N/A	17,500	175	—
Skyline Data, News and Analytics LLC, Class A Common Unit (13)	Business Services	N/A	N/A	4,500,000	4,500	4,500
Sorenson Holdings, LLC, Membership Interests (13)	Consumer Goods – Durable	N/A	N/A	587	—	231
Total Common Equity/Interests—0.4% (10)					\$12,389	\$6,461
Warrants				Warrants		
Gryphon Colleges Corp., Class A-1 Preferred Stock Warrants (13)	Education	N/A	N/A	45,947	\$460	\$—
Gryphon Colleges Corp., Class B-1 Preferred Stock Warrants (13)	Education	N/A	N/A	104,314	1,043	—
Gryphon Colleges Corp., Common Stock Warrants (13)	Education	N/A	N/A	9,820	98	—

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(In thousands, except share data)

Investment	Industry	Interest Rate (20)	Maturity Date	Par (12)	Cost	Fair Value (1)	
Invuity, Inc., Warrants (9)	Healthcare & Pharmaceuticals	N/A	N/A	16,873	80	94	
Total Warrants—0.0% (10)					\$1,681	\$94	
Total Equity—0.4% (10)					\$89,529	\$6,555	
Total Non-Controlled/Non-Affiliated Investments—94.6% (10)					\$1,510,980	\$1,402,409	
Non-Controlled/Affiliated Investments (4)							
Corporate Debt							
Secured Debt							
First Lien Secured Debt							
		10.00% PIK					
Pelican Energy, LLC (14)(17)	Energy – Oil & Gas	Toggle (10.00% Cash)		12/31/18	\$31,141	\$26,665	\$15,417
Solarplicity Group Limited (3)(17)	Energy – Electricity	8.00% PIK Toggle (8.00% Cash)		11/30/22	£125,468	146,598	119,426
Total First Lien Secured Debt—9.1% (10)						\$173,263	\$134,843
Total Secured Debt—9.1% (10)						\$173,263	\$134,843
Unsecured Debt							
		8.00% PIK					
Solarplicity UK Holdings Limited (17)	Energy – Electricity	Toggle (8.00% Cash)		2/24/22	£2,000	\$2,499	\$2,501
Venoco, Inc.	Energy – Oil & Gas	10.00% PIK		7/25/17	338	337	—
Total Unsecured Debt—0.2% (10)						\$2,836	\$2,501
Total Corporate Debt—9.3% (10)						\$176,099	\$137,344
Structured Products and Other							
Golden Bear 2016-R, LLC, Membership Interests (3)(17)(22)	Diversified Investment Vehicles, Banking, Finance, Real Estate	N/A		9/20/42	N/A	\$16,459	\$17,066
Ivy Hill Middle Market Credit Fund IX, Ltd., Subordinated Notes (3)(11)(17)(22)	Diversified Investment Vehicles, Banking, Finance, Real Estate	13.34%		10/18/25	\$12,500	9,158	9,537
Ivy Hill Middle Market Credit Fund X, Ltd., Subordinated Notes (3)(11)(17)(22)	Diversified Investment Vehicles, Banking, Finance, Real Estate	11.25%		7/18/27	14,000	11,078	10,841
Total Structured Products and Other—2.5% (10)						\$36,695	\$37,444
Equity							
Preferred Equity							
					Shares		
Renew Financial LLC (f/k/a Renewable Funding, LLC), Series B Preferred Stock (13)	Energy – Electricity	N/A		N/A	1,506	\$8,343	\$19,383
Renew Financial LLC (f/k/a Renewable Funding, LLC), Series D Preferred Stock (13)	Energy – Electricity	N/A		N/A	437	5,568	6,254

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Total Preferred Equity—1.7% (10)					\$13,911	\$25,637
Common Equity/Interests					Shares	
AIC SPV Holdings I, LLC, (15)(17)(23)	Diversified Investment Vehicles, Banking, Finance, Real Estate	N/A	N/A	N/A	\$69,040	\$24,285

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(In thousands, except share data)

Investment	Industry	Interest Rate (20)	Maturity Date	Par (12)	Cost	Fair Value (1)
AMP Solar Group, Inc., Class A Common Unit (13)(17)	Energy – Electricity	N/A	N/A	243,646	10,000	4,687
LVI Group Investments, LLC, Common Units (3)(13)	Environmental Industries	N/A	N/A	212,460	17,505	—
Pelican Energy, LLC, Membership Interests (13)(17)	Energy – Oil & Gas	N/A	N/A	1,228	1,099	—
Renew JV LLC, Membership Interests (13)(17)	Energy – Electricity	N/A	N/A	1,959,906	1,960	4,701
Solarplicity Group Limited, Common Shares (2)(3)(13)(17)(26)	Energy – Electricity	N/A	N/A	2,825	£2,472	—
Solarplicity UK Holdings Limited, Ordinary Shares (2)(13)(17)	Energy – Electricity	N/A	N/A	2,825	£3	4,952
Venoco, Inc., LLC Units (13)	Energy – Oil & Gas	N/A	N/A	192,177	40,517	—
Total Common Equity/Interests—2.6% (10)					\$142,596	\$38,625
Warrants					Warrants	
Venoco, Inc., Series A Warrants (13)	Energy – Oil & Gas	N/A	N/A	23,125	\$48,170	\$—
Total Warrants—0.0% (10)					\$48,170	\$—
Total Equity—4.3% (10)					\$204,677	\$64,262
Total Non-Controlled/Affiliated Investments—16.1% (10)					\$417,471	\$239,050
Controlled Investments (5)						
Corporate Debt						
Secured Debt						
First Lien Secured Debt						
First Lien Secured Debt (excluding Revolvers and Letters of Credit)						
Glacier Oil & Gas Corp. (f/k/a Miller Energy Resources, Inc.) (16)(23)	Energy – Oil & Gas	8.00% Cash (10.00% PIK Toggle)	3/29/19	\$10,000	\$10,000	\$10,000
SHD Oil & Gas, LLC (f/k/a Spotted Hawk Development LLC), Tranche A Note (16)	Energy – Oil & Gas	14.00% (8.00% Cash plus 6.00% PIK)	12/31/19	40,891	40,891	40,891
SHD Oil & Gas, LLC (f/k/a Spotted Hawk Development LLC), Tranche B Note (14)(16)	Energy – Oil & Gas	14.00% PIK	12/31/19	63,697	44,380	32,793
SHD Oil & Gas, LLC (f/k/a Spotted Hawk Development LLC), Tranche C Note (16)(23)	Energy – Oil & Gas	12.00%	12/31/19	6,750	6,750	6,750
SHD Oil & Gas, LLC (f/k/a Spotted Hawk Development LLC), Unfunded Tranche C Note (16)(21)(23)	Energy – Oil & Gas	0.00% Unfunded	12/31/19	11,250	—	—
Total First Lien Secured Debt (excluding Revolvers and Letters of Credit)—6.1% (10)					\$102,021	\$90,434
Revolvers and Letters of Credit						

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Dynamic Product Tankers, LLC, Letter of Credit (17)(23)	Transportation – Cargo, Distribution	2.25%	9/20/17	\$2,250	\$—	\$—
Merx Aviation Finance, LLC, Revolver (16)(23)	Aviation and Consumer Transport	12.00%	10/31/18	374,084	374,084	374,084
Merx Aviation Finance, LLC, Unfunded Revolver (16)(21)(23)	Aviation and Consumer Transport	0.00% Unfunded	10/31/18	125,916	—	—
Merx Aviation Finance Assets Ireland Limited, Letter of Credit (16)(23)	Aviation and Consumer Transport	2.25%	7/31/17	177	—	—
Merx Aviation Finance Assets Ireland Limited, Letter of Credit (16)(23)	Aviation and Consumer Transport	2.25%	9/30/17	3,600	—	—
Total Revolvers and Letters of Credit—25.2% (10)					\$374,084	\$374,084
Total First Lien Secured Debt—31.3% (10)					\$476,105	\$464,518

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Investment	Industry	Interest Rate (20)	Maturity Date	Par (12)	Cost	Fair Value (1)
Second Lien Secured Debt						
Glacier Oil & Gas Corp. (f/k/a Miller Energy Resources, Inc.) (16)	Energy – Oil & Gas	10.00% PIK Toggle (8.00% Cash)	3/29/21	\$27,617	\$27,617	\$27,617
Total Second Lien Secured Debt—1.9% (10)					\$27,617	\$27,617
Total Secured Debt—33.2% (10)					\$503,722	\$492,135
Total Corporate Debt—33.2% (10)					\$503,722	\$492,135
Equity						
Common Equity/Interests				Shares		
Dynamic Product Tankers, LLC, Class A Units (17)(24)	Transportation – Cargo, Distribution	N/A	N/A	N/A	\$48,106	\$42,644
Glacier Oil & Gas Corp. (f/k/a Miller Energy Resources, Inc.), Common Stock (13)	Energy – Oil & Gas	N/A	N/A	5,000	30,078	18,862
Merx Aviation Finance, LLC, Membership Interests	Aviation and Consumer Transport	N/A	N/A	N/A	19,204	48,811
MSEA Tankers LLC, Class A Units (17)(25)	Transportation – Cargo, Distribution	N/A	N/A	N/A	74,450	72,797
SHD Oil & Gas, LLC (f/k/a Spotted Hawk Development LLC), Series A Units (13)	Energy – Oil & Gas	N/A	N/A	7,600	1,412	—
Total Common Equity/Interests—12.4% (10)					\$173,250	\$183,114
Total Equity—12.4% (10)					\$173,250	\$183,114
Total Controlled Investments—45.6% (10)					\$676,972	\$675,249
Total Investments before Cash Equivalents—156.3% (10)					\$2,605,423	\$2,316,708
J.P. Morgan U.S. Government Money Market Fund (27)	N/A	N/A	N/A	9,783	9,783	9,783
Total Investments after Cash Equivalents—157.0% (6)(7)(10)					\$2,615,206	\$2,326,491

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

(2) Solarplicity Group Limited and 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, 2017, we had a 100%, 32%, 32%, 36% and 28% equity ownership interest in Golden Bear 2016-R, LLC; Ivy Hill Middle Market Credit Fund IX, Ltd.; Ivy Hill Middle Market Credit Fund X, Ltd.; LVI Group Investments, LLC and Solarplicity Group Limited, respectively.

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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, 2016 and March 31, 2017 along with transactions during the year ended March 31, 2017 in these affiliated investments are as follows:

Name of Issue	Fair Value at March 31, 2016	Gross Additions	Gross Reductions	Net Change in Unrealized Gains (Losses)	Fair Value at March 31, 2017	Net Realized Gains (Losses)	Interest/Dividend/Other Income
AIC SPV Holdings I, LLC, Membership Interests	\$—	\$69,039	\$—	\$(44,754)	\$24,285	\$—	\$ 599
AMP Solar Group, Inc., Class A Common Unit	—	7,022	—	(2,335)	4,687	—	—
Generation Brands Holdings, Inc., Basic Common Stock	9,712	1	—	(9,713)	—	10,155	—
Generation Brands Holdings, Inc., Series 2L Common Stock	39,572	—	(11,242)	(28,330)	—	29,963	—
Generation Brands Holdings, Inc., Series H Common Stock	8,087	—	(2,298)	(5,789)	—	6,123	—
Golden Bear 2016-R, LLC, Membership Interests	—	16,460	—	606	17,066	—	—
Golden Bear Warehouse LLC, Membership Interests	49,617	27,777	(60,685)	(16,709)	—	34,216	3,020
Highbridge Loan Management 3-2014, Ltd., Subordinated Notes	4,975	—	(5,547)	572	—	(75)	113
Ivy Hill Middle Market Credit Fund IX, Ltd., Subordinated Notes	9,717	—	(1,022)	842	9,537	—	1,465
Ivy Hill Middle Market Credit Fund X, Ltd., Subordinated Notes	10,722	—	(1,212)	1,331	10,841	—	1,509
Jamestown CLO I Ltd., Subordinated Notes	380	—	(2,875)	2,495	—	(1,448)	—
LVI Group Investments, LLC, Common Units	21,486	—	—	(21,486)	—	—	44
MCF CLO I, LLC, Membership Interests	33,145	—	(33,268)	123	—	2,113	3,904
MCF CLO III, LLC, Class E Notes	10,073	1,180	(12,753)	1,500	—	—	1,719
MCF CLO III, LLC, Membership Interests	31,180	—	(34,700)	3,520	—	5,184	4,500
Pelican Energy, LLC, First Lien Term Loan	17,500	—	(143)	(1,940)	15,417	—	—
Pelican Energy, LLC, Membership Interests	—	—	—	—	—	—	—
Renew Financial LLC (f/k/a Renewable Funding, LLC), Series B	20,459	—	—	(1,076)	19,383	—	—

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Preferred Stock							
Renew Financial LLC (f/k/a							
Renewable Funding, LLC), Series	5,933	—	—	321	6,254	—	—
D Preferred Stock							
Renew JV LLC, Membership	—	1,960	—	2,741	4,701	—	—
Interests							
Solarplicity Group Limited, First	—	160,281	(57,085	)16,230	119,426	(36,217	)2,385
Lien Term Loan							
Solarplicity Group Limited,	—	—	—	—	—	—	—
Common Shares							
Solarplicity UK Holdings Limited,	—	2,499	—	2	2,501	—	20
Unsecured Debt							
Solarplicity UK Holdings Limited,	—	4	—	4,948	4,952	—	—
Ordinary Shares							
Venoco, Inc., Unsecured Debt	—	338	—	(338)—	—	—
Venoco, Inc., LLC Units	—	40,517	—	(40,517)—	—	—
Venoco, Inc., Series A Warrants	—	48,170	—	(48,170)—	—	—
		\$272,558	\$375,248	\$(222,830)	\$(185,926)	\$239,050	\$50,014
							\$ 19,278

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Gross additions includes increases in the cost 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 cost 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.

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, 2016 and March 31, 2017 along with transactions during the year ended March 31, 2017 in these Controlled investments are as follows:

Name of Issue	Fair Value at March 31, 2016	Gross Additions	Gross Reductions	Net Change in Unrealized Losses	Fair Value at March 31, 2017	Net Realized Losses	Interest/Dividend/Other Income
Dynamic Product Tankers, LLC, Letter of Credit	\$—	\$—	\$—	\$—	\$—	\$—	\$ 25
Dynamic Product Tankers, LLC, Class A Units	48,264	—	—	(5,620	)42,644	—	1,200
Glacier Oil & Gas Corp. (f/k/a Miller Energy Resources, Inc.), First Lien Term Loan	—	10,000	—	—	10,000	—	470
Glacier Oil & Gas Corp. (f/k/a Miller Energy Resources, Inc.), Second Lien Term Loan	25,000	2,617	—	—	27,617	—	2,619
Glacier Oil & Gas Corp. (f/k/a Miller Energy Resources, Inc.), Common Stock	30,078	—	—	(11,216	)18,862	—	—
Merx Aviation Finance, LLC, Revolver	403,084	11,000	(40,000	)—	374,084	—	48,256
Merx Aviation Finance, LLC, Letter of Credit	—	—	—	—	—	—	(1)
Merx Aviation Finance Assets Ireland Limited, Letter of Credit	—	—	—	—	—	—	(18)
Merx Aviation Finance, LLC, Membership Interests	93,714	—	(45,049	)146	48,811	—	9,700
MSEA Tankers LLC, Class A Units	84,138	—	(10,550	)791	)72,797	—	6,850
SHD Oil & Gas, LLC (f/k/a Spotted Hawk Development LLC), Tranche A Note	—	40,890	—	1	40,891	—	2,095
SHD Oil & Gas, LLC (f/k/a Spotted Hawk Development LLC), Tranche	—	28,936	—	3,857	32,793	—	—

B Note							
SHD Oil & Gas, LLC (f/k/a Spotted Hawk Development LLC), Tranche	—	6,750	—	—	6,750	—	262
C Note							
SHD Oil & Gas, LLC (f/k/a Spotted Hawk Development LLC), Unfunded Tranche C Note	—	—	—	—	—	—	—
SHD Oil & Gas, LLC (f/k/a Spotted Hawk Development LLC), Series A Units	—	—	—	—	—	—	—
Solarplicity Group Limited, First lien Term Loan	163,034	41,732	(169,365)	(35,401)	—	(2,173)	14,228
Solarplicity Group Limited, Class B Common Shares	6,665	—	—	(6,665)	—	—	—
	\$853,977	\$141,925	\$(264,964)	\$(55,689)	\$675,249	\$(2,173)	\$85,686

Gross additions includes increases in the cost 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 cost 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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APOLLO INVESTMENT CORPORATION

SCHEDULE OF INVESTMENTS

March 31, 2017

(In thousands, except share data)

As of March 31, 2017, the Company had a 85%, 48%, 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 \$70,774 and \$314,345, respectively.

(6) Net unrealized loss is \$243,571 based on a tax cost of \$2,560,279.

Substantially all securities are pledged as collateral to our multi-currency revolving credit facility (the “Senior Secured Facility” as defined in Note 6). 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 for discussion of the exemptive order from the SEC.)

(10) The percentage is calculated over net assets.

(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) Denominated in USD unless otherwise noted, Euro (“€”), British Pound (“£”), and Canadian Dollar (“C\$”).

(13) Non-income producing security.

(14) Non-accrual status (Note 2).

The underlying investments of AIC SPV Holdings I, LLC are two secured debt positions and one preferred equity (15) position in SquareTwo Financial Corporation. One of the secured debt positions and the preferred equity position are on non-accrual status.

Denotes debt securities where the Company owns multiple tranches of the same broad asset type but whose (16) security characteristics differ. Such differences may include level of subordination, call protection and pricing, and differing interest rate characteristics, among other factors. Such factors are usually considered in the determination of fair values.

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, 2017, non-qualifying assets represented approximately 23.0% 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, 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, 2017, rates for 1M L, 2M L, 3M L, 6M L, 3M E, and prime are 0.98%, 1.03%, 1.15%, 1.42%, (0.33%), and 4.00%, respectively.

(21) The rates associated with these undrawn committed revolvers and delayed draw term loans represent rates for commitment and unused fees.

The collateralized loan obligation (“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 current estimated yield is based on the current projections of this excess cash flow taking into account assumptions such as expected prepayments, losses and future reinvestment rates. These assumptions are periodically reviewed and adjusted. Ultimately, the actual yield may be higher or lower than the estimated yield if actual results differ from those used for the assumptions.

See notes to financial statements.

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APOLLO INVESTMENT CORPORATION

SCHEDULE OF INVESTMENTS

March 31, 2017

(In thousands, except share data)

As of March 31, 2017, 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 8 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
AIC SPV Holdings I, LLC	\$ 8,888	\$ 4,629	\$—	\$ 4,259
Alliant Holdings Intermediate, LLC	15,000	—	188	14,812
American Media, Inc.	1,778	770	154	854
Aptevo Therapeutics Inc.	15,000	8,571	—	6,429
Avantor Performance Materials Holdings, LLC	6,629	737	72	5,820
Dynamic Product Tankers, LLC	2,250	—	2,250	—
Endologix, Inc.	5,000	—	—	5,000
Invuity, Inc.	12,000	6,667	—	5,333
LabVantage Solutions Limited	3,674	—	—	3,674
Merx Aviation Finance, LLC	3,600	—	3,600	—
Merx Aviation Finance Assets Ireland Limited	177	—	177	—
My Alarm Center, LLC	19,122	16,958	—	2,164
Novadaq Technologies Inc.	13,000	3,333	—	9,667
Oxford Immunotec, Inc.	1,000	—	—	1,000
PSI Services, LLC	455	198	—	257
SESAC Holdco II LLC	587	—	—	587
SHD Oil & Gas, LLC (f/k/a Spotted Hawk Development LLC)	18,000	6,750	—	11,250
Tibco Software Inc.	6,000	—	—	6,000
TricorBraun Holdings, Inc.	5,625	960	—	4,665
UniTek Global Services Inc.	12,762	—	7,762	5,000
Westinghouse Electric Co LLC	40,000	17,500	—	22,500
Wright Medical Group, Inc.	50,000	10,000	—	40,000
Total Commitments	\$ 240,547	\$ 77,073	\$ 14,203	\$ 149,271

(24) As of March 31, 2017, 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, 2017, 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) As of March 31, 2017, the Company holds two classes of shares in Solarplicity Group Limited. The Company holds 434 shares of Class A shares (non-voting) and 2,391 shares of Class B (voting).

(27) This security is included in the Cash and Cash Equivalents on the Statement of Assets and Liabilities.

See notes to financial statements.

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APOLLO INVESTMENT CORPORATION

SCHEDULE OF INVESTMENTS

March 31, 2017

(In thousands, except share data)

Industry Classification	Percentage of Total Investments (at Fair Value) as of March 31, 2017
Business Services	22.3%
Aviation and Consumer Transport	18.3%
Energy – Electricity	7.7%
Diversified Investment Vehicles, Banking, Finance, Real Estate	7.3%
Transportation – Cargo, Distribution	7.2%
High Tech Industries	7.2%
Energy – Oil & Gas	6.6%
Healthcare & Pharmaceuticals	4.4%
Chemicals, Plastics & Rubber	2.8%
Manufacturing, Capital Equipment	2.8%
Telecommunications	2.7%
Insurance	2.7%
Automotive	1.3%
Utilities – Electric	1.3%
Advertising, Printing & Publishing	1.1%
Food & Grocery	1.1%
Aerospace & Defense	1.0%
Hotel, Gaming, Leisure, Restaurants	0.9%
Consumer Goods – Durable	0.7%
Containers, Packaging & Glass	0.4%
Media – Diversified & Production	0.1%
Broadcasting & Subscription	0.1%
Metals & Mining	0.0%
Education	0.0%
Environmental Industries	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, 2017, we have raised approximately \$2,210,067 in net proceeds from additional offerings of common stock and repurchased common stock for \$100,356. 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, 2017, 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, 2017.

During the three months ended September 30, 2016, we identified that \$21,155 of realized loss recorded in the prior quarter ended June 30, 2016, associated with the restructuring of an investment, that should have remained as unrealized losses. As such, the Company revised the June 30, 2016 financial statement by reducing realized losses and increasing change in unrealized losses. See disclosure as previously referenced in Note 2 of the September 30, 2016 Form 10-Q.

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APOLLO INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

(In thousands except share and per share data)

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.

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, 2017 is \$29,853. Cash equivalents held as of March 31, 2017 was \$9,783.

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 receivables for investments sold and payables 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.
The Board of Directors discusses valuations and determines in good faith the fair value of each investment in our
5. 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, 2017, 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 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.

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 6). 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.

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.

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APOLLO INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

(In thousands except share and per share data)

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 6), 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.

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.

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.

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APOLLO INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

(In thousands except share and per share data)

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, 2017 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, 2018. 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 up to ten 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, 2017, 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 2014 remain subject to examination by the Internal Revenue Service.

Recent Accounting Pronouncements

In May 2014, the FASB issued guidance to establish a comprehensive and converged standard on revenue recognition to enable financial statement users to better understand and consistently analyze an entity's revenue across industries, transactions, and geographies. The core principle of the new guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. As such, this new guidance could impact the timing of revenue recognition. The new guidance also requires improved disclosures to help users of financial statements better understand the nature, amount, timing, and uncertainty of revenue that is recognized. The new guidance will apply to all entities. In August 2015, FASB issued its final standard formally amending the effective date of the new revenue recognition guidance. The amended guidance defers the effective date of the new guidance to interim reporting periods within annual reporting periods beginning after December 15, 2017. Public business entities are permitted to apply the new guidance early, but not before the original effective date (i.e., interim periods within annual periods beginning after December 15, 2016). The Company is in the process of evaluating the impact that this guidance will have on its financial statements.

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APOLLO INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

(In thousands except share and per share data)

In August 2016, the FASB issued guidance intended to reduce diversity in practice in how certain cash receipts and payments are classified in the statement of cash flows, including debt prepayment or extinguishment costs, the settlement of contingent liabilities arising from a business combination, proceeds from insurance settlements, and distributions from certain equity method investments. The guidance is effective for interim and annual periods beginning after December 15, 2017. Early adoption is permitted. The Company is in the process of evaluating the impact that this guidance will have on its financial statements.

In January 2017, the FASB issued guidance that clarifies the definition of a business with the objective of adding guidance to assist companies with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The new guidance is expected to reduce the number of transactions that need to be further evaluated as businesses. The guidance is effective for interim and annual periods beginning after December 15, 2017. Early adoption is permitted for certain types of transactions. The Company is in the process of evaluating the impact that this guidance will have on its financial statements.

Note 3. Related Party Agreements and Transactions

Investment Advisory Agreement with AIM

The Company has an investment advisory and 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

The base management fee is determined by taking the average value of our gross assets, net of the average of any payable for investments at the end of the two most recently completed calendar quarters calculated at an annual rate of 2%.

Management Fee Waiver

Effective April 1, 2017 through March 31, 2018 (the “waiver period”), the Investment Adviser has agreed to waive 25% of its base management fee so that base management fee is reduced from 2% to 1.50%.

The same waiver was in effect for the year-ended March 31, 2017.

Performance-based Incentive Fee

Incentive Fee on Pre-Incentive Fee Net Investment Income

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 any other fees (other than fees for providing managerial assistance), such as structuring fees, administrative fees, amendment fees, rebate fees, and bridge fees or other fees that we receive from portfolio companies accrued during the calendar quarter, minus our operating expenses for the quarter (including the base management fee, any expenses payable under an administration agreement between the Company and the Administrator, and any interest expense and dividends paid on any issued and outstanding preferred stock, but excluding the incentive fee). Pre-incentive fee net investment income does not include any realized capital gains computed net of all realized capital losses and unrealized capital depreciation. 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”). If the resulting incentive fee rate is less than 20% due to the incentive fee waiver discussed below, the percentage at which the Investment Adviser’s 100% catch-up is complete will also be reduced ratably from 2.1875% (8.75% annualized) to as low as 2.06% (8.24% annualized) (“catch-up threshold”). 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; (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) 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.

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NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

(In thousands except share and per share data)

Incentive Fee Waiver

Effective 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%.

The same waiver and calculation was in effect for the year-ended March 31, 2017.

Incentive Fee on Cumulative Net Realized Gains

The second part of the incentive fee is determined and payable in arrears as of the end of each calendar year (or upon termination of the Investment Advisory Agreement, as of the termination date) and will equal 20% of our cumulative realized capital gains less cumulative realized capital losses, unrealized capital loss (unrealized loss on a gross investment-by-investment basis at the end of each calendar year) and all capital gains upon which prior performance-based capital gains incentive fee payments were previously made to the Investment Adviser. 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, 2017 and 2016. 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.

For the three months ended June 30, 2017 and 2016, the Company recognized \$12,125 and \$14,398, respectively, of management fees, and \$7,912 and \$8,451, respectively, of incentive fees before impact of waived fees. For the three months ended June 30, 2017 and 2016 management fees waived were \$3,031 and \$3,599, respectively, and incentive fees waived were \$1,978 and \$2,118, respectively.

As of June 30, 2017 and March 31, 2017, management and performance-based incentive fees payable were \$17,345 and \$16,306, respectively.

For the three months ended June 30, 2017 and 2016, the amount of incentive fees on PIK income for which payments have been deferred were \$871 and \$951, respectively. 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 as of June 30, 2017 and March 31, 2017 were \$3,125 and \$2,317, respectively.

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NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

(In thousands except share and per share data)

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 Compliance Officer, Chief Legal Officer, Chief Accounting Officer, and their respective staffs. For the three months ended June 30, 2017 and 2016, the Company recognized administrative services expense under the Administration Agreement of \$1,675 and \$1,526, respectively. There was no payable to AIA and its affiliates for expenses paid on our behalf as of June 30, 2017 and March 31, 2017.

Merx Aviation Finance, LLC

Merx Aviation Finance, LLC (“Merx”), a wholly-owned portfolio company of the Company, has also 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, 2017 and 2016, the Company recognized expense reimbursements of \$63 and \$63 thousand respectively, under the Merx Administration Agreement.

The Company has also entered into an expense reimbursement agreement with Merx Aviation Finance Assets Ireland Limited, an affiliate of Merx, that 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 its behalf. For the three months ended June 30, 2017 and 2016, the Company recognized expenses that were reimbursed under the expense reimbursement agreement of \$21 and \$21, respectively.

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 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.

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, 2017 and 2016:

Three Months Ended	
June 30,	
2017	2016

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Basic Earnings (Loss) Per Share

Net increase (decrease) in net assets resulting from operations	\$28,781	\$ (42,086)
Weighted average shares outstanding	219,694,625	219,940,769
Basic earnings (loss) per share	\$0.13	\$ (0.19)

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APOLLO INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

(In thousands except share and per share data)

Note 5. Investments

Fair Value Measurement and Disclosures

The following table shows the composition of our investment portfolio as of June 30, 2017, 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	\$1,193,207	\$1,140,215	\$—	\$14,375	\$1,125,840
Second Lien Secured Debt	739,383	734,946	—	274,066	460,880
Unsecured Debt	161,207	162,028	—	15,386	146,642
Structured Products and Other	130,168	135,864	—	—	135,864
Preferred Equity	18,319	25,755	—	—	25,755
Common Equity/Interests	223,030	217,689	—	—	217,689
Warrants	80	82	—	—	82
Total Investments	\$2,465,394	\$2,416,579	\$—	\$303,827	\$2,112,752
Money Market Fund	\$29,853	\$29,853	\$29,853	\$—	\$—
Total Cash Equivalents	\$29,853	\$29,853	\$29,853	\$—	\$—
Total Investments and Cash Equivalents	\$2,495,247	\$2,446,432	\$29,853	\$303,827	\$2,112,752

The following table shows the composition of our investment portfolio as of March 31, 2017, 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	\$1,127,001	\$1,049,232	\$—	\$—	\$1,049,232
Second Lien Secured Debt	686,498	685,268	—	238,496	446,772
Unsecured Debt	161,226	161,384	—	15,166	146,218
Structured Products and Other	163,242	166,893	—	—	166,893
Preferred Equity	89,370	25,637	—	—	25,637
Common Equity/Interests	328,235	228,200	—	—	228,200
Warrants	49,851	94	—	—	94
Total Investments	\$2,605,423	\$2,316,708	\$—	\$253,662	\$2,063,046
Money Market Fund	\$9,783	\$9,783	\$9,783	\$—	\$—
Total Cash Equivalents	\$9,783	\$9,783	\$9,783	\$—	\$—
Total Investments and Cash Equivalents	\$2,615,206	\$2,326,491	\$9,783	\$253,662	\$2,063,046

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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 (1) transfers into 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.

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

(3) Includes reorganizations and restructuring of investments.

The following table shows changes in the fair value of our Level 3 investments during the three months ended June 30, 2016:

	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, 2016	\$ 1,089,156	\$ 491,488	\$ 227,222	\$ 319,530	\$ 68,562	\$ 356,940	\$ —	\$ 2,552,898
Net realized gains (losses)	(33,164)	(21,156)	)—	(1,524)	)—	47,387	(2,374)	(10,831)
Net change in unrealized gains (losses)	12,273	(14,032)	(3,988))7,320	(211)	(92,571))2,374	(88,835)
Net amortization on investments	801	336	88	87	—	17	—	1,329

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Purchases, including capitalized PIK (3)	65,913	45,961	279	11,270	204	50,375	—	174,002
Sales (3)	(96,724)	(43,878)	(7,460)	(31,283)	(1,017)	(62,874)	—	(243,236)
Transfers out of Level 3 (1)	—	—	—	—	—	—	—	—
Transfers into Level 3 (1)	—	—	49	—	—	—	—	49
Fair value as of June 30, 2016	\$1,038,255	\$458,719	\$216,190	\$305,400	\$67,538	\$299,274	\$—	\$2,385,376
Net change in unrealized gains (losses) on Level 3 investments still held as of June 30, 2016	\$10,096	\$(46,741)	\$(3,989)	\$12,871	\$(22,076)	\$(25,677)	\$—	\$(75,516)

Transfers out of Level 3 are due to an increase in the quantity and reliability of broker quotes obtained and (1) transfers into 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.

(2) Includes unfunded commitments measured at fair value of \$(2,506).

(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, 2017 and March 31, 2017. 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, 2017 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	\$911	Broker Quoted	Broker Quote	N/A	N/A	N/A
	538,131	Discounted Cash Flow	Discount Rate	2.3%	14.3%	10.8%
	44,993	Market Comparable Technique	Comparable Multiple	37.5x	37.5x	37.5x
	98,220	Recovery Analysis	Commodity Price	\$53.00	\$65.00	\$63.31
	50,053	Recovery Analysis	Recoverable Amount	N/A	N/A	N/A
		Market Comparable Technique	Comparable Multiple	4.5x	4.5x	4.5x
	717	Recovery Analysis	Recoverable Amount	N/A	N/A	N/A
		Yield Analysis	Discount Rate	22.5%	22.5%	22.5%
	394,637	Yield Analysis	Discount Rate	4.9%	16.0%	10.7%
	Second Lien Secured Debt	112,540	Broker Quoted	Broker Quote	N/A	N/A
	7,806	Market Comparable Technique	Comparable Multiple	7.8x	7.8x	7.8x
	28,314	Recovery Analysis	Commodity Price	\$55.00	\$65.00	\$61.84
Unsecured Debt	312,220	Yield Analysis	Discount Rate	10.7%	22.1%	12.1%
	2,598	Discounted Cash Flow	Discount Rate	24.7%	24.7%	24.7%
	144,044	Yield Analysis	Discount Rate	10.8%	16.7%	11.2%
Structured Products and Other	135,864	Discounted Cash Flow	Discount Rate	9.1%	15.0%	11.0%
Preferred Equity	25,755	Option Pricing Model	Expected Volatility	60.5%	60.5%	60.5%
Common Equity/Interests	433	Broker Quoted	Broker Quote	N/A	N/A	N/A
	178,069	Discounted Cash Flow	Discount Rate	6.9%	24.7%	12.9%
	6,430	Market Comparable Technique	Comparable Multiple	4.2x	12.2x	9.2x
	32,757	Recovery Analysis	Commodity Price	\$53.00	\$65.00	\$63.57
Warrants	82	Option Pricing Model	Expected Volatility	60.0%	60.0%	60.0%
	\$2,112,752					

Total Level 3
Investments

(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, 2017 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	\$(896)	Broker Quoted	Broker Quote	N/A	N/A	N/A
	493,509	Discounted Cash Flow	Discount Rate	2.3%	14.3%	10.6%
	17,063	Recent Transaction	Recent Transaction	N/A	N/A	N/A
	105,851	Recovery Analysis	Commodity Price	\$54.00	\$66.00	\$64.88
	50,585	Recovery Analysis	Recoverable Amount	N/A	N/A	N/A
		Market Comparable Approach	Comparable Multiple	4.5x	4.5x	4.5x
	705	Yield Analysis	Discount Rate	22.5%	22.5%	22.5%
		Recovery Analysis	Recoverable Amount	N/A	N/A	N/A
	382,415	Yield Analysis	Discount Rate	4.9%	17.5%	11.5%
	139,546	Broker Quoted	Broker Quote	N/A	N/A	N/A
Second Lien Secured Debt	9,296	Market Comparable Approach	Comparable Multiple	7.8x	7.8x	7.8x
	7,800	Recent Transaction	Recent Transaction	N/A	N/A	N/A
	27,618	Recovery Analysis	Commodity Price	\$54.00	\$66.00	\$61.64
	262,512	Yield Analysis	Discount Rate	10.2%	21.1%	12.1%
	2,501	Discounted Cash Flow	Discount Rate	21.1%	21.1%	21.1%
	143,717	Yield Analysis	Discount Rate	10.5%	16.1%	10.8%
	Structured Products and Other	134,268	Discounted Cash Flow	Discount Rate	10.0%	15.0%	11.3%
32,625		Recent Transaction	Recent Transaction	N/A	N/A	N/A
Preferred Equity	25,637	Option Pricing Model	Expected Volatility	52.0%	52.0%	52.0%
Common Equity/Interests	231	Broker Quoted	Broker Quote	N/A	N/A	N/A
	178,591	Discounted Cash Flow	Discount Rate	6.0%	21.1%	12.7%
	6,230	Market Comparable Approach	Comparable Multiple	3.9x	12.1x	9.3x
	24,285	Proposed Transaction	Proposed Transaction	N/A	N/A	N/A
	18,863	Recovery Analysis	Commodity Price	\$54.00	\$66.00	61.6x
Warrants	94	Option Pricing Model	Expected Volatility	60.0%	60.0%	60.0%
	\$2,063,046					

Total Level 3
Investments

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 (1) input, the weighted average price is an undiscounted price based upon the estimated production level from the underlying reserves.

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

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NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

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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 Company uses an option pricing technique, of which the applicable method is the Black-Scholes Option Pricing Method (“BSM”). 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, 2017 and 2016, purchases of investments on a trade date basis were \$342,036 and \$122,718, respectively. For the three months ended June 30, 2017 and 2016, sales and repayments (including prepayments and unamortized fees) of investments on a trade date basis were \$251,947 and \$339,416, 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, 2017 and 2016, PIK income earned was \$5,810 and \$6,364, respectively.

The following table shows the change in capitalized PIK balance for the three months ended June 30, 2017 and 2016:

	Three Months Ended June 30,	
	2017	2016
PIK balance at beginning of period	\$53,262	\$73,409
PIK income capitalized	2,775	3,553
Adjustments due to investments exited or written off	(35,697)	—
PIK income received in cash	(370)	(1,254)
PIK balance at end of period	\$19,970	\$75,708

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, 2017 and 2016 dividend income from structured products was \$1,087 and \$2,661, respectively.

Investments on Non-Accrual Status

As of June 30, 2017, 1.9% of total investments at amortized cost, or 1.1% of total investments at fair value, were on non-accrual status. As of March 31, 2017, 7.0% of total investments at amortized cost, or 3.0% of total investments at fair value, were on non-accrual status.

Unconsolidated Significant Subsidiaries

The following unconsolidated subsidiaries are considered significant subsidiaries under SEC Regulation S-X Rule 10-01(b)(1) and Regulation S-X Rule 4-08(g) as of June 30, 2017. Accordingly, summarized, unaudited, comparative financial information is presented below for the unconsolidated significant subsidiaries.

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APOLLO INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

(In thousands except share and per share data)

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,	
	2017	2016
Net revenue	\$28,858	\$32,719
Net operating income	17,490	19,639
Earnings before taxes	9,057	3,246
Net profit	9,057	3,239

Note 6. Debt and Foreign Currency Transactions and Translations

The Company’s outstanding debt obligations as of June 30, 2017 were as follows:

	Date Issued/Amended	Total Aggregate			Final Maturity Date
		Principal Amount Committed	Principal Amount Outstanding	Fair Value	
Senior Secured Facility	12/22/2016	\$ 1,140,000	\$ 272,797	* 277,589	(1)12/22/2021
Senior Secured Notes (Series B)	9/29/2011	16,000	16,000	16,462	(1)9/29/2018
2042 Notes	10/9/2012	150,000	150,000	151,116	(2)10/15/2042
2043 Notes	6/17/2013	150,000	150,000	155,280	(2)7/15/2043
2025 Notes	3/3/2015	350,000	350,000	350,697	(3)3/3/2025
Total Debt Obligations		\$ 1,806,000	\$ 938,797	\$951,144	
Deferred Financing Cost and Debt Discount			\$ (18,123)		
Total Debt Obligations, net of Deferred Financing Cost and Debt Discount			\$ 920,674		

*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 June 30, 2017. 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 June 30, 2017. 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 June 30, 2017. The valuation is based on broker quoted prices.

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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, 2017 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	\$ 1,140,000	\$ 200,923	* \$200,873	(1) 12/22/2021
Senior Secured Notes (Series B)	9/29/2011	16,000	16,000	16,523	(1) 9/29/2018
2042 Notes	10/9/2012	150,000	150,000	152,160	(2) 10/15/2042
2043 Notes	6/17/2013	150,000	150,000	156,180	(2) 7/15/2043
2025 Notes	3/3/2015	350,000	350,000	367,556	(1) 3/3/2025
Total Debt Obligations		\$ 1,806,000	\$ 866,923	\$ 893,292	
Deferred Financing Cost and Debt Discount			\$ (18,474)		
Total Debt Obligations, net of Deferred Financing Cost and Debt Discount			\$ 848,449		

* 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, 2017. 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, 2017. The valuation is based on quoted prices of identical liabilities in active markets.

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 allows the Company to seek additional commitments from new and existing lenders in the future, up to an aggregate facility size not to exceed \$1,965,000. 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, 2017, 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.

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.

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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 also provides for the issuance of letters of credit up to an aggregate amount of \$150,000. As of June 30, 2017 and March 31, 2017, the Company had \$14,781 and \$15,640, 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 \$852,422 and \$923,438 as of June 30, 2017 and March 31, 2017, 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 are listed on the New York Stock Exchange under the ticker symbol “AIB.”

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.

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APOLLO INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

(In thousands except share and per share data)

The following table summarizes the average and maximum debt outstanding, and the interest and debt issuance cost for the three months ended June 30, 2017 and 2016.

	Three Months Ended June		
	30,		
	2017	2016	
Average debt outstanding	\$971,816	\$1,233,619	
Maximum amount of debt outstanding	1,056,929	1,363,533	
Weighted average annualized interest cost (1)	5.32	% 4.75	%
Annualized amortized debt issuance cost	0.56	% 0.67	%
Total annualized interest cost	5.88	% 5.42	%

(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, 2017 and 2016 were \$760 and \$697, respectively.

Foreign Currency Transactions and Translations

The Company had the following foreign-denominated debt outstanding on the Senior Secured Facility as of June 30, 2017:

	Original Principal Amount (Local)	Original Principal Amount (USD)	Principal Amount Outstanding	Unrealized Gain/(Loss)	Reset Date
Canadian Dollar	C\$2,000	\$1,482	\$ 1,540	\$ (58)	7/7/2017
Canadian Dollar	C\$33,000	29,721	25,410	4,311	7/31/2017
Euro	€ 14,000	15,129	15,968	(839)	7/5/2017
Euro	€ 12,500	13,506	14,257	(751)	7/19/2017
British Pound	£ 4,600	6,094	5,975	119	7/10/2017
British Pound	£ 97,500	148,101	126,648	21,453	7/31/2017
		\$214,033	\$ 189,798	\$ 24,235	

The Company had the following foreign-denominated debt outstanding on the Senior Secured Facility as of March 31, 2017:

	Original Principal Amount (Local)	Original Principal Amount (USD)	Principal Amount Outstanding	Unrealized Gain	Reset Date
Canadian Dollar	C\$33,000	\$29,721	\$ 24,744	\$ 4,977	4/28/2017
Euro	€ 14,000	15,129	14,974	155	4/3/2017
Euro	€ 13,000	14,046	13,904	142	4/18/2017
British Pound	£ 8,700	13,319	10,879	2,440	4/21/2017
British Pound	£ 100,500	152,658	125,670	26,988	4/28/2017
British Pound	£ 3,800	5,058	4,752	306	4/6/2017
		\$229,931	\$ 194,923	\$ 35,008	

As of June 30, 2017 and March 31, 2017, the Company was in compliance with all debt covenants.

Note 7. Stockholders' Equity

There were no equity offerings of common stock during the three months ended June 30, 2017 and March 31, 2017.

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”):

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APOLLO INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

(In thousands except share and per share data)

Date of Adoption	Maximum Cost of Shares That May Be Repurchased	Cost of Shares Repurchased	Remaining Cost of Shares That May Be Repurchased
August 6, 2015	\$ 50,000	\$ 50,000	\$ —
December 14, 2015	50,000	50,000	—
September 14, 2016	50,000	356	49,644
Total as of June 30, 2017	\$ 150,000	\$ 100,356	\$ 49,644

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
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

During the three months ended June 30, 2017, the Company did not repurchase any shares.

During the year ended March 31, 2017, the Company repurchased 6,461,842 shares at a weighted average price per share of \$5.87, inclusive of commissions, for a total cost of \$37,918. This represents a discount of approximately 15.50% of the average net asset value per share for the year ended March 31, 2017.

Since the inception of the Repurchase Plans through June 30, 2017, the Company repurchased 17,046,697 shares at a weighted average price per share of \$5.89, inclusive of commissions, for a total cost of \$100,356.

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, 2017, no shares had been sold through the Company's ATM Program.

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APOLLO INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

(In thousands except share and per share data)

Note 8. 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, 2017 and March 31, 2017, the Company had the following unfunded commitments to its portfolio companies:

	June 30, 2017	March 31, 2017
Unfunded revolver obligations and bridge loan commitments (1)	\$132,212	\$227,906
Standby letters of credit issued and outstanding (2)	15,607	14,203
Unfunded delayed draw loan commitments (3)	3,850	28,649
Unfunded delayed draw loan commitments (performance thresholds not met) (4)	35,512	30,678
Total Unfunded Commitments	\$187,181	\$301,436

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, 2017 and March 31, 2017, subject to the terms of each loan's respective credit agreements which includes borrowing covenants that needs to be met prior to funding. As of June 30, 2017 and March 31, 2017, the bridge loan commitments included in the balances were \$0 and \$137,962, 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, 2017 and March 31, 2017.

Of the unfunded commitments which existed as of June 30, 2017, \$185,016 were outstanding as of August 3, 2017.

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APOLLO INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

(In thousands except share and per share data)

Note 9. Financial Highlights

The following is a schedule of financial highlights for the three months ended June 30, 2017 and fiscal year ended March 31, 2017.

	Three Months Ended June 30, 2017 (Unaudited)	Year Ended March 31, 2017	
Per Share Data*			
Net asset value at beginning of period	\$6.74	\$7.28	
Net investment income (1)	0.15	0.67	
Net realized and change in unrealized losses (1)	(0.02)	(0.59)	
Net increase (decrease) in net assets resulting from operations	0.13	0.08	
Distributions of net investment income (2)	(0.15)	(0.65)	
Distributions of return of capital (2)	—	—	
Accretion due to share repurchases	—	0.04	
Net asset value at end of period	\$6.73	\$6.74	
Per share market value at end of period	\$6.39	\$6.56	
Total return (3)	(0.32)%	31.44 %	
Shares outstanding at end of period	219,694,654	219,694,654	
Weighted average shares outstanding	219,694,654	222,415,073	
Ratio/Supplemental Data			
Net assets at end of period (in millions)	\$1,477.6	\$1,481.8	
Annualized ratio of operating expenses to average net assets (4)(5)	5.20	4.59	%
Annualized ratio of interest and other debt expenses to average net assets (5)	3.85	3.86	%
Annualized ratio of total expenses to average net assets (4)(5)	9.05	8.45	%
Annualized ratio of net investment income to average net assets (5)	9.03	9.66	%
Average debt outstanding (in millions)	\$971.8	\$1,048.7	
Average debt per share	\$4.42	\$4.71	
Annualized portfolio turnover rate (5)	42.70	23.25	%
Asset coverage per unit (6)	\$2,574	\$2,709	

*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, 2017 may include return of capital, the exact amount cannot be determined at this point. Per share amounts are based on actual rate per share.

(3) Total return is based on the change in market price per share during the respective periods. Total return also takes 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 (Note 3). For the three months ended June 30,

2017, the annualized ratio of operating expenses to average net assets and the annualized ratio of total expenses to average net assets would be 6.58% and 10.43%, respectively, without the voluntary fee waivers. For the fiscal year ended March 31, 2017, the ratio of operating expenses to average net assets and the ratio of total expenses to average net assets would be 5.98% and 9.85%, respectively, without the voluntary fee waivers.

(5) Annualized for the three months ended June 30, 2017.

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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 10. 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.

On August 3, 2017, the Board of Directors declared a distribution of \$0.15 per share payable on October 5, 2017 to stockholders of record as of September 21, 2017.

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Apollo Investment Corporation:

We have reviewed the accompanying statement of assets and liabilities of Apollo Investment Corporation, including the schedule of investments, as of June 30, 2017, and the related statements of operations and of cash flows for the three-month periods ended June 30, 2017 and June 30, 2016, and the statement of changes in net assets for the three-month period ended June 30, 2017. These interim financial statements are the responsibility of the Company's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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 Public Company Accounting Oversight Board (United States), 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.

Based on our review, 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 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, as of March 31, 2017, and the related statements of operations (not presented herein), of changes in net assets and of cash flows (not presented herein) for the year then ended, and in our report dated May 18, 2017, 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, 2017, and the related 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 of changes in net assets from which it has been derived.

/s/ PricewaterhouseCoopers LLP

New York, New York

August 4, 2017

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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, 2017, we have raised approximately \$2.21 billion in net proceeds from additional offerings of common stock and we have repurchased common stock for \$100.4 million.

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 we received from the SEC permitting us to do so.

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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, 2017, non-qualifying assets represented approximately 20.6% 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.

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;

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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 Compliance Officer, Chief Legal 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.

Portfolio and Investment Activity

Our portfolio and investment activity during the three months ended June 30, 2017 and 2016 was as follows:

(in millions)*	Three Months Ended June 30,	
	2017	2016
Investments made in portfolio companies	\$342.0	\$122.7
Investments sold	(9.9)	(146.0)
Net activity before repaid investments	332.1	(23.3)
Investments repaid	(242.0)	(193.4)
Net investment activity	\$90.1	\$(216.7)
Portfolio companies at beginning of period	86	89
Number of new portfolio companies	11	5
Number of exited portfolio companies	(13)	(13)
Portfolio companies at end of period	84	81
Number of investments made in existing portfolio companies	11	12

*Totals may not foot due to rounding.

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Our portfolio composition and weighted average yields as of June 30, 2017 and March 31, 2017 were as follows:

	June 30, 2017	March 31, 2017
Portfolio composition, at fair value:		
Secured debt	77 %	75 %
Unsecured debt	7 %	7 %
Structured products and other	6 %	7 %
Preferred equity	1 %	1 %
Common equity/interests and warrants	9 %	10 %
Weighted average yields, at amortized cost, exclusive of investments on non-accrual status (1):		
Secured debt portfolio	10.2%	10.2%
Unsecured debt portfolio	11.1%	11.1%
Total debt portfolio	10.3%	10.3%
Interest rate type, at fair value (2):		
Fixed rate amount	\$0.2 billion	\$0.2 billion
Floating rate amount	\$1.2 billion	\$1.1 billion
Fixed rate, as percentage of total	14 %	16 %
Floating rate, as percentage of total	86 %	84 %
Interest rate type, at amortized cost (2):		
Fixed rate amount	\$0.2 billion	\$0.2 billion
Floating rate amount	\$1.1 billion	\$1.0 billion
Fixed rate, as percentage of total	15 %	17 %
Floating rate, as percentage of total	85 %	83 %

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

(2) The interest 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, 2017, invested capital totaled \$17.3 billion in 409 portfolio companies. Over the same period, Apollo Investment completed transactions with more than 100 different financial sponsors.

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

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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.

As of June 30, 2017, \$2.11 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.

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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.
The Board of Directors discusses valuations and determines in good faith the fair value of each investment in our
5. 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 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, 2017, 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.

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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.

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