THL Credit, Inc.
Form 10-Q
August 08, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.
For the quarterly period ended June 30, 2018

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.
For the transition period from to

Commission file number 814-00789

THL CREDIT, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	27-0344947
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
100 Federal St., 31st Floor, Boston, MA	02110
(Address of Principal Executive Offices)	(Zip Code)

Registrant's Telephone Number, Including Area Code: 800-450-4424

Securities registered pursuant to 12(b) of the Act:

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, as amended, 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, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer		Accelerated filer
Non-Accelerated filer	(Do not check if a smaller reporting company)	Smaller reporting company
		Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes No

The number of shares of the registrant's common stock, $0.001 par value per share, outstanding at August 8, 2018 was 32,673,590.

THL CREDIT, INC.

FORM 10-Q FOR THE QUARTER ENDED June 30, 2018

Table of Contents

THL Credit, Inc. and Subsidiaries

Consolidated Statements of Assets and Liabilities

(in thousands, except per share data)

(unaudited)

	June 30, 2018	December 31, 2017
Assets:		
Investments at fair value:		
Non-controlled, non-affiliated investments (cost of $363,060 and $484,816, respectively)	$354,505	$449,951
Controlled investments (cost of $177,577 and $155,547, respectively)	177,724	158,736
Non-controlled, affiliated investments (cost of $23,655 and $4, respectively)	26,752	4
Cash	12,545	3,617
Escrow receivable	6,597	—
Interest, dividends, and fees receivable	7,714	7,835
Deferred financing costs	2,600	2,890
Deferred tax assets	2,047	2,661
Prepaid expenses and other assets	1,618	1,583
Due from related parties	570	407
Total assets	$592,672	$627,684
Liabilities:		
Loans payable ($143,201 and $167,317 face amounts, respectively, reported net of deferred financing costs of $0 and $0, respectively. See Note 7)	$143,201	$167,317
Notes payable ($110,000 and $110,000 face amounts, respectively, reported net of deferred financing costs of $2,654 and $2,985, respectively. See Note 7)	107,345	107,015
Accrued expenses and other payables	2,449	2,829
Base management fees payable	2,333	2,556
Deferred tax liability	1,833	2,336
Accrued incentive fees	888	972
Accrued interest and fees	337	551
Other deferred liabilities	23	79
Total liabilities	258,409	283,655
Commitments and contingencies (Note 8)		
Net Assets:		
Common stock, par value $.001 per share, 100,000 common shares authorized, 32,674 and 32,674 shares issued and outstanding at June 30, 2018 and December 31, 2017, respectively	33	33
Paid-in capital in excess of par	433,974	434,197
Net unrealized depreciation on investments, net of provision for taxes of $1,665 and $1,511, respectively	(6,654)	(34,660)

Accumulated net realized losses	(102,954)	(67,393)
Accumulated undistributed net investment income	9,762	11,150
Total net assets attributable to THL Credit, Inc.	334,161	343,327
Net assets attributable to non-controlling interest	102	702
Total net assets	$334,263	$344,029
Total liabilities and net assets	$592,672	$627,684
Net asset value per share attributable to THL Credit, Inc.	$10.23	$10.51

See accompanying notes to these consolidated financial statements.

THL Credit, Inc. and Subsidiaries

Consolidated Statements of Operations

(in thousands, except per share data)

(unaudited)

	For the three months ended		For the six months ended	
	June 30, 2018	2017	June 30, 2018	2017
Investment Income:				
From non-controlled, non-affiliated investments:				
Interest income	$12,780	$13,802	$24,986	$27,735
Dividend income	17	139	17	139
Other income	432	1,030	551	1,495
From non-controlled, affiliated investments:				
Interest income	609	—	609	—
Other income	288	284	543	540
From controlled investments:				
Interest income	1,363	1,768	2,767	3,647
Dividend income	2,827	3,111	5,440	6,241
Other income	41	141	133	282
Total investment income	18,357	20,275	35,046	40,079
Expenses:				
Interest and fees on borrowings	3,791	3,941	7,357	7,813
Base management fees	2,333	2,658	4,652	5,212
Incentive fees	(9)	1,151	(9)	2,465
Administrator expenses	537	711	1,128	1,537
Other general and administrative expenses	573	541	996	1,046
Amortization of deferred financing costs	312	405	620	805
Professional fees	373	429	710	704
Directors' fees	204	169	398	349
Total expenses	8,114	10,005	15,852	19,931
Income tax provision, excise and other taxes	144	116	268	305
Net investment income	10,099	10,154	18,926	19,843
Realized Gain (Loss) and Change in Unrealized Appreciation (Depreciation) on Investments:				
Net realized (loss) gain on investments:				
Non-controlled, non-affiliated investments	(22,254)	(10,053)	(35,467)	(10,951)
Non-controlled, affiliated investments	(3,125)	—	(3,125)	—
Controlled investments	245	—	343	—
Foreign currency transactions	(202)	(1)	(203)	(74)
Net realized loss on investments	(25,336)	(10,054)	(38,452)	(11,025)
Net change in unrealized (depreciation) appreciation on investments:				

Non-controlled, non-affiliated investments	16,349	346	26,919	(2,924)
Non-controlled, affiliated investments	3,091	—	3,091	—
Controlled investments	(2,723)	457	(3,044)	(19)
Translation of assets and liabilities in foreign currencies	533	(593)	1,193	(519)
Net change in unrealized appreciation (depreciation) on investments	17,250	210	28,159	(3,462)
Net change in unrealized (depreciation) appreciation attributable to non-controlling interests	(353)	54	(601)	113
Net realized and unrealized loss from investments	(8,439)	(9,790)	(10,894)	(14,374)
Provision for taxes on realized gain on investments	—	(835)	—	(835)
(Provision) benefit for taxes on unrealized gain on investments	(121)	1,744	(154)	1,896
(Provision) benefit for taxes on realized and unrealized gain on investments	(121)	909	(154)	1,061
Net (decrease) increase in net assets resulting from operations	$1,539	$1,273	$7,878	$6,530
Net investment income per common share:				
Basic and diluted	$0.31	$0.31	$0.58	$0.60
Net increase in net assets resulting from operations per common share:				
Basic and diluted	$0.05	$0.04	$0.24	$0.20
Dividends declared and paid	$0.27	$0.27	$0.54	$0.54
Weighted average shares of common stock outstanding:				
Basic and diluted	32,674	32,873	32,674	32,899

See accompanying notes to these consolidated financial statements.

THL Credit, Inc. and Subsidiaries

Consolidated Statements of Changes in Net Assets

(in thousands)

(unaudited)

	For the six months ended June 30, 2018	2017
Increase in net assets from operations:		
Net investment income	$18,926	$19,843
Net realized loss on investments	(38,452)	(11,025)
Net change in unrealized appreciation (depreciation) on investments	28,159	(3,462)
Provision for taxes on realized gain on investments	—	(835)
Net change in unrealized (depreciation) appreciation attributable to non-controlling interests	(601)	113
(Provision) benefit for taxes on unrealized gain (loss) on investments	(154)	1,896
Net increase in net assets resulting from operations	7,878	6,530
Distributions to stockholders:		
Distributions to stockholders from net investment income	(17,644)	(17,753)
Total distributions to stockholders	(17,644)	(17,753)
Capital share transactions:		
Issuance of common stock from reinvestment of dividend	—	3
Repurchase of common stock	—	(1,502)
Net decrease in net assets from capital share transactions	—	(1,499)
Total decrease in net assets	(9,766)	(12,722)
Net assets at beginning of period	344,029	389,820
Net assets at end of period	$334,263	$377,098
Common shares outstanding at end of period	32,674	32,776
Capital share activity:		
Shares repurchased	—	150

See accompanying notes to these consolidated financial statements.

THL Credit, Inc. and Subsidiaries

Consolidated Statements of Cash Flows

(in thousands)

(unaudited)

	For the six months ended June 30, 2018	2017
Cash flows from operating activities:		
Net increase in net assets resulting from operations	$7,878	$6,530
Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by operating activities:		
Net change in unrealized (appreciation) depreciation on investments	(27,559)	2,830
Net realized loss on investments	38,660	11,494
Net realized loss on foreign exchange currency transactions	163	1
Increase in investments due to interest paid-in-kind	(468)	(1,587)
Amortization of deferred financing costs	620	805
Accretion of discounts on investments and other fees	(1,920)	(2,233)
Changes in operating assets and liabilities:		
Purchases of investments	(36,418)	(61,707)
Proceeds from sale and paydown of investments	69,134	46,123
Decrease in interest, dividends and fees receivable	121	312
Decrease in deferred offering costs	148	—
(Increase) decrease in due from affiliate	(163)	66
Decrease in prepaid expenses and other assets	228	109
Increase in income taxes payable	—	876
Decrease (increase) in deferred tax asset	614	(1,467)
Increase in accrued expenses and other payables	(239)	44
Decrease in accrued credit facility fees and interest	(214)	(906)
Decrease in deferred tax liability	(503)	(586)
(Decrease) increase in base management fees payable	(223)	50
Decrease in other deferred liabilities	(56)	(229)
Decrease in accrued incentive fees payable, net	(84)	(1,004)
Net cash provided by (used in) operating activities	49,719	(479)
Cash flows from financing activities:		
Repurchase of common stock	—	(1,502)
Borrowings under credit facility	31,000	57,879
Repayments under credit facility	(54,088)	(40,500)
Issuance of shares of common stock from dividend reinvestment	—	3
Distributions paid to stockholders	(17,644)	(17,753)
Financing and offering costs paid	(59)	(100)
Net cash used in financing activities	(40,791)	(1,973)
Net increase (decrease) in cash	8,928	(2,452)
Cash, beginning of period	3,617	6,376
Cash, end of period	$12,545	$3,924
Supplemental Disclosure of Cash Flow Information:		

Cash interest paid	$6,919	$7,486
Income taxes paid	$6	$25
PIK income earned	$772	$1,101
Non-cash Operating Activities:		

For the three months ended June 30, 2018 and 2017, 0 shares and 0.3 shares of common stock were issued in connection with dividend reinvestments of $0 and $3, respectively. For the six months ended June 30, 2018 and 2017, 0 shares and 0.3 shares of common stock were issued in connection with dividend reinvestments of $0 and $3, respectively.

See Note 5 in the notes to consolidated financial statements for non-cash restructurings.

See accompanying notes to these consolidated financial statements.

THL Credit, Inc. and Subsidiaries

Consolidated Schedules of Investments

June 30, 2018

(dollar amounts in thousands)

(unaudited)

Type of Investment/Portfolio company [1][2][3]	Industry	Interest Rate [4]	Initial Acquisition Date	Maturity/ Dissolution Date	Principal[5] No. of Shares / No. of Units	Amortized Cost	Fair Value [6]
Non-controlled/non-affiliated investments —106.06% of net asset value							
First lien senior secured debt —89.72% of net asset value							
Canada —4.58% of net asset value							
Fairstone Financial Inc. [7][16][25]	Financial services	8.7% (CDOR + 7%)	3/31/2017	3/31/2023	$15,204	$15,001	$15,280
				Subtotal Canada	$15,204	$15,001	$15,280
Midwest —10.21% of net asset value							
1-800 Hansons, LLC [30]	IT services	8.8% (LIBOR + 6.5%)	10/19/2017	10/19/2022	$3,912	$3,850	$3,883
1-800 Hansons, LLC [30]	IT services	8.8% (LIBOR + 6.5%)	10/19/2017	10/19/2022	72	67	72
BeneSys Inc.	Business services	12.4% (LIBOR + 10.3%)	3/31/2014	3/31/2019	10,685	10,655	10,685
BeneSys Inc. [9]	Business services	12.4% (LIBOR + 10.3%)	8/1/2014	3/31/2019	436	435	436
Home Partners of America, Inc. [16]	Consumer products and services	8.3% (LIBOR + 6.3%)	10/13/2016	10/13/2022	7,811	7,699	7,888
Home Partners of America, Inc. [16][31]			6/29/2018	10/13/2022	—	—	—

	Consumer products and services	8.3% (LIBOR + 6.3%)					
Matilda Jane Holdings, Inc.	Consumer products and services	10.6% (LIBOR + 8.5%)	4/28/2017	4/28/2022	11,408	11,209	11,179
				Subtotal midwest	$34,324	$33,915	$34,143
Northeast							
—25.26% of net asset value							
Alex Toys, LLC	Consumer products and services	13.1% (LIBOR + 10.8%) (12.3% Cash + 0.75% PIK)	6/30/2014	8/15/2019	$24,264	$24,112	$22,324
Anexinet Corp.	IT services	8.6% (LIBOR + 6.5%)	7/28/2017	7/28/2022	16,956	16,678	16,787
Constructive Media, LLC	Media, entertainment and leisure	12.3% (LIBOR + 10%)	11/23/2015	11/23/2020	11,130	11,021	11,130
Dodge Data & Analytics LLC	IT services	11.1% (LIBOR + 8.8%)	10/20/2014	10/31/2019	10,359	10,301	10,359
HealthDrive Corporation	Healthcare	10.1% (LIBOR + 8.1%)	11/21/2016	11/21/2021	9,850	9,732	9,776
HealthDrive Corporation (9)	Healthcare	10.1% (LIBOR + 8.1%)	11/21/2016	11/21/2021	2,000	1,976	2,000
smarTours, LLC	Consumer products and services	9.1% (LIBOR + 6.8%)	10/31/2017	10/31/2022	6,284	6,175	6,237
smarTours, LLC (9)(10)	Consumer products and services	9.1% (LIBOR + 6.8%)	10/31/2017	10/31/2022	—	(13)	—
Women's Health USA	Healthcare	8.4% (LIBOR +	8/9/2017	8/9/2022	5,884	5,790	5,855

6.6%)
(8)

	Subtotal northeast	$86,727	$85,772	$84,468

Southeast

See accompanying notes to these consolidated financial statements.

7

THL Credit, Inc. and Subsidiaries

Consolidated Schedules of Investments

June 30, 2018

(dollar amounts in thousands)

(unaudited)

Type of Investment/Portfolio company [1][2][3]	Industry	Interest Rate [4]	Initial Acquisition Date	Maturity/ Dissolution Date	Principal[5] No. of Shares / No. of Units	Amortized Cost	Fair Value [6]
—10.7% of net asset value							
Sciens Building Solutions, LLC	Business services	9.6% (LIBOR + 7.3%)	2/2/2017	2/2/2022	$9,563	$9,420	$9,468
Sciens Building Solutions, LLC [9]	Business services	9.6% (LIBOR + 7.3%)	2/2/2017	2/2/2022	160	122	160
Virtus Pharmaceuticals, LLC	Healthcare	11.8% [8]	7/17/2014	7/17/2019	24,013	23,867	23,653
Whitney, Bradley & Brown, Inc.	Business services	11.1% (LIBOR + 9%)	10/18/2017	10/18/2022	2,481	2,438	2,487
				Subtotal southeast	$36,217	$35,847	$35,768
Southwest							
—32.69% of net asset value							
Allied Wireline Services, LLC	Energy / utilities	11.6% (LIBOR + 9.5%)	2/28/2014	6/30/2020	$10,793	$10,793	$10,685
Hart InterCivic, Inc.	IT services	12.8% (LIBOR + 10.5%)	3/31/2016	3/31/2019	24,717	24,591	24,965
Holland Intermediate Acquisition Corp.	Energy / utilities	11.3% (LIBOR + 9%)	5/29/2013	5/29/2020	21,773	21,773	20,248
Holland Intermediate Acquisition Corp. [9]	Energy / utilities	11.3% (LIBOR + 9%)	5/29/2013	5/29/2020	—	—	—

Igloo Products Corp.	Consumer products and services	12.6% (LIBOR+ 10.3%)	3/28/2014	3/28/2020	24,636	24,454	23,404
LAI International, Inc.	Industrials and manufacturing	10.5% [8]	10/22/2014	10/22/2019	21,739	21,600	21,521
LAI International, Inc. [9]	Industrials and manufacturing	9.0% [8]	10/22/2014	10/22/2019	4,464	4,464	4,419
LAI International, Inc. [9]	Industrials and manufacturing	12.7% [8]	4/24/2017	10/22/2019	4,061	4,018	4,020
				Subtotal southwest	$112,183	$111,693	$109,262
West							
—6.28% of net asset value							
It's Just Lunch International LLC	Media, entertainment and leisure	10.6% (LIBOR + 8.5%)	7/28/2016	7/28/2021	$5,500	$5,431	$5,500
MeriCal, LLC	Consumer products and services	11% (LIBOR+ 9%)	9/30/2016	9/30/2021	15,643	15,379	15,487
				Subtotal west	$21,143	$20,810	$20,987
			Subtotal first lien senior secured debt		$305,798	$303,038	$299,908
Second lien debt							
—7.74% of net asset value							
Northeast							
—3.58% of net asset value							
Merchants Capital Access, LLC [16]	Financial services	12.8% (LIBOR + 10.5%)	4/20/2015	4/20/2021	$12,000	$11,885	$11,940
				Subtotal northeast	$12,000	$11,885	$11,940
Southeast							
—2.65% of net asset value							

See accompanying notes to these consolidated financial statements.

8

THL Credit, Inc. and Subsidiaries

Consolidated Schedules of Investments

June 30, 2018

(dollar amounts in thousands)

(unaudited)

Type of Investment/Portfolio company [1][2][3]	Industry	Interest Rate [4]	Initial Acquisition Date	Maturity/ Dissolution Date	Principal[5] No. of Shares / No. of Units	Amortized Cost	Fair Value [6]
MB Medical Operations LLC	Healthcare	11.1% (LIBOR + 9%)	12/7/2016	6/7/2022	$9,131	$9,001	$8,856
				Subtotal southeast	$9,131	$9,001	$8,856
West —1.51% of net asset value							
Gold, Inc.	Consumer products and services	10.0%	12/31/2012	6/30/2022	$5,165	$5,165	$5,062
				Subtotal west	$5,165	$5,165	$5,062
			Subtotal second lien debt		$26,296	$26,051	$25,858
Subordinated debt —1.91% of net asset value							
Southeast —1.91% of net asset value							
Martex Fiber Southern Corp.	Industrials and manufacturing	16.5% (12.0% Cash + 4.5% PIK) [11]	4/30/2012	12/31/2018	$9,130	$9,130	$6,391
			Subtotal southeast		$9,130	$9,130	$6,391
			Subtotal subordinated debt		$9,130	$9,130	$6,391
Equity investments —2.09% of net asset value							

Midwest						
—0.17% of net asset value						
Hostway Corporation [20]	IT services	12/27/2013	12/13/2020	20,000	$1,800	$—
Hostway Corporation [19]	IT services	12/27/2013		1,800	200	196
Matilda Jane Holdings, Inc. [13][19]	Consumer products and services	4/28/2017		488,896	489	376
		Subtotal midwest			$2,489	$572
Northeast						
—1.16% of net asset value						
Alex Toys, LLC [12][13][14][20]	Consumer products and services	5/22/2015		153.85	$1,000	$—
Alex Toys, LLC [12][13][14]	Consumer products and services	6/22/2016	6/12/2021	121.18	888	—
Constructive Media, LLC [12][20]	Media, entertainment and leisure	11/23/2015		750,000	750	512
Specialty Brands Holdings, LLC [19]	Restaurants	6/29/2018		50	—	—
Specialty Brands Holdings, LLC [20]	Restaurants	6/29/2018		1,061	—	—

See accompanying notes to these consolidated financial statements.

THL Credit, Inc. and Subsidiaries

Consolidated Schedules of Investments

June 30, 2018

(dollar amounts in thousands)

(unaudited)

Type of Investment/Portfolio company [1][2][3]	Industry	Interest Rate [4]	Initial Acquisition Date	Maturity/ Dissolution Date	Principal[5] No. of Shares / No. of Units	Amortized Cost	Fair Value [6]
SPST Holdings, LLC [12][14][20]	Consumer products and services		10/31/2017		215,827	216	231
Wheels Up Partners, LLC [12][14][20]	Transportation		1/31/2014		1,000,000	1,000	3,124
			Subtotal northeast			$3,854	$3,867
Southeast —0.24% of net asset value							
Firebirds International, LLC [12][20]	Restaurants		5/17/2011		1,906	$191	$422
Virtus Pharmaceuticals, LLC [12][14][20]	Healthcare		3/31/2015		7,720.86	127	—
Virtus Pharmaceuticals, LLC [12][14][20]	Healthcare		3/31/2015		231.82	244	390
Virtus Pharmaceuticals, LLC [12][14][20]	Healthcare		3/31/2015		589.76	590	—
			Subtotal southeast			$1,152	$812
Southwest —0.33% of net asset value							
Allied Wireline Services, LLC [12][14][20]	Energy / utilities		2/28/2014		618,867.92	$619	$342
Dimont & Associates, Inc. [20]	Financial services		3/14/2016		312.51	129	—
Igloo Products Corp. [20]	Consumer products and services		4/30/2014		1,902.04	1,716	578
Sciens Building Solutions, LLC [12][19]	Business services		7/12/2017		170.39	170	178
			Subtotal southwest			$2,634	$1,098
West —0.19% of net asset value							
MeriCal, LLC [12][13][20]	Consumer products and services		9/30/2016	9/30/2021	5,124.30	$10	$50
MeriCal, LLC [12][13][19]	Consumer products and services		9/30/2016		500.29	505	574
			Subtotal west			$515	$624
				Subtotal equity		$10,644	$6,973

Warrants						
—0.08% of net asset value						
Southwest						
—0.08% of net asset value						
Allied Wireline Services, LLC [14]	Energy / utilities	2/28/2014		501,159.24	$175	$277
			Subtotal southwest		$175	$277
			Subtotal warrants		$175	$277

See accompanying notes to these consolidated financial statements.

THL Credit, Inc. and Subsidiaries

Consolidated Schedules of Investments

June 30, 2018

(dollar amounts in thousands)

(unaudited)

Type of Investment/Portfolio company (1)(2)(3)	Industry	Interest Rate (4)	Initial Acquisition Date	Maturity/ Dissolution Date	Principal(5) No. of Shares / No. of Units	Amortized Cost	Fair Value (6)
Investment in payment rights							
—3.35% of net asset value							
Northeast							
—3.35% of net asset value							
Duff & Phelps Corporation (15)(16)	Financial services	14.4% (8)	6/1/2012			$10,348	$11,214
				Subtotal northeast		$10,348	$11,214
			Subtotal investment in payment rights			$10,348	$11,214
Investments in funds							
—1.16% of net asset value							
Midwest							
—0.86% of net asset value							
Freeport Financial SBIC Fund LP (16)(26)	Financial services		6/14/2013			$2,957	$2,889
				Subtotal midwest		$2,957	$2,889
West							
—0.3% of net asset value							
Gryphon Partners 3.5, L.P. (16)(26)	Financial services		11/20/2012			$717	$995
				Subtotal west		$717	$995
			Subtotal investments in funds			$3,674	$3,884
Total non-controlled/non-affiliated investments —106.06% of net asset value						$363,060	$354,505
Controlled investments							

—53.17% of net asset value							
First lien senior secured debt							
—13.02% of net asset value							
Northeast							
—1.77% of net asset value							
Tri Starr Management Services, Inc. (17)(22)	Business services	8.8% (ABR + 3.8%)	7/22/2016	9/30/2018	$46	$46	$46
Tri Starr Management Services, Inc. (17)(23)	Business services	6.8% (LIBOR + 4.8%)	7/22/2016	9/30/2018	669	655	669
Tri Starr Management Services, Inc. (17)	Business services	6.8% (LIBOR + 4.8%)	7/22/2016	9/30/2018	291	283	291
Tri Starr Management Services, Inc. (17)	Business services	6.8% (LIBOR + 4.8%)	7/22/2016	9/30/2018	2,545	2,480	2,545

See accompanying notes to these consolidated financial statements.

THL Credit, Inc. and Subsidiaries

Consolidated Schedules of Investments

June 30, 2018

(dollar amounts in thousands)

(unaudited)

Type of Investment/Portfolio company [1][2][3]	Industry	Interest Rate [4]	Initial Acquisition Date	Maturity/ Dissolution Date	Principal[5] No. of Shares / No. of Units	Amortized Cost	Fair Value [6]
Tri Starr Management Services, Inc. [17]	Business services	10.0% PIK	7/22/2016	9/30/2018	1,654	1,556	1,654
Tri Starr Management Services, Inc. [17][21]	Business services	10.0% PIK	7/22/2016	9/30/2018	1,102	320	717
Tri Starr Management Services, Inc. [17][21]	Business services	5.0% PIK	7/22/2016	9/30/2018	3,322	1,062	—
				Subtotal northeast	$9,629	$6,402	$5,922
Southeast —2.12% of net asset value							
Loadmaster Derrick & Equipment, Inc. [17][21]	Energy / utilities	11.9% (LIBOR + 10.3% PIK	7/1/2016	12/31/2020	$8,315	$7,307	$3,326
Loadmaster Derrick & Equipment, Inc. [17][21]	Energy / utilities	13.7% (LIBOR+ 12% PIK	7/1/2016	12/31/2020	1,885	1,053	—
Loadmaster Derrick & Equipment, Inc. [17]	Energy / utilities	12.6% (LIBOR + 10.3%)	1/17/2017	12/31/2020	3,750	3,750	3,750
				Subtotal southeast	$13,950	$12,110	$7,076
Southwest —9.13% of net asset value							
OEM Group, LLC [17]	Industrials and manufacturing	11.6% (LIBOR + 9.5%) (7.6% Cash + 4.0%	6/16/2016	6/30/2022	$18,703	$18,703	$18,703

		PIK)					
OEM Group, LLC (17)	Industrials and manufacturing	11.6% (LIBOR + 9.5%) (7.6% Cash + 4.0% PIK)	3/16/2016	6/30/2022	8,930	8,921	8,930
OEM Group, LLC (17)	Industrials and manufacturing	11.6% (LIBOR + 9.5%) (7.6% Cash + 4.0% PIK)	6/26/2018	6/30/2022	2,900	2,725	2,900
				Subtotal southwest	$30,533	$30,349	$30,533
			Subtotal first lien senior secured debt		$54,112	$48,861	$43,531
Second lien debt —1.62% of net asset value							
Southeast —1.62% of net asset value							
Copperweld Bimetallics LLC (17)	Industrials and manufacturing	12.0%	10/5/2016	10/5/2021	$5,415	$5,415	$5,415
				Subtotal southeast	$5,415	$5,415	$5,415
			Subtotal second lien debt		$5,415	$5,415	$5,415
Equity investments —14% of net asset value							
Northeast —2.7% of net asset value							

See accompanying notes to these consolidated financial statements.

THL Credit, Inc. and Subsidiaries

Consolidated Schedules of Investments

June 30, 2018

(dollar amounts in thousands)

(unaudited)

Type of Investment/Portfolio company [1][2][3]	Industry	Interest Rate[4]	Initial Acquisition Date	Maturity/ Dissolution Date	Principal[5] No. of Shares / No. of Units	Amortized Cost	Fair Value [6]
Tri Starr Management Services, Inc. [17][20]	Business services		7/22/2016		0.720	$3,136	$9,009
				Subtotal northeast		$3,136	$9,009
Northwest							
—4.66% of net asset value							
C&K Market, Inc. [17][20]	Retail & grocery		11/3/2010		1,992,365	$2,270	$5,611
C&K Market, Inc. [17][19]	Retail & grocery		11/3/2010	7/1/2024	1,992,365	10,956	9,962
				Subtotal northwest		$13,226	$15,573
Southeast							
—6.17% of net asset value							
Copperweld Bimetallics LLC [17][19][27]	Industrials and manufacturing		10/5/2016		676.93	$3,385	$3,920
Copperweld Bimetallics LLC [17][20]	Industrials and manufacturing		10/5/2016	10/5/2021	609,230	8,950	16,705
Loadmaster Derrick & Equipment, Inc. [17][19]	Energy / utilities		7/1/2016		12,130.510	1,114	—
Loadmaster Derrick & Equipment, Inc. [17][20]	Energy / utilities		12/21/2016		2,955.600	—	—
				Subtotal southeast		$13,449	$20,625
Southwest							
—0.47% of net asset value							
OEM Group, LLC [12][13][17][24]	Industrials and manufacturing		3/16/2016		10,000	$8,890	$1,578
				Subtotal southwest		$8,890	$1,578
				Subtotal equity		$38,701	$46,785
Investments in funds							
—24.53% of net asset value							

Northeast —24.53% of net asset value						
THL Credit Logan JV LLC (12)(16)(17)(18)(20)(26)	Investment funds and vehicles	12/3/2014		—	$84,600	$81,993
			Subtotal northeast		84,600	81,993
		Subtotal investments in funds			$84,600	$81,993
Total controlled investments —53.17% of net asset value					$177,577	$177,724
Non-controlled/affiliated investments —8.00% of net asset value						
First lien senior secured debt						

See accompanying notes to these consolidated financial statements.

13

THL Credit, Inc. and Subsidiaries

Consolidated Schedules of Investments

June 30, 2018

(dollar amounts in thousands)

(unaudited)

Type of Investment/Portfolio company [1][2][3]	Industry	Interest Rate[4]	Initial Acquisition Date	Maturity/ Dissolution Date	Principal[5] No. of Shares / No. of Units	Amortized Cost	Fair Value [6]
—7.36% of net asset value							
Southwest							
Charming Charlie LLC [28]	Retail & grocery	12.4% (LIBOR + 10%) (7.4% Cash + 5.0% PIK)	4/24/2018	4/24/2023	11,183	$10,750	$11,182
Charming Charlie LLC [28]	Retail & grocery	12.4% (LIBOR + 10%) (3.4% Cash + 9.0% PIK)	4/24/2018	4/24/2023	13,419	12,901	13,419
Charming Charlie LLC [28][29]	Retail & grocery		4/24/2018	5/15/2019	—	—	—
				Subtotal southwest		$23,651	$24,601
				Subtotal first lien senior secured debt		$23,651	$24,601
Equity investments							
—0.64% of net asset value							
Southwest							
Charming Charlie LLC	Retail & grocery		4/24/2018		128,307,716.47	$—	$2,147
				Subtotal southwest		$—	$2,147
				Subtotal equity		$—	$2,147

Investments in funds					
—0.00% of net asset value					
Northeast					
—0.00% of net asset value					
THL Credit Greenway Fund LLC (12)(16)(20)(26)	Investment funds and vehicles	1/27/2011		$1	$1
THL Credit Greenway Fund II LLC (12)(16)(20)(26)	Investment funds and vehicles	3/1/2013		3	3
			Subtotal northeast	$4	$4
		Subtotal investments in funds		$4	$4
Total non-controlled/affiliated investments —8.00% of net asset value				$23,655	$26,752
Total investments—167.23% of net asset value				$564,292	$558,981

See accompanying notes to these consolidated financial statements.

THL Credit, Inc. and Subsidiaries

Consolidated Schedules of Investments

June 30, 2018

(dollar amounts in thousands)

(unaudited)

(1) All debt investments are income-producing, unless otherwise noted. Equity and member interests are non-income-producing unless otherwise noted. The Company generally acquires its investments in private transactions exempt from registration under the Securities Act of 1933, as amended, or the Securities Act. Its investments are therefore generally subject to certain limitations on resale, and may be deemed to be “restricted securities” under the Securities Act.
(2) All investments are pledged as collateral under the Revolving Facility.
(3) As of June 30, 2018, 23.6% and 23.7% of the Company’s total investments on a cost and fair value basis, respectively, are in non-qualifying assets. The Company may not acquire any non-qualifying assets unless, at the time of the acquisition, qualifying assets represent at least 70% of the Company’s total assets.
(4) Variable interest rate investments bear interest in reference to London Interbank offer rate, or LIBOR, Canadian Dollar offer rate, or CDOR, or Alternate Base Rate, or ABR, which are effective as of June 30, 2018. LIBOR loans and CDOR loans are typically indexed to 30-day, 60-day, 90-day or 180-day LIBOR or CDOR rates, at the borrower’s option, and ABR rates are typically indexed to the current prime rate or federal funds rate. Each of LIBOR, CDOR and ABR rates may be subject to interest floors. As of June 30, 2018, the 30-day, 60-day, 90-day and 180-day LIBOR rates were 2.09%, 2.17%, 2.34% and 2.50%, respectively. As of June 30, 2018, the 30-day, 60-day, 90-day and 180-day CDOR rates were 1.67%, 1.70%, 1.77% and 1.94%, respectively.
(5) Principal includes accumulated PIK, interest and is net of repayments.
(6) Unless otherwise indicated, all investments are valued using significant unobservable inputs.
(7) Foreign company at the time of investment and, as a result, is not a qualifying asset under Section 55(a) of the 1940 Act.
(8) Unitranche investment; interest rate reflected represents the implied interest rate earned on the investment for the most recent quarter.
(9) Issuer pays 0.50% unfunded commitment fee on delayed draw term loan and/or revolving loan facilities.
(10) The negative cost is the result of the capitalized discount being greater than the principal amount outstanding on the loan.
(11) At the option of the issuer, interest can be paid in cash or cash and PIK. The percentage of PIK shown is the maximum PIK that can be elected by the company.
(12) Member interests of limited liability companies are the equity equivalents of the stock of corporations.
(13) Equity ownership may be held in shares or units of companies related to the portfolio company.
(14) Interest held by a substantially owned subsidiary of THL Credit, Inc.
(15) Income-producing security with no stated coupon; interest rate reflects an estimation of the effective yield to expected maturity as of June 30, 2018.
(16) Not a qualifying asset under Section 55(a) of the 1940 Act.
(17) As defined in Section 2(a)(9) of the 1940 Act, the Company is deemed to control this portfolio company because it owns more than 25% of the portfolio company’s outstanding voting securities. See Schedule 12-14 in the accompanying notes to the consolidated financial statements for transactions for the quarter ended June 30, 2018 in which the issuer was a portfolio company that the Company is deemed to control.
(18)

On December 3, 2014, the Company entered into an agreement with Perspecta to create THL Credit Logan JV LLC, or Logan JV, a joint venture, which invests primarily in senior secured first lien term loans. All Logan JV investment decisions must be unanimously approved by the Logan JV investment committee consisting of one representative from each of the Company and Perspecta. Although the Company owns more than 25% of the voting securities of Logan JV, the Company does not believe that it has control over Logan JV (other than for purposes of the 1940 Act or otherwise).

(19) Preferred stock.

(20) Common stock and member interest.

(21) Loan was on non-accrual as of June 30, 2018.

(22) Issuer pays 3.0% weighted average unfunded commitment fee on the revolving loan facility.

(23) Issuer pays 4.75% unfunded commitment fee on the revolving loan facility.

(24) Includes $577 of cost and $102 of fair value related to a non-controlling interest as a result of consolidating a blocker corporation that holds equity in OEM Group, LLC as of June 30, 2018.

(25) Canadian denominated investment with a par and fair market value of CAD $20,000 and CAD $20,100, respectively.

(26) Investment is measured at fair value using net asset value.

See accompanying notes to these consolidated financial statements.

THL Credit, Inc. and Subsidiaries

Consolidated Schedules of Investments

June 30, 2018

(dollar amounts in thousands)

(unaudited)

(27) Company’s preferred stock is income-producing with a stated rate of 12.0% due quarterly.

(28) During the three months ended March 31, 2018 the Company's commitment in the DIP facilities allowed it to convert $17,893 of principal of its Pre-petition Term Loan into a DIP Roll-up Term Loan. As part of this conversion and in accordance with debt extinguishment rules under GAAP (as defined in Note 2), the Company recorded a realized loss of $8,369, which was offset by a corresponding change in unrealized appreciation in the same amount. Subsequently, on April 24, 2018, Charming Charlie LLC emerged from Chapter 11 bankruptcy proceedings whereby the Company converted its DIP facilities, Pre-petition Term Loan and DIP Roll-up Term Loan into two new exit first lien term loans and a non-controlling common equity interest. On the same date, the Company funded $894 of the remaining unfunded commitments under its DIP facilities and used an additional $2,236 to purchase another lender's existing DIP revolving credit facility, all of which converted to the exit first lien term loans. As a result of these transactions, the Company's debt investment in Charming Charlie is comprised of $24,602 in the exit first lien term loans. In addition, the Company provided $8,946 of commitments under a vendor financing facility (see tickmark 29 for further description). For the three months ended June 30, 2018, as part of this conversion and in accordance with GAAP, the company recorded a realized loss of $3,125, which was offset by a corresponding change in unrealized depreciation in the same amount.

(29) In conjunction with the emergence from bankruptcy on April 24, 2018, a $20,000 vendor financing facility was established and will backstop the payment of vendor purchase order invoices not paid by the company but submitted under the program by participating vendors. Charming Charlie LLC pays a 2.5% fee on unfunded commitments, a percentage fee on each applicable purchase order and, if drawn, an interest rate on any invoices paid by the facility. All terms, including but not limited to interest rate, vendor credit terms and applicable percentage fees, are negotiated on a vendor-by-vendor basis. As of June 30, 2018, the Company had a commitment of $8,946 with no funded commitments or unpaid invoices submitted under the vendor financing facility.

(30) Investment formerly known as Hansons Window & Construction, Inc. The name change was effective January 1, 2018.

See accompanying notes to these consolidated financial statements.

THL Credit, Inc. and Subsidiaries

Consolidated Schedules of Investments

December 31, 2017

(dollar amounts in thousands)

Type of Investment/Portfolio company [1][2][3]	Industry	Interest Rate [4]	Initial Acquisition Date	Maturity/ Dissolution Date	Principal[5] No. of Shares / No. of Units	Amortized Cost	Fair Value [6]
Non-controlled/non-affiliated investments — 130.79% of net asset value							
First lien senior secured debt —106.88% of net asset value							
Canada —6.92% of net asset value							
Fairstone Financial Inc. [7][17][26]	Financial services	12.3% (CDOR + 11.0%)	3/31/2017	3/31/2023	$23,943	$22,101	$23,824
			Subtotal Canada		$23,943	$22,101	$23,824
Midwest —11.55% of net asset value							
BeneSys Inc.	Business services	11.9% (LIBOR + 10.3%)	3/31/2014	3/31/2019	$10,798	$10,747	$10,798
BeneSys Inc. [9]	Business services	11.9% (LIBOR + 10.3%)	3/31/2014	3/31/2019	436	433	436
Hansons Window & Construction, Inc.	IT services	8.2% (LIBOR + 6.5%)	10/19/2017	10/19/2022	2,494	2,452	2,452
Hansons Window & Construction, Inc. [9]	IT services	8.2% (LIBOR + 6.5%)	10/19/2017	10/19/2022	56	51	56
Home Partners of America, Inc. [17]	Consumer services	8.5% (LIBOR + 7%)	10/13/2016	10/13/2022	13,669	13,450	13,806
Matilda Jane Holdings, Inc.	Consumer products	10.1% (LIBOR + 8.5%)	5/1/2017	5/1/2022	12,548	12,303	12,172

		Subtotal midwest			$40,001	$39,436	$39,720
Northeast —31.81% of net asset value							
Aerogroup International Inc.	Consumer products	10.2% (LIBOR + 8.5%)	6/9/2014	12/9/2019	$13,170	$13,071	$13,169
Alex Toys, LLC	Consumer products	11.7% (LIBOR + 10%)	6/30/2014	8/15/2019	24,815	24,610	24,815
Anexinet Corp.	IT services	8.1% (LIBOR + 6.5%)	7/28/2017	7/28/2022	17,391	17,072	17,130
Constructive Media, LLC	Media, entertainment and leisure	11.6% (LIBOR + 10%)	11/23/2015	11/23/2020	11,708	11,570	10,888
Dodge Data & Analytics LLC	IT services	10.1% (LIBOR + 8.8%)	10/20/2014	10/31/2019	10,521	10,441	10,469
Duff & Phelps Corporation (8)	Financial services	4.9% (LIBOR + 3.3%)	7/15/2013	4/23/2020	250	253	251
HealthDrive Corporation	Healthcare	9.6% (LIBOR + 8.1%)	11/21/2016	11/21/2021	9,900	9,764	9,801
HealthDrive Corporation (9)	Healthcare	9.6% (LIBOR + 8.1%)	11/21/2016	11/21/2021	1,150	1,123	1,150
SPST Holdings, LLC	Consumer products	8.1% (LIBOR + 6.8%)	10/31/2017	10/31/2022	6,529	6,403	6,402
SPST Holdings, LLC (9)(10)	Consumer products	8.1% (LIBOR + 6.8%)	10/31/2017	10/31/2022	-	(15)	-
The John Gore Organization, Inc.	Media, entertainment and leisure	8.7% (LIBOR + 7%)	8/8/2013	6/28/2021	13,831	13,649	13,969
The John Gore Organization, Inc. (9) (10)	Media, entertainment and leisure	8.7% (LIBOR + 7%)	8/8/2013	6/28/2021	—	(10)	—

Women's Health USA	Healthcare	8.1% (LIBOR + 6.6%) (8)	8/8/2017	8/8/2022	1,403	1,380	1,389
				Subtotal northeast	$110,668	$109,311	$109,433
Southeast							

—12.23% of net asset value

See accompanying notes to these consolidated financial statements.

17

THL Credit, Inc. and Subsidiaries

Consolidated Schedules of Investments

December 31, 2017

(dollar amounts in thousands)

Type of Investment/Portfolio company [1][2][3]	Industry	Interest Rate [4]	Initial Acquisition Date	Maturity/ Dissolution Date	Principal[5] No. of Shares / No. of Units	Amortized Cost	Fair Value [6]
Sciens Building Solutions, LLC	Business services	8.6% (LIBOR + 7.3%)	2/2/2017	2/2/2022	$9,687	$9,522	$9,590
Sciens Building Solutions, LLC [9]	Business services	8.6% (LIBOR + 7.3%)	2/2/2017	2/2/2022	501	458	501
Togetherwork Holdings, LLC [9]	Business services	8.6% (LIBOR + 7.3%)	4/18/2017	12/2/2020	232	226	232
Togetherwork Holdings, LLC	Business services	8.6% (LIBOR + 7.3%)	4/18/2017	12/2/2020	5,418	5,333	5,472
Virtus Pharmaceuticals, LLC	Healthcare	11.5% [8]	7/17/2014	7/17/2019	24,013	23,799	23,773
Whitney, Bradley & Brown, Inc.	Business services	10.6% (LIBOR + 9%)	10/18/2017	10/18/2022	2,494	2,446	2,446
Whitney, Bradley & Brown, Inc. [9]	Business services	10.6% (LIBOR + 9%)	10/18/2017	10/18/2022	50	47	50
				Subtotal southeast	$42,395	$41,831	$42,064
Southwest —38.21% of net asset value							
Allied Wireline Services, LLC	Energy / utilities	11.2% (LIBOR + 9.5%) (5.5% Cash and	2/28/2014	2/28/2019	$10,793	$10,793	$10,631

		5.5% PIK) (11)					
Charming Charlie, LLC. (22)	Retail & grocery	9.3% (LIBOR + 9.0%) (8.0% Cash + 1.0% PIK)	12/18/2013	6/8/2018	51,868	23,929	15,560
Charming Charlie, LLC.	Retail & grocery	8.0% (ABR+4.5%)	12/13/2017	6/8/2018	4,474	4,474	4,474
Hart InterCivic, Inc.	IT services	12.2% (LIBOR + 10.5%)	3/31/2016	3/31/2019	25,600	25,385	25,856
Holland Intermediate Acquisition Corp.	Energy / utilities	10.7% (LIBOR + 9%)	5/29/2013	5/29/2018	21,880	21,837	20,567
Holland Intermediate Acquisition Corp. (9)	Energy / utilities	10.7% (LIBOR + 9%)	5/29/2013	5/29/2018	—	—	—
Igloo Products Corp.	Consumer products	11.8% (LIBOR+ 10.3%)	3/28/2014	3/28/2020	24,636	24,403	23,897
LAI International, Inc.	Industrials and manufacturing	10.4% (8)	10/22/2014	10/22/2019	21,812	21,621	21,812
LAI International, Inc. (9)	Industrials and manufacturing	8.5% (8)	10/22/2014	10/22/2019	4,483	4,483	4,483
LAI International, Inc. (9)	Industrials and manufacturing	10.3% (8)	4/24/2017	10/22/2019	4,166	4,108	4,166
				Subtotal southwest	$169,712	$141,033	$131,446
West							
—6.16% of net asset value							
It's Just Lunch International LLC	Media, entertainment and leisure	10.1% (LIBOR + 8.5%)	7/28/2016	7/28/2021	$5,500	$5,421	$5,500
MeriCal, LLC	Consumer products	10.4% (LIBOR+ 9%)	9/30/2016	9/30/2021	15,700	15,395	15,700
				Subtotal west	$21,200	$20,816	$21,200
			Subtotal first lien senior secured debt		$407,919	$374,528	$367,687

Second lien debt
—7.95% of net asset value
Northeast
—3.85% of net asset value

See accompanying notes to these consolidated financial statements.

THL Credit, Inc. and Subsidiaries

Consolidated Schedules of Investments

December 31, 2017

(dollar amounts in thousands)

Type of Investment/Portfolio company (1)(2)(3)	Industry	Interest Rate (4)	Initial Acquisition Date	Maturity/ Dissolution Date	Principal(5) No. of Shares / No. of Units	Amortized Cost	Fair Value (6)
Merchants Capital Access, LLC (17)	Financial services	12.2% (LIBOR + 10.5%)	4/20/2015	4/20/2021	$12,500	$12,360	$12,125
Specialty Brands Holdings, LLC (22)	Restaurants	10.3% (LIBOR + 8.8%)(78.8% Cash + 1.0% PIK) (11)	7/16/2013	12/1/2017	22,244	21,462	1,112
				Subtotal northeast	$34,744	$33,822	$13,237
Southeast —2.66% of net asset value							
MB Medical Operations LLC	Healthcare	10.6% (LIBOR + 9%)	12/7/2016	6/7/2022	$9,131	$8,984	$9,154
				Subtotal southeast	$9,131	$8,984	$9,154
West —1.44% of net asset value							
Gold, Inc.	Consumer products	10.0%	12/31/2012	6/30/2022	$5,165	$5,165	$4,959
				Subtotal west	$5,165	$5,165	$4,959
			Subtotal second lien debt		$49,040	$47,971	$27,350
Subordinated debt —5.55% of net asset value							
Northeast —1.94% of net asset value							
Aerogroup International Inc. (22)			8/5/2015	3/9/2020	348	328	—

	Consumer products	12.0% PIK					
Aerogroup International Inc. [22]	Consumer products	10.0% PIK [11]	1/27/2016	3/9/2020	925	881	—
Martex Fiber Southern Corp.	Industrials and manufacturing	16.5% (12.0% Cash and 4.5% PIK) [11]	4/30/2012	6/30/2018	8,906	8,906	6,680
			Subtotal northeast		$10,179	$10,115	$6,680
Northwest							
—3.61% of net asset value							
A10 Capital, LLC [9][17]	Financial services	12.3%	2/25/2014	2/25/2021	$12,302	$12,231	$12,425
				Subtotal northwest	$12,302	$12,231	$12,425
			Subtotal subordinated debt		$22,481	$22,346	$19,105
Equity investments							
—6.01% of net asset value							
Midwest							
—0.17% of net asset value							
Hostway Corporation [21]	IT services		12/27/2013	12/13/2020	20,000	$1,800	$-
Hostway Corporation [20]	IT services		12/27/2013		1,800	200	196

See accompanying notes to these consolidated financial statements.

19

THL Credit, Inc. and Subsidiaries

Consolidated Schedules of Investments

December 31, 2017

(dollar amounts in thousands)

Type of Investment/Portfolio company [1][2][3]	Industry	Interest Rate[4]	Initial Acquisition Date	Maturity/ Dissolution Date	Principal[5] No. of Shares / No. of Units	Amortized Cost	Fair Value[6]
Matilda Jane Holdings, Inc. [13][20]	Consumer products		5/1/2017		488,896	489	376
			Subtotal midwest			$2,489	$572
Northeast —0.98% of net asset value							
Aerogroup International Inc. [21]	Consumer products		6/9/2014		253,616	$11	—
Aerogroup International Inc. [20]	Consumer products		6/9/2014		28,180	1,108	—
Alex Toys, LLC [12][13][15][21]	Consumer products		5/22/2015		153.85	1,000	-
Alex Toys, LLC [12][13][15][20]	Consumer products		6/22/2016	6/12/2021	121.18	888	-
Constructive Media, LLC [12][21]	Media, entertainment and leisure		11/23/2015		750,000	750	5
SPST Holdings, LLC [12][21]	Consumer products		10/31/2017		215,827	216	231
Wheels Up Partners, LLC [12][15][21]	Transportation		1/31/2014		1,000,000	1,000	3,124
			Subtotal northeast			$4,973	$3,360
Northwest —4.06% of net asset value							
A10 Capital, LLC [12][14][17][20]	Financial services		8/25/2014	2/25/2021	4,019.61	$13,901	$13,973
			Subtotal northwest			$13,901	$13,973
Southeast —0.25% of net asset value							
Firebirds International, LLC [12][21]	Restaurants		5/17/2011		1,906	$191	$431
Virtus Pharmaceuticals, LLC [12][15][21]	Healthcare		3/31/2015		7,720.86	127	—
Virtus Pharmaceuticals, LLC [12][15][21]	Healthcare		3/31/2015		231.82	244	372
Virtus Pharmaceuticals, LLC [12][15][21]	Healthcare		3/31/2015		589.76	590	72
			Subtotal southeast			$1,152	$875
Southwest —0.31% of net asset value							
Allied Wireline Services, LLC [12][15][21]	Energy / utilities		2/28/2014		618,867.92	$619	$93
Dimont & Associates, Inc. [21]			3/14/2016		312.51	129	-

	Financial services					
Igloo Products Corp. [21]	Consumer products	4/30/2014		1,902.04	1,716	795
Sciens Building Solutions, LLC [20]	Business services	7/12/2017		170.39	170	178
		Subtotal southwest			$2,634	$1,066
West						
—0.24% of net asset value						
MeriCal, LLC [12][13][21]	Consumer products	9/30/2016	9/30/2021	5,124.30	$10	$275
MeriCal, LLC [12][13][20]	Consumer products	9/30/2016		500.29	505	552
		Subtotal west			$515	$827
			Subtotal equity		$25,664	$20,673

See accompanying notes to these consolidated financial statements.

THL Credit, Inc. and Subsidiaries

Consolidated Schedules of Investments

December 31, 2017

(dollar amounts in thousands)

Type of Investment/Portfolio company (1)(2)(3)	Industry	Interest Rate (4)	Initial Acquisition Date	Maturity/ Dissolution Date	Principal(5) No. of Shares / No. of Units	Amortized Cost	Fair Value (6)
Warrants —0.02% of net asset value							
Southwest —0.02% of net asset value							
Allied Wireline Services, LLC (15)	Energy / utilities		2/28/2014		501,159.24	$175	$75
				Subtotal southwest		$175	$75
				Subtotal warrants		$175	$75
Investment in payment rights —3.27% of net asset value							
Northeast —3.27% of net asset value							
Duff & Phelps Corporation (16)(17)	Financial services	16.6% (8)	6/1/2012			$10,348	$11,259
				Subtotal northeast		$10,348	$11,259
			Subtotal investment in payment rights			$10,348	$11,259
Investments in funds (17) —1.11% of net asset value							
Midwest —0.83% of net asset value							
Freeport Financial SBIC Fund LP (17)(27)	Financial services		6/14/2013			$2,957	$2,826
				Subtotal midwest		$2,957	$2,826
West —0.28% of net asset value							
Gryphon Partners 3.5, L.P. (17)(27)	Financial services		11/20/2012			$827	$976
				Subtotal west		$827	$976
			Subtotal investments in funds			$3,784	$3,802

Total non-controlled/non-affiliated investments —130.55% of net asset value	$484,816	$449,951
Controlled investments		

See accompanying notes to these consolidated financial statements.

21

THL Credit, Inc. and Subsidiaries

Consolidated Schedules of Investments

December 31, 2017

(dollar amounts in thousands)

Type of Investment/Portfolio company [1][2][3]	Industry	Interest Rate [4]	Initial Acquisition Date	Maturity/ Dissolution Date	Principal[5] No. of Shares / No. of Units	Amortized Cost	Fair Value [6]
—46.14% of net asset value							
First lien senior secured debt							
—11.46% of net asset value							
Northeast							
—1.63% of net asset value							
Tri Starr Management Services, Inc. [18][23]	Business services	8.3% (ABR + 3.8%)	7/22/2016	9/30/2018	46	46	46
Tri Starr Management Services, Inc. [18][24]	Business services	6.3% (LIBOR + 4.8%)	7/22/2016	9/30/2018	669	627	669
Tri Starr Management Services, Inc. [18]	Business services	6.3% (LIBOR + 4.8%)	7/22/2016	9/30/2018	291	269	291
Tri Starr Management Services, Inc. [18]	Business services	6.3% (LIBOR + 4.8%)	7/22/2016	9/30/2018	2,545	2,352	2,545
Tri Starr Management Services, Inc. [18]	Business services	10.0% PIK	7/22/2016	9/30/2018	1,573	1,407	1,573
Tri Starr Management Services, Inc. [18][22]	Business services	10.0% PIK	7/22/2016	9/30/2018	1,049	320	472
Tri Starr Management Services, Inc. [18][22]	Business services	5.0% PIK	7/22/2016	9/30/2018	3,241	1,062	—
				Subtotal northeast	$9,414	$6,083	$5,596
Southeast							
—2.05% of net asset value							
Loadmaster Derrick & Equipment, Inc. [18][22]	Energy / utilities	11.3% (LIBOR + 10.3%) (5.65%	7/1/2016	12/31/2020	$7,844	$7,307	$3,811

		Cash and 5.65% PIK)					
Loadmaster Derrick & Equipment, Inc. (18)(22)	Energy / utilities	13% PIK (LIBOR + 12% PIK)	7/1/2016	12/31/2020	1,761	1,053	—
Loadmaster Derrick & Equipment, Inc. (18)	Energy / utilities	11.9% (LIBOR+ 10.3%)	1/17/2017	12/31/2020	3,240	3,240	3,240
				Subtotal southeast	$12,623	$11,600	$7,051
Southwest							
—7.78% of net asset value							
OEM Group, LLC (18)	Industrials and manufacturing	11.1% (LIBOR + 9.5%)	3/16/2016	2/15/2019	$18,703	$18,703	$18,703
OEM Group, LLC (18)	Industrials and manufacturing	11.1% (LIBOR + 9.5%)	3/16/2016	2/15/2019	8,060	8,045	8,060
				Subtotal southwest	$26,763	$26,748	$26,763
			Subtotal first lien senior secured debt		$48,800	$44,431	$39,410
Second lien debt							
—1.57% of net asset value							
Southeast							
—1.57% of net asset value							
Copperweld Bimetallics LLC (18)	Industrials and manufacturing	12.0%	10/5/2016	10/5/2021	$5,415	$5,415	$5,415

See accompanying notes to these consolidated financial statements.

THL Credit, Inc. and Subsidiaries

Consolidated Schedules of Investments

December 31, 2017

(dollar amounts in thousands)

Type of Investment/Portfolio company [1][2][3]	Industry	Interest Rate [4]	Initial Acquisition Date	Maturity/ Dissolution Date	Principal [5] No. of Shares / No. of Units	Amortized Cost	Fair Value [6]
				Subtotal southeast	$5,415	$5,415	$5,415
			Subtotal second lien debt		$5,415	$5,415	$5,415
Equity investments							
—14.1% of net asset value							
Northeast							
—2.03% of net asset value							
Tri Starr Management Services, Inc. [18][21]	Business services		7/22/2016		0.720	3,136	6,967
				Subtotal northeast		$3,136	$6,967
Northwest							
—5.11% of net asset value							
C&K Market, Inc. [18][21]	Retail & grocery		11/3/2010		1,992,365	$2,270	$7,619
C&K Market, Inc. [18][20]	Retail & grocery		11/3/2010	7/1/2024	1,992,365	10,956	9,962
				Subtotal northwest		$13,226	$17,581
Southeast							
—3.81% of net asset value							
Copperweld Bimetallics LLC [18][20]	Industrials and manufacturing		10/5/2016		676.93	$3,385	$3,920
Copperweld Bimetallics LLC [18][21]	Industrials and manufacturing		10/5/2016	10/5/2021	609,230	8,950	9,192
Loadmaster Derrick & Equipment, Inc. [18][20]	Energy / utilities		7/1/2016		12,130.510	1,114	—
Loadmaster Derrick & Equipment, Inc. [18][21]	Energy / utilities		12/21/2016		2,955.600	—	—
				Subtotal southeast		$13,449	$13,112
Southwest							
—3.15% of net asset value							
OEM Group, LLC [12][13][18][20][25]			3/16/2016		10,000	$8,890	$10,841

	Industrials and manufacturing					
			Subtotal southwest		$8,890	$10,841
			Subtotal equity		$38,701	$48,501
Investments in funds						
—19.01% of net asset value						
Northeast						
—19.01% of net asset value						
THL Credit Logan JV LLC (12)(17)(18)(19)(21)(27)	Investment funds and vehicles	12/3/2014		—	$67,000	$65,410

See accompanying notes to these consolidated financial statements.

THL Credit, Inc. and Subsidiaries

Consolidated Schedules of Investments

December 31, 2017

(dollar amounts in thousands)

Type of Investment/Portfolio company [1][2][3]	Industry	Interest Rate[4]	Initial Acquisition Date	Maturity/ Dissolution Date	Principal[5] No. of Shares / No. of Units	Amortized Cost	Fair Value [6]
				Subtotal northeast		67,000	65,410
			Subtotal investments in funds			$ 67,000	$ 65,410
Total controlled investments —46.14% of net asset value						$ 155,547	$ 158,736
Non-controlled/affiliated investments —0.00% of net asset value							
Investments in funds							
—0.00% of net asset value							
Northeast							
—0.00% of net asset value							
THL Credit Greenway Fund LLC [12][17][21][27]	Financial services		1/27/2011			$ 1	$ 1
THL Credit Greenway Fund II LLC [12][17][21][27]	Financial services		3/1/2013			3	3
				Subtotal northeast		$ 4	$ 4
			Subtotal investments in funds			$ 4	$ 4
Total non-controlled/affiliated investments —0.00% of net asset value						$ 4	$ 4
Total investments—176.93% of net asset value						$ 640,367	$ 608,691

(1) All debt investments are income-producing, unless otherwise noted. Equity and member interests are non-income-producing unless otherwise noted.
(2) All investments are pledged as collateral under the Revolving Facility.
(3) As of December 31, 2017, 24.3% and 25.8% of the Company's total investments on a cost and fair value basis, respectively, are in non-qualifying assets. The Company may not acquire any non-qualifying assets unless, at the

time of the acquisition, qualifying assets represent at least 70% of the Company’s total assets.

See accompanying notes to these consolidated financial statements.

THL Credit, Inc. and Subsidiaries

Consolidated Schedules of Investments

December 31, 2017

(dollar amounts in thousands)

(4) Variable interest rate investments bear interest in reference to London Interbank offer rate, or LIBOR, Canadian Dollar offer rate, or CDOR, or Alternate Base Rate, or ABR, which are effective as of December 31, 2017. LIBOR loans and CDOR loans are typically indexed to 30-day, 60-day, 90-day or 180-day LIBOR or CDOR rates, at the borrower's option, and ABR rates are typically indexed to the current prime rate or federal funds rate. Each of LIBOR, CDOR and ABR rates may be subject to interest floors. As of December 31, 2017, the 30-day, 60-day, 90-day and 180-day LIBOR rates were 1.57%, 1.62%, 1.69% and 1.84%, respectively. As of December 31, 2017, the 30-day, 60-day, 90-day and 180-day CDOR rates were 1.41%, 1.46%, 1.52% and 1.72%, respectively.
(5) Principal includes accumulated PIK, interest and is net of repayments.
(6) Unless otherwise indicated, all investments are valued using significant unobservable inputs.
(7) Foreign company at the time of investment and, as a result, is not a qualifying asset under Section 55(a) of the 1940 Act.
(8) Unitranche investment; interest rate reflected represents the implied interest rate earned on the investment for the most recent quarter.
(9) Issuer pays 0.50% unfunded commitment fee on delayed draw term loan and/or revolving loan facilities.
(10) The negative cost is the result of the capitalized discount being greater than the principal amount outstanding on the loan.
(11) At the option of the issuer, interest can be paid in cash or cash and PIK. The percentage of PIK shown is the maximum PIK that can be elected by the company.
(12) Member interests of limited liability companies are the equity equivalents of the stock of corporations.
(13) Equity ownership may be held in shares or units of companies related to the portfolio company.
(14) Preferred stock investment return is income-producing with a stated rate of 13.0% cash and 2.0% PIK due on a monthly basis.
(15) Interest held by a substantially owned subsidiary of THL Credit, Inc.
(16) Income-producing security with no stated coupon; interest rate reflects an estimation of the effective yield to expected maturity as of December 31, 2017.
(17) Not a qualifying asset under Section 55(a) of the 1940 Act.
(18) As defined in Section 2(a)(9) of the 1940 Act, the Company is deemed to control this portfolio company because it owns more than 25% of the portfolio company's outstanding voting securities. See Schedule 12-14 in the accompanying notes to the consolidated financial statements for transactions for the quarter ended December 31, 2017 in which the issuer was a portfolio company that the Company is deemed to control.
(19) On December 3, 2014, the Company entered into an agreement with Perspecta to create THL Credit Logan JV LLC, or Logan JV, a joint venture, which invests primarily in senior secured first lien term loans. All Logan JV investment decisions must be unanimously approved by the Logan JV investment committee consisting of one representative from each of the Company and Perspecta. Although the Company owns more than 25% of the voting securities of Logan JV, the Company does not believe that it has control over Logan JV (other than for purposes of the 1940 Act or otherwise).
(20) Preferred stock.
(21) Common stock and member interest.
(22) Loan was on non-accrual as of December 31, 2017.
(23)

Issuer pays 3.0% weighted average unfunded commitment fee on the revolving loan facility.

(24) Issuer pays 4.75% unfunded commitment fee on the revolving loan facility.

(25) Includes $577 of cost and $703 of fair value related to a non-controlling interest as a result of consolidating a blocker corporation that holds equity in OEM Group, LLC as of December 31, 2017.

(26) Canadian denominated investment with a par and fair market value of CAD $30,000 and CAD $29,850, respectively.

(27) Investment is measured at fair value using net asset value.

See accompanying notes to these consolidated financial statements.

THL Credit, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2018

(in thousands, except per share data)

(unaudited)

1. Organization

THL Credit, Inc., or the Company, was organized as a Delaware corporation on May 26, 2009. The Company has elected to be regulated as a business development company, or BDC, under the Investment Company Act of 1940, as amended, or 1940 Act. The Company has elected to be treated for tax purposes as a regulated investment company, or RIC, under the Internal Revenue Code of 1986, or as amended, the Code. In 2009, the Company was treated for tax purposes as a corporation. The Company's investment objective is to generate both current income and capital appreciation, primarily through privately negotiated investments in debt and equity securities of lower middle market companies.

The Company has established wholly owned subsidiaries, THL Credit Holdings, Inc. and THL Credit YP Holdings Inc., and also established another subsidiary, THL Credit OEMG Investor Inc., to hold its equity interest in OEM Group, LLC, where it holds a majority interest. These subsidiaries are structured as Delaware entities, or tax blockers, to hold equity or equity-like investments in portfolio companies organized as limited liability companies, or LLCs (or other forms of pass-through entities). Corporate subsidiaries are not consolidated for income tax purposes and may incur income tax expense as a result of their ownership of portfolio companies.

The Company has a wholly owned subsidiary, THL Corporate Finance, Inc., which serves as the administrative agent on certain investment transactions.

2. Significant Accounting Policies and Recent Accounting Updates

Basis of Presentation

The Company is an investment company following the accounting and reporting guidance under the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 946, Financial Services Investment Companies.

The consolidated financial statements include the accounts of the Company and its subsidiaries. All inter-company accounts and transactions have been eliminated in consolidation. In accordance with Article 6 of Regulation S-X under the Securities Act of 1933, as amended, and the Securities and Exchange Act of 1934, as amended, the Company generally will not consolidate its interest in any company other than in investment company subsidiaries and controlled operating companies substantially all of whose business consists of providing services to the Company. Certain reclassifications have been made to conform to classifications used in the current year.

The accompanying consolidated financial statements of the Company have been presented in accordance with accounting principles generally accepted in the United States of America ("GAAP") and pursuant to the requirements for reporting on Form 10-Q and Article 10 of Regulation S-X. Accordingly, certain disclosures accompanying annual financial statements prepared in accordance with GAAP are omitted. In the opinion of management, the unaudited financial results included herein contain all adjustments, consisting solely of normal accruals, considered necessary for the fair statement of financial statements for the interim period included herein. The current period's results of operations are not necessarily indicative of the operating results to be expected for the period ending December 31, 2018.

The information included in this Form 10-Q should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and the audited consolidated financial statements and notes thereto included in our annual report on Form 10-K for the year ended December 31, 2017 filed with the SEC on March 6, 2018. The financial results of the Company's portfolio companies are not consolidated in the financial statements.

The accounting records of the Company are maintained in U.S. dollars.

Consolidation

The Company follows the guidance in ASC Topic 946 Financial Services—Investment Companies and will not generally consolidate its investment in a company other than substantially owned investment company subsidiaries or a controlled operating company whose business consists of providing services to the Company. The Company consolidated the results of its substantially owned subsidiaries in its consolidated financial statements. In conjunction with the consolidation of subsidiaries, the Company recognizes the non-controlling interest in THL Credit OEMG Investor, Inc. in its consolidated financial statements. The Company does not consolidate its non-controlling interest in THL Credit Logan JV LLC, or Logan JV. See also the disclosure under the heading, Significant Accounting Policies—THL Credit Logan JV LLC.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that may affect the reported amounts and disclosures in the financial statements. Changes in the economic environment, financial markets, creditworthiness of our portfolio companies and any other parameters used in determining these estimates could cause actual results to differ and these differences could be material.

Cash

Cash consists of funds held in demand deposit accounts at several financial institutions and, at certain times, balances may exceed the Federal Deposit Insurance Corporation insured limit and is therefore subject to credit risk. There were no cash equivalents as of June 30, 2018 and December 31, 2017.

Deferred Financing Costs

Deferred financing costs consist of fees and expenses paid in connection with the closing of the Revolving Facility (as defined in Note 7 hereto) and public debt offering of Notes (as defined in Note 7 hereto). These costs are capitalized at the time of payment and are amortized using the straight line and effective yield methods over the term of the Revolving Facility and Notes, respectively.

Under the Notes Payable, if there is a substantial modification of the terms of the existing agreement (greater than 10% change in the present value of cash flows under the old and new amended facilities) then the change would result in a debt extinguishment and any unamortized deferred financing costs would be expensed during that period. Any remaining unamortized deferred financing costs relating to the old arrangement along with third parties costs under the new arrangement would be amortized over the term of the new arrangement. Under the Revolving Facility, if the borrowing capacity of the old arrangement is lower than the borrowing capacity of the new arrangement for each underlying lender in the lending syndicate, then any unamortized deferred financing costs would be expensed during the period in proportion to the decrease in the old arrangement for that lender. Any remaining unamortized deferred financing costs relating to the old arrangement would be deferred and amortized over the term of the new arrangement along with any costs associated with the new arrangement.

Capitalized deferred financing costs related to the Notes are presented net against the respective balances outstanding on the Consolidated Statements of Assets and Liabilities. Capitalized deferred financing costs related to the Revolving Facility are presented separately on the Company’s Consolidated Statements of Assets and Liabilities. See also the disclosure in Note 7, Borrowings.

Deferred Offering Costs

Deferred offering costs consist of fees and expenses incurred in connection with the offer and sale of the Company’s common stock, including legal, accounting, printing fees and other related expenses, as well as costs incurred in connection with the filing of a shelf registration statement. These amounts are capitalized when incurred and recognized as a reduction of offering proceeds when the offering becomes effective or expensed upon expiration of the registration statement.

Fair Value of Financial Instruments

The carrying amounts of the Company’s financial instruments, including cash, accounts payable and accrued expenses, approximate fair value due to their short-term nature. The net realizable value of the Company’s escrow receivable approximates fair value. The carrying amounts and fair values of the Company’s long-term obligations are disclosed in

Note 7, Borrowings.

Valuation of Investments

The Company accounts for its Investment Portfolio at fair value. As a result, the Company follows the provisions of ASC 820, Fair Value Measurements and Disclosures ("ASC 820"). ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value and enhances disclosure requirements for fair value measurements. ASC 820 requires the Company to assume that the portfolio investment is to be sold in the principal market to independent market participants, which may be a hypothetical market. Market participants are defined as buyers and sellers in the principal market that are independent, knowledgeable and willing and able to transact.

Investments, for which market quotations are readily available, are valued using market quotations, which are generally obtained from an independent pricing service or broker-dealers or market makers. Debt and equity securities, for which market quotations are not readily available or are determined to be unreliable are valued at fair value as determined in good faith by the

Company's board of directors. Because the Company expects that there will not be a readily available market value for many of the investments in the Company's portfolio, it is expected that many of the Company's portfolio investments' values will be determined in good faith by the Company's board of directors in accordance with a documented valuation policy that has been reviewed and approved by our board of directors and in accordance with GAAP. Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the fair value of the Company's investments may differ significantly from the values that would have been used had a readily available market value existed for such investments, and the differences could be material.

With respect to investments for which market quotations are not readily available or are determined to be unreliable, the Company's board of directors undertakes a multi-step valuation process each quarter, as described below:

- the Company's quarterly valuation process begins with each portfolio company or investment being initially valued by the investment professionals responsible for the portfolio investment; preliminary valuation conclusions are then documented and discussed with the investment committee of THL Credit Advisors LLC, or the Advisor;
- to the extent determined by the audit committee of the Company's board of directors, independent valuation firms are used to conduct independent appraisals of all "Level 3" investments and review the Advisor's preliminary valuations in light of their own independent assessment unless the amounts are immaterial or have closed near quarter-end;
- the audit committee of the Company's board of directors reviews the preliminary valuations of the Advisor and independent valuation firms and, if necessary, responds and supplements the valuation recommendation of the independent valuation firms to reflect any comments; and
- the Company's board of directors discusses valuations and determines the fair value of each investment in the Company's portfolio in good faith based on the input of the Advisor, the respective independent valuation firms and the audit committee.

The types of factors that the Company may take into account in fair value pricing its investments include, as relevant, the nature and realizable value of any collateral, the portfolio company's ability to make payments and its earnings and discounted cash flows, the markets in which the portfolio company does business, comparison to publicly traded securities and other relevant factors. The Company generally utilizes an income approach to value its debt investments and a combination of income and market approaches to value its equity investments. With respect to unquoted securities, the Advisor and the Company's board of directors, in consultation with the Company's independent third party valuation firms, values each investment considering, among other measures, discounted cash flow models, comparisons of financial ratios of peer companies that are public and other factors, which valuation is then approved by the board of directors.

Debt Investments

For debt investments, the Company generally determines the fair value primarily using an income, or yield, approach that analyzes the discounted cash flows of interest and principal for the debt security, as set forth in the associated loan agreements, as well as the financial position and credit risk of each portfolio investment. The Company's estimate of the expected repayment date is generally the legal maturity date of the instrument. The yield analysis considers changes in leverage levels, credit quality, portfolio company performance and other factors. The enterprise value, a market approach, is used to determine the value of equity and debt investments that are credit impaired, close to maturity or where the Company also holds a controlling equity interest. The method for determining enterprise value uses a multiple analysis, whereby appropriate multiples are applied to the portfolio company's revenues or net income before net interest expense, income tax expense, depreciation and amortization, or EBITDA. A collateral valuation analysis is utilized when repayment is based on the sale of the underlying collateral.

Payment Rights

The Company values its investment in payment rights using an income approach that analyzes the discounted projected future cash flow streams assuming an appropriate discount rate, which will among other things consider other transactions in the market, the current credit environment, performance of the underlying portfolio company and the length of the remaining payment stream.

Equity

The Company generally uses the market approach to value its equity investments. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities (including a business). 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 the Company may take into account in fair value pricing the Company's investments include, as relevant: available current market data, including relevant and applicable market trading and transaction comparables, applicable market yields and multiples, the current investment performance rating, security covenants, 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, transaction comparables, the Company's principal market as the reporting entity and enterprise values, among other factors.

Investment in Funds

In circumstances in which net asset value per share of an investment is determinative of fair value, the Company estimates the fair value of an investment in an investment company using the net asset value per share of the investment (or its equivalent) without further adjustment if the net asset value per share of the investment is determined in accordance with the specialized accounting guidance for investment companies as of the reporting entity's measurement date.

Foreign Currency

Foreign currency amounts are translated into U.S. dollars on the following basis:

- cash and cash equivalents, market value of investments, outstanding debt on revolving credit facilities, other assets and liabilities: at the spot exchange rate on the last business day of the period; and
- purchases and sales of investments, borrowings and repayments of such borrowings, income and expenses: at the rates of exchange prevailing on the respective dates of such transactions.

Although net assets and fair values are presented based on the applicable foreign exchange rates described above, 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 fair values of investments held. Such fluctuations are included with the net realized and unrealized gain or loss from investments. Fluctuations arising from the translation of foreign currency borrowings are included with the net change in unrealized gains (losses) on translation of assets and liabilities in foreign currencies on the consolidated statements of operations.

Investments denominated in foreign currencies and foreign currency transactions may involve certain considerations and risks not typically associated with those of domestic origin, including unanticipated movements in the value of the foreign currency relative to the U.S. dollar.

The Company's current approach to hedging the foreign currency exposure in its non-U.S. dollar denominated investments is primarily to borrow the necessary local currency under the Company's Revolving Credit Facility to fund these investments.

Security Transactions, Payment-in-Kind, Income Recognition, Realized/Unrealized Gains or Losses

Security transactions are recorded on a trade-date basis. The Company measures realized gains or losses by the difference between the net proceeds from the repayment or sale and the amortized cost basis of the investment, using the specific identification method. Net realized gains and losses reflect the impact of investments written off during the period, if any. The Company reports changes in fair value of investments that are measured at fair value as a component of net change in unrealized appreciation or depreciation on investments in the Consolidated Statements of Operations.

Interest income, adjusted for amortization of premium and accretion of discount, is recorded on an accrual basis to the extent that the Company expects to collect such amounts. Dividend income is recognized on the ex-dividend date.

Original issue discount, representing the estimated fair value of detachable equity or warrants obtained in conjunction with the acquisition of debt securities and market discount or premium are capitalized and accreted or amortized into interest income over the life of the respective security using the effective yield method. The amortized cost of investments represents the original cost adjusted for the accretion/amortization of discounts and premiums and upfront loan origination fees.

Loans are placed on non-accrual status when principal or interest payments are past due 30 days or more and/or when it is no longer probable that principal or interest will be collected. However, the Company may make exceptions to this policy if the loan has sufficient collateral value and is in the process of collection. The Company records the reversal of any previously accrued income against the same income category reflected in the Consolidated Statement of Operations. As of June 30, 2018, the Company had loans on non-accrual status with an amortized cost basis of $9,742 and fair value of $4,043. As of June 30, 2017, the Company had loans on non-accrual status with an amortized cost basis of $46,288 and fair value of $27,380.

The Company has investments in its portfolio which contain a contractual paid-in-kind, or PIK, interest provision. PIK interest is computed at the contractual rate specified in each investment agreement, is added to the principal balance of the investment, and is recorded as income. The Company will cease accruing PIK interest if there is insufficient value to support the accrual or if the Company does not expect amounts to be collectible and will generally only begin to recognize PIK income again when all principal and interest have been paid or upon the restructuring of the investment where the interest is deemed collectable. To maintain the Company's status as a RIC, PIK interest income, which is considered investment company taxable income, must be paid out to stockholders in the form of dividends even though the Company has not yet collected the cash. Amounts necessary to pay these dividends may come from available cash.

The following shows a rollforward of PIK income activity for the three and six months ended June 30, 2018 and 2017:

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
Accumulated PIK balance, beginning of period	$4,131	$4,003	$3,922	$3,086
PIK income capitalized/receivable	565	441	774	1,358
PIK received in cash from repayments	(1,113)	(32)	(1,113)	(32)
Accumulated PIK balance, end of period	$3,583	$4,412	$3,583	$4,412

Interest income from the Company's tax receivable agreement ("TRA") is recorded based upon an estimation of an effective yield to expected maturity using anticipated cash flows. Amounts in excess of income recognized are recorded as a reduction to the cost basis of the investment. The Company monitors the anticipated cash flows from its TRA and will adjust its effective yield periodically as needed.

The Company capitalizes and amortizes upfront loan origination fees received in connection with the closing of investments. The unearned income from such fees is accreted into interest income over the contractual life of the loan based on the effective interest method. Upon prepayment of a loan or debt security, any prepayment premiums, unamortized upfront loan origination fees, and unamortized discounts are recorded as interest income.

The Company will recognize any earned exit or back-end fees into income when it believes the amounts will ultimately become collected by using either the beneficial interest model or other appropriate income recognition frameworks.

In certain investment transactions, the Company may provide advisory services. For services that are separately identifiable and external evidence exists to substantiate fair value, income is recognized as earned. The Company had no income from advisory services related to portfolio companies for the three and six months ended June 30, 2018 and 2017.

The Company may also generate revenue in the form of fees from the management of Greenway and Greenway II, prepayment premiums, commitment, loan origination, structuring or due diligence fees, exit fees, portfolio company administration fees, fees for providing significant managerial assistance and consulting fees.

U.S. Federal Income Taxes, Including Excise Tax

The Company has elected to be taxed as a RIC under Subchapter M of the Code and currently qualifies, and intends to continue to qualify each year, as a RIC under the Code. Accordingly, the Company is not subject to federal income tax on the portion of its taxable income and gains distributed to stockholders.

In order to qualify for favorable tax treatment as a RIC, the Company is required to distribute annually to its stockholders at least 90% of its investment company taxable income, as defined by the Code. To avoid a 4% U.S. federal excise tax on undistributed earnings, the Company is required to distribute each calendar year the sum of (i) 98% of its ordinary income for such calendar year (ii) 98.2% of its net capital gains for the one-year period ending October 31 of that calendar year (iii) any income recognized, but not distributed, in preceding years and on which the Company paid no U.S. federal income tax. The Company, at its discretion, may choose not to distribute all of its taxable income for the calendar year and pay a non-deductible 4% excise tax on this income. If the Company chooses to do so, all other things being equal, this would increase expenses and reduce the amount available to be distributed to stockholders. To the extent that the Company determines that its estimated current year annual taxable income will be in excess of estimated current year dividend distributions from such taxable income, the Company accrues excise taxes on estimated excess taxable income as taxable income is earned using an annual effective excise tax rate.

The annual effective excise tax rate is determined by dividing the estimated annual excise tax by the estimated annual taxable income. See also the disclosure in Note 9, Distributions, for a summary of the dividends paid. For the three months ended June 30, 2018 and 2017, the Company incurred U.S. federal excise tax and other tax expenses of $157 and $157, respectively. For the six months ended June 30, 2018 and 2017, the Company incurred U.S. federal excise tax and other tax expenses of $303 and $291, respectively.

Certain consolidated subsidiaries of the Company are subject to U.S. federal and state income taxes. These taxable entities are not consolidated for income tax purposes and may generate income tax liabilities or assets from permanent and temporary differences in the recognition of items for financial reporting and income tax purposes at the subsidiaries.

The following shows the breakdown of current and deferred income tax provisions for the three and six months ended June 30, 2018 and 2017:

	For the three months ended June 30,		For the six months ended June 30,	
	2018	2017	2018	2017
Current income tax provision:				
Current income tax benefit (provision)	$(11)	$(70)	$(8)	$(174)
Current tax provision on realized gain on investments	—	(835)	—	(835)
Deferred income tax benefit:				
Deferred income tax benefit	24	111	43	160
(Provision) benefit for taxes on unrealized gain on investments	(121)	1,744	(154)	1,896

These current and deferred income taxes are determined from taxable income estimates provided by portfolio companies where the Company holds equity or equity-like investments organized as pass-through entities in its corporate subsidiaries. These tax estimates may be subject to further change once tax information is finalized for the year. As of June 30, 2018 and December 31, 2017, $18 and $42, respectively, of income tax receivable was included in prepaid expenses and other assets on the Consolidated Statements of Assets and Liabilities. As of June 30, 2018 and December 31, 2017, $1,833 and $2,336, respectively, were included in deferred tax liability on the Consolidated Statements of Assets and Liabilities primarily relating to deferred taxes on unrealized gains on investments and other temporary book to tax differences held in its corporate subsidiaries. As of June 30, 2018 and December 31, 2017, $2,047 (net of $3,743 allowance) and $2,661 (net of $1,149 allowance), respectively of deferred tax assets were included in deferred tax assets on the Consolidated Statements of Assets and Liabilities relating to net operating loss carryforwards and unrealized losses on investments and other temporary book to tax differences that are expected to be used in future periods.

Under the RIC Modernization Act (the “RIC Act”), we are permitted to carry forward capital losses incurred in taxable years beginning after December 22, 2010, for an unlimited period. However, any losses incurred during post-enactment taxable years will be required to be utilized prior to the losses incurred in pre-enactment taxable years, which carry an expiration date. As a result of this ordering rule, pre-enactment capital loss carryforwards may be more likely to expire unused. Additionally, post-enactment capital loss carryforwards will retain their character as either short-term or long-term capital losses rather than being considered all short-term as permitted under the rules applicable to pre-enactment capital losses.

Because U.S. federal income tax regulations differ from GAAP, distributions in accordance with tax regulations may differ from net investment income and realized gains recognized for financial reporting purposes. Differences may be permanent or temporary. Permanent differences are reclassified among capital accounts in the consolidated financial statements to reflect their tax character. Temporary differences arise when certain items of income, expense, gain or loss are recognized at some time in the future. Differences in classification may also result from the treatment of short-term gains as ordinary income for tax purposes.

The Company follows the provisions under the authoritative guidance on accounting for and disclosure of uncertainty in tax positions. The provisions require management to determine whether a tax position of the Company is more likely than not to be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. For tax positions not meeting the more likely than not threshold, the tax amount recognized in the consolidated financial statements is reduced by the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement with the relevant taxing authority. There are no unrecognized tax benefits or obligations in the accompanying consolidated financial statements. Although the Company files U.S. federal and state tax returns, the Company’s major tax jurisdiction is U.S. federal. The Company’s U.S. federal tax years subsequent to 2014 remain subject to examination by taxing authorities.

Dividends

Dividends and distributions to stockholders are recorded on the applicable record date. The amount to be paid out as a dividend is determined by the Company’s board of directors on a quarterly basis. Net realized capital gains, if any, are generally distributed at least annually out of assets legally available for such distributions, although the Company may decide to retain such capital gains for investment.

Capital transactions in connection with the Company’s dividend reinvestment plan are recorded when shares are issued.

Recent Accounting Pronouncements

In January 2016, the FASB issued ASU 2016-01, "Financial Instruments—Overall", which makes limited amendments to the

guidance in U.S. GAAP on the classification and measurement of financial instruments. The new standard significantly revises an entity's accounting related to (1) the classification and measurement of investments in equity securities and (2) the presentation of certain fair value changes for financial liabilities measured at fair value. It also amends certain disclosure requirements associated with the fair value of financial instruments. ASU 2016-01 is effective for fiscal years beginning after December 15, 2017, including interim periods therein. The Company adopted this standard effective January 1, 2018, which did not have a material impact on its consolidated financial statements.

In April 2016, the FASB issued ASU 2016-10, "Revenue from Contracts with Customers (Topic 606)," which amends the criteria for revenue recognition where an entity enters into contracts with customers to transfer goods or services or where there is a transfer of nonfinancial assets. Under ASU 2016-10, an entity should recognize revenue in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. ASU 2016-10 will be effective for annual and interim reporting periods beginning after December 15, 2017. The Company adopted this standard effective January 1, 2018, which did not have a material impact on its consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, "Statement of Cash Flows (Topic 230)", which seeks to reduce diversity in how certain cash payments are presented in the Statement of Cash Flows. Under ASU 2016-15, an entity will need to conform to the presentation as prescribed for eight specific cash flow issues. ASU 2016-15 will be effective for annual and interim reporting periods after December 15, 2017. The Company adopted this standard effective January 1, 2018, which did not have material impact on its consolidated financial statements.

3. Investments

The following is a summary of the levels within the fair value hierarchy in which the Company invests as of June 30, 2018:

Description	Fair Value	Level 1	Level 2	Level 3
First lien senior secured debt	$368,040	$ —	$ —	$368,040
Second lien debt	31,273	—	—	31,273
Subordinated debt	6,391	—	—	6,391
Equity investments	55,905	—	—	55,905
Warrants	277	—	—	277
Investment in Logan JV [(1)]	81,993	—	—	—
Investment in payment rights	11,214	—	—	11,214
Investments in funds [(1)]	3,888	—	—	—
Total investments	$558,981	$ —	$ —	$473,100

The following is a summary of the levels within the fair value hierarchy in which the Company invests as of December 31, 2017:

Description	Fair Value	Level 1	Level 2	Level 3
First lien senior secured debt	$407,097	$ —	$ —	$407,097
Second lien debt	32,765	—	—	32,765
Subordinated debt	19,105	—	—	19,105
Equity investments	69,174	—	—	69,174
Warrants	75	—	—	75
Investment in Logan JV [(1)]	65,410	—	—	—
Investment in payment rights	11,259	—	—	11,259
Investments in funds [(1)]	3,806	—	—	—
Total investments	$608,691	$ —	$ —	$539,475

[(1)] Certain investments that are measured at fair value using net asset value have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the Consolidated Statements of Assets and Liabilities.

32

The following is a summary of the industry classification in which the Company invests as of June 30, 2018:

Industry	Amortized Cost	Fair Value	% of Total Portfolio		% of Net Assets	
Industrials and manufacturing	$ 96,201	$ 94,502	16.90	%	28.27	%
Consumer products and services	99,004	93,390	16.71	%	27.94	%
Investment funds and vehicles	84,604	81,997	14.67	%	24.53	%
IT services	57,487	56,262	10.06	%	16.83	%
Healthcare	51,327	50,530	9.04	%	15.12	%
Financial services	41,037	42,318	7.57	%	12.66	%
Retail & grocery	36,877	42,321	7.57	%	12.66	%
Energy / utilities	46,584	38,628	6.91	%	11.56	%
Business services	32,778	38,345	6.86	%	11.47	%
Media, entertainment and leisure	17,202	17,142	3.07	%	5.13	%
Transportation	1,000	3,124	0.56	%	0.93	%
Restaurants	191	422	0.08	%	0.13	%
Total Investments	$ 564,292	$ 558,981	100.00	%	167.23	%

The following is a summary of the industry classification in which the Company invests as of December 31, 2017:

Industry	Amortized Cost	Fair Value	% of Total Portfolio		% of Net Assets	
Consumer products and services	$ 121,937	$ 117,149	19.25	%	34.05	%
Industrials and manufacturing	92,506	93,272	15.32	%	27.11	%
Financial services	75,111	77,663	12.76	%	22.57	%
Investment funds and vehicles	67,000	65,410	10.75	%	19.01	%
IT services	57,401	56,159	9.23	%	16.32	%
Healthcare	46,011	45,711	7.51	%	13.29	%
Business services	38,601	42,266	6.94	%	12.29	%
Energy / utilities	46,138	38,417	6.31	%	11.17	%
Retail & grocery	41,629	37,615	6.18	%	10.93	%
Media, entertainment and leisure	31,380	30,362	4.99	%	8.83	%
Transportation	1,000	3,124	0.51	%	0.91	%
Restaurants	21,653	1,543	0.25	%	0.45	%
Total Investments	$ 640,367	$ 608,691	100.00	%	176.93	%

The following is a summary of the geographical concentration of our investment portfolio as of June 30, 2018:

Region	Amortized Cost	Fair Value	% of Total Portfolio	% of Net Assets
United States				

Northeast	$ 205,998	$ 208,413	37.29 %	62.35 %
Southwest	186,937	179,125	32.04 %	53.59 %
Southeast	76,562	75,316	13.47 %	22.53 %
Midwest	39,360	37,605	6.73 %	11.25 %
West	27,207	27,668	4.95 %	8.28 %
Northwest	13,227	15,574	2.79 %	4.66 %
Canada	15,001	15,280	2.73 %	4.57 %
Total Investments	$ 564,292	$ 558,981	100.00 %	167.23 %

The following is a summary of the geographical concentration of our investment portfolio as of December 31, 2017:

Region	Amortized Cost	Fair Value	% of Total Portfolio	% of Net Assets
United States				
Northeast	$ 244,792	$ 221,948	36.48 %	64.53 %
Southwest	189,459	180,283	29.62 %	52.40 %
Southeast	72,451	67,579	11.10 %	19.64 %
Northwest	39,359	43,977	7.22 %	12.78 %
Midwest	44,882	43,117	7.08 %	12.53 %
West	27,323	27,963	4.59 %	8.13 %
Canada	22,101	23,824	3.91 %	6.92 %
Total Investments	$ 640,367	$ 608,691	100.00 %	176.93 %

In accordance with the authoritative guidance on fair value measurements and disclosures under GAAP, the Company discloses the fair value of its investments in a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). If any transfers occur between the levels or categories of the fair value hierarchy, they are assumed to have occurred at the beginning of the period. The guidance establishes three levels of the fair value hierarchy as follows:

Level 1—Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2—Quoted prices in markets that are not considered to be active or financial instruments for which significant inputs are observable, either directly or indirectly;

Level 3—Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

The level of an asset or liability within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by management.

The Company considers whether the volume and level of activity for the asset or liability have significantly decreased and identifies transactions that are not orderly in determining fair value. Accordingly, if the Company determines that either the volume and/or level of activity for an asset or liability has significantly decreased (from normal conditions for that asset or liability) or price quotations or observable inputs are not associated with orderly transactions, increased analysis and management judgment will be required to estimate fair value. Valuation techniques such as an income approach might be appropriate to supplement or replace a market approach in those circumstances.

The Company has adopted the authoritative guidance under GAAP for estimating the fair value of investments in investment companies that have calculated net asset value per share in accordance with the specialized accounting guidance for Investment Companies. Accordingly, in circumstances in which net asset value per share of an investment is determinative of fair value, the Company estimates the fair value of an investment in an investment company using the net asset value per share of the investment (or its equivalent) without further adjustment if the net asset value per share of the investment is determined in accordance with the specialized accounting guidance for investment companies as of the reporting entity’s measurement date. Redemptions are not generally permitted in the Company’s investments in funds. The remaining term of the Company’s investments in funds is expected to be one to five years.

The following provides quantitative information about Level 3 fair value measurements as of June 30, 2018:

Description	Fair Value	Valuation Technique	Unobservable Inputs	Range (Average) [1]
First lien senior secured debt	$ 277,586	Discounted cash flows (income approach)	Weighted average cost of capital (WACC)	12 % - 14% (13 %)
	36,454	Market comparable companies (market approach)	EBITDA Multiple	4.9 x - 5.9 x (5.4 x)
	54,000	Market comparable companies (market approach)	Revenue Multiple	0.4 x - 0.4 x (0.4 x)
Second lien debt	25,858	Discounted cash flows (income approach)	Weighted average cost of capital (WACC)	13 % - 13% (13 %)
	5,415	Market comparable companies (market approach)	EBITDA Multiple	5.8 x - 6.3 x (6.0 x)
Subordinated debt	6,391	Market comparable companies (market approach)	EBITDA Multiple	4.5 x - 5.5 x (5.0 x)
Equity investments	50,634	Market comparable companies (market approach)	EBITDA Multiple	5.1 x - 5.7 x (5.4 x)
	5,271	Market comparable companies (market approach)	Revenue Multiple	1.8 x - 2.1 x (1.9 x)
Warrants	277	Market comparable companies (market approach)	EBITDA Multiple	5.0 x - 6.0 x (5.5 x)
Investment in payment rights	11,214	Discounted cash flows (income approach)	Weighted average cost of capital (WACC)	12 % - 13% 13 %
			Federal and State Tax Rates	26 %
Total Level 3 Investments	$ 473,100			

[1] Averages were determined using a weighted average based upon the fair value of the investments in each investment category.

The following provides quantitative information about Level 3 fair value measurements as of December 31, 2017:

Description	Fair Value	Valuation Technique	Unobservable Inputs	Range (Average) [1]

First lien senior secured debt	$ 334,483	Discounted cash flows (income approach)	Weighted average cost of capital (WACC)	11 % - 12%	(12 %)
	72,614	Market comparable companies (market approach)	EBITDA Multiple	4.5 x - 5.2 x	(4.8 x)
Second lien debt	26,237	Discounted cash flows (income approach)	Weighted average cost of capital (WACC)	13 % - 14%	(13 %)
	6,528	Market comparable companies (market approach)	EBITDA Multiple	5.0 x - 6.0 x	(5.5 x)
Subordinated debt	12,425	Discounted cash flows (income approach)	Weighted average cost of capital (WACC)	13 % - 14%	(14 %)
	6,680	Market comparable companies (market approach)	EBITDA Multiple	4.5 x - 5.5 x	(5.0 x)
Equity investments	55,201	Market comparable companies (market approach)	EBITDA Multiple	5.3 x - 6.0 x	(5.7 x)
	13,973	Discounted cash flows (income approach)	Weighted average cost of capital (WACC)	16 % - 17%	(16 %)
Warrants	75	Market comparable companies (market approach)	EBITDA Multiple	5.8 x - 6.3 x	(6.0 x)
Investment in payment rights	11,259	Discounted cash flows (income approach)	Weighted average cost of capital (WACC)	12 % - 13%	13 %
			Federal and State Tax Rates	26 %	
Total Level 3 Investments	$ 539,475				

(1) Averages were determined using a weighted average based upon the fair value of the investments in each investment category.

35

The primary significant unobservable input used in the fair value measurement of the Company's debt securities (first lien secured debt, second lien debt and subordinated debt), including income-producing investments in funds and income producing securities and payment rights is the weighted average cost of capital, or WACC. Significant increases (decreases) in the WACC in isolation would result in a significantly lower (higher) fair value measurement. In determining the WACC, for the income, or yield approach, the Company considers current market yields and multiples, portfolio company performance, leverage levels, credit quality, among other factors, including U.S. federal tax rates, in its analysis. In the case of the tax receivable agreement TRA, the Company considers the risks associated with changes in tax rates, the performance of the portfolio company and the expected term of the investment. Changes in one or more of these factors can have a similar directional change on other factors in determining the appropriate WACC to use in the income approach.

The primary significant unobservable input used in the fair value measurement of the Company's equity investments, investments in warrants and debt investments where the Company has a controlling equity investment is the EBITDA multiple adjusted by management for differences between the investment and referenced comparables, or the multiple. Significant increases (decreases) in the multiple in isolation would result in a significantly higher (lower) fair value measurement. To determine the multiple for the market approach, the Company considers current market trading and/or transaction multiples, portfolio company performance (financial ratios) relative to public and private peer companies and leverage levels, among other factors. Changes in one or more of these factors can have a similar directional change on other factors in determining the appropriate multiple to use in the market approach.

The following table rolls forward the changes in fair value during the six months ended June 30, 2018 for investments classified within Level 3:

	First lien senior secured debt	Second lien debt	Subordinated debt	Equity investments	Warrants	Investment in payment rights	CLO residual interests	Totals
Beginning balance, January 1, 2018	$407,097	$32,765	$19,105	$69,174	$75	$11,259	$—	$539,475
Purchases	15,521	—	—	-	—	—	—	15,521
Sales and repayments	(50,066)	(950)	(12,302)	(14,067)	—	—	—	(77,385)
Unrealized appreciation (depreciation)(1)	4,348	20,430	504	1,751	202	(45)	—	27,190
Realized (loss) gain	(10,748)	(21,013)	(1,210)	(1,119)	—	—	—	(34,090)
Net amortization of premiums, discounts and fees	1,739	41	71	71	—	—	—	1,922
PIK	149	—	223	95	—	—	—	467
Ending balance, June 30, 2018	$368,040	$31,273	$6,391	$55,905	$277	$11,214	$—	$473,100
Net change in unrealized appreciation (depreciation) from investments still held as of the reporting date	$(3,447)	$80	$(512)	$705	$202	$(45)	$—	$(3,017)

(1)

All unrealized appreciation (depreciation) in the table above is reflected in the accompanying Consolidated Statements of Operations.

The following table rolls forward the changes in fair value during the six months ended June 30, 2017 for investments classified within Level 3:

	First lien senior secured debt	Second lien debt	Subordinated debt	Equity investments	Warrants	Investment in payment rights	CLO residual interests	Totals
Beginning balance, January 1, 2017	$370,863	$95,284	$28,092	$86,163	$4,151	$13,289	$7,225	$605,067
Purchases [2]	50,383	—	1,651	1,674	—	—	—	53,708
Sales and repayments [2]	(15,526)	(16,933)	—	(5,939)	—	—	(7,225)	(45,623)
Unrealized appreciation (depreciation)[1]	(4,920)	4,350	(943)	(1,582)	59	(16)	1,457	(1,595)
Realized (loss) gain	—	(11,329)	—	1,289	—	—	(1,457)	(11,497)
Net amortization of premiums, discounts and fees	2,066	81	64	22	—	—	—	2,233
PIK	562	386	318	321	—	—	—	1,587
Transfers between categories [3]	29,069	(20,369)	(8,700)	4,151	(4,151)	—	—	—
Ending balance, June 30, 2017	$432,497	$51,470	$20,482	$86,099	$59	$13,273	$—	$603,880
Net change in unrealized appreciation (depreciation) from investments still held as of the reporting date	$(5,004)	$(4,791)	$(943)	$2,568	$59	$(15)	$-	$(8,126)

(1) All unrealized appreciation (depreciation) in the table above is reflected in the accompanying Consolidated Statements of Operations.
(2) Includes reorganizations and restructuring of investments.
(3) Represents transfer of Gold, Inc. from subordinated debt to second lien debt, transfer of YP Equity Investors, LLC from warrants to equity investments.

Significant Unconsolidated Subsidiaries

In accordance with the SEC's Regulation S-X and GAAP, the Company is not permitted to consolidate any subsidiary or other entity that is not an investment company or a controlled operating company whose business consists of providing services to the company, including those in which the Company has a controlling interest. The Company had certain unconsolidated subsidiaries for the six months ended June 30, 2018 and 2017 that met at least one of the significance conditions under the SEC's Regulation S-X. Accordingly, pursuant to Rule 4-08 of Regulation S-X, summarized, comparative financial information is presented below for our significant unconsolidated subsidiaries, which include C&K Market, Inc., Copperweld Bimetallics, LLC, Loadmaster Derrick & Equipment, Inc., OEM Group, LLC, THL Credit Logan JV, LLC and Tri-Starr Management Services, Inc. for the six months ended June 30, 2018 and C&K Market, Inc., Copperweld Bimetallics, LLC, Loadmaster Derrick & Equipment, Inc., OEM Group, LLC, Thibaut, Inc., THL Credit Logan JV, LLC and Tri-Starr Management Services, Inc. for the six months ended June 30, 2017.

	For the six months ended June 30,	
Income Statement	2018	2017
Net Sales	$276,820	$305,501
Gross Profit	$62,406	79,163
Net income (loss)	$(8,642)	(11,156)

37

THL Credit Logan JV LLC

On December 3, 2014, the Company entered into an agreement with Perspecta Trident LLC, an affiliate of Perspecta Trust LLC, or Perspecta, to create THL Credit Logan JV LLC, or Logan JV, a joint venture, which invests primarily in senior secured first lien term loans. All Logan JV investment decisions must be unanimously approved by the Logan JV investment committee consisting of one representative from each of the Company and Perspecta.

The Company has determined that Logan JV is an investment company under ASC 946, however, in accordance with such guidance, the Company will generally not consolidate its investment in a company other than a wholly owned investment company subsidiary or a controlled operating company whose business consists of providing services to the Company. Accordingly, the Company does not consolidate its non-controlling interest in Logan JV.

Logan JV is capitalized with capital contributions which are generally called from its members, on a pro-rata basis based on their capital commitments, as transactions are completed. Any decision by the Logan JV to call down on capital commitments requires the explicit authorization of the Company, coupled with that of Perspecta, and the Company may withhold such authorization for any reason in its sole discretion.

As of June 30, 2018 and December 31, 2017, Logan JV had the following commitments, contributions and unfunded commitments from its members.

	As of June 30, 2018		
	Total	Contributed	Unfunded
Member	Commitments	Capital	Commitments
THL Credit, Inc.	$200,000	$ 80,600	$ 119,400
Perspecta Trident LLC	50,000	20,150	29,850
Total Investments	$250,000	$ 100,750	$ 149,250

	As of December 31, 2017		
	Total	Contributed	Unfunded
Member	Commitments	Capital	Commitments
THL Credit, Inc.	$200,000	$ 67,000	$ 133,000
Perspecta Trident LLC	50,000	16,750	33,250
Total Investments	$250,000	$ 83,750	$ 166,250

Logan JV has a senior credit facility, or the Logan JV Credit Facility, with Deutsche Bank AG and other banks. As of June 30, 2018 and December 31, 2017, the Logan JV Credit Facility had $200,000 and $175,000 of commitments subject to leverage and borrowing base restrictions with an interest rate of three month LIBOR (with no LIBOR floor) plus 2.40% and LIBOR (with no LIBOR floor) plus 2.50%, respectively. The final maturity date of the Logan JV Credit Facility is January 12, 2023 with the revolving loan period ending on January 12, 2021. As of June 30, 2018 and December 31, 2017, Logan JV had $215,555 and $169,632 of outstanding borrowings under the credit facility, respectively.

As of June 30, 2018 and December 31, 2017, Logan JV had total investments at fair value of $294,938 and $250,400, respectively. As of June 30, 2018 and December 31, 2017, Logan JV's portfolio was comprised of senior secured first lien loans and second lien loans to 124 and 110 different borrowers, respectively. As of June 30, 2018 and December 31, 2017, there were no loans on non-accrual status. As of June 30, 2018 and December 31, 2017, Logan JV had unfunded commitments to fund revolver and delayed draw loans to its portfolio companies totaling $4,852 and $1,426, respectively. The portfolio companies in Logan JV are in industries similar to those in which the Company may invest directly.

Below is a summary of Logan JV's portfolio, followed by a listing of the individual loans in Logan JV's portfolio as of June 30, 2018 and December 31, 2017:

	As of June 30, 2018		As of December 31, 2017	
First lien secured debt, at par	$282,502		$233,904	
Second lien debt, at par	23,609		22,847	
Total debt investments, at par	$306,111		$256,751	
Weighted average yield on first lien secured loans [1]	6.9	%	6.4	%
Weighted average yield on second lien loans [1]	10.1	%	9.3	%
Weighted average yield on all loans [1]	7.2	%	6.7	%
Number of borrowers in Logan JV	124		110	
Largest loan to a single borrower [2]	$5,000		$5,000	
Total of five largest loans to borrowers [2]	$24,784		$24,397	

(1) Weighted average yield at their current amortized cost.
(2) At current principal amount.

The weighted average yield of Logan JV's debt investments is not the same as a return on Logan JV investment for the Company's stockholders but, rather, relates to a portion of the Company's investment portfolio and is calculated before the payment of the Company's expenses. The weighted average yield was computed using the effective interest rates as of June 30, 2018 and December 31, 2017, respectively. There can be no assurance that the weighted average yield will remain at its current level.

For three months ended June 30, 2018 and 2017, the Company's share of income from distributions related to its Logan JV LLC equity interest was $2,400 and $2,080, respectively, which amounts are included in dividend income and realized gains from controlled investments in the Consolidated Statement of Operations. For the six months ended June 30, 2018 and 2017, the Company's share of income from distributions related to its Logan JV LLC equity interest was $4,800 and $4,180, respectively, which amounts are included in dividend income from controlled investments and net realized gain (loss) from controlled investments in the Consolidated Statement of Operations. As of June 30, 2018 and December 31, 2017, $2,616 and $2,640, respectively, of income related to the Logan JV was included in interest, dividends and fees receivable on the Consolidated Statements of Assets and Liabilities. As of June 30, 2018, distributions declared and earned of $9,920 for the twelve months ended June 30, 2018, represented a dividend yield to the Company of 14.1% based upon average capital invested. As of December 31, 2017, distributions declared and earned of $9,300 for the twelve months ended December 31, 2017, represented a dividend yield to the Company of 14.2% based upon average capital invested.

Logan JV Loan Portfolio as of June 30, 2018

(dollar amounts in thousands)

Type of Investment/ Portfolio company	Industry	Interest Rate (1)	Initial Acquisition Date	Maturity Date	Principal	Amortized Cost	Fair Value (2)
Senior Secured First Lien Term Loans							
Canada							
Can Am Construction Inc	Construction & Building	7.59% (LIBOR +5.5%)	06/29/2017	07/01/2024	1,188	$ 1,157	$1,203
Parq Holdings LP	Hotel, Gaming & Leisure	9.83% (LIBOR +7.5%)	12/05/2014	12/17/2020	993	986	995
PNI Canada Acquireco Corp	High Tech Industries	7.84% (LIBOR +5.75%)	08/23/2017	09/21/2022	1,811	1,719	1,827
Total Canada						$ 3,862	$4,025
Germany							
Rhodia Acetow	Construction & Building	7.95% (LIBOR +5.5%)	04/21/2017	05/31/2023	990	$ 978	$995
VAC Germany Holding GmbH	Metals & Mining	6.33% (LIBOR +4%)	02/26/2018	02/26/2025	2,993	2,978	3,008
Total Germany						$ 3,956	$4,003
United Kingdom							
EG Group	Retail	6.33% (LIBOR +4%)	03/23/2018	02/07/2025	2,860	$ 2,846	$2,839
Total United Kingdom						$ 2,846	$2,839
United States of America							
1A Smart Start LLC	Services: Consumer	6.59% (LIBOR +4.5%)	03/20/2017	02/21/2022	1,588	$ 1,583	$1,588
1A Smart Start LLC	Services: Consumer	6.84% (LIBOR +4.75%)	08/28/2015	02/21/2022	2,438	2,424	2,438
A Place for Mom Inc	Services: Consumer	5.84% (LIBOR +3.75%)	07/28/2017	08/10/2024	3,970	3,953	3,982
A10 Capital, LLC	Services: Business		04/25/2018	04/27/2023	5,000	4,952	4,950

		8.58% (LIBOR +6.5%)					
Advanced Computer Software	High Tech Industries	6.78% (LIBOR +4.75%)	05/25/2018	05/31/2024	1,500	1,496	1,511
Advanced Integration Technology LP	Aerospace & Defense	7.22% (LIBOR +4.75%)	07/15/2016	04/03/2023	1,965	1,950	1,965
AgroFresh Inc.	Services: Business	7.11% (LIBOR +4.75%)	12/01/2015	07/31/2021	1,950	1,942	1,940
Air Medical Group Holdings Inc	Healthcare & Pharmaceuticals	6.34% (LIBOR +4.25%)	09/26/2017	03/14/2025	2,239	2,223	2,212
Alpha Media LLC	Media: Broadcasting & Subscription	8.1% (LIBOR +6%)	02/24/2016	02/25/2022	3,172	3,074	3,013
American Sportsman Holdings Co	Retail	7.09% (LIBOR +5%)	11/22/2016	09/25/2024	3,970	3,922	3,981
Ansira Holdings, Inc. (3)	Media: Advertising, Printing & Publishing	7.73% (LIBOR +5.75%)	04/17/2018	12/20/2022	613	68	67
Ansira Holdings, Inc.	Media: Advertising, Printing & Publishing	7.84% (LIBOR +5.75%)	12/20/2016	12/20/2022	140	139	139
Ansira Holdings, Inc.	Media: Advertising, Printing & Publishing	7.84% (LIBOR +5.75%)	12/20/2016	12/20/2022	1,719	1,706	1,710
AP Gaming I LLC	Hotel, Gaming & Leisure	6.34% (LIBOR +4.25%)	06/06/2016	02/15/2024	2,475	2,469	2,498
APC Aftermarket	Automotive	7.36% (LIBOR +5%)	05/09/2017	05/10/2024	495	487	486
Aptean, Inc.	Services: Business	6.59% (LIBOR +4.25%)	02/15/2016	12/20/2022	1,975	1,959	1,977
Avaya Inc	Telecommunications	6.32% (LIBOR +4.25%)	11/09/2017	12/15/2024	2,601	2,575	2,608
Barbri Inc	Media: Diversified & Production	6.25% (LIBOR +4.25%)	12/01/2017	11/21/2023	3,491	3,475	3,496
Beasley Mezzanine Holdings LLC	Media: Broadcasting & Subscription	6.09% (LIBOR +4%)	11/17/2017	11/01/2023	2,966	2,952	2,996
Big Ass Fans LLC	Services: Business	6.08% (LIBOR +3.75%)	11/07/2017	05/21/2024	2,488	2,476	2,497

Big River Steel LLC	Metals & Mining	7.33% (LIBOR +5%)	08/15/2017	08/23/2023	1,985	1,968	2,019
BI-LO LLC	Retail	10.33% (LIBOR +8%)	05/15/2018	05/31/2024	1,500	1,440	1,452
Bomgar Corp	Telecommunications	6.33% (LIBOR +4%)	04/17/2018	04/18/2025	2,000	1,995	2,010
Brand Energy & Infrastructure Services, Inc.	Services: Business	6.61% (LIBOR +4.25%)	06/16/2017	06/21/2024	2,970	2,944	2,979
Catapult Learning, Inc.	Services: Consumer	8.52% (LIBOR +6.35%)	05/22/2018	05/18/2023	4,739	4,692	4,692
Catapult Learning, Inc. (4) (14)	Services: Consumer	6.84% (LIBOR +4.5%)	05/22/2018	05/18/2023	261	(3)	(3)
CC Amulet Intermediate, LLC (5) (14)	Healthcare & Pharmaceuticals	3.34% (LIBOR +1%)	06/18/2018	04/30/2024	1,538	(15)	(15)
CC Amulet Intermediate, LLC	Healthcare & Pharmaceuticals	6.84% (LIBOR +4.75%)	06/18/2018	04/30/2024	3,462	3,427	3,427
Clear Balance Holdings, LLC	Banking, Finance, Insurance & Real Estate	8.08% (LIBOR +5.75%)	07/07/2015	10/05/2023	4,963	4,942	4,938

40

Logan JV Loan Portfolio as of June 30, 2018

(dollar amounts in thousands)

Type of Investment/ Portfolio company	Industry	Interest Rate [1]	Initial Acquisition Date	Maturity Date	Principal	Amortized Cost	Fair Value [2]
Commercial Barge Line Co	Transportation: Cargo	10.84% (LIBOR +8.75%)	11/06/2015	11/12/2020	1,331	1,300	932
Constellis Holdings, LLC	Aerospace & Defense	7.33% (LIBOR +5%)	04/18/2017	04/21/2024	1,980	1,964	1,991
Conyers Park Parent Merger Sub Inc	Retail	5.86% (LIBOR +3.5%)	06/21/2017	07/07/2024	1,985	1,976	2,012
Country Fresh Holdings, LLC	Beverage, Food & Tobacco	7.33% (LIBOR +5%)	07/14/2017	03/31/2023	4,747	4,708	4,593
Covenant Surgical Partners Inc [11]	Healthcare & Pharmaceuticals	7.11% (LIBOR +4.75%)	09/29/2017	10/04/2024	690	412	417
Covenant Surgical Partners Inc	Healthcare & Pharmaceuticals	6.81% (LIBOR +4.5%)	09/29/2017	10/04/2024	2,296	2,291	2,308
CPI Acquisition, Inc.	Services: Consumer	6.36% (LIBOR +4.5%)	08/14/2015	08/17/2022	4,187	4,095	2,544
CryoLife Inc	Healthcare & Pharmaceuticals	6.33% (LIBOR +4%)	11/15/2017	12/02/2024	1,990	1,981	2,006
CT Technologies Intermediate Holdings, Inc	Healthcare & Pharmaceuticals	6.34% (LIBOR +4.25%)	02/11/2015	12/01/2021	1,930	1,935	1,832
Deerfield Holdings Corp	Banking, Finance, Insurance & Real Estate	5.58% (LIBOR +3.25%)	12/06/2017	12/06/2024	249	249	249
DigiCert, Inc.	Services: Business	6.84% (LIBOR +4.75%)	09/20/2017	10/31/2024	998	993	998
DXP Enterprises, Inc.	Energy: Oil & Gas	6.84% (LIBOR +4.75%)	08/16/2017	08/29/2023	1,489	1,476	1,497
Evo Payments International, LLC	Services: Business	5.36% (LIBOR +3.25%)	12/08/2016	12/22/2023	2,607	2,587	2,603
Fleetpride	Automotive		03/28/2018	11/19/2022	1,674	1,625	1,687

		6.59% (LIBOR +4.5%)					
Freedom Mortgage Corporation	Banking, Finance, Insurance & Real Estate	6.84% (LIBOR +4.75%)	02/17/2017	02/23/2022	-	-	-
FullBeauty Brands LP	Retail	6.84% (LIBOR +4.75%)	03/08/2016	10/14/2022	3,909	3,730	1,622
Gold Standard Baking, Inc.	Wholesale	8.5% (LIBOR +4.5%)	05/19/2015	04/23/2021	2,910	2,903	2,706
Golden West Packaging Group LLC	Forest Products & Paper	7.34% (LIBOR +5.25%)	02/09/2018	06/20/2023	4,872	4,849	4,878
Great Dane Merger Sub Inc	Services: Business	5.86% (LIBOR +3.75%)	05/02/2018	05/21/2025	3,000	2,985	3,015
Green Plains Inc	Chemicals, Plastics & Rubber	7.6% (LIBOR +5.5%)	08/18/2017	08/29/2023	1,418	1,406	1,439
Gruden Acquisition Inc.	Transportation: Cargo	7.83% (LIBOR +5.5%)	06/21/2017	08/18/2022	1,980	1,940	1,997
Gulf Finance, LLC	Energy: Oil & Gas	7.59% (LIBOR +5.25%)	08/17/2016	08/25/2023	1,884	1,843	1,635
Heartland Dental LLC (6)(14)	Services: Consumer	6.09% (LIBOR +3.75%)	04/19/2018	04/17/2025	196	(1)	(1)
Heartland Dental LLC	Services: Consumer	5.84% (LIBOR +3.75%)	04/19/2018	04/30/2025	1,304	1,298	1,299
Help/Systems Holdings, Inc.	Services: Business	5.84% (LIBOR +3.75%)	03/23/2018	03/28/2025	2,000	1,995	2,003
Higginbotham Insurance Agency, Inc.	Banking, Finance, Insurance & Real Estate	5.84% (LIBOR +3.75%)	12/14/2017	12/19/2024	4,975	4,952	4,913
Idera Inc	High Tech Industries	6.6% (LIBOR +4.5%)	06/27/2017	06/28/2024	2,344	2,323	2,376
Impala Private Holdings II LLC	Services: Business	6.1% (LIBOR +4%)	11/10/2017	11/14/2024	1,658	1,651	1,659
Infoblox Inc.	High Tech Industries	6.59% (LIBOR +4.5%)	11/03/2016	11/07/2023	2,147	2,107	2,169
Insurance Technologies	Banking, Finance, Insurance & Real Estate	8.39% (LIBOR +6.5%)	03/26/2015	12/15/2021	3,032	3,010	3,032

Insurance Technologies (12)(14)	Banking, Finance, Insurance & Real Estate	2.34% (LIBOR +0%)	03/26/2015	12/15/2021	137	(1)	-
International Textile Group Inc	Consumer goods: Durable	6.98% (LIBOR +5%)	04/20/2018	04/19/2024	1,000	995	1,007
Isagenix International LLC	Consumer goods: Non-Durable	8.08% (LIBOR +5.75%)	04/26/2018	04/26/2025	2,000	1,980	2,005
Kemet Corporation	High Tech Industries	8.09% (LIBOR +6%)	04/21/2017	04/26/2024	950	926	964
Kestra Financial, Inc.	Banking, Finance, Insurance & Real Estate	6.59% (LIBOR +4.5%)	06/10/2016	06/24/2022	3,920	3,881	3,910
KMG Chemicals Inc	Chemicals, Plastics & Rubber	4.84% (LIBOR +2.75%)	06/13/2017	06/15/2024	734	731	736
LifeScan Global Corp (13)	Healthcare & Pharmaceuticals	8.34% (LIBOR +6%)	06/19/2018	06/18/2024	2,250	2,183	2,188
LSCS Holdings Inc. (9)	Healthcare & Pharmaceuticals	6.34% (LIBOR +4.25%)	03/09/2018	03/17/2025	544	427	430
LSCS Holdings Inc.	Healthcare & Pharmaceuticals	6.75% (LIBOR +4.25%)	03/09/2018	03/17/2025	2,171	2,160	2,171
Lyons Magnus Inc	Beverage, Food & Tobacco	5.59% (LIBOR +2.5%)	06/08/2018	11/11/2024	3,984	3,971	4,001
MAG DS Corp.	Aerospace & Defense	6.76% (LIBOR +4.75%)	06/01/2018	05/30/2025	3,000	2,970	2,993
Mavenir Systems Inc	Services: Business	8.03% (LIBOR +6%)	05/01/2018	05/01/2025	2,000	1,961	2,005
MCS Group Holdings LLC	Services: Business	7.08% (LIBOR +4.75%)	05/12/2017	05/20/2024	1,980	1,972	1,916
MDVIP Inc	Services: Business	6.34% (LIBOR +4.25%)	11/10/2017	11/14/2024	3,025	3,011	3,040
Merrill Communications LLC	Media: Advertising, Printing & Publishing	7.61% (LIBOR +5.25%)	05/29/2015	06/01/2022	1,750	1,744	1,772

41

Logan JV Loan Portfolio as of June 30, 2018

(dollar amounts in thousands)

Type of Investment/ Portfolio company	Industry	Interest Rate [1]	Initial Acquisition Date	Maturity Date	Principal	Amortized Cost	Fair Value [2]
Miller's Ale House Inc	Beverage, Food & Tobacco	6.84% (LIBOR +4.75%)	05/24/2018	05/21/2025	2,400	2,388	2,403
Morphe, LLC	Consumer goods: Non-Durable	8.33% (LIBOR +6%)	02/21/2017	02/10/2023	2,813	2,780	2,813
Nasco Healthcare, Inc.	Healthcare & Pharmaceuticals	7.02% (LIBOR +4.5%)	07/13/2015	06/30/2021	4,513	4,501	4,467
New Insight Holdings Inc	Services: Business	7.86% (LIBOR +5.5%)	12/08/2017	12/20/2024	1,990	1,898	1,960
NextCare, Inc. [10][14]	Healthcare & Pharmaceuticals	7.09% (LIBOR +4.75%)	02/13/2018	02/28/2023	588	(5)	(6)
NextCare, Inc.	Healthcare & Pharmaceuticals	6.84% (LIBOR +4.75%)	02/13/2018	02/28/2023	3,403	3,371	3,369
Northern Star Holdings Inc.	Services: Business	7.08% (LIBOR +4.75%)	03/28/2018	03/14/2025	4,239	4,219	4,245
Oak Point Partners, LLC	Banking, Finance, Insurance & Real Estate	7.09% (LIBOR +4.75%)	09/13/2017	09/13/2023	3,000	2,967	3,000
OB Hospitalist Group Inc	Healthcare & Pharmaceuticals	6.23% (LIBOR +4.25%)	08/08/2017	08/01/2024	2,364	2,354	2,376
Odyssey Logistics & Technology Corp	Transportation: Cargo	5.84% (LIBOR +3.75%)	10/06/2017	10/12/2024	1,990	1,980	2,002
OpenLink	High Tech Industries	7.33% (LIBOR +5%)	03/02/2018	03/21/2025	1,985	1,975	1,997
Output Services Group Inc	Services: Business	6.34% (LIBOR +4.25%)	03/26/2018	03/21/2024	3,721	3,703	3,759
Output Services Group Inc [8][14]	Services: Business	6.59% (LIBOR +4.25%)	03/26/2018	03/31/2024	769	(4)	8
	Services: Business		03/22/2018	03/22/2025	2,340	2,329	2,343

Park Place Technologies, LLC		6.09% (LIBOR +4%)					
Ping Identity Corp	High Tech Industries	5.84% (LIBOR +3.75%)	01/23/2018	01/24/2025	1,500	1,493	1,503
Project Leopard Holdings Inc	High Tech Industries	6.09% (LIBOR +4%)	06/21/2017	07/07/2023	1,737	1,733	1,739
PSC Industrial Outsourcing, LP	Environmental Industries	5.84% (LIBOR +3.75%)	10/05/2017	10/11/2024	1,990	1,972	1,995
PT Holdings LLC	Wholesale	6.33% (LIBOR +4%)	12/04/2017	12/09/2024	-	-	-
Quidditch Acquisition Inc	Beverage, Food & Tobacco	9.09% (LIBOR +7%)	03/16/2018	03/21/2025	1,019	999	1,029
Red Ventures LLC	Media: Diversified & Production	6.09% (LIBOR +4%)	10/18/2017	11/08/2024	2,481	2,459	2,497
SCS Holdings Inc	Services: Business	6.34% (LIBOR +4.25%)	11/20/2015	10/30/2022	1,751	1,741	1,758
Silverback Merger Sub Inc	High Tech Industries	5.58% (LIBOR +3.5%)	08/11/2017	08/21/2024	1,191	1,188	1,179
Sirva Worldwide, Inc.	Transportation: Cargo	8.86% (LIBOR +6.5%)	11/18/2016	11/22/2022	2,757	2,706	2,767
Situs Group Holdings Corporation	Banking, Finance, Insurance & Real Estate	6.59% (LIBOR +4.5%)	02/21/2018	02/27/2023	3,990	3,971	3,970
SMS Systems Maintenance Services Inc	Services: Business	7.09% (LIBOR +5%)	02/09/2017	10/30/2023	2,955	2,943	2,384
SoClean, Inc	Consumer goods: Non-Durable	8.31% (LIBOR +6%)	02/13/2018	12/20/2022	3,175	3,145	3,175
Standard Media Group LLC [(13)]	Media: Diversified & Production	6.34% (LIBOR +4%)	06/22/2018	06/19/2025	2,000	1,990	2,003
Starfish- V Merger Sub Inc	High Tech Industries	7.09% (LIBOR +5%)	08/11/2017	08/16/2024	1,241	1,230	1,246
STS Operating, Inc.	Services: Consumer	5.84% (LIBOR +3.75%)	04/27/2018	12/11/2024	1,496	1,493	1,497
TerraForm AP Acquisition Holdings LLC	Energy: Electricity	6.58% (LIBOR +4.25%)	10/11/2016	06/27/2022	809	809	812

ThoughtWorks, Inc.	High Tech Industries	6.09% (LIBOR +4%)	10/06/2017	10/11/2024	3,000	2,993	3,021
ThoughtWorks, Inc.	High Tech Industries	6.09% (LIBOR +4%)	04/19/2018	10/11/2024	571	569	574
ThoughtWorks, Inc. (7)(14)	High Tech Industries	6.34% (LIBOR +4%)	04/19/2018	10/12/2024	429	(2)	2
TKC Holdings Inc	Consumer goods: Durable	5.85% (LIBOR +3.75%)	06/08/2017	02/01/2023	296	295	296
TOMS Shoes LLC	Retail	7.59% (LIBOR +5.5%)	12/18/2014	10/30/2020	1,935	1,876	1,472
Tupelo Buyer Inc	Transportation: Consumer	5.81% (LIBOR +3.75%)	10/02/2017	10/07/2024	2,215	2,200	2,217
TV Borrower US LLC	High Tech Industries	7.08% (LIBOR +4.75%)	02/16/2017	02/22/2024	988	983	990
Uber Technologies, Inc.	Transportation: Consumer	6% (LIBOR +4%)	03/22/2018	04/04/2025	2,800	2,786	2,813
US Salt LLC	Chemicals, Plastics & Rubber	6.84% (LIBOR +4.75%)	11/30/2017	12/01/2023	2,993	2,965	2,992
US Shipping Corp	Utilities: Oil & Gas	6.34% (LIBOR +4.25%)	03/09/2016	06/26/2021	206	199	199
Utility One Source L.P.	Construction & Building	7.59% (LIBOR +5.5%)	04/07/2017	04/18/2023	990	982	1,016
Verdesian Life Sciences LLC	Chemicals, Plastics & Rubber	7.36% (LIBOR +5%)	12/09/2014	07/01/2020	2,061	1,924	1,988
Vertiv Group Corporation	Capital Equipment	6% (LIBOR +4%)	09/30/2015	11/30/2023	1,504	1,468	1,497
Viewpoint Inc	High Tech Industries	6.55% (LIBOR +4.25%)	07/18/2017	07/19/2024	993	988	997
Vistage Worldwide, Inc.	Services: Business	6.05% (LIBOR +4%)	02/06/2018	02/10/2025	2,514	2,508	2,523

Logan JV Loan Portfolio as of June 30, 2018

(dollar amounts in thousands)

Type of Investment/ Portfolio company	Industry	Interest Rate (1)	Initial Acquisition Date	Maturity Date	Principal	Amortized Cost	Fair Value (2)
Weight Watchers International, Inc.	Beverage, Food & Tobacco	7.06% (LIBOR +4.75%)	11/20/2017	11/29/2024	2,633	2,584	2,668
Wirepath Home Systems LLC	Services: Consumer	6.83% (LIBOR +4.5%)	07/31/2017	08/05/2024	2,978	2,964	2,994
Women's Care Florida LLP	Healthcare & Pharmaceuticals	6.59% (LIBOR +4.5%)	08/18/2017	09/29/2023	4,975	4,953	4,969
Yak Access LLC (13)	Construction & Building	7.34% (LIBOR +5%)	06/29/2018	06/13/2025	3,000	2,910	2,910
Zenith Merger Sub, Inc.	Services: Business	7.83% (LIBOR +5.5%)	12/22/2017	12/13/2023	2,985	2,958	2,970
Total United States of America						$ 264,140	$ 260,500
Total Senior Secured First Lien Term Loans						$ 274,804	$ 271,367
Second Lien Term Loans							
Luxembourg							
Lully Finance S.a.r.l.	Telecommunications	10.59% (LIBOR +8.5%)	07/31/2015	10/16/2023	1,000	$ 993	$ 998
Total Luxembourg						$ 993	$ 998
United States of America							
ABG Intermediate Holdings 2 LLC	Consumer goods: Non-Durable	9.84% (LIBOR +7.75%)	09/26/2017	09/29/2025	2,333	$ 2,317	$ 2,339
BJ's Wholesale Club, Inc.	Beverage, Food & Tobacco	9.53% (LIBOR +7.5%)	01/27/2017	02/03/2025	-	-	-
CH Hold Corp	Automotive	9.34% (LIBOR	01/26/2017	02/03/2025	1,000	996	1,016

		+7.25%)					
Constellis Holdings, LLC	Aerospace & Defense	11.33% (LIBOR +9%)	04/18/2017	04/21/2025	1,000	987	1,012
DigiCert, Inc.	Services: Business	10.09% (LIBOR +8%)	09/20/2017	10/31/2025	750	747	734
DiversiTech Holdings Inc	Capital Equipment	9.84% (LIBOR +7.5%)	05/18/2017	06/02/2025	2,000	1,983	2,030
Gruden Acquisition Inc.	Transportation: Cargo	10.83% (LIBOR +8.5%)	07/31/2015	08/18/2023	500	484	503
Midwest Physician Administrative Services, LLC	Healthcare & Pharmaceuticals	9.09% (LIBOR +7%)	08/11/2017	08/15/2025	979	970	984
NextCare, Inc.	Healthcare & Pharmaceuticals	10.84% (LIBOR +8.75%)	02/13/2018	08/28/2023	1,000	986	985
NN Inc.	Automotive	10.03% (LIBOR +8%)	05/03/2018	04/19/2023	3,000	2,941	2,985
Optiv Security Inc	Services: Business	9.31% (LIBOR +7.25%)	01/19/2017	01/31/2025	1,500	1,494	1,456
Park Place Technologies, LLC	Services: Business	10.09% (LIBOR +8%)	03/22/2018	03/29/2026	700	693	702
Pathway Partners Vet Management	Healthcare & Pharmaceuticals	10.09% (LIBOR +8%)	10/04/2017	10/10/2025	1,899	1,882	1,890
Pathway Partners Vet Management	Healthcare & Pharmaceuticals	10.09% (LIBOR +8%)	10/04/2017	10/10/2025	101	100	100
Red Ventures LLC	Media: Diversified & Production	10.09% (LIBOR +8%)	10/18/2017	11/08/2025	497	490	507
SESAC Holdco II LLC	Media: Diversified & Production	9.34% (LIBOR +7.25%)	02/13/2017	02/24/2025	1,000	992	994
TKC Holdings Inc	Consumer goods: Durable	10.1% (LIBOR +8%)	01/31/2017	02/01/2024	1,850	1,837	1,856
TV Borrower US LLC	High Tech Industries	10.58% (LIBOR +8.25%)	02/16/2017	02/22/2025	1,000	987	990
Viewpoint Inc	High Tech Industries	12.25% (LIBOR +8.25%)	07/18/2017	07/21/2025	1,000	991	1,005
Wash Multifamily Laundry Systems,	Services: Consumer	9.09% (LIBOR	05/04/2015	05/15/2023	425	424	413

LLC.		+7%)					
Wash Multifamily Laundry Systems, LLC.	Services: Consumer	9.09% (LIBOR +7%)	05/04/2015	05/12/2023	75	74	72
Total United States of America						$ 22,375	$ 22,573
Total Second Lien Term Loans						$ 23,368	$ 23,571
Total Investments						$ 298,172	$ 294,938
Cash and cash equivalents							

43

Logan JV Loan Portfolio as of June 30, 2018

(dollar amounts in thousands)

Type of Investment/ Portfolio company	Industry	Interest Rate [(1)]	Initial Acquisition Date	Maturity Date	Principal	Amortized Cost	Fair Value [(2)]
Dreyfus Government Cash Management Fund						29,356	29,356
Other cash accounts						53	53
Total Cash and cash equivalents						$ 29,409	$ 29,409

(1) Variable interest rates indexed to 30-day, 60-day, 90-day or 180-day LIBOR rates, at the borrower's option. LIBOR rates are subject to interest rate floors.

(2) Represents fair value in accordance with ASC Topic 820.

(3) Represents a delayed draw commitment of $613,171, of which $543,250 was unfunded as of June 30, 2018. Unfunded amounts of a delayed draw position have a lower rate than the contractual fully funded rate. Issuer pays 2.50% unfunded commitment fee on delayed draw term loan and/or revolving loan facilities.

(4) Represents a delayed draw commitment of $260,664, which was unfunded as of June 30, 2018. Issuer does not pay unfunded commitment fee on delayed draw term loan and/or revolving loan facilities.

(5) Represents a delayed draw commitment of $1,538,462, which was unfunded as of June 30, 2018. Issuer pays 1.00% unfunded commitment fee on delayed draw term loan and/or revolving loan facilities.

(6) Represents a delayed draw commitment of $195,652, which was unfunded as of June 30, 2018. Issuer pays 1.875% unfunded commitment fee on delayed draw term loan and/or revolving loan facilities.

(7) Represents a delayed draw commitment of $428,571, which was unfunded as of June 30, 2018. Issuer pays 2.00% unfunded commitment fee on delayed draw term loan and/or revolving loan facilities.

(8) Represents a delayed draw commitment of $769,231, which was unfunded as of June 30, 2018. Issuer pays 4.25% unfunded commitment fee on delayed draw term loan and/or revolving loan facilities.

(9) Represents a delayed draw commitment of $544,000, of which $114,240 was unfunded as of June 30, 2018. Unfunded amounts of a delayed draw position have a lower rate than the contractual fully funded rate. Issuer pays 4.25% unfunded commitment fee on delayed dray term loan and/or revolving loan facilities.

(10) Represents a delayed draw commitment of $588,235, which was unfunded as of June 30, 2018. Issuer pays 1.00% unfunded commitment fee on delayed draw term loan and/or revolving loan facilities.

(11) Represents a delayed draw commitment of $690,373, of which $276,923 was unfunded as of June 30, 2018. Unfunded amounts of a delayed draw position have a lower rate than the contractual fully funded rate. Issuer pays 4.50% unfunded commitment fee on delayed dray term loan and/or revolving loan facilities.

(12) Represents a delayed draw commitment of $136,964, which was unfunded as of June 30, 2018. Issuer pays 0.50% unfunded commitment fee on delayed draw term loan and/or revolving loan facilities.

(13) Unsettled trade that interest will start to accrue on when the trade settles. 3 month Libor as of June 30, 2018 is shown to reflect possible projected interest rate.

(14) Unfunded amount will start to accrue interest when the position is funded. 3 month Libor as of June 30, 2018 is shown to reflect possible projected interest rate.

Logan JV Loan Portfolio as of December 31, 2017

(dollar amounts in thousands)

Type of Investment/ Portfolio company	Industry	Interest Rate [1]	Initial Acquisition Date	Maturity Date	Principal	Amortized Cost	Fair Value [2]
Senior Secured First Lien Term Loans							
Canada							
Can Am Construction Inc	Construction & Building	7.07% (LIBOR +5.5%)	06/29/2017	07/01/2024	1,194	$ 1,160	$1,206
Parq Holdings LP	Hotel, Gaming & Leisure	9.19% (LIBOR +7.5%)	12/05/2014	12/17/2020	998	$ 989	$1,005
PNI Canada Acquireco Corp	High Tech Industries	7.32% (LIBOR +5.75%)	08/23/2017	09/21/2022	1,820	$ 1,717	$1,764
Total Canada						$ 3,866	$3,975
Cayman Islands							
Lindblad Maritime	Hotel, Gaming & Leisure	6.34% (LIBOR +4.5%)	06/23/2015	05/08/2021	334	$ 336	$337
Total Cayman Islands						$ 336	$337
Denmark							
Rhodia Acetow	Construction & Building	7.19% (LIBOR +5.5%)	04/21/2017	05/31/2023	995	$ 982	$999
Total Denmark						$ 982	$999
Luxembourg							
AMS FinCo SARL	Services: Business	7.07% (LIBOR +5.5%)	05/17/2017	05/27/2024	2,488	$ 2,465	$2,512
Total Luxembourg						$ 2,465	$2,512
United States of America							
1A Smart Start LLC	Services: Consumer	6.19% (LIBOR +4.5%)	03/20/2017	02/21/2022	1,593	$ 1,588	$1,586
1A Smart Start LLC	Services: Consumer	6.44% (LIBOR +4.75%)	08/28/2015	02/21/2022	2,450	$ 2,434	$2,450

A Place for Mom Inc	Services: Consumer	5.69% (LIBOR +4%)	07/28/2017	08/10/2024	3,990	$ 3,971	$4,002
Advanced Integration Technology LP	Aerospace & Defense	6.32% (LIBOR +4.75%)	07/15/2016	04/03/2023	1,975	$ 1,958	$1,990
AgroFresh Inc.	Services: Business	6.44% (LIBOR +4.75%)	12/01/2015	07/31/2021	1,955	$ 1,946	$1,935
Air Medical Group Holdings Inc	Healthcare & Pharmaceuticals	4.25% (LIBOR +4.25%)	09/26/2017	09/25/2024	2,250	$ 2,233	$2,259
Alpha Media LLC	Media: Broadcasting & Subscription	7.42% (LIBOR +6%)	02/24/2016	02/25/2022	3,299	$ 3,184	$3,159
American Sportsman Holdings Co	Retail	6.569% (LIBOR +5%)	11/22/2016	09/25/2024	3,990	$ 3,938	$3,985
Ansira Holdings, Inc. (3)	Media: Advertising, Printing & Publishing	8.19% (LIBOR +6.5%)	12/20/2016	12/20/2022	254	$ 138	$139
Ansira Holdings, Inc.	Media: Advertising, Printing & Publishing	8.19% (LIBOR +6.5%)	12/20/2016	12/20/2022	1,728	$ 1,714	$1,719
AP Gaming I LLC	Hotel, Gaming & Leisure	7.07% (LIBOR +5.5%)	06/06/2017	02/15/2024	2,488	$ 2,482	$2,517
APC Aftermarket	Automotive	6.41% (LIBOR +5%)	05/09/2017	05/10/2024	498	$ 488	$492
Aptean, Inc.	Services: Business	5.95% (LIBOR +4.25%)	12/15/2017	12/20/2022	1,985	$ 1,967	$2,004
Avaya Inc	Telecommunications	6.23% (LIBOR +4.75%)	11/09/2017	12/15/2024	2,614	$ 2,586	$2,577
Barbri Inc	Media: Diversified & Production	5.73% (LIBOR +4.25%)	12/01/2017	11/21/2023	3,500	$ 3,483	$3,500
Beasley Mezzanine Holdings LLC	Media: Broadcasting & Subscription	5.49% (LIBOR +4%)	11/17/2017	11/15/2023	3,033	$ 3,018	$3,064
Big Ass Fans LLC	Services: Business	5.94% (LIBOR +4.25%)	11/07/2017	05/21/2024	2,500	$ 2,488	$2,511
Big River Steel LLC	Metals & Mining	6.69% (LIBOR +5%)	08/15/2017	08/23/2023	1,995	$ 1,976	$2,017
Birch Communications, Inc.	Telecommunications	8.6% (LIBOR +7.25%)	12/05/2014	07/17/2020	1,289	$ 1,280	$1,234

Brand Energy & Infrastructure Services, Inc.	Services: Business	5.63% (LIBOR +4.25%)	06/16/2017	06/21/2024	2,985	$ 2,957	$3,000
Clear Balance Holdings, LLC	Banking, Finance, Insurance & Real Estate	7.44% (LIBOR +5.75%)	07/07/2015	06/30/2020	4,988	$ 4,976	$4,938
Commercial Barge Line Co	Transportation: Cargo	10.32% (LIBOR +8.75%)	11/06/2015	11/12/2020	1,369	$ 1,330	$800
Constellis Holdings, LLC	Aerospace & Defense	6.69% (LIBOR +5%)	04/18/2017	04/21/2024	1,990	$ 1,972	$2,014
ConvergeOne Holdings Corp.	Telecommunications	6.45% (LIBOR +4.75%)	06/15/2017	06/20/2024	1,990	$ 1,972	$1,997

Logan JV Loan Portfolio as of December 31, 2017

(dollar amounts in thousands)

Type of Investment/ Portfolio company	Industry	Interest Rate (1)	Initial Acquisition Date	Maturity Date	Principal	Amortized Cost	Fair Value (2)
Conyers Park Parent Merger Sub Inc	Retail	5.39% (LIBOR +4%)	06/21/2017	07/07/2024	1,995	$ 1,986	$2,012
Country Fresh Holdings, LLC	Beverage, Food & Tobacco	6.69% (LIBOR +5%)	07/14/2017	03/31/2023	4,874	$ 4,829	$4,825
Covenant Surgical Partners Inc (5)	Healthcare & Pharmaceuticals	6.13% (LIBOR +4.75%)	09/29/2017	09/28/2024	692	$ 126	$133
Covenant Surgical Partners Inc	Healthcare & Pharmaceuticals	6.09% (LIBOR +4.75%)	09/29/2017	10/04/2024	2,308	$ 2,302	$2,325
CPI Acquisition, Inc.	Services: Consumer	5.96% (LIBOR +4.5%)	08/14/2015	08/17/2022	4,187	$ 4,084	$3,057
CryoLife Inc	Healthcare & Pharmaceuticals	5.36% (LIBOR +4%)	11/15/2017	12/02/2024	2,000	$ 1,990	$2,020
CT Technologies Intermediate Holdings, Inc	Healthcare & Pharmaceuticals	5.82% (LIBOR +4.25%)	02/11/2015	12/01/2021	1,940	$ 1,946	$1,939
Cvent, Inc.	Services: Business	5.32% (LIBOR +3.75%)	06/16/2016	11/29/2024	1,990	$ 1,972	$1,995
Deerfield Holdings Corp	Banking, Finance, Insurance & Real Estate	3.25% (LIBOR +3.25%)	12/06/2017	12/06/2024	250	$ 249	$251
DigiCert, Inc.	Services: Business	6.13% (LIBOR +4.75%)	09/20/2017	10/31/2024	1,000	$ 995	$1,014
DXP Enterprises, Inc.	Energy: Oil & Gas	7.07% (LIBOR +5.5%)	08/16/2017	08/29/2023	1,496	$ 1,482	$1,511
EmployBridge Holding Co.	Services: Business	8.19% (LIBOR +6.5%)	02/04/2015	05/15/2020	2,912	$ 2,907	$2,844
EnergySolutions, LLC	Environmental Industries	6.45% (LIBOR +4.75%)	07/28/2017	05/29/2020	3,727	$ 3,774	$3,783
	Services: Business		12/08/2016	12/22/2023	2,620	$ 2,598	$2,646

Evo Payments International, LLC		5.57% (LIBOR +4%)					
Fairmount Santrol Holdings Inc.	Metals & Mining	7.69% (LIBOR +6%)	10/27/2017	11/01/2022	2,000	$ 1,971	$2,028
Freedom Mortgage Corporation	Banking, Finance, Insurance & Real Estate	6.96% (LIBOR +5.5%)	02/17/2017	02/23/2022	2,956	$ 2,948	$3,002
FullBeauty Brands LP	Retail	6.32% (LIBOR +4.75%)	03/08/2016	10/14/2022	3,929	$ 3,729	$2,325
Gold Standard Baking, Inc.	Wholesale	6.25% (LIBOR +4.5%)	05/19/2015	04/23/2021	2,925	$ 2,917	$2,918
Green Plains Inc	Chemicals, Plastics & Rubber	7.07% (LIBOR +5.5%)	08/18/2017	08/29/2023	1,425	$ 1,411	$1,439
Gruden Acquisition Inc.	Transportation: Cargo	7.19% (LIBOR +5.5%)	06/21/2017	08/18/2022	1,990	$ 1,945	$1,998
Gulf Finance, LLC	Energy: Oil & Gas	6.95% (LIBOR +5.25%)	08/17/2016	08/25/2023	1,946	$ 1,899	$1,756
Heartland Dental LLC	Services: Consumer	6.45% (LIBOR +4.75%)	07/28/2017	07/31/2023	1,000	$ 995	$1,015
Higginbotham Insurance Agency, Inc.	Banking, Finance, Insurance & Real Estate	3.75% (LIBOR +3.75%)	12/14/2017	11/30/2024	5,000	$ 4,975	$5,013
Idera Inc	High Tech Industries	6.57% (LIBOR +5%)	06/27/2017	06/28/2024	2,356	$ 2,334	$2,358
Impala Private Holdings II LLC	Services: Business	5.7% (LIBOR +4%)	11/10/2017	11/14/2024	1,667	$ 1,658	$1,661
Infoblox Inc.	High Tech Industries	6.57% (LIBOR +5%)	11/03/2016	11/07/2023	2,205	$ 2,168	$2,221
Insurance Technologies	Banking, Finance, Insurance & Real Estate	7.74% (LIBOR +6.5%)	03/26/2015	12/15/2021	3,406	$ 3,377	$3,406
Insurance Technologies[(4)]	Banking, Finance, Insurance & Real Estate	0.5% (LIBOR +0.5%)	03/26/2015	12/15/2021	137	$ (1)	$-
Jackson Hewitt Tax Service Inc	Services: Consumer	8.38% (LIBOR +7%)	07/24/2015	07/30/2020	931	$ 921	$923
Kemet Corporation	High Tech Industries	7.57% (LIBOR +6%)	04/21/2017	04/26/2024	975	$ 948	$986

Kestra Financial, Inc.	Banking, Finance, Insurance & Real Estate	6.94% (LIBOR +5.25%)	06/10/2016	06/24/2022	3,940	$ 3,896	$3,940
KMG Chemicals Inc	Chemicals, Plastics & Rubber	4.32% (LIBOR +2.75%)	06/13/2017	06/15/2024	809	$ 805	$813
Lindblad Expeditions Inc	Hotel, Gaming & Leisure	6.34% (LIBOR +4.5%)	06/23/2015	05/08/2021	2,591	$ 2,600	$2,610
Lyons Magnus Inc aka	Consumer goods: Non-Durable	5.68% (LIBOR +4.25%)	11/03/2017	11/11/2024	2,500	$ 2,488	$2,527
Margaritaville Holdings LLC	Beverage, Food & Tobacco	7.46% (LIBOR +6%)	03/12/2015	03/12/2021	4,177	$ 4,155	$4,177
MCS Group Holdings LLC	Services: Business	6.25% (LIBOR +4.75%)	05/12/2017	05/20/2024	1,990	$ 1,981	$2,005
MDVIP Inc	Services: Business	5.66% (LIBOR +4.25%)	11/10/2017	11/14/2024	3,040	$ 3,025	$3,048
Merrill Communications LLC	Media: Advertising, Printing & Publishing	6.63% (LIBOR +5.25%)	05/29/2015	06/01/2022	1,750	$ 1,743	$1,765
Meter Readings Holding, LLC	Utilities: Electric	7.23% (LIBOR +5.75%)	08/17/2016	08/29/2023	2,967	$ 2,941	$2,982
Morphe, LLC	Retail	7.69% (LIBOR +6%)	02/21/2017	02/10/2023	2,888	$ 2,850	$2,873
Nasco Healthcare, Inc.	Healthcare & Pharmaceuticals	6.07% (LIBOR +4.5%)	07/13/2015	06/30/2021	4,536	$ 4,523	$4,513
New Insight Holdings Inc	Services: Business	7.13% (LIBOR +5.5%)	12/08/2017	12/20/2024	2,000	$ 1,900	$1,918
NextCare, Inc.	Healthcare & Pharmaceuticals	7.57% (LIBOR +6%)	08/21/2015	07/31/2018	2,919	$ 2,916	$2,919
Oak Point Partners, LLC	Banking, Finance, Insurance & Real Estate	7.32% (LIBOR +5.75%)	09/13/2017	09/13/2023	3,000	$ 2,964	$2,978
OB Hospitalist Group Inc	Healthcare & Pharmaceuticals	5.61% (LIBOR +4.25%)	08/08/2017	08/01/2024	2,400	$ 2,389	$2,424

46

Logan JV Loan Portfolio as of December 31, 2017

(dollar amounts in thousands)

Type of Investment/ Portfolio company	Industry	Interest Rate (1)	Initial Acquisition Date	Maturity Date	Principal	Amortized Cost	Fair Value (2)
Odyssey Logistics & Technology Corp	Transportation: Cargo	5.82% (LIBOR +4.25%)	10/06/2017	10/12/2024	2,000	$ 1,990	$ 2,010
Pre-Paid Legal Services, Inc	Services: Business	6.82% (LIBOR +5.25%)	05/21/2015	07/01/2019	828	$ 826	$ 831
Project Leopard Holdings Inc	High Tech Industries	7.19% (LIBOR +5.5%)	06/21/2017	07/07/2023	1,746	$ 1,742	$ 1,760
PSC Industrial Outsourcing, LP	Environmental Industries	5.71% (LIBOR +4.25%)	10/05/2017	10/11/2024	2,000	$ 1,981	$ 2,030
PT Holdings LLC	Wholesale	5.57% (LIBOR +4%)	12/04/2017	12/09/2024	3,000	$ 2,985	$ 3,018
Quest Software	High Tech Industries	6.92% (LIBOR +5.5%)	11/09/2017	10/31/2022	2,725	$ 2,706	$ 2,773
Red Ventures LLC	Media: Diversified & Production	4.25% (LIBOR +4%)	10/18/2017	11/08/2024	2,494	$ 2,470	$ 2,495
Riverbed Technology, Inc.	High Tech Industries	4.82% (LIBOR +3.25%)	02/25/2015	04/24/2022	966	$ 962	$ 953
SCS Holdings Inc	Services: Business	5.82% (LIBOR +4.25%)	11/20/2015	10/30/2022	1,807	$ 1,796	$ 1,821
Silverback Merger Sub Inc	High Tech Industries	5.44% (LIBOR +4%)	08/11/2017	08/21/2024	1,197	$ 1,194	$ 1,210
Sirva Worldwide, Inc.	Transportation: Cargo	7.99% (LIBOR +6.5%)	11/18/2016	11/22/2022	2,878	$ 2,818	$ 2,906
SMS Systems Maintenance Services Inc	Services: Business	6.57% (LIBOR +5%)	02/09/2017	10/30/2023	2,970	$ 2,957	$ 2,554
Starfish- V Merger Sub Inc	High Tech Industries	6.69% (LIBOR +5%)	08/11/2017	08/16/2024	1,247	$ 1,235	$ 1,220
	Energy: Electricity		10/11/2016	06/27/2022	868	$ 868	$ 873

TerraForm AP Acquisition Holdings LLC		5.94% (LIBOR +4.25%)					
Thoughtworks, Inc.	High Tech Industries	6.07% (LIBOR +4.5%)	10/06/2017	10/11/2024	3,000	$ 2,993	$ 3,008
TKC Holdings Inc	Consumer goods: Durable	5.67% (LIBOR +4.25%)	06/08/2017	02/01/2023	298	$ 296	$ 300
TOMS Shoes LLC	Retail	6.98% (LIBOR +5.5%)	12/18/2014	10/30/2020	1,945	$ 1,873	$ 1,157
Tupelo Buyer Inc	Transportation: Consumer	5.64% (LIBOR +4.25%)	10/02/2017	10/07/2024	1,600	$ 1,585	$ 1,618
TV Borrower US LLC	High Tech Industries	6.44% (LIBOR +4.75%)	02/16/2017	02/22/2024	993	$ 988	$ 998
US Renal Care Inc	Healthcare & Pharmaceuticals	5.94% (LIBOR +4.25%)	11/17/2015	12/30/2022	1,960	$ 1,946	$ 1,936
US Salt LLC	Chemicals, Plastics & Rubber	4.75% (LIBOR +4.75%)	11/30/2017	12/01/2023	3,000	$ 2,970	$ 3,000
US Shipping Corp	Utilities: Oil & Gas	5.82% (LIBOR +4.25%)	03/09/2016	06/26/2021	211	$ 203	$ 189
Utility One Source L.P.	Construction & Building	7.07% (LIBOR +5.5%)	04/07/2017	04/18/2023	995	$ 986	$ 1,019
Verdesian Life Sciences LLC	Chemicals, Plastics & Rubber	6.38% (LIBOR +5%)	12/09/2014	07/01/2020	2,119	$ 1,944	$ 1,907
Vertiv Group Corporation	Capital Equipment	5.35% (LIBOR +4%)	09/30/2016	11/30/2023	1,504	$ 1,465	$ 1,505
Viewpoint Inc	High Tech Industries	5.94% (LIBOR +4.25%)	07/18/2017	07/19/2024	998	$ 993	$ 1,002
Weight Watchers International, Inc.	Beverage, Food & Tobacco	6.23% (LIBOR +4.75%)	11/20/2017	11/29/2024	2,700	$ 2,647	$ 2,721
Wirepath Home Systems LLC	Services: Business	6.87% (LIBOR +5.25%)	07/31/2017	08/05/2024	2,993	$ 2,978	$ 3,034
Women's Care Florida LLP	Healthcare & Pharmaceuticals	6.07% (LIBOR +4.5%)	08/18/2017	09/29/2023	5,000	$ 4,976	$ 4,994
Zenith Merger Sub, Inc.	Services: Business	7.06% (LIBOR +5.5%)	12/22/2017	12/13/2023	3,000	$ 2,970	$ 2,970

Zest Holdings LLC	Healthcare & Pharmaceuticals	5.82% (LIBOR +4.25%)	04/13/2017	08/16/2023	1,985	$ 1,981	$ 2,006
Total United States of America						$ 223,014	$ 220,603
Total Senior Secured First Lien Term Loans						$ 230,663	$ 228,426
Second Lien Term Loans							
Luxembourg							
Lully Finance S.a.r.l.	Telecommunications	10.069% (LIBOR +8.5%)	07/31/2015	10/16/2023	1,000	$ 993	$ 985
Total Luxembourg						$ 993	$ 985
United States of America							
ABG Intermediate Holdings 2 LLC	Consumer goods: Durable	9.44% (LIBOR +7.75%)	09/26/2017	09/29/2025	2,333	$ 2,316	$ 2,368
BJ's Wholesale Club, Inc.	Beverage, Food & Tobacco	8.95% (LIBOR +7.5%)	01/27/2017	02/03/2025	3,000	2,987	2,939
CH Hold Corp	Automotive	8.82% (LIBOR +7.25%)	01/26/2017	02/03/2025	1,000	996	1,023

47

Logan JV Loan Portfolio as of December 31, 2017

(dollar amounts in thousands)

Type of Investment/ Portfolio company	Industry	Interest Rate [1]	Initial Acquisition Date	Maturity Date	Principal	Amortized Cost	Fair Value [2]
Constellis Holdings, LLC	Aerospace & Defense	10.69% (LIBOR +9%)	04/18/2017	04/21/2025	1,000	986	1,003
DigiCert, Inc.	Services: Business	9.38% (LIBOR +8%)	09/20/2017	10/31/2025	750	746	756
DiversiTech Holdings Inc	Capital Equipment	9.2% (LIBOR +7.5%)	05/18/2017	06/02/2025	2,000	1,981	2,025
Gruden Acquisition Inc.	Transportation: Cargo	10.19% (LIBOR +8.5%)	07/31/2015	08/18/2023	500	482	499
Midwest Physician Administrative Services, LLC	Healthcare & Pharmaceuticals	8.42% (LIBOR +7%)	08/11/2017	08/15/2025	1,000	990	1,006
Optiv Security Inc	Services: Business	8.63% (LIBOR +7.25%)	01/19/2017	01/31/2025	1,500	1,493	1,352
Pathway Partners Vet Management	Healthcare & Pharmaceuticals	9.57% (LIBOR +8%)	10/04/2017	10/10/2025	1,389	1,375	1,382
Pathway Partners Vet Management [6]	Healthcare & Pharmaceuticals	8% (LIBOR +8%)	10/04/2017	10/10/2025	611	(6)	(3)
Red Ventures LLC	Media: Diversified & Production	9.57% (LIBOR +8%)	10/18/2017	11/08/2025	544	536	545
SESAC Holdco II LLC	Media: Diversified & Production	8.73% (LIBOR +7.25%)	02/13/2017	02/24/2025	1,000	991	986
TKC Holdings Inc	Consumer goods: Durable	9.42% (LIBOR +8%)	01/31/2017	02/01/2024	1,850	1,836	1,864
TV Borrower US LLC	High Tech Industries	9.94% (LIBOR +8.25%)	02/16/2017	02/22/2025	1,000	987	995
Viewpoint Inc	High Tech Industries	9.94% (LIBOR +8.25%)	07/18/2017	07/21/2025	1,000	991	998
	Services: Consumer		05/04/2015	05/15/2023	425	423	423

Wash Multifamily Laundry Systems, LLC.		8.57% (LIBOR +7%)					
Wash Multifamily Laundry Systems, LLC.	Services: Consumer	8.57% (LIBOR +7%)	05/04/2015	05/12/2023	75	74	74
Total United States of America						$ 20,184	$ 20,235
Total Second Lien Term Loans						$ 21,177	$ 21,220
Equity Investments							
United States of America							
Avaya Inc	Telecommunications		12/15/2017		870	870	754
Total United States of America						$ 870	$ 754
Total Equity Investments						$ 870	$ 754
Total Investments						$ 252,710	$ 250,400
Cash and cash equivalents							
Dreyfus Government Cash Management Fund						10,023	10,023
Other cash accounts						614	614
Total Cash and cash equivalents						$ 10,637	$ 10,637

(1) Variable interest rates indexed to 30-day, 60-day, 90-day or 180-day LIBOR rates, at the borrower's option. LIBOR rates are subject to interest rate floors.
(2) Represents fair value in accordance with ASC Topic 820.
(3) Represents a delayed draw commitment of $113, which was unfunded as of December 31, 2017.
(4) Represents a delayed draw commitment of $137, which was unfunded as of December 31, 2017.
(5) Represents a delayed draw commitment of $565, which was unfunded as of December 31, 2017.
(6) Represents a delayed draw commitment of $611, which was unfunded as of December 31, 2017.

Below is certain summarized financial information for Logan JV as of June 30, 2018 and December 31, 2017 and for the three and six months ended June 30, 2018 and 2017:

Selected Balance Sheet Information:

	As of June 30, 2018 (Dollars in thousands)	As of December 31, 2017 (Dollars in thousands)
Assets:		
Investments at fair value (cost of $298,172 and $252,710, respectively)	$ 294,938	$ 250,400
Capital contributions receivable	1,000	-
Cash	29,409	10,637
Other assets	4,534	9,605
Total assets	$ 329,881	$ 270,642
Liabilities:		
Loans payable reported net of unamortized debt issuance costs	$ 213,161	$ 168,110
Payable for investments purchased	8,625	15,616
Distribution payable	3,270	3,300
Other liabilities	2,334	1,854
Total liabilities	$ 227,390	$ 188,880
Members' capital	$ 102,491	$ 81,762
Total liabilities and members' capital	$ 329,881	$ 270,642

Selected Statement of Operations Information:

	For the three months ended June 30, 2018 (Dollars in thousands)	For the three months ended June 30, 2017 (Dollars in thousands)	For the six months ended June 30, 2018 (Dollars in thousands)	For the six months ended June 30, 2017 (Dollars in thousands)
Interest income	$ 5,458	$ 4,067	$ 9,963	$ 8,159

Fee income	49	97	108	224
Total revenues	5,507	4,164	10,071	8,383
Credit facility expenses [1]	2,690	1,479	4,488	2,854
Other fees and expenses	89	115	208	191
Total expenses	2,779	1,594	4,696	3,045
Net investment income	2,728	2,570	5,375	5,338
Net realized gains	220	204	279	431
Net change in unrealized appreciation (depreciation) on investments	(2,068)	(1,851)	(925)	(1,704)
Net increase in members' capital from operations	$ 880	$ 923	$ 4,729	$ 4,065

[1] As of June 30, 2018, Logan JV had $215,555 of outstanding debt under the credit facility with an effective interest rate of 4.63% per annum. As of December 31, 2017, Logan JV had $169,632 of outstanding debt under the credit facility with an effective interest rate of 3.92% per annum.

49

Investment in Tax Receivable Agreement Payment Rights

In June 2012, the Company invested in a TRA that entitles it to certain payment rights, or TRA Payment Rights, from Duff & Phelps Corporation, or Duff & Phelps. The TRA transfers the economic value of certain tax deductions, or tax benefits, taken by Duff & Phelps to the Company and entitles the Company to a stream of payments to be received. The TRA payment right is, in effect, a subordinated claim on the issuing company which can be valued based on the credit risk of the issuer, which includes projected future earnings, the liquidity of the underlying payment right, risk of tax law changes, the effective tax rate and any other factors which might impact the value of the payment right.

Through the TRA, the Company is entitled to receive an annual tax benefit payment based upon 85% of the savings from certain deductions along with interest. The payments that the Company is entitled to receive result from cash savings, if any, in U.S. federal, state or local income tax that Duff & Phelps realizes (i) from the tax savings derived from the goodwill and other intangibles created in connection with the Duff & Phelps initial public offering and (ii) from other income tax deductions. These tax benefit payments will continue until the relevant deductions are fully utilized, which is projected to be 16 years from the initial investment date. Pursuant to the TRA, the Company maintains the right to enforce Duff & Phelps payment obligations as a transferee of the TRA contract. If Duff & Phelps chooses to pre-pay and terminate the TRA, the Company will be entitled to the present value of the expected future TRA payments. If Duff & Phelps breaches any material obligation then all obligations are accelerated and calculated as if an early termination occurred. Failure to make a payment is a breach of a material obligation if the failure occurs for more than three months.

The projected annual tax benefit payment will be accrued on a quarterly basis and paid annually. The payment will be allocated between a reduction in the cost basis of the investment and interest income based upon an amortization schedule. Based upon the characteristics of the investment, the Company has chosen to categorize the investment in the TRA payment rights as investment in payment rights in the fair value hierarchy. For the three months ended June 30, 2018 and 2017, the Company recognized interest income totaling $370 and $500 respectively, related to the TRA. For the six months ended June 30, 2018 and 2017, the Company recognized interest income totaling $736 and $994, respectively, related to the TRA.

Revolving and Unfunded Delayed Draw Loans

For the Company’s investments in revolving and delayed draw loans, the cost basis of the investments purchased is adjusted for the cash received for the discount on the total balance committed. The fair value is also adjusted for price appreciation or depreciation on the unfunded portion. As a result, the purchase of commitments not completely funded may result in a negative value until it is offset by the future amounts called and funded.

4. Related Party Transactions

Investment Management Agreement

On March 2, 2018, the Company’s investment management agreement was re-approved by its board of directors, including a majority of the Company’s directors who are not interested persons of the Company. Under the investment management agreement, the Advisor, subject to the overall supervision of the Company’s board of directors, manages the day-to-day operations of, and provides investment advisory services to the Company.

Base Management Fee

The base management fee calculation remains the same and is calculated at an annual rate of 1.5% of the Company’s gross assets payable quarterly in arrears on a calendar quarter basis. For purposes of calculating the base management fee, “gross assets” is determined as the value of the Company’s assets without deduction for any liabilities. The base management fee is calculated based on the value of the Company’s gross assets at the end of the most recently completed calendar quarter, and appropriately adjusted for any share issuances or repurchases during the current calendar quarter.

For the three months ended June 30, 2018 and 2017, the Company incurred base management fees of $2,333 and $2,658, respectively. For the six months ended June 30, 2018 and 2017, the Company incurred base management fees of $4,652 and $5,212, respectively. As of June 30, 2018 and December 31, 2017, $2,333 and $2,556, respectively, was payable to the Advisor.

Incentive Fee on Net Investment Income

The Company accepted the Advisor’s proposal to waive 100% of the incentive fees earned for the period commencing on January 1, 2018 and ending on December 31, 2018 (such waiver, “Incentive Fee Waiver”). Such waived incentive fees shall not be subject to recoupment. No such fees were earned for the six month period ending June 30, 2018.

Subsequently, the Company accepted the Advisor's proposal to waive 100% of the incentive fees accrued for the period commencing on January 1, 2019 and ending on June 30, 2019. Such waived incentive fees shall not be subject to recoupment.

Commencing January 1, 2018, the Company accepted the Advisor's proposal to calculate the incentive fee on net investment income as indicated below ("Reduced Incentive Fee on Net Investment Income") and waive such portion of the Reduced Incentive Fee on Net Investment Income that is in excess of the incentive fee on net investment income as set forth in the investment management agreement that the Advisor would otherwise be entitled to receive. In order to ensure that the Company will pay the Advisor less aggregate fees on a cumulative basis, as calculated beginning January 1, 2018, the Company will, at the end of each quarter, also calculate the incentive fee on net investment income owed by the Company to the Advisor based on the formula in place prior to January 1, 2018 effect to the waiver ("Incentive Fee on Net Investment Income Prior to Fee Waiver Agreement"). If, at any time beginning January 1, 2018, the aggregate fees on a cumulative basis, as calculated based on the formula in place after January 1, 2018, would be greater than the aggregate fees on a cumulative basis, as calculated based on the Incentive Fee on Net Investment Income Prior to Fee Waiver Agreement, the Advisor shall only be entitled to the lesser of those two amounts. See the section Incentive Fee on Net Investment Income Calculated Prior to the Fee Waiver Agreement for the details of the calculation under the investment management agreement.

On January 1, 2018, the Reduced Incentive Fee on Net Investment Income will be calculated by reference to the most recent trailing twelve quarter period or, if shorter, the number of quarters that have occurred since January 1, 2018 ("Trailing Twelve Quarter Period"), rather than on the standalone quarterly basis as set forth in the investment management agreement. Specifically, the net investment income component will be calculated, and payable, quarterly in arrears at the end of each calendar quarter by reference to the Company's aggregate preincentive fee net investment income, as adjusted as described below, from the calendar quarter then ending and the eleven preceding calendar quarters (or if shorter, the number of quarters that have occurred since January 1, 2018). Preincentive fee net investment income is expressed as a rate of return on the value of the Company's net assets (defined as total assets less indebtedness and before taking into account any incentive fees payable during the period) at the beginning of each applicable calendar quarter comprising of the relevant Trailing Twelve Quarters. The hurdle amount for incentive fee based on preincentive fee net investment income will continue to be determined on a quarterly basis and equal to 2.0% (which is 8.0% annualized) but shall be multiplied by the net asset value attributable to the Company's common stock at the beginning of each applicable calendar quarter comprising the relevant Trailing Twelve Quarters (also referred to as "minimum income level"). The hurdle amount will be calculated after making appropriate adjustments for subscriptions (which includes all issuances by us of shares of the Company's common stock, including issuances pursuant to the Company's dividend reinvestment plan) and distributions that occurred during the relevant Trailing Twelve Quarters.

The calculation of preincentive fee net investment income shall continue to mean interest income, amortization of original issue discount, commitment and origination fees, dividend income and any other income (including any other fees, such as, structuring, diligence, managerial assistance and consulting fees or other fees that we receive from portfolio companies) accrued during the calendar quarter, minus the Company's operating expenses for the quarter (including the base management fee, expenses payable under the Company's administration agreement (discussed below), and any interest expense and any dividends paid on any issued and outstanding preferred stock, but excluding the incentive fee and any offering expenses and other expenses not charged to operations but excluding certain reversals to the extent such reversals have the effect of reducing previously accrued incentive fees based on the deferral of non-cash interest. Furthermore, preincentive fee net investment income will continue to include, in the case of investments with a deferred interest feature (such as original issue discount, debt instruments with PIK interest and zero coupon securities), accrued income that we have not yet received in cash.

The incentive fee based on preincentive net investment income for each quarter will be determined as follows:

- The Investment Advisor receives no incentive fee for any calendar quarter in which the Company's preincentive fee net investment income does not exceed the minimum income level.
- Subject to the Incentive Fee Cap described below, the Advisor receives 100% of the Company's preincentive fee net investment income for the Trailing Twelve Quarters with respect to that portion of the preincentive net investment income for such quarter, if any, that exceeds the minimum income level but is less than 2.5% (which is 10.0% annualized) (also referred to as the "catch-up" provision); and
- 20.0% of the Company's preincentive fee net investment income, if any, greater than 2.5% (10.0% annualized) for the Trailing Twelve Quarters.

The amount of the incentive fee on preincentive net investment income that will be paid for a particular quarter will equal the excess of the incentive fee so calculated minus the aggregate incentive fees on preincentive net investment income that were paid in respect of the eleven calendar quarters (or if shorter, the appropriate number of quarters that have occurred since January 1, 2018) included in the relevant Trailing Twelve Quarters but not in excess of the Incentive Fee Cap (as described below).

The foregoing incentive fee will be subject to an Incentive Fee Cap (as defined below). The "Incentive Fee Cap" for any quarter is an amount equal to (a) 20% of the Cumulative Net Return (as defined below) during the relevant Trailing Twelve Quarters, minus (b) the aggregate incentive fees based on income that were paid in respect of the first eleven calendar quarters (or the portion thereof) included in the relevant Trailing Twelve Quarters. "Cumulative Net Return" means (x) preincentive net investment income in respect of the relevant Trailing Twelve Quarters minus (y) any Net Capital Loss, if any, in respect of the relevant Trailing Twelve Quarters. If, in any quarter, the Incentive Fee Cap is zero or a negative value, the Company will pay no incentive fee based on income to its Advisor for such quarter. If, in any quarter, the Incentive Fee Cap for such quarter is a positive value but is less than the incentive fee based on pre-incentive net investment income that is payable to its Advisor for such quarter (before giving effect to the Incentive Fee Cap) calculated as described above, the Company will pay an incentive fee based on preincentive net investment income to its Advisor equal to the Incentive Fee Cap for such quarter. If, in any quarter, the Incentive Fee Cap for such quarter is equal to or greater than the incentive fee based on preincentive net investment income that is payable to its Advisor for such quarter (before giving effect to the Incentive Fee Cap) calculated as described above, the Company will pay an incentive fee based on income to its Advisor equal to the incentive fee calculated as described above for such quarter without regard to the Incentive Fee Cap. "Net Capital Loss" in respect of a particular period means the difference, if positive, between (i) aggregate capital losses, whether realized or unrealized, in such period and (ii) aggregate capital gains, whether realized or unrealized, in such period.

For the three and six months ended June 30, 2018, the Company would have incurred $377 and $1,693, respectively, of incentive fees related to ordinary income under this calculation.

For the avoidance of doubt, the purpose of the Reduced Incentive Fee on Net Investment Income is to reduce aggregate incentive fees payable to Advisor by the Company, effective as of January 1, 2018. In order to ensure that the Company will pay the Advisor less aggregate fees on a cumulative basis, as calculated beginning January 1, 2018, the Company will, at the end of each quarter, also calculate the incentive fee on net investment income owed by the Company to Advisor based on the formula in place prior to January 1, 2018. If, at any time beginning January 1, 2018, the aggregate fees on a cumulative basis, as calculated based on the formula in place after January 1, 2018 after giving effect to the Incentive Fee Waiver, would be greater than the aggregate fees on a cumulative basis, as calculated based on the formula in place prior to January 1, 2018, the Advisor shall only be entitled to the lesser of those two amounts until such time as the requisite number of shareholders approve such amended incentive fee calculation.

Incentive Fee on Net Investment Income Prior to Fee Waiver Agreement

The incentive fee on net investment income prior to the Fee Waiver Agreement was calculated and payable, quarterly in arrears based on the Company's preincentive fee net investment income for the immediately preceding calendar quarter, subject to a cumulative total return requirement and to deferral of non-cash amounts. The preincentive fee net investment income, which was expressed as a rate of return on the value of the Company's net assets attributable to the Company's common stock, for the immediately preceding calendar quarter, had a 2.0% (which is 8.0% annualized) hurdle rate (also referred to as "minimum income level"). The Advisor received no incentive fee for any calendar quarter in which the Company's preincentive fee net investment income does not exceed the minimum income level. Subject to the cumulative total return requirement described below, the Advisor receives 100% of the Company's preincentive fee net investment income for any calendar quarter with respect to that portion of the preincentive net investment income for such quarter, if any, that exceeded the minimum income level but is less than 2.5% (which is 10.0% annualized) of net assets (also referred to as the "catch-up" provision) and 20.0% of the Company's preincentive fee net investment income for such calendar quarter, if any, greater than 2.5% (10.0% annualized) of net assets. The foregoing incentive fee was subject to a total return requirement, which provided that no incentive fee in respect of the Company's preincentive fee net investment income is payable except to the extent 20.0% of the cumulative net increase in net assets resulting from operations over the then current and 11 preceding calendar quarters exceeds the cumulative incentive fees accrued and/or paid for the 11 preceding quarters. In other words, any ordinary income incentive fee that was payable in a calendar quarter was limited to the lesser of (i) 20% of the amount by which the Company's preincentive fee net investment income for such calendar quarter exceeds the 2.0% hurdle, subject to the "catch- up" provision, and (ii) (x) 20% of the cumulative net increase in net assets resulting from operations for the then current and 11 preceding quarters minus (y) the cumulative incentive fees accrued and/or paid for the 11 preceding calendar quarters. For the foregoing purpose, the "cumulative net increase in net assets resulting from operations" was the amount, if positive, of the sum of the Company's preincentive fee net investment income, base management fees, realized gains and losses and unrealized appreciation and depreciation for the then current and 11 preceding calendar quarters. In addition, the portion of such incentive fee that was attributable to deferred interest (sometimes referred to as payment-in-kind interest, or PIK, or original issue discount, or OID) will be paid to Advisor, together with interest thereon from the date of deferral to the date of payment, only if and to the extent the Advisor actually received such interest in cash, and any accrual thereof was be reversed if and to the extent such interest is reversed in connection with any write-off or similar treatment of the investment giving rise to any deferred interest accrual. There was no accumulation of amounts on the hurdle rate from quarter to quarter and accordingly there is no clawback of amounts previously paid if subsequent quarters are below the quarterly hurdle rate and there is no delay of payment if prior quarters are below the quarterly hurdle rate.

For the three and six months ended June 30, 2018, the Company would have incurred $0 and $0, respectively, of incentive fees related to ordinary income under this calculation. For the three and six months ended June 30, 2017, the Company incurred $1,151 and $2,465, respectively, of incentive fees related to ordinary income.

Incentive Fee on Net Investment Income Payable

For the three and six months ended June 30, 2018, the Company reversed $9 and $9, respectively, of incentive fees related to the adjustment of previously deferred incentive fee. For the three and six months ended June 30, 2017, the Company incurred $1,151 and $2,465, respectively, of incentive fees related to ordinary income.

As of June 30, 2018 and December 31, 2017, $75 and $94, respectively, of such incentive fees related to previously deferred PIK interest now received in cash are currently payable to the Advisor, and reflected in accrued expenses and other payables on the Consolidated Statements of Assets and Liabilities. As of June 30, 2018 and December 31, 2017, $888 and $972, respectively of incentive fees incurred by the Company were generated from deferred interest (i.e. PIK, certain discount accretion and deferred interest) and are not payable until such amounts are received in cash. These amounts are reflected in accrued incentive fees on the Consolidated Statements of Assets and Liabilities.

Incentive Fee on Capital Gains

The second component of the incentive fee (capital gains incentive fee) is determined and payable in arrears as of the end of each calendar year (or upon termination of the investment management agreement, as of the termination date). This component is equal to 20.0% of the Company’s cumulative aggregate realized capital gains from inception through the end of that calendar year, computed net of the cumulative aggregate realized capital losses and cumulative aggregate unrealized capital depreciation through the end of such year. The calculation of the capital gains incentive fee has not been modified or waived. The aggregate amount of any previously paid capital gains incentive fees is subtracted from such capital gains incentive fee calculated. There was no capital gains incentive fee payable to the Company’s Advisor under the investment management agreement as of June 30, 2018 and December 31, 2017.

GAAP Incentive Fee Accrual

GAAP requires that the incentive fee accrual be calculated assuming a hypothetical liquidation of the Company at the balance sheet date. A hypothetical liquidation considers the cumulative aggregate realized gains and losses and unrealized capital appreciation or depreciation of investments or other financial instruments in the calculation, as an incentive fee would be payable if such realized gains and losses or unrealized capital appreciation or depreciation were realized, even though such realized gains and losses and unrealized capital appreciation or depreciation is not permitted to be considered in calculating the fee actually payable under the investment management agreement (“GAAP Incentive Fee”). There can be no assurance that such unrealized appreciation or depreciation will be realized in the future. Accordingly, such fee, as calculated and accrued, would not necessarily be payable under the investment management agreement, and may never be paid based upon the computation of incentive fees in subsequent periods. For the three and six months ended June 30, 2018 and 2017, the Company incurred no incentive fees related to the GAAP incentive fee.

Administration Agreement

The Company has also entered into an administration agreement with the Advisor under which the Advisor will provide administrative services to the Company. Under the administration agreement, the Advisor performs, or oversees the performance of administrative services necessary for the operation of the Company, which include, among other things, being responsible for the financial records which the Company is required to maintain and preparing reports to the Company’s stockholders and reports filed with the SEC. In addition, the Advisor assists in determining and publishing the Company's net asset value, oversees the preparation and filing of the Company's tax returns and the printing and dissemination of reports to the Company's stockholders, and generally oversees the payment of the Company's expenses and the performance of administrative and professional services rendered to the Company by others. The Company will reimburse the Advisor for its allocable portion of the costs and expenses incurred by the Advisor for overhead in performance by the Advisor of its duties under the administration agreement and the investment management agreement, including facilities, office equipment and the Company's allocable portion of cost of compensation and related expenses of the Company's chief financial officer and chief compliance officer and their respective staffs, as well as any costs and expenses incurred by the Advisor relating to any administrative or operating services provided by the Advisor to the Company. Such costs are reflected as administrator expenses in the accompanying Consolidated Statements of Operations. Under the administration agreement, the Advisor provides, on behalf of the Company, managerial assistance to those portfolio companies to which the Company is required to provide such assistance. To the extent that the Company's Advisor outsources any of its functions, the Company pays the fees associated with such functions on a direct basis without profit to the Advisor.

For the three months ended June 30, 2018 and 2017, the Company incurred administrator expenses of $537 and $711, respectively. For the six months ended June 30, 2018 and 2017, the Company incurred administrator expenses of $1,128 and $1,537, respectively. As of June 30, 2018 and December 31, 2017, $42 and $13 of administrator expenses were due from the Advisor, respectively, which was included in Due from affiliate on the Consolidated Statement of Assets and Liabilities.

License Agreement

The Company and the Advisor have entered into a license agreement with THL Partners, L.P., or THL Partners, under which THL Partners has granted to the Company and the Advisor a non-exclusive, personal, revocable, worldwide, non-transferable license to use the trade name and service mark THL, which is a proprietary mark of THL Partners, for specified purposes in connection with the Company's and the Advisor's respective businesses. This license agreement is royalty-free, which means the Company is not charged a fee for its use of the trade name and service mark THL. The license agreement is terminable either in its entirety or with respect to the Company or the Advisor by THL Partners at any time in its sole discretion upon 60 days prior written notice, and is also terminable with respect to either the Company or the Advisor by THL Partners in the case of certain events of non-compliance. After the expiration of its first one year term, the entire license agreement is terminable by either the Company or the Advisor at the Company or its sole discretion upon 60 days prior written notice. Upon termination of the license agreement, the Company and the Advisor must cease to use the name and mark THL, including any use in the Company's respective legal names, filings, listings and other uses that may require the Company to withdraw or replace the Company's names and marks. Other than with respect to the limited rights contained in the license agreement, the Company and the Advisor have no right to use, or other rights in respect of, the THL name and mark. The Company is an entity operated independently from THL Partners, and third parties who deal with the Company have no recourse against THL Partners.

Managed Funds

The Advisor and its affiliates may also manage other funds in the future that may have investment mandates that are similar, in whole or in part, with ours. For example, the Advisor may serve as investment adviser to one or more private funds, registered closed-end funds and collateralized loan obligations (CLO). In addition, the Company's officers may serve in similar capacities for one or more private funds, registered closed-end funds and CLOs. The Advisor and its affiliates may determine that an investment is appropriate 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, the Advisor or its affiliates may determine that the Company should invest side- by-side with one or more other funds. The Advisor's policies are designed to manage and mitigate the conflicts of interest associated with the allocation of investment opportunities if we are able to co-invest, either pursuant to SEC interpretive positions or an exemptive order, with other funds managed by the Advisor and its affiliates. As a result, the Advisor and/or its affiliates may face conflicts in allocating investment opportunities between us and such other entities. Although the Advisor and its affiliates will endeavor to allocate investment opportunities in a fair and equitable manner and consistent with applicable allocation procedures, it is possible that we may not be given the opportunity to participate in investments made by investment funds managed by the Advisor or its affiliates.

The 1940 Act generally prohibits BDCs from making certain negotiated co-investments with affiliates absent an order from the SEC permitting the BDC to do so. The SEC has granted the Company the relief it sought in an exemptive application that expands the Company's ability to co-invest in portfolio companies with certain other funds managed by the Advisor or its affiliates ("Affiliated Funds") in a manner consistent with the Company's investment objective, positions, policies, strategies and restrictions as well as regulatory requirements and other pertinent factors, subject to compliance with certain conditions (the "Order"). Pursuant to the Order, the Company is permitted to co-invest with Affiliated Funds if, among other things, a "required majority" (as defined in Section 57(o) of the 1940 Act) or its independent directors make certain conclusions in connection with a co-investment transaction, including that (1) the terms of the transactions, including the consideration to be paid, are reasonable and fair to the Company and its stockholders and do not involve overreaching of the Company or its stockholders on the part of any person concerned, and (2) the transaction is consistent with the interests of the Company's stockholders and is consistent with its investment objective and strategies.

Greenway

On January 14, 2011, THL Credit Greenway Fund LLC, or Greenway, was formed as a Delaware limited liability company. Greenway is a portfolio company of the Company. Greenway is a closed-end investment fund which provides for no liquidity or redemption options and is not readily marketable. Greenway operates under a limited liability agreement dated January 19, 2011, or the Agreement. Greenway will continue in existence until January 14, 2021, subject to earlier termination pursuant to certain terms of the Agreement. The term may also be extended for up to three additional one-year periods pursuant to certain terms of the Agreement. Greenway had a two year investment period.

Greenway had $150,000 of capital committed by affiliates of a single institutional investor and is managed by the Company. The Company's capital commitment to Greenway is $15. As of June 30, 2018, Greenway's committed capital had been fully called. The Company's nominal investment in Greenway is reflected in the June 30, 2018 and December 31, 2017 Consolidated Schedules of Investments.

The Company acts as the investment adviser to Greenway and is entitled to receive certain fees relating to its investment management services provided, including a base management fee, a performance fee and a portion of the closing fees on each investment transaction. As a result, Greenway is classified as an affiliate of the Company. For the three and six months ended June 30, 2018, the Company earned $11 and $22, respectively, in fees related to Greenway, which is included in other income from non-controlled, affiliated investments in the Consolidated Statements of Operations. For the three and six months ended June 30, 2017, the Company recorded a net reduction of fees of $4 and $39 related primarily to the reduction of the unrealized incentive fee related to Greenway's portfolio performance, which is included in other income from non-controlled, affiliated investments in the Consolidated Statements of Operations. As of June 30, 2018 and December 31, 2017, $24 and $76 of fees and expenses related to Greenway, respectively, were included in due from affiliate on the Consolidated Statements of Assets and Liabilities.

Greenway invested in securities similar to those of the Company pursuant to investment and allocation guidelines which address, among other things, the size of the borrowers, the types of transactions and the concentration and investment ratio amongst Greenway and the Company. However, the Company has the discretion to invest in other securities.

Greenway II

On January 31, 2013, THL Credit Greenway Fund II, LLC, or Greenway II LLC, was formed as a Delaware limited liability company and is a portfolio company of the Company. Greenway II LLC is a closed-end investment fund which provides for no liquidity or redemption options and is not readily marketable. Greenway II LLC operates under a limited liability agreement dated February 11, 2013, as amended, or the Greenway II LLC Agreement. Greenway II LLC will continue until October 10, 2021, subject to earlier termination pursuant to certain terms of the Greenway II LLC Agreement. The term may also be extended for up to three additional one-year periods pursuant to certain terms of the Greenway II LLC Agreement. Greenway II LLC has a two year investment period.

As contemplated in the Greenway II LLC Agreement, the Company has established a related investment vehicle and entered into an investment management agreement with an account set up by an unaffiliated third party investor to invest alongside Greenway II LLC pursuant to similar economic terms. The account is also managed by the Company. References to "Greenway II" herein include Greenway II LLC and the account of the related investment vehicle. Greenway II had $186,500 of capital commitments primarily from institutional investors. As of June 30, 2018, Greenway II's committed capital had been fully called. The Company's nominal investment in Greenway II is reflected in the June 30, 2018 and December 31, 2017 Consolidated Schedules of Investments.

The Company acts as the investment adviser to Greenway II and is entitled to receive certain fees relating to its investment management services provided, including a base management fee, a performance fee and a portion of the closing fees on each investment transaction. As a result, Greenway II is classified as an affiliate of the Company. For the three and six months ended June 30, 2018, the Company earned $235 and $479, respectively, in fees related to Greenway II, which are included in other income from non-controlled, affiliated investments in the Consolidated Statements of Operations. For the three and six months ended June 30, 2017, the Company earned $289 and $579, respectively, in fees related to Greenway II, which are included in other income from non-controlled, affiliated investments in the Consolidated Statements of Operations. As of June 30, 2018 and December 31, 2017, $239 and $301, respectively, of fees and expenses related to Greenway II were included in due from affiliate on the Consolidated Statements of Assets and Liabilities.

Other deferred assets consist of placement agent expenses incurred in connection with the offer and sale of partnership interests in Greenway II. These amounts are capitalized when the partner signs the Greenway II subscription agreement and are recognized as an expense over the period when the Company expects to collect management fees from Greenway II. For the three months ended June 30, 2018 and 2017, the Company recognized $0 and $50, respectively, in expenses related to placement agent expenses, which are included in other general and administrative expenses in the Consolidated Statements of Operations. For the six months ended June 30, 2018 and 2017, the Company recognized $0 and $100, respectively, in expenses related to placement agent expenses, which are included in other general and administrative expenses in the Consolidated Statements of Operations. As of June 30, 2018 and December 31, 2017, the other deferred assets were fully recognized.

Greenway II invested in securities similar to those of the Company pursuant to investment and allocation guidelines which address, among other things, the size of the borrowers, the types of transactions and the concentration and investment ratio amongst Greenway II and the Company. However, the Company has the discretion to invest in other securities.

Due To and From Affiliates

The Advisor paid certain other general and administrative expenses on behalf of the Company. As of June 30, 2018 and December 31, 2017, there were $341 and $151, respectively, due to affiliate, which was included in accrued expenses and other payables on the Consolidated Statements of Assets and Liabilities.

As of June 30, 2018 and December 31, 2017, the Advisor owed $42 and $13, respectively, of administrator expenses as a reimbursement to the Company, which was included in due from affiliate on the Consolidated Statements of Assets and Liabilities.

The Company acts as the investment adviser to Greenway and Greenway II and is entitled to receive certain fees. As a result, Greenway and Greenway II are classified as affiliates of the Company. As of June 30, 2018 and December 31, 2017, $263 and $377 of total fees and expenses related to Greenway and Greenway II, respectively, were included in due from affiliate on the Consolidated Statements of Assets and Liabilities.

For the Company’s controlled equity investments, as of June 30, 2018, it had $3,289 of dividends receivable from Logan JV, Copperweld Bimetallics, LLC and C&K Market, Inc., $29 of fees from OEM Group, LLC, $401 of interest from Copperweld Bimetallics, LLC and $113 of interest from Loadmaster Derrick & Equipment, Inc., included in interest, dividends, and fees receivable and $190 of fees from Tri Starr Management Services, Inc. in prepaid expenses and other assets on the Consolidated Statements of Assets and Liabilities. As of December 31, 2017, it had $3,499 of dividends receivable from Logan JV and C&K Market, Inc., $460 of interest and fees from OEM Group, LLC, $169 of interest from Copperweld Bimetallics, LLC, $95 of interest from Loadmaster Derrick & Equipment, Inc., included in interest, dividends, and fees receivable, and $316 of interest and fees from Tri Starr Management Services, Inc. in prepaid expenses and other assets, which was offset by $50 of deferred revenue in other deferred liabilities, on the Consolidated Statements of Assets and Liabilities.

5. Realized Gains and Losses on Investments, net of income tax provision

The following shows the breakdown of net realized gains and losses for the three and six months ended June 30, 2018 and 2017:

	For the three months ended June 30,		For the six months ended June 30,	
	2018	2017	2018	2017
Aerogroup International Inc. (1)	$(1,444)	$—	$(6,309)	$—
Charming Charlie LLC (2)	(3,125)	—	(11,494)	—
Fairstone Financial Inc. (3)	157	—	157	—
Flagship VII, Ltd.	—	—	—	(808)
Flagship VIII, Ltd.	—	—	—	(649)
Gryphon Partners 3.5, L.P.	48	—	48	589
Hostway Corporation	—	(951)	—	(951)
Specialty Brands Holdings, LLC (4)	(21,016)	—	(21,016)	—
Surgery Center Holdings, Inc.	—	—	—	—
THL Credit Logan JV LLC	246	—	344	—
Washington Inventory Service (5)	—	(10,378)	—	(10,378)
YP Equity Investors, LLC	—	1,263	21	1,263
Other	—	13	—	(17)
Net realized losses	$(25,134)	$(10,053)	$(38,249)	$(10,951)

(1) In March of 2018, Aerogroup International Inc. was sold through bankruptcy proceedings and the Company received $2,494 in proceeds with an additional $6,597 reflected as escrow receivable. During the six months ended June 30, 2018, a realized loss on the investment of $6,309 was offset by a reversal of unrealized prior period depreciation of $2,231.

(2) During the three months ended March 31, 2018 the Company's commitment in the DIP facilities allowed it to convert $17,893 of principal of its Pre-petition Term Loan into a DIP Roll-up Term Loan. As part of this conversion and in accordance with debt extinguishment rules under GAAP, the Company recorded a realized loss of $8,369, which was offset by a corresponding change in unrealized appreciation in the same amount. Subsequently, on April 24, 2018, Charming Charlie LLC emerged from Chapter 11 bankruptcy proceedings whereby the Company converted its DIP facilities, Pre-petition Term Loan and DIP Roll-up Term Loan into two new exit first lien term loans and a non-controlling common equity interest (the Company and other funds managed by the Advisor collectively have a controlling equity interest in Charming Charlie, LLC). On the same date, the Company funded $894 of the remaining unfunded commitments under its DIP facilities and used an additional $2,236 to purchase another lender's existing DIP revolving credit facility, all of which converted to the exit first lien term loans. As a result of these transactions, the Company's debt investment in Charming Charlie is comprised of $24,602 in the exit first lien term loans. In addition, the Company provided $8,946 of commitments under a vendor financing facility. As part of this conversion and in accordance with GAAP, the company recorded a realized loss of $3,125, which was offset by a corresponding change in unrealized depreciation in the same amount.

(3) Includes the impact of foreign exchange gain.

(4) On June 29, 2018, as part of restructuring the business, the Company agreed to sell its second lien term loan for $450 in cash and received nominal equity interests in an affiliated entity. In connection with the sale, during the three months ended June 30, 2018, the Company recognized a loss of $21,016 and reversed $20,347 of unrealized depreciation.

(5) On June 8, 2017, as part of restructuring the business, the Company agreed to sell its second lien term loan to the first lien lenders for $550. In connection with the sale, during the three months ended June 30, 2017, the Company recognized a loss of $10,378 and reversed $10,104 of unrealized depreciation.

In connection with the proceeds received from the exit of its equity investment in YP Equity Investors, LLC and affiliated funds held in a consolidated blocker corporation, the Company recorded an income tax provision on realized gains of $835 and $835, respectively, for the three and six months ended June 30, 2017.

6. Net Increase in Net Assets Per Share Resulting from Operations

The following information sets forth the computation of basic and diluted net increase in net assets per share resulting from operations:

	For the three months ended June 30,		For the six months ended June 30,	
	2018	2017	2018	2017
Numerator—net increase in net assets resulting from operations:	$1,539	$1,273	$7,878	$6,530
Denominator—basic and diluted weighted average common shares:	32,674	32,873	32,674	32,899
Basic and diluted net increase in net assets per common share resulting from operations:	$0.05	$0.04	$0.24	$0.20

Diluted net increase in net assets per share resulting from operations equals basic net increase in net assets per share resulting from operations for each period because there were no common stock equivalents outstanding during the above periods.

7. Borrowings

The following shows a summary of the Company's borrowings as of June 30, 2018 and December 31, 2017:

	As of June 30, 2018				December 31, 2017			
Facility	Commitments	Borrowings Outstanding (1)	Weighted Average Borrowings Outstanding (2)	Weighted Average Interest Rate	Commitments	Borrowings Outstanding (3)	Weighted Average Borrowings Outstanding (4)	Weighted Average Interest Rate
Revolving Facility (5)	$275,000	$ 143,201	$ 161,628	4.58 %	$275,000	$ 167,317	$ 118,021	4.03 %
2021 Notes	50,000	50,000	50,000	6.75 %	50,000	50,000	50,000	6.75 %
2022 Notes	60,000	60,000	60,000	6.75 %	60,000	60,000	60,000	6.75 %
Total	$385,000	$ 253,201	$ 271,628	5.52 %	$385,000	$ 277,317	$ 228,021	5.11 %

(1) As of June 30, 2018, excludes deferred financing costs of $1,026 for the 2021 Notes and $1,627 for the 2022 Notes presented as a reduction to the respective balances outstanding in the Consolidated Statements of Assets and

Liabilities.

(2) Represents the weighted average borrowings outstanding for the six months ended June 30, 2018.

(3) As of December 31, 2017, excludes deferred financing costs of $1,177 for the 2021 Notes and $1,808 for the 2022 Notes presented as a reduction to the respective balances outstanding in the Consolidated Statements of Assets and Liabilities.

(4) Represents the weighted average borrowings outstanding for the year ended December 31, 2017.

(5) The Company may borrow amounts in U.S. dollars or certain other permitted currencies. As of June 30, 2018, the Company had outstanding debt denominated in Canadian Dollars (CAD) of CAD $19,389 on its Revolving Credit Facility. The CAD was converted into USD at a spot exchange rate of $0.76 CAD to $1.00 USD as of June 30, 2018. As of December 31, 2017, the Company had outstanding debt denominated in Canadian Dollars (CAD) of CAD $29,389 on its Revolving Facility. The CAD was converted into USD at a spot exchange rate of $0.80 CAD to $1.00 USD as of December 31, 2017.

Credit Facility

On December 15, 2017, the Company entered into an amendment, or the Revolving Amendment, to its existing revolving credit agreement, or Revolving Facility. The Revolving Amendment revised the Revolving Facility dated August 19, 2015 to, among other things, extend the maturity date from August 2019 to December 2022 (with a one year term out period beginning in December 2021). The one year term out period is the one year anniversary between the revolver termination date, or the end of the availability period, and the maturity date. During this time, the Company is required to make mandatory prepayments on its loans from the proceeds it receives from the sale of assets, extraordinary receipts, returns of capital or the issuances of equity or debt. The Revolving Amendment also reduced the size of the commitments from $303,500 to $275,000. The Revolving Facility, denominated in USD, has an interest rate of LIBOR plus 2.5% (with no LIBOR floor). The Revolving Facility, denominated in CAD, has an interest rate of CDOR plus 2.5% (with no CDOR floor). The non-use fee is 1.0% annually if the Company uses 35% or less of the Revolving Facility and 0.50% annually if the Company uses more than 35% of the Revolving Facility. The Company elects the LIBOR or CDOR rates on the loans outstanding on its Revolving Facility, which can have a LIBOR or CDOR period that is one, two, three or nine months. The LIBOR rate on the USD borrowings outstanding on its Revolving Facility had a one month LIBOR period as of June 30, 2018. The CDOR rate on the CAD borrowings outstanding on its Revolving Facility had a one month CDOR period as of June 30, 2018.

As of June 30, 2018, the Company had borrowings of $143,201 outstanding under the Revolving Facility with a weighted average interest rate of 4.63% including non-USD borrowings denominated in Canadian dollars of CAD $19,389 ($14,739 in USD) outstanding under the Revolving Facility with a weighted average interest rate of 4.14%. The borrowings denominated in CAD are translated into USD based on the spot rate at each balance sheet date. The impact resulting from changes in foreign exchange rates on the Revolving Facility borrowings is included in unrealized appreciation (depreciation) on foreign currency borrowings in our Consolidated Statements of Operations. The borrowings denominated in CAD may be positively or negatively affected by movements in the rate of exchange between the USD and CAD. This movement is beyond our control and cannot be predicted.

On December 15, 2017, in conjunction with the Revolving Amendment, the $75.0 million senior secured term loan facility, Term Loan Facility, was refinanced into the Revolving Facility and the Term Loan Facility was terminated. The Term Loan Facility previously had a maturity date of August 2021, an interest rate of LIBOR plus 2.75% (with no LIBOR floor) and had substantially similar terms to the existing Revolving Facility (as amended by the Revolving Amendment). As of March 31, 2017, the LIBOR rate on our Senior Secured Term Loan had a one month LIBOR period.

Each of the Revolving Facility included an accordion feature permitting the Company to expand the Revolving Facility, if certain conditions are satisfied; provided, however, that the aggregate amount of the Revolving Facility, collectively, is capped. The Second Revolving Amendment revised the cap from $600,000 to $500,000.

The Revolving Facility generally requires payment of interest on a quarterly basis for ABR loans (commonly based on the Prime Rate or the Federal Funds Rate), and at the end of the applicable interest period for Eurocurrency loans bearing interest at LIBOR, the interest rate benchmark used to determine the variable rates paid on the Revolving Facility. All outstanding principal is due upon each maturity date. The Revolving Facility also require a mandatory prepayment of interest and principal upon certain triggering events (including, without limitation, the disposition of assets or the issuance of certain securities).

Borrowings under the Revolving Facility are subject to, among other things, a minimum borrowing/collateral base. The Revolving Facility have certain collateral requirements and/or covenants, including, but not limited to covenants related to: (a) limitations on the incurrence of additional indebtedness and liens, (b) limitations on certain investments, (c) limitations on certain restricted payments, (d) limitations on the creation or existence of agreements that prohibit liens on certain properties of the Company and its subsidiaries, and (e) compliance with certain financial maintenance standards including (i) minimum stockholders' equity, (ii) a ratio of total assets (less total liabilities not represented by senior securities) to the aggregate amount of senior securities representing indebtedness, of the Company and its consolidated subsidiaries, of not less than 2.00, (iii) minimum liquidity, (iv) minimum net worth, and (v) a consolidated interest coverage ratio. In addition to the financial maintenance standards, described in the preceding sentence, borrowings under the Revolving Facility (and the incurrence of certain other permitted debt) are subject to compliance with a borrowing base that applies different advance rates to different types of assets in the Company's portfolio.

The credit agreement governing the Revolving Facility also includes default provisions such as the failure to make timely payments under the Revolving Facility, the occurrence of a change in control, and the failure by the Company to materially perform under the operative agreements governing the Revolving Facility, which, if not complied with, could, at the option of the lenders under the Revolver Facility, accelerate repayment under the Revolving Facility, thereby materially and adversely affecting the Company’s liquidity, financial condition and results of operations. The Company cannot be assured that it will be able to borrow funds under the Revolving Facility at any particular time or at all. The Company is currently in compliance with all financial covenants under the Revolving Facility.

For the six months ended June 30, 2018, the Company borrowed $31,000 and repaid $54,088 under the Revolving Facility (includes CAD $10,000 converted to USD $7,688). For the six months ended June 30, 2017, the Company borrowed $57,879 (includes CAD $29,389 converted to USD $22,629) and repaid $14,500 under the Revolving Facility.

As of June 30, 2018 and December 31, 2017, the carrying amount of the Company’s outstanding Revolving Facility approximated fair value. The fair values of the Company’s Revolving Facility are determined in accordance with ASC 820, which defines fair value in terms of the price that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. The fair value of the Company’s Revolving Facility is estimated based upon market interest rates and entities with similar credit risk. As of June 30, 2018 and December 31, 2017, the Revolving Facility would be deemed to be Level 3 of the fair value hierarchy.

Interest expense and related fees, excluding amortization of deferred financing costs, of $1,930 and $3,639, respectively, were incurred in connection with the Revolving Facility for the three and six months ended June 30, 2018. Interest expense and related fees, excluding amortization of deferred financing costs, of $2,085 and $4,100, respectively, were incurred in connection with the Revolving Facility and previously outstanding Term Loan for the three and six months ended June 30, 2017. Amortization of deferred financing costs of $145 and $238, respectively, were incurred in connection with the Facilities for the three months ended June 30, 2018 and 2017. Amortization of deferred financing costs of $289 and $474, respectively, were incurred in connection with the Facilities for the six months ended June 30, 2018 and 2017. As of June 30, 2018, the Company had $2,600 of deferred financing costs related to the Revolving Facility, which is presented as an asset. As of December 31, 2017, the Company had $2,890 of deferred financing costs related to the Revolving Facility, which is presented as an asset.

In accordance with the 1940 Act, with certain exceptions, the Company is only allowed to borrow amounts such that its asset coverage, as defined in the 1940 Act, is at least 200% after such borrowing. The asset coverage as of June 30, 2018 was in excess of 200%. However, recent legislation has modified the 1940 Act by allowing a BDC to increase the maximum amount of leverage it may incur under the 1940 Act from an asset coverage ratio of 200% to an asset coverage ratio of 150%, if certain requirements are met. Under the legislation, the Company will be allowed to increase its leverage capacity if shareholders representing at least a majority of the votes cast, when quorum is met, approve a proposal to do so. If the Company receives shareholder approval, it would be allowed to increase our leverage capacity on the first day after such approval. Alternatively, the legislation allows the majority of the Company's independent directors to approve an increase in its leverage capacity, and such approval would become effective after one year. In either case, the Company would be required to make certain disclosures on its website and in SEC filings regarding, among other things, the receipt of approval to increase its leverage, its leverage capacity and usage, and risks related to leverage. As a result of this legislation, the Company may be able to increase its leverage up to an amount that reduces its asset coverage ratio from 200% to 150% if it receives the necessary approval and amends the Revolving Facility, with lender consent, as described above.

Notes

In December 2014, the Company completed a public offering of $50,000 in aggregate principal amount of 6.75% notes due 2021, or the 2021 Notes. The 2021 Notes mature on November 15, 2021, and may be redeemed in whole or in part at any time or from time to time at our option on or after November 15, 2017. The 2021 Notes bear interest at a rate of 6.75% per year payable quarterly on March 30, June 30, September 30 and December 30, of each year, beginning December 30, 2014 and trade on the New York Stock Exchange under the trading symbol "TCRX".

In December 2015 and November 2016, the Company completed a public offering of $35,000 and $25,000, respectively, in aggregate principal amount of 6.75% notes due 2022, or the 2022 Notes. The 2022 Notes mature on December 30, 2022, and may be redeemed in whole or in part at any time or from time to time at our option on or after December 30, 2018. The 2022 Notes bear interest at a rate of 6.75% per year payable quarterly on March 30, June 30, September 30 and December 30, of each year, beginning March 30, 2016 and trade on the New York Stock Exchange under the trading symbol "TCRZ".

The 2021 Notes and the 2022 Notes are collectively referred to as the Notes.

As of June 30, 2018, the carrying amount and fair value of our Notes was $110,000 and $111,688, respectively. As of December 31, 2017, the carrying amount and fair value of our Notes was $110,000 and $112,652, respectively. The fair value of our Notes are determined in accordance with ASC 820, which defines fair value in terms of the price that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. The fair value of the Notes is based on the closing price of the security, which is a Level 2 input under ASC 820 due to the trading volume.

In connection with the issuance of the Notes, the Company incurred $4,682 of fees and expenses. Any of these deferred financing costs are presented as a reduction to the Notes payable balance and are being amortized using the effective yield method over the term of the Notes. For the three months ended June 30, 2018 and 2017, the Company amortized approximately $167 and $167 of deferred financing costs, respectively, which is reflected in amortization of deferred financing costs on the Consolidated Statements of Operations. For the six months ended June 30, 2018 and 2017, the Company amortized approximately $331 and $331, respectively, which is reflected in amortization of deferred financing costs on the Consolidated Statements of Operations. As of June 30, 2018 and December 31, 2017, the Company had $2,654 and $2,895 remaining deferred financing costs on the Notes, which reduced the notes payable balance on the Consolidated Statements of Assets and Liabilities.

For the three months ended June 30, 2018 and 2017, the Company incurred interest expense on the Notes of $1,856 and $1,856, respectively. For the six months ended June 30, 2018 and 2017, the Company incurred interest expense on the Notes of $3,713 and $3,713, respectively.

The indenture and supplements thereto relating to the Notes contain certain covenants, including but not limited to (i) an inability to incur additional borrowings, including through the issuance of additional debt or the sale of additional debt securities unless the Company's asset coverage, as defined in the 1940 Act, is at least 200% after such borrowing and (ii) if we are not subject to the reporting requirements under the Securities and Exchange Act of 1934 to file periodic reports with the SEC we will provide interim and consolidated financial information to the holders of the Notes and the trustee.

8. Contractual Obligations and Off-Balance Sheet Arrangements

From time to time, the Company, or the Advisor, may become party to legal proceedings in the ordinary course of business, including proceedings related to the enforcement of the Company's rights under contracts with its portfolio companies. Neither the Company, nor the Advisor, is currently subject to any material legal proceedings.

Unfunded commitments to provide funds to portfolio companies are not reflected on the Company's Consolidated Statements of Assets and Liabilities. The Company's unfunded commitments may be significant from time to time. These commitments will be subject to the same underwriting and ongoing portfolio maintenance as are the on-balance sheet financial instruments that the Company holds. Since these commitments may expire without being drawn upon, the total commitment amount does not necessarily represent future cash requirements. The Company intends to use cash flow from normal and early principal repayments and proceeds from borrowings and offerings to fund these commitments.

As of June 30, 2018 and December 31, 2017, the Company has the following unfunded commitments to portfolio companies:

	As of June 30, 2018	December 31, 2017
Unfunded delayed draw facilities		
Charming Charlie, LLC	$8,946	$ 4,474
Home Partners of America, Inc.	5,858	—
	14,804	4,474
Unfunded revolving commitments		
Hansons Window & Construction, Inc.	241	256
HealthDrive Corporation	—	850
Holland Intermediate Acquisition Corp. (1)	3,000	3,000
The John Gore Organization, Inc.	—	800
Loadmaster Derrick & Equipment, Inc.	—	60
OEM Group, LLC	5,920	940
Togetherwork Holdings, LLC	—	116
Tri Starr Management Services, Inc.	549	549
Sciens Building Solutions, LLC	2,396	2,055
SPST Holdings, LLC	755	755
Whitney, Bradley & Brown, Inc.	—	117
	12,861	9,498
Unfunded commitments to investments in funds		
Freeport Financial SBIC Fund LP	680	680
Gryphon Partners 3.5, L.P.	380	380

	1,060	1,060
Total unfunded commitments	$28,725	$ 15,032

(1) The Company has sole discretion as to whether to lend under this revolving commitment.

The changes in fair value of the Company's unfunded commitments are considered to be immaterial as the yield determined at the time of underwriting is expected to be materially consistent with the yield upon funding. The Company will fund its unfunded commitments from the same sources it uses to fund its investment commitments that are funded at the time they are made (which are typically existing cash and cash equivalents and borrowings under the Revolving Facility). The Company manages its liquidity to ensure that it has available capital to fund its unfunded commitments as necessary.

9. Distributions

The Company has elected to be taxed as a RIC under Subchapter M of the Code. In order to maintain its status as a RIC, it is required to distribute annually to its stockholders at least 90% of its investment company taxable income, as defined by the Code. To avoid a 4% excise tax on undistributed earnings, the Company is required to distribute each calendar year the sum of (i) 98% of its ordinary income for such calendar year (ii) 98.2% of its net capital gains for the one-year period ending October 31 of that calendar year (iii) any income recognized, but not distributed, in preceding years and on which the Company paid no federal income tax. The Company intends to make distributions to stockholders on a quarterly basis of substantially all of its net investment income. In addition, although the Company intends to make distributions of net realized capital gains, if any, at least annually, out of assets legally available for such distributions, it may in the future decide to retain such capital gains for investment.

In addition, the Company may be limited in its ability to make distributions due to the BDC asset coverage test for borrowings applicable to the Company as a BDC under the 1940 Act.

The following table summarizes the Company’s distributions declared and paid or to be paid on all shares, including distributions reinvested, if any:

Date Declared	Record Date	Payment Date	Amount Per Share	Percentage Attributable to Return of Investors' Paid-In Capital
August 5, 2010	September 2, 2010	September 30, 2010	$ 0.05	—
November 4, 2010	November 30, 2010	December 28, 2010	$ 0.10	—
December 14, 2010	December 31, 2010	January 28, 2011	$ 0.15	—
March 10, 2011	March 25, 2011	March 31, 2011	$ 0.23	—
May 5, 2011	June 15, 2011	June 30, 2011	$ 0.25	—
July 28, 2011	September 15, 2011	September 30, 2011	$ 0.26	—
October 27, 2011	December 15, 2011	December 30, 2011	$ 0.28	—
March 6, 2012	March 20, 2012	March 30, 2012	$ 0.29	—
March 6, 2012	March 20, 2012	March 30, 2012	$ 0.05	—
May 2, 2012	June 15, 2012	June 29, 2012	$ 0.30	—
July 26, 2012	September 14, 2012	September 28, 2012	$ 0.32	—
November 2, 2012	December 14, 2012	December 28, 2012	$ 0.33	—
December 20, 2012	December 31, 2012	January 28, 2013	$ 0.05	—
February 27, 2013	March 15, 2013	March 29, 2013	$ 0.33	—
May 2, 2013	June 14, 2013	June 28, 2013	$ 0.34	—
August 2, 2013	September 16, 2013	September 30, 2013	$ 0.34	—
August 2, 2013	September 16, 2013	September 30, 2013	$ 0.08	—
October 30, 2013	December 16, 2013	December 31, 2013	$ 0.34	—
March 4, 2014	March 17, 2014	March 31, 2014	$ 0.34	—
May 7, 2014	June 16, 2014	June 30, 2014	$ 0.34	—
August 7, 2014	September 15, 2014	September 30, 2014	$ 0.34	—
November 4, 2014	December 15, 2014	December 31, 2014	$ 0.34	—
March 6, 2015	March 20, 2015	March 31, 2015	$ 0.34	—

May 5, 2015	June 15, 2015	June 30, 2015	$ 0.34	—
August 4, 2015	September 15, 2015	September 30, 2015	$ 0.34	—
November 3, 2015	December 15, 2015	December 31, 2015	$ 0.34	—
March 8, 2016	March 21, 2016	March 31, 2016	$ 0.34	—
May 3, 2016	June 15, 2016	June 30, 2016	$ 0.34	—
August 2, 2016	September 15, 2016	September 30, 2016	$ 0.34	—
November 8, 2016	December 15, 2016	December 30, 2016	$ 0.27	—
March 7, 2017	March 20, 2017	March 31, 2017	$ 0.27	—
May 2, 2017	June 15, 2017	June 30, 2017	$ 0.27	—
August 1, 2017	September 15, 2017	September 29, 2017	$ 0.27	—
November 7, 2017	December 15, 2017	December 29, 2017	$ 0.27	—
March 2, 2018	March 20, 2018	March 30, 2018	$ 0.27	—
May 1, 2018	June 15, 2018	June 29, 2018	$ 0.27	—
August 7, 2018	September 14, 2018	September 28, 2018	$ 0.27	—

The Company may not be able to achieve operating results that will allow it to make distributions at a specific level or to increase the amount of these distributions from time to time. If the Company does not distribute a certain percentage of its income annually, it will suffer adverse tax consequences, including possible loss of its status as a regulated investment company. The Company cannot assure stockholders that they will receive any distributions at a particular level.

The Company maintains an "opt in" dividend reinvestment plan for our common stockholders. As a result, unless stockholders specifically elect to have their dividends automatically reinvested in additional shares of common stock, stockholders will receive all such dividends in cash. There were no dividends reinvested for the three and six months ended June 30, 2018. There were $3 and $3, respectively, of dividends reinvested for the three and six months ended June 30, 2017.

Under the terms of the Company's dividend reinvestment plan, dividends will primarily be paid in newly issued shares of common stock. However, the Company reserves the right to purchase shares in the open market in connection with the implementation of the plan. This feature of the plan means that, under certain circumstances, the Company may issue shares of our common stock at a price below net asset value per share, which could cause our stockholders to experience dilution.

Distributions in excess of the Company's current and accumulated earnings and profits would generally be treated as a return of capital (reduced by the Company's fees and expenses) to the extent of a shareholder's adjusted tax basis in its shares. If a shareholder's tax basis is reduced to zero, the shareholder would treat any remaining distributions as a capital gain. The determination of the tax attributes of our distributions will be made annually as of the end of our fiscal year based upon our taxable income for the full year and distributions paid for the full year. Therefore, a determination made on a quarterly basis may not be representative of the actual tax attributes of our distributions for a full year. If the Company had determined the tax attributes of its 2018 distributions as of June 30, 2018, 100% would be from ordinary income, 0% would be from capital gains and 0% would be a return of capital. Each year, a statement on Form 1099-DIV identifying the source of the distribution will be mailed to the Company's stockholders of record.

The Company may generate qualified interest income and short-term capital gains that may be exempt from United States withholding tax on foreign accounts. A regulated investment company, or RIC, is permitted to designate distributions in the form of dividends that represent interest income (commonly referred to as qualified interest income) and short-term capital gains as exempt from U.S. withholding tax when paid to non-U.S. stockholders with proper documentation.

10. Financial Highlights

	For the three months ended		For the six months ended	
	June 30, 2018	2017	June 30, 2018	2017
Per Share Data[1]:				
Net asset value attributable to THL Credit, Inc., beginning of period	$10.44	$11.71	$10.51	$11.82
Net investment income, after taxes[2]	0.31	0.31	0.58	0.60
Net realized loss on investments[2]	(0.78)	(0.31)	(1.18)	(0.34)

Income tax provision, realized gain[2]	—	(0.02)	—	(0.02)
Net change in unrealized appreciation (depreciation) on investments[2][5]	0.53	0.06	0.86	(0.04)
Net increase in net assets resulting from operations	0.06	0.04	0.26	0.20
Distributions to stockholders from net investment income	(0.27)	(0.27)	(0.54)	(0.54)
Net asset value attributable to THL Credit, Inc., end of period	$10.23	$11.48	$10.23	$11.48
Per share market value at end of period	$7.82	$9.95	$7.82	$9.95
Total return[3][6]	4.12 %	5.47 %	(7.50%)	4.94 %
Shares outstanding at end of period	32,674	32,776	32,674	32,776
Ratio/Supplemental Data:				
Net assets at end of period, attributable to THL Credit Inc.	$334,161	$376,268	$334,161	$376,268
Ratio of total expenses to average net assets, attributable to THL Credit, Inc.[4] [7]	9.73 %	10.41 %	9.51 %	10.26 %
Ratio of net investment income to average net assets, attributable to THL Credit, Inc. [7]	12.11 %	10.71 %	11.33 %	10.44 %
Portfolio turnover, attributable to THL Credit, Inc.	4.23 %	3.37 %	6.19 %	6.80 %

63

(1) Includes the cumulative effect of rounding.
(2) Calculated based on weighted average common shares outstanding.
(3) Total return is based on the change in market price per share during the period. Total return takes into account dividends and distributions, if any, reinvested in accordance with the Company's dividend reinvestment plan.
(4) For the three months ended June 30, 2018 and 2017, the ratio components included 2.77% and 2.80% of base management fee, (0.01%) and 1.27% of net incentive fee, 4.87% and 4.58% of the cost of borrowing, 2.00% and 1.95% of other operating expenses, and 0.10% and (0.19%) of the impact of all taxes, respectively. For the six months ended June 30, 2018 and 2017, the ratio components included 2.75% and 2.73% of base management fee, (0.01%) and 1.30% of net incentive fee, 4.72% and 4.51% of the cost of borrowing, 1.91% and 1.90% of other operating expenses, and 0.14% and (0.18%) of the impact of all taxes, respectively.
(5) Includes the net change in unrealized appreciation (depreciation) on foreign currency transactions.
(6) Not annualized.
(7) Annualized, except for taxes and the related impact of incentive fees.

11. Stock Repurchase Program

On March 7, 2017 our board of directors authorized a $20,000 stock repurchase program, which was extended on March 2, 2018. Unless extended by its board of directors, the stock repurchase program will expire on March 2, 2019 and may be modified or terminated at any time for any reason without prior notice. The Company has provided its stockholders with notice of its ability to repurchase shares of its common stock in accordance with 1940 Act requirements. The Company will retire immediately all such shares of common stock that it purchases in connection with the stock repurchase program.

The following table summarizes our share repurchases under our stock repurchase program for the three and six months ended June 30, 2018 and 2017:

	For the three months ended June 30,		For the six months ended June 30,	
	2018	2017	2018	2017
Dollar amount repurchased	$—	$1,502	$—	$1,502
Shares repurchased	—	150	—	150
Average price per share (including commission)	$—	$10	$—	$10.01
Weighted average discount to net asset value	—	14.68%	—	14.68%

12. Subsequent Events

On July 25, 2018, the Company received $14,959 in proceeds from the partial repayment of its first lien senior secured term loan in Alex Toys, LLC.

On August 2, 2018, the Company received $5,165 in proceeds from the repayment of its second lien term loan in Gold, Inc.

On August 7, 2018, in consultation with its board of directors, the Company accepted the Advisor’s proposal to extend its waiver of 100% of the incentive fees accrued through June 30, 2019. Such incentive fees waived shall not be subject to recoupment. Refer to Note 4 – Related Party Transactions for more information.

On August 7, 2018, the Company's board of directors declared a dividend of $0.27 per share payable on September 28, 2018 to stockholders of record at the close of business on September 14, 2018.

Schedule 12-14

THL Credit, Inc. and Subsidiaries

Schedule of Investments in and Advances to Affiliates

(dollar amounts in thousands)

(unaudited)

Type of Investment/Portfolio company (1)(2)	Principal/No.of Shares /No.of Units	Purchases	Sales	Net Realized Gain (Loss)	Net Unrealized Appreciation (Depreciation)	Dividends/ Interest Income/ Other Income	Fair Value at June 30, 2018
Control Investments —53.17% of net asset value							
Control Investments - Majority Owned —48.51% of net asset value							
First lien senior secured debt —13.02% of net asset value							
Northeast —1.77% of net asset value							
Tri Starr Management Services, Inc. - LIFO revolving loan 8.8% (ABR+3.8%) due 9/30/2018	$ 46	$ 236	$ (236)	$ —	$ —	$ 10	$ 46
Tri Starr Management Services, Inc. - Non LIFO revolving loan 6.8% (LIBOR + 4.8%) cash due 9/30/2018	669	—	—	—	(28)	50	669
Tri Starr Management Services, Inc. - Tranche 1-A term loan 6.8% (LIBOR + 4.8%) cash due 9/30/2018	291	—	—	—	(15)	24	291

Tri Starr Management Services, Inc. - Tranche 1-B term loan 6.8% (LIBOR + 4.8%) cash due 9/30/2018	2,545	—	—	—	(128)	211	2,545
Tri Starr Management Services, Inc. - Tranche 2 term loan 10% PIK due 9/30/2018	1,654	—	—	—	(69)	149	1,654
Tri Starr Management Services, Inc. - Tranche 3 term loan 10% PIK due 9/30/2018 (3)	1,102	—	—	—	245	—	717
Tri Starr Management Services, Inc. - Tranche 4 term loan 5% PIK due 9/30/2018 (3)	3,322	—	—	—	—	—	—
Subtotal Northeast	$ 9,629	$ 236	$(236)	$ —	$ 5	$ 444	$5,922
Southeast							
—2.12% of net asset value							
Loadmaster Derrick & Equipment, Inc. - Senior secured revolving term loan 12.6% (LIBOR+ 10.3%) due 12/31/2020	$ 3,750	$ 510	$—	$ —	$ —	$ 208	$3,750
Loadmaster Derrick & Equipment, Inc. - Senior secured term loan 11.9% (LIBOR + 10.3% PIK) (3) due 12/31/2020	8,315	—	—	—	(485)	—	3,326
Loadmaster Derrick & Equipment, Inc. - Senior secured term loan 13.7% (LIBOR + 12% PIK) (3) due 12/31/2020	1,885	—	—	—	—	—	—
Subtotal Southeast	$ 13,950	$ 510	$—	$ —	$ (485)	$ 208	$7,076
Southwest							
—9.13% of net asset value							
OEM Group, LLC - Senior secured term loan 11.6% (LIBOR+9.5%)(7.6% Cash and 4.0% PIK) due 6/30/2022	$ 18,703	$ —	$—	$ —	$ —	$ 1,053	$18,703
OEM Group, LLC - Senior secured revolving	2,900	2,725	—	—	175	5	2,900

term loan 11.6% (LIBOR+9.5%)(7.6% Cash and 4.0% PIK) due 6/30/2022							
OEM Group, LLC - Senior secured revolving							
term loan 11.6% (LIBOR+9.5%)(7.6% Cash and 4.0% PIK) due 6/30/2022	8,930	1,620	(750)	—	(7)	505	8,930
Subtotal Southwest	$ 30,533	$ 4,345	$ (750)	$ —	$ 168	$ 1,563	$ 30,533
Subtotal first lien senior secured debt	$ 54,112	$ 5,091	$ (986)	$ —	$ (312)	$ 2,215	$ 43,531
Second lien debt							

65

THL Credit, Inc. and Subsidiaries

Schedule of Investments in and Advances to Affiliates

(dollar amounts in thousands)

(unaudited)

Type of Investment/Portfolio company [1][2]	Principal/No.of Shares /No.of Units	Purchases	Sales	Net Realized Gain (Loss)	Net Unrealized Appreciation (Depreciation)	Dividends/ Interest Income/ Other Income	Fair Value at June 30, 2018
—1.62% of net asset value							
Southeast							
—1.62% of net asset value							
Copperweld Bimetallics, LLC - 12%							
cash due 10/5/2021	$ 5,415	$—	$—	$ —	$ —	$ 327	$5,415
Subtotal Southeast	$ 5,415	$—	$—	$ —	$ —	$ 327	$5,415
Subtotal second lien debt	$ 5,415	$—	$—	$ —	$ —	$ 327	$5,415
Equity Investments							
—9.34% of net asset value							
Northeast							
—2.69% of net asset value							
Tri Starr Management Services, Inc. [6]	0.72	$—	$—	$ —	$ 2,041	$ 50	$9,009
Subtotal Northeast		$—	$—	$ —	$ 2,041	$ 50	$9,009
Southeast							
—6.17% of net asset value							
Copperweld Bimetallics, LLC [5]	677	$—	$—	$ —	$ —	$ 233	$3,920
Copperweld Bimetallics, LLC [6]	609,230	—	—	—	7,512	244	16,705
Loadmaster Derrick & Equipment, Inc. [5]	12,131	—	—	—	—	—	—
Loadmaster Derrick & Equipment, Inc. [6]	2,956	—	—	—	—	—	—
Subtotal Southeast		$—	$—	$ —	$ 7,512	$ 477	$20,625
Southwest							
—0.47% of net asset value							
OEM Group, LLC [6]	10,000	$—	$—	$ —	$ (9,263)	$ —	$1,578

Subtotal Southwest		$—	$—	$ —	$ (9,263)	$ —	$1,578
Subtotal equity investments		$—	$—	$ —	$ 290	$ 527	$31,212
Investments in funds							
—24.53% of net asset value							
Northeast							
—24.53% of net asset value							
THL Credit Logan JV LLC (4) (7)		$ 17,600	$—	$ 342	$ (1,017)	$ 4,457	$81,993
Subtotal investments in funds		$ 17,600	$—	$ 342	$ (1,017)	$ 4,457	$81,993
Total Control Investments - Majority Owned		$ 22,691	$(986)	$ 342	$ (1,039)	$ 7,526	$162,151
Control Investments - Less Than Majority Owned							
—4.66% of net asset value							
Equity Investments							
Northwest							
—4.66% of net asset value							
C&K Market, Inc. (6)	1,992,365	$—	$—	$ —	$ (2,006)	$ 813	$5,611
C&K Market, Inc. due 7/1/2024 (5)	1,992,365	—	—	—	—	—	9,962
Subtotal Northwest		$—	$—	$ —	$ (2,006)	$ 813	$15,573
Subtotal equity investments		$—	$—	$ —	$ (2,006)	$ 813	$15,573
Total Control Investments - Less Than Majority Owned		$—	$—	$ —	$ (2,006)	$ 813	$15,573
Total Control Investments		$ 22,691	$(986)	$ 342	$ (3,045)	$ 8,339	$177,724

66

THL Credit, Inc. and Subsidiaries

Schedule of Investments in and Advances to Affiliates

(dollar amounts in thousands)

(unaudited)

Type of Investment/Portfolio company (1)(2)	Principal/No.of Shares /No.of Units	Purchases	Sales	Net Realized Gain (Loss)	Net Unrealized Appreciation (Depreciation)	Dividends/ Interest Income/ Other Income	Fair Value at June 30, 2018
Non-controlled, affiliated Investments							
—8% of net asset value							
First lien senior secured debt							
—7.36% of net asset value							
Southwest							
—7.36% of net asset value							
Charming Charlie LLC	$ 11,183	$ 10,735	$—	$ —	$ 432	$ 277	$ 11,182
Charming Charlie LLC	13,419	12,882	—	—	518	332	13,419
Charming Charlie LLC	—	—	—	—	—	42	—
Subtotal Southwest	$ 24,602	$ 23,617	$—	$ —	$ 950	$ 651	$ 24,601
Subtotal first lien senior secured debt	$ 24,602	$ 23,617	$—	$ —	$ 950	$ 651	$ 24,601
Equity Investments							
—0.64% of net asset value							
Southwest							
—0.64% of net asset value							
Charming Charlie LLC (6)	128,307,716	$ —	$—	$ —	$ 2,147	$ —	$ 2,147
Subtotal Southwest		$ —	$—	$ —	$ 2,147	$ —	$ 2,147
Subtotal equity investments		$ —	$—	$ —	$ 2,147	$ —	$ 2,147
Investments in funds							
—0.00% of net asset value							
Northeast							
—0.00% of net asset value							
THL Credit Greenway Fund LLC (4) (8)		$ —	$—	$ —	$ —	$ 22	$ 1
THL Credit Greenway Fund II LLC (4) (8)		—	—	—	1	$ 479	$ 3

Subtotal Northeast	$—	$—	$—	$ 1	$ 501	$4
Subtotal investments in funds	$—	$—	$—	$ 1	$ 501	$4
Total Affiliate Investments	$23,617	$—	$—	$ 3,098	$ 1,152	$26,752
Total Control and Affiliate Investments——						
53.17% of net asset value	$46,308	$(986)	$ 342	$ 53	$ 9,491	$204,476

67

THL Credit, Inc. and Subsidiaries

Schedule of Investments in and Advances to Affiliates

(dollar amounts in thousands)

(unaudited)

(1) The principal amount and ownership detail as shown in the Consolidated Schedule of Investments as of June 30, 2018. Unless otherwise noted, all investments are valued using significant unobservable inputs.

(2) Variable interest rate investments bear interest in reference to London Interbank offer rate, or LIBOR, Canadian Dollar offer rate, or CDOR, or Alternate Base Rate, or ABR, which are effective as of June 30, 2018. LIBOR loans and CDOR loans are typically indexed to 30-day, 60-day, 90-day or 180-day LIBOR or CDOR rates, at the borrower's option, and ABR rates are typically indexed to the current prime rate or federal funds rate. Each of LIBOR, CDOR and ABR rates may be subject to interest floors. As of June 30, 2018, the 30-day, 60-day, 90-day and 180-day LIBOR rates were 2.09%, 2.17%, 2.34% and 2.50%, respectively. As of June 30, 2018, the 30-day, 60-day, 90-day and 180-day CDOR rates were 1.67%, 1.70%, 1.77% and 1.94%, respectively.

(3) Loan was on non-accrual as of June 30, 2018.

(4) Investment is measured at fair value using net asset value.

(5) Preferred Stock.

(6) Common stock and member interest.

(7) Together with Perspecta Trident LLC, or Perspecta, an affiliate of Perspecta Trust LLC, the Company invests in THL Credit Logan JV LLC, of Logan JV. Logan JV is capitalized through equity contributions from its members and investment decisions must be unanimously approved by the Logan JV investment committee consisting of one representative from each of the Company and Perspecta.

(8) Income includes certain fees relating to investment management services provided by the Company, including a base management fee, a performance fee and a portion of the closing fees on each investment transaction.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations
The information contained in this section should be read in conjunction with the consolidated financial statements and notes thereto appearing elsewhere in this report.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This report, and other statements that we may make, may contain forward-looking statements with respect to future financial or business performance, strategies or expectations. Forward-looking statements are typically identified by words or phrases such as “trend,” “opportunity,” “pipeline,” “believe,” “comfortable,” “expect,” “anticipate,” “current,” “inten “estimate,” “position,” “assume,” “potential,” “outlook,” “continue,” “remain,” “maintain,” “sustain,” “seek,” “achieve” and si expressions, or future or conditional verbs such as “will,” “would,” “should,” “could,” “may” or similar expressions.

Forward-looking statements are subject to numerous assumptions, risks and uncertainties, which change over time. Forward-looking statements speak only as of the date they are made, and we assume no duty to and do not undertake to update forward-looking statements. Actual results could differ materially from those anticipated in forward-looking statements and future results could differ materially from historical performance.

In addition to factors previously identified elsewhere in this filing, the following factors, among others, could cause actual results to differ materially from forward-looking statements or historical performance:

- the introduction, withdrawal, success and timing of business initiatives and strategies;
- changes in political, economic or industry conditions, the interest rate environment or financial and capital markets, which could result in changes in the value of our assets;
- the relative and absolute investment performance and operations of our investment adviser;
- the impact of increased competition;
- the impact of future acquisitions and divestitures;
- the unfavorable resolution of legal proceedings;
- our business prospects and the prospects of our portfolio companies;
- the impact, extent and timing of technological changes and the adequacy of intellectual property protection;
- the impact of legislative and regulatory actions and reforms and regulatory, supervisory or enforcement actions of government agencies relating to us or THL Credit Advisors LLC, the Advisor;
- the ability of the Advisor to identify suitable investments for us and to monitor and administer our investments;
- our contractual arrangements and relationships with third parties;
- any future financings by us;
- the ability of the Advisor to attract and retain highly talented professionals;
- fluctuations in foreign currency exchange rates; and
- the impact of changes to tax legislation and, generally, our tax position.
- our ability to exit a control investment in a timely manner
- the ability to fund Logan JV’s unfunded commitments to the extent approved by each member of the Logan JV investment committee.

Overview

THL Credit, Inc., or we, us, our or the Company, was organized as a Delaware corporation on May 26, 2009 and initially funded on July 23, 2009. We commenced principal operations on April 21, 2010. Our investment objective is to generate both current income and capital appreciation, primarily through investments in privately negotiated investments in debt and equity securities of lower middle market companies.

As of June 30, 2018, we, together with our credit-focused affiliates, collectively had $12.3 billion of assets under management. This amount included our assets, assets of the managed funds and a separate account managed by us, and assets of the collateralized loan obligations (CLOs), separate accounts and various fund formats, including any uncalled commitments of private funds, as managed by the investment professionals of the Advisor or its consolidated subsidiary.

We are a direct lender to lower middle market companies and invest primarily in directly originated first lien senior secured loans, including unitranche investments. In certain instances, we also make second lien, subordinated, or mezzanine, debt investments, which may include an associated equity component such as warrants, preferred stock or other similar securities and direct equity investments. Our first lien senior secured loans may be structured as traditional first lien senior secured loans or as unitranche loans. Unitranche structures combine characteristics of traditional first lien senior secured as well as second lien and subordinated loans and our unitranche loans will expose us to the risks associated with second lien and subordinated loans to the extent we invest in the "last-out" tranche or subordinated tranche (or piece) of the unitranche loan. We may also provide advisory services to managed funds.

We are an externally managed, non-diversified, closed-end investment company that has elected to be regulated as a business development company, or BDC, under the Investment Company Act of 1940 Act, as amended, or the 1940 Act. As a BDC, 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, cash equivalents, U.S. Government securities and high-quality debt investments that mature in one year or less.

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). Qualifying assets include investments in "eligible portfolio companies." Under the relevant U.S. Securities and Exchange Commission, or SEC, rules the term "eligible portfolio company" includes all private companies, companies whose securities are not listed on a national securities exchange, and certain public companies that have listed their securities on a national securities exchange and have a market capitalization of less than $250 million, in each case organized in the United States.

We are also registered as an investment adviser under the Investment Advisers Act of 1940, as amended.

Since April 2010, after we completed our initial public offering and commenced principal operations, through June 30, 2018, we have been responsible for making, on behalf of ourselves, managed funds and separately managed account, over $2.0 billion in aggregate commitments into 100 separate portfolio companies through a combination of both initial and follow-on investments. Since April 2010 through June 30, 2018, we, along with our managed funds and separately managed account, have received $1.4 billion of gross proceeds from the realization of investments. The Company alone has received $1.1 billion of gross proceeds from the realization of its investments during this same time period.

We have elected to be treated for tax purposes as a regulated investment company, or RIC, under Subchapter M of the Internal Revenue Code of 1986, as amended, or the Code. To qualify as a RIC, we must, among other things, meet certain source of income and asset diversification requirements. Pursuant to these elections, we generally will not have to pay corporate-level income taxes on any income we distribute to our stockholders.

Portfolio Composition and Investment Activity

Portfolio Composition

As of June 30, 2018, we had $559.0 million of portfolio investments (at fair value), which represents an $49.7 million, or 8.2% decrease from the $608.7 million (at fair value) as of December 31, 2017. Our portfolio consisted of 43 investments, including THL Credit Greenway Fund LLC, or Greenway, and THL Credit Greenway Fund II LLC, or Greenway II, as of June 30, 2018, compared to 47 portfolio investments, including Greenway and Greenway II, as of December 31, 2017. As of June 30, 2018, we had $177.7 million of controlled portfolio investments (at fair value) in six portfolio companies, which represents a $19.0 million, or 12.0% increase from $158.7 million (at fair value) as of

December 31, 2017. The increase in controlled portfolio companies was the result of follow-on investments, primarily in the Logan JV, and changes in performance of certain investments. Our average controlling equity position at June 30, 2018 was approximately $29.6 and $29.6 at cost and fair value, respectively. Our investment in the Logan JV represented 14.9% and 10.7% of our portfolio investments at fair value as of June 30, 2018 and December 31, 2017, respectively. We will aim to increase our investment in the Logan JV over the 2018 fiscal year to represent 15% or more of our portfolio but not to exceed 30% of our portfolio.

At June 30, 2018, our average portfolio company investment, excluding Greenway, Greenway II, Logan JV, and portfolio investments where we only have an equity or fund investment and restructured investments where we converted debt to a controlling equity interest, at amortized cost and fair value, was approximately $12.7 million and $12.5 million, respectively. Going forward, we intend to limit new investments in new portfolio companies to 2.5% of our investment portfolio. Including investments in funds, investments where we hold equity only positions or restructured investments where we converted debt to a controlling equity position would not be representative of our typical portfolio investment size and were therefore excluded from the calculation. Our largest portfolio company investment, excluding the Logan JV and investments where we hold equity only positions or restructured investments where we converted debt to a controlling equity position, by cost and fair value was approximately $30.1 million and $30.0 million, respectively. Including such investments, our largest portfolio company investment at June 30, 2018 was our investment in the Logan JV, which totaled $84.6 million and $82.0 million at cost and fair value, respectively. At December 31, 2017, our average portfolio company investment, excluding Greenway, Greenway II, Logan JV, and portfolio investments where we only have an equity or fund investment and restructured investments where we converted debt to a controlling equity interest, at amortized cost and fair value, was approximately $14.5 million and $13.4 million, respectively. Our largest portfolio company investment as of December 31, 2017, excluding the Logan JV and investments where we hold equity only positions or restructured investments where we converted debt to a controlling equity position, by amortized cost and fair value was approximately $30.2 million and $30.5 million. Including such investments, our largest portfolio company investment at December 31, 2017 was our investment in the Logan JV, which totaled $67.0 and $65.4 at cost and fair value, respectively.

At June 30, 2018, based upon fair value, 95.3% of our debt investments bore interest based on floating rates, which may be subject to interest rate floors, such as the London Interbank offer rate, or LIBOR, and Canadian Dollar Offered Rate, or CDOR, and 4.7% bore interest at fixed rates. At December 31, 2017, 93.1% of our debt investments bore interest based on floating rates, which may be subject to interest rate floors, such as LIBOR, and 6.9% bore interest at fixed rates.

The following table shows the weighted average yield by investment category at their current cost.

Description:	As of June 30, 2018	December 31, 2017
First lien senior secured debt [1]	10.5 %	10.0 %
Second lien debt	12.0 %	6.9 %
Subordinated debt	16.5 %	13.5 %
Investments in payment rights [2]	14.4 %	16.6 %
Income-producing equity securities [3]	9.5 %	14.0 %
Debt and income-producing investments [1][4]	10.8 %	10.1 %
Logan JV [5]	14.1 %	14.2 %
All investments including Logan JV [1][5]	11.3 %	10.7 %

(1) Includes all loans on non-accrual status.
(2) Yields from investments in payment rights represent an effective yield expected from anticipated cash flows.
(3) Includes income from debt-like equity securities where there is a stated rate and amounts are due on a fixed payment schedule.
(4) Includes yields on controlled investments, but excludes the yield on the Logan JV.
(5) As of June 30, 2018 and December 31, 2017, the distributions declared and earned of $2.4 million and $2.6 million for the three months ended June 30, 2018 and December 31, 2017, respectively, represented a yield to us of 14.1% and 14.2%, respectively, based on average capital invested. We expect the dividend yield to fluctuate as a result of the timing of additional capital invested, the changes in asset yields in the underlying portfolio and the overall performance of the Logan JV investment portfolio.

The weighted average yield of our debt investments is not the same as a return on investment for our stockholders but, rather, relates to a portion of our investment portfolio and is calculated before the payment of our fees and expenses. The weighted average yield was computed using the effective interest rates as of June 30, 2018, including accretion of original issue discount and loan origination fees. This weighted average yield reflects the impact of loans on non-accrual status. There can be no assurance that the weighted average yield will remain at its current level. As of June 30, 2018 and December 31, 2017, 3.5% and 6.2% of our investment portfolio at fair value was comprised of non-income producing investments. We intend to continue to reduce our non-income producing investments in 2018 and beyond. No assurance can be given that we will be successful in achieving this target.

As of June 30, 2018 and December 31, 2017, portfolio investments, in which we have debt investments, had a median adjusted earnings before interest, taxes, depreciation and amortization, or EBITDA, of approximately $11.0 million and $11.0 million, respectively, based on the latest available financial information provided by the portfolio companies for each of these periods. As of June 30, 2018 and December 31, 2017, our median attachment point in the capital structure of our debt investments in portfolio companies is approximately 4.4 times and 4.3 times the portfolio company’s EBITDA, respectively, based on our latest available financial information for each of these periods.

We expect the percent of our portfolio investments in unsponsored investments to decrease significantly over time as we work through restructurings, which may include providing additional liquidity through revolving loans, and ultimately exit our unsponsored investments. However, these portfolio investments may require follow-on capital as we work through restructurings, which will increase our exposure to these investments. Going forward we expect unsponsored investments we make, if any, would only be in first lien senior secured investments. As of June 30, 2018, our portfolio of unsponsored investments included six investments. Five are performing at or above our expectations and have an Investment Score of 1 or 2. Two other unsponsored investments have Investment Scores of 3 and 5.

As of June 30, 2018, we have closed portfolio investments with 62 different sponsors since inception. As of December 31, 2017, we had closed portfolio investments with 62 different sponsors since inception.

The following table summarizes sponsored and unsponsored investments based on amortized cost and fair value (in millions).

	As of June 30, 2018				As of December 31, 2017			
	Amortized Cost	Fair Value	Fair Value as % of Total		Amortized Cost	Fair Value	Fair Value as % of Total	
Sponsored Investments [1]	$393.8	$380.1	79.7	%	$477.7	$435.0	80.1	%
Unsponsored Investments [1]	85.9	96.8	20.3	%	95.6	108.3	19.9	%
Total	$479.7	$476.9	100.0	%	$573.3	$543.3	100.0	%

[1] Excludes THL Credit Greenway Fund I LLC, THL Credit Greenway Fund II LLC, and THL Credit Logan JV LLC.
The following table summarizes the amortized cost and fair value of investments as of June 30, 2018 (in millions).

Description	Amortized Cost	Percentage of Total		Fair Value [1]	Percentage of Total	
First lien senior secured debt	$ 375.6	66.6	%	$368.0	65.7	%
Investment in Logan JV	84.6	15.0	%	82.0	14.9	%
Equity investments	49.3	8.7	%	55.9	10.0	%
Second lien debt	31.5	5.6	%	31.3	5.6	%
Investment in payment rights	10.3	1.8	%	11.2	2.0	%
Subordinated debt	9.1	1.6	%	6.4	1.1	%
Investments in funds	3.7	0.7	%	3.9	0.7	%
Warrants	0.2	0.0	%	0.3	0.0	%
Total investments	$ 564.3	100.0	%	$559.0	100.0	%

[1] All investments are categorized as Level 3 in the fair value hierarchy, except for investments in funds and the Logan JV, which are excluded from the fair value hierarchy in accordance with ASU 2015-07. These assets are valued at net asset value.
The following table summarizes the amortized cost and fair value of investments as of December 31, 2017 (in millions).

Description	Amortized	Percentage of	Percentage of

	Cost	Total		Fair Value (1)	Total	
First lien senior secured debt	$ 419.0	65.4	%	$407.0	66.9	%
Equity investments	64.4	10.1	%	69.2	11.4	%
Investment in Logan JV	67.0	10.5	%	65.4	10.7	%
Second lien debt	53.4	8.3	%	32.8	5.4	%
Subordinated debt	22.3	3.5	%	19.1	3.1	%
Investment in payment rights	10.3	1.6	%	11.3	1.9	%
Investments in funds	3.8	0.6	%	3.8	0.6	%
Warrants	0.2	0.0	%	0.1	0.0	%
Total investments	$ 640.4	100.0	%	$608.7	100.0	%

(1) All investments are categorized as Level 3 in the fair value hierarchy, except for investments in funds and the Logan JV, which are excluded from the fair value hierarchy in accordance with ASU 2015-07. These assets are valued at net asset value.

We expect the percent of our core assets, which we define as first lien senior secured loans and the Logan JV, to continue to increase as a percent of total investments as we are repaid or liquidate our second lien debt, subordinated debt and other equity holdings over time and redeploy these proceeds. We intend to continue our efforts to reposition the portfolio towards more senior secured floating rate investments, which we believe will reduce our exposure to portfolio company risks and potential changes in interest rates.

The following is a summary of the industry classification in which the Company invests as of June 30, 2018 (in millions).

Industry	Amortized Cost	Fair Value	% of Total Portfolio	% of Net Assets
Industrials and manufacturing	$ 96.2	$ 94.6	16.90 %	28.27 %
Consumer products and services	99.0	93.5	16.71 %	27.94 %
Investment funds and vehicles	84.6	82.0	14.67 %	24.53 %
IT services	57.5	56.3	10.06 %	16.83 %
Healthcare	51.3	50.5	9.04 %	15.12 %
Financial services	41.0	42.3	7.57 %	12.66 %
Retail & grocery	36.9	42.3	7.57 %	12.66 %
Energy / utilities	46.6	38.6	6.91 %	11.56 %
Business services	32.8	38.3	6.86 %	11.47 %
Media, entertainment and leisure	17.2	17.1	3.07 %	5.13 %
Transportation	1.0	3.1	0.56 %	0.93 %
Restaurants	0.2	0.4	0.08 %	0.13 %
Total Investments	$ 564.3	$ 559.0	100.00 %	167.23 %

The following is a summary of the industry classification in which the Company invests as of December 31, 2017 (in millions)

Industry	Amortized Cost	Fair Value	% of Total Portfolio	% of Net Assets
Consumer products and services	$ 122.0	$ 117.1	19.25 %	34.05 %
Industrials and manufacturing	92.5	93.3	15.32 %	27.11 %
Financial services	75.1	77.7	12.76 %	22.57 %
Investment funds and vehicles	67.0	65.4	10.75 %	19.01 %
IT services	57.4	56.2	9.23 %	16.32 %
Healthcare	46.0	45.7	7.51 %	13.29 %
Business services	38.6	42.3	6.94 %	12.29 %
Energy / utilities	46.1	38.4	6.31 %	11.17 %
Retail & grocery	41.6	37.6	6.18 %	10.93 %
Media, entertainment and leisure	31.4	30.4	4.99 %	8.83 %
Transportation	1.0	3.1	0.51 %	0.91 %
Restaurants	21.7	1.5	0.25 %	0.45 %
Total Investments	$ 640.4	$ 608.7	100.00 %	176.93 %

Investment Activity

The following is a summary of our investment activity, presented on a cost basis, for the three and six months ended June 30, 2018 and 2017 (in millions).

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
New portfolio investments	$—	$17.4	$ —	$ 45.4
Existing portfolio investments:				
Follow-on investments (1) (2)	19.2	4.5	25.6	9.7
Delayed draw and revolver investments (1)	5.3	1.1	10.6	6.7
Total existing portfolio investments	24.5	5.6	36.2	16.4
Total portfolio investment activity	$24.5	$23.0	$ 36.2	$ 61.8
Number of new portfolio investments	—	2	—	4
Number of follow-on investments	8	5	9	8
First lien senior secured debt	$13.3	$18.5	$ 18.6	$ 50.4
Investment in Logan JV	11.2	4.0	17.6	8.0
Subordinated debt	—	—	—	1.7
Equity investments	—	0.5	—	1.7
Total portfolio investments	$24.5	$23.0	$ 36.2	$ 61.8
Weighted average yield of new debt investments	9.0 %	9.8 %	8.7 %	10.9 %
Weighted average yield, including all new income-producing investments (2)	11.4%	9.8 %	11.3 %	11.0 %

(1) Includes follow-on investments in controlled investments. Refer to Schedule 12-14 beginning on page 66 of this report for additional detail.

(2) Includes follow-on investments in Logan JV

For the three and six months ended June 30, 2018, we had prepayments and sales of our investments, including any prepayment premiums, totaling $59.8 million and $69.6 million, respectively. For the three and six months ended June 30, 2017, we had prepayments and sales of our investments, including any prepayment premiums, totaling $32.7 million and $44.5 million, respectively. Please refer to "Results of Operations- Net Realized Gains and Losses on Investments, net of income tax provision" for additional details surrounding certain investments that were sold.

The following are proceeds received from notable prepayments, sales and other activity related to our investments (in millions):

For the six months ended June 30, 2018

- Repayment of a subordinated term loan and realization of preferred equity interest in A10 Capital, LLC, which resulted in proceeds of $26.6 million, including a prepayment premium of $0.3 million;
- Repayment of a first lien senior secured term loan in The John Gore Organization, Inc., which resulted in proceeds of $13.8 million, including a prepayment premium of $0.1 million;
- Partial sale of a first lien senior secured term loan in Fairstone Financial Inc., which resulted in proceeds of $7.7 million;
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Partial repayment of a first lien senior secured term loan in Home Partners of America, Inc., which resulted in proceeds of $5.9 million;

- Sale of a second lien term loan in Specialty Brands Holdings, LLC, which resulted in proceeds received of $0.4 million.
- Repayment of a first lien senior secured term loan and revolver in Togetherwork Holdings, LLC, which resulted in proceeds of $5.7 million, including a prepayment premium of $0.1 million, and
- Sale of a first lien senior secured term loan, subordinated term loans, preferred equity and common equity in Aerogroup International Inc., which resulted in proceeds received of $2.5 million and $8.0 million recorded as an initial escrow receivable, at the time of sale.

74

For the six months ended June 30, 2017

- Repayment of a senior secured term loan in Healthcarefirst, Inc. at par which resulted in proceeds of $8.3 million;
- Sale of a second lien term loan in Hostway Corporation, which resulted in proceeds of $16.4 million;
- Sale of a CLO residual interest in Flagship VIII, Ltd., which resulted in proceeds of $5.1 million;
- Partial sale of a preferred equity position in A10 Capital, LLC, which resulted in proceeds of $4.3 million;
- Partial repayment of a first lien senior secured term loan in MeriCal, LLC, which resulted in proceeds of $2.3 million, including a prepayment premium of $0.1 million;
- Sale of a CLO residual interest in Flagship VII, Ltd., which resulted in proceeds of $2.2 million;
- Realization of our equity interests in YP Equity Investors, LLC which resulted in proceeds of $1.7 million; and
- Sale of a second lien term loan in Washington Inventory Service, which resulted in proceeds of $0.6 million.

Our level of investment activity can vary substantially from period to period depending on many factors, including the amount of debt and equity capital available to lower middle market companies, the level of merger and acquisition activity, the general economic environment and the competitive environment for the types of investments we make. The frequency and volume of any prepayments may fluctuate significantly from period to period.

Aggregate Cash Flow Realized Gross Internal Rate of Return

Since April 2010, after we completed our initial public offering and commenced principal operations, through June 30, 2018, our fully exited investments have resulted in an aggregate cash flow realized gross internal rate of return to us of 13.2% (based on cash invested of $1,026.3 million and total proceeds from these exited investments of $1,272.1 million). 84.9% of these exited investments resulted in an aggregate cash flow realized gross internal rate of return to us of 10% or greater. Internal rate of return, or IRR, is a measure of our discounted cash flows (inflows and outflows). Specifically, IRR is the discount rate at which the net present value of all cash flows is equal to zero. That is, IRR is the discount rate at which the present value of total cash invested in our investments is equal to the present value of all realized returns from the investments. Our IRR calculations are unaudited.

Cash invested, with respect to an investment, represents our aggregate cash investment in the debt or equity securities we acquire.

Realized returns, with respect to an investment, represents the total cash received with respect to each investment, including all amortization payments, interest, dividends, prepayment fees, upfront fees, original issue discount, amendment fees and other fees and proceeds.

Gross IRR, with respect to an investment, is calculated based on the dates that we invested capital and dates we received distributions, regardless of when we made distributions to our stockholders. Initial investments are assumed to occur at time zero, and all cash flows are deemed to occur on the date in which they did occur.

Gross IRR reflects historical results relating to our past performance and is not necessarily indicative of our future results. In addition, gross IRR does not reflect the effect of management fees, expenses, incentive fees or taxes borne, or to be borne, by us or our stockholders, and would be lower if it did.

Aggregate cash flow realized gross IRR on our exited investments reflects only invested and realized cash amounts as described above, and does not reflect any unrealized gains or losses in our portfolio or non-cash restructuring transactions. Cash flows exclude sales of participations if they were anticipated at the time of the initial investment.

Investment Risk

The value of our investments will generally fluctuate with, among other things, changes in prevailing interest rates, federal tax rates, counterparty risk, general economic conditions, the condition of certain financial markets, developments or trends in any particular industry and the financial condition of the issuer. During periods of limited liquidity and higher price volatility, our ability to dispose of investments at a price and time that we deem advantageous may be impaired.

Lower-quality debt securities involve greater risk of default or price changes due to changes in the credit quality of the issuer. The value of lower-quality debt securities often fluctuates in response to company, political, or economic developments and can decline significantly over short periods of time or during periods of general or regional economic difficulty. Lower-quality debt securities can be thinly traded or have restrictions on resale, making them difficult to sell at an acceptable price. The default rate for lower-quality debt securities is likely to be higher during economic recessions or periods of high interest rates.

THL Credit Logan JV LLC

On December 3, 2014, we entered into an agreement with Perspecta Trident LLC, an affiliate of Perspecta Trust LLC, or Perspecta, to create THL Credit Logan JV LLC, or Logan JV, a joint venture, which invests primarily in senior secured first lien term loans. All Logan JV investment decisions must be unanimously approved by the Logan JV investment committee consisting of one representative from each of us and Perspecta.

We have determined that Logan JV is an investment company under ASC 946, however, in accordance with such guidance, we will generally not consolidate our investment in a company other than a substantially owned investment company subsidiary or a controlled operating company whose business consists of providing services to us. Accordingly, we do not consolidate our non-controlling interest in Logan JV.

Logan JV is capitalized with equity contributions which are generally called from its members, on a pro-rata basis based on their equity commitments, as transactions are completed. Any decision by the Logan JV to call down on capital commitments requires the explicit authorization of us, coupled with that of Perspecta, and we may withhold such authorization for any reason in our sole discretion.

As of June 30, 2018 and December 31, 2017, Logan JV had the following commitments, contributions and unfunded commitments from its members.

	As of June 30, 2018		
Member	Total Commitments	Contributed Capital	Unfunded Commitments
THL Credit, Inc.	$200.0	$ 80.6	$ 119.4
Perspecta Trident LLC	50.0	20.2	29.8
Total Investments	$250.0	$ 100.8	$ 149.2

	As of December 31, 2017		
Member	Total Commitments	Contributed Capital	Unfunded Commitments
THL Credit, Inc.	$200.0	$ 67.0	$ 133.0
Perspecta Trident LLC	50.0	16.8	33.2
Total Investments	$250.0	$ 83.8	$ 166.2

Logan JV has a senior credit facility, or the Logan JV Credit Facility, with Deutsche Bank AG and other banks. As of June 30, 2018 and December 31, 2017, the Logan JV Credit Facility had $200.0 million and $175.0 million of commitments subject to leverage and borrowing base restrictions with an interest rate of three month LIBOR (with no LIBOR floor) plus 2.40% and LIBOR (with no LIBOR floor) plus 2.50%, respectively. The final maturity date of the Logan JV Credit Facility is January 12, 2023 with the revolving loan period ending on January 12, 2021. As of June 30, 2018 and December 31, 2017, Logan JV had $215.6 million and $169.6 million of outstanding borrowings under the credit facility, respectively.

As of June 30, 2018 and December 31, 2017, Logan JV had total investments at fair value of $294.9 million and $250.4 million, respectively. As of June 30, 2018 and December 31, 2017, Logan JV’s portfolio was comprised of senior secured first lien and second lien loans to 124 and 110 different borrowers, respectively. As of June 30, 2018 and December 31, 2017, there were no loans on non-accrual status. As of June 30, 2018 and December 31, 2017, Logan JV had unfunded commitments to fund revolver and delayed draw loans to its portfolio companies totaling $4.9 million and $1.4 million, respectively. The portfolio companies in Logan JV are in industries similar to those in which we may invest directly.

Below is a summary of Logan JV's portfolio, followed by a listing of the individual loans in Logan JV's portfolio as of June 30, 2018 and December 31, 2017 (dollar amounts in thousands):

	As of June 30, 2018		As of December 31, 2017	
First lien secured debt, at par	$282,502		$233,904	
Second lien debt, at par	23,609		22,847	
Total debt investments, at par	$306,111		$256,751	
Weighted average yield on first lien secured loans (1)	6.9	%	6.4	%
Weighted average yield on second lien loans (1)	10.1	%	9.3	%
Weighted average yield on all loans (1)	7.2	%	6.7	%
Number of borrowers in Logan JV	124		110	
Largest loan to a single borrower (2)	$5,000		$5,000	
Total of five largest loans to borrowers (2)	$24,784		$24,397	

(1) Weighted average yield at their current amortized cost.
(2) At current principal amount.

The weighted average yield of Logan JV's debt investments is not the same as a return on Logan JV investment for our stockholders but, rather, relates to a portion of our investment portfolio and is calculated before the payment of our expenses. The weighted average yield was computed using the effective interest rates as of June 30, 2018 and December 31, 2017, respectively, but excluding the effective rates on investments on non-accrual status, if any. There can be no assurance that the weighted average yield will remain at its current level.

For the three and six months ended June 30, 2018, our share of income from distributions declared related to our Logan JV LLC equity interest was $2.4 million and $4.8 million, respectively, which amounts are included in dividend income and realized gains from controlled investments in the Consolidated Statements of Operations. For the three and six months ended June 30, 2017, our share of income from distributions declared related to our Logan JV LLC equity interest was $2.1 million and $4.2 million, respectively, which amounts are included in dividend income from controlled investments in the Consolidated Statements of Operations. As of June 30, 2018 and December 31, 2017, $2.6 million and $2.6 million, respectively, of income related to the Logan JV was included in interest, dividends and fees receivable on the Consolidated Statements of Assets and Liabilities. As of June 30, 2018, the distributions declared and earned of $9.9 million for the twelve months ended June 30, 2018, represented a dividend yield to the Company of 14.1% based upon average capital invested. As of December 31, 2017, distributions declared and earned of $9.3 million for the twelve months ended December 31, 2017, represented a dividend yield to the Company of 14.2% based upon average capital invested. We expect the dividend yield to fluctuate as a result of the timing of additional capital invested, the changes in asset yields in the underlying portfolio and the overall performance of the Logan JV investment portfolio.

Logan JV Loan Portfolio as of June 30, 2018

(dollar amounts in thousands)

Type of Investment/ Portfolio company	Industry	Interest Rate (1)	Initial Acquisition Date	Maturity Date	Principal	Amortized Cost	Fair Value (2)
Senior Secured First Lien Term Loans							
Canada							
Can Am Construction Inc	Construction & Building	7.59% (LIBOR +5.5%)	06/29/2017	07/01/2024	1,188	$ 1,157	$1,203
Parq Holdings LP	Hotel, Gaming & Leisure	9.83% (LIBOR +7.5%)	12/05/2014	12/17/2020	993	986	995
PNI Canada Acquireco Corp	High Tech Industries	7.84% (LIBOR +5.75%)	08/23/2017	09/21/2022	1,811	1,719	1,827
Total Canada						$ 3,862	$4,025
Germany							
Rhodia Acetow	Construction & Building	7.95% (LIBOR +5.5%)	04/21/2017	05/31/2023	990	$ 978	$995
VAC Germany Holding GmbH	Metals & Mining	6.33% (LIBOR +4%)	02/26/2018	02/26/2025	2,993	2,978	3,008
Total Germany						$ 3,956	$4,003
United Kingdom							
EG Group	Retail	6.33% (LIBOR +4%)	03/23/2018	02/07/2025	2,860	$ 2,846	$2,839
Total United Kingdom						$ 2,846	$2,839
United States of America							
1A Smart Start LLC	Services: Consumer	6.59% (LIBOR +4.5%)	03/20/2017	02/21/2022	1,588	$ 1,583	$1,588
1A Smart Start LLC	Services: Consumer	6.84% (LIBOR +4.75%)	08/28/2015	02/21/2022	2,438	2,424	2,438

A Place for Mom Inc	Services: Consumer	5.84% (LIBOR +3.75%)	07/28/2017	08/10/2024	3,970	3,953	3,982
A10 Capital, LLC	Services: Business	8.58% (LIBOR +6.5%)	04/25/2018	04/27/2023	5,000	4,952	4,950
Advanced Computer Software	High Tech Industries	6.78% (LIBOR +4.75%)	05/25/2018	05/31/2024	1,500	1,496	1,511
Advanced Integration Technology LP	Aerospace & Defense	7.22% (LIBOR +4.75%)	07/15/2016	04/03/2023	1,965	1,950	1,965
AgroFresh Inc.	Services: Business	7.11% (LIBOR +4.75%)	12/01/2015	07/31/2021	1,950	1,942	1,940
Air Medical Group Holdings Inc	Healthcare & Pharmaceuticals	6.34% (LIBOR +4.25%)	09/26/2017	03/14/2025	2,239	2,223	2,212
Alpha Media LLC	Media: Broadcasting & Subscription	8.1% (LIBOR +6%)	02/24/2016	02/25/2022	3,172	3,074	3,013
American Sportsman Holdings Co	Retail	7.09% (LIBOR +5%)	11/22/2016	09/25/2024	3,970	3,922	3,981
Ansira Holdings, Inc. (3)	Media: Advertising, Printing & Publishing	7.73% (LIBOR +5.75%)	04/17/2018	12/20/2022	613	68	67
Ansira Holdings, Inc.	Media: Advertising, Printing & Publishing	7.84% (LIBOR +5.75%)	12/20/2016	12/20/2022	140	139	139
Ansira Holdings, Inc.	Media: Advertising, Printing & Publishing	7.84% (LIBOR +5.75%)	12/20/2016	12/20/2022	1,719	1,706	1,710
AP Gaming I LLC	Hotel, Gaming & Leisure	6.34% (LIBOR +4.25%)	06/06/2016	02/15/2024	2,475	2,469	2,498
APC Aftermarket	Automotive	7.36% (LIBOR +5%)	05/09/2017	05/10/2024	495	487	486
Aptean, Inc.	Services: Business	6.59% (LIBOR +4.25%)	02/15/2016	12/20/2022	1,975	1,959	1,977
Avaya Inc	Telecommunications	6.32% (LIBOR +4.25%)	11/09/2017	12/15/2024	2,601	2,575	2,608
Barbri Inc	Media: Diversified & Production	6.25% (LIBOR +4.25%)	12/01/2017	11/21/2023	3,491	3,475	3,496
Beasley Mezzanine Holdings LLC	Media: Broadcasting & Subscription	6.09% (LIBOR +4%)	11/17/2017	11/01/2023	2,966	2,952	2,996

Big Ass Fans LLC	Services: Business	6.08% (LIBOR +3.75%)	11/07/2017	05/21/2024	2,488	2,476	2,497
Big River Steel LLC	Metals & Mining	7.33% (LIBOR +5%)	08/15/2017	08/23/2023	1,985	1,968	2,019
BI-LO LLC	Retail	10.33% (LIBOR +8%)	05/15/2018	05/31/2024	1,500	1,440	1,452
Bomgar Corp	Telecommunications	6.33% (LIBOR +4%)	04/17/2018	04/18/2025	2,000	1,995	2,010
Brand Energy & Infrastructure Services, Inc.	Services: Business	6.61% (LIBOR +4.25%)	06/16/2017	06/21/2024	2,970	2,944	2,979
Catapult Learning, Inc.	Services: Consumer	8.52% (LIBOR +6.35%)	05/22/2018	05/18/2023	4,739	4,692	4,692
Catapult Learning, Inc. (4) (14)	Services: Consumer	6.84% (LIBOR +4.5%)	05/22/2018	05/18/2023	261	(3)	(3)

78

Logan JV Loan Portfolio as of June 30, 2018

(dollar amounts in thousands)

Type of Investment/ Portfolio company	Industry	Interest Rate [1]	Initial Acquisition Date	Maturity Date	Principal	Amortized Cost	Fair Value [2]
CC Amulet Intermediate, LLC [5] [14]	Healthcare & Pharmaceuticals	3.34% (LIBOR +1%)	06/18/2018	04/30/2024	1,538	(15)	(15)
CC Amulet Intermediate, LLC	Healthcare & Pharmaceuticals	6.84% (LIBOR +4.75%)	06/18/2018	04/30/2024	3,462	3,427	3,427
Clear Balance Holdings, LLC	Banking, Finance, Insurance & Real Estate	8.08% (LIBOR +5.75%)	07/07/2015	10/05/2023	4,963	4,942	4,938
Commercial Barge Line Co	Transportation: Cargo	10.84% (LIBOR +8.75%)	11/06/2015	11/12/2020	1,331	1,300	932
Constellis Holdings, LLC	Aerospace & Defense	7.33% (LIBOR +5%)	04/18/2017	04/21/2024	1,980	1,964	1,991
Conyers Park Parent Merger Sub Inc	Retail	5.86% (LIBOR +3.5%)	06/21/2017	07/07/2024	1,985	1,976	2,012
Country Fresh Holdings, LLC	Beverage, Food & Tobacco	7.33% (LIBOR +5%)	07/14/2017	03/31/2023	4,747	4,708	4,593
Covenant Surgical Partners Inc [11]	Healthcare & Pharmaceuticals	7.11% (LIBOR +4.75%)	09/29/2017	10/04/2024	690	412	417
Covenant Surgical Partners Inc	Healthcare & Pharmaceuticals	6.81% (LIBOR +4.5%)	09/29/2017	10/04/2024	2,296	2,291	2,308
CPI Acquisition, Inc.	Services: Consumer	6.36% (LIBOR +4.5%)	08/14/2015	08/17/2022	4,187	4,095	2,544
CryoLife Inc	Healthcare & Pharmaceuticals	6.33% (LIBOR +4%)	11/15/2017	12/02/2024	1,990	1,981	2,006
CT Technologies Intermediate Holdings, Inc	Healthcare & Pharmaceuticals	6.34% (LIBOR +4.25%)	02/11/2015	12/01/2021	1,930	1,935	1,832
Deerfield Holdings Corp	Banking, Finance, Insurance & Real Estate	5.58% (LIBOR +3.25%)	12/06/2017	12/06/2024	249	249	249
DigiCert, Inc.	Services: Business		09/20/2017	10/31/2024	998	993	998

		6.84% (LIBOR +4.75%)					
DXP Enterprises, Inc.	Energy: Oil & Gas	6.84% (LIBOR +4.75%)	08/16/2017	08/29/2023	1,489	1,476	1,497
Evo Payments International, LLC	Services: Business	5.36% (LIBOR +3.25%)	12/08/2016	12/22/2023	2,607	2,587	2,603
Fleetpride	Automotive	6.59% (LIBOR +4.5%)	03/28/2018	11/19/2022	1,674	1,625	1,687
Freedom Mortgage Corporation	Banking, Finance, Insurance & Real Estate	6.84% (LIBOR +4.75%)	02/17/2017	02/23/2022	-	-	-
FullBeauty Brands LP	Retail	6.84% (LIBOR +4.75%)	03/08/2016	10/14/2022	3,909	3,730	1,622
Gold Standard Baking, Inc.	Wholesale	8.5% (LIBOR +4.5%)	05/19/2015	04/23/2021	2,910	2,903	2,706
Golden West Packaging Group LLC	Forest Products & Paper	7.34% (LIBOR +5.25%)	02/09/2018	06/20/2023	4,872	4,849	4,878
Great Dane Merger Sub Inc	Services: Business	5.86% (LIBOR +3.75%)	05/02/2018	05/21/2025	3,000	2,985	3,015
Green Plains Inc	Chemicals, Plastics & Rubber	7.6% (LIBOR +5.5%)	08/18/2017	08/29/2023	1,418	1,406	1,439
Gruden Acquisition Inc.	Transportation: Cargo	7.83% (LIBOR +5.5%)	06/21/2017	08/18/2022	1,980	1,940	1,997
Gulf Finance, LLC	Energy: Oil & Gas	7.59% (LIBOR +5.25%)	08/17/2016	08/25/2023	1,884	1,843	1,635
Heartland Dental LLC (6)(14)	Services: Consumer	6.09% (LIBOR +3.75%)	04/19/2018	04/17/2025	196	(1)	(1)
Heartland Dental LLC	Services: Consumer	5.84% (LIBOR +3.75%)	04/19/2018	04/30/2025	1,304	1,298	1,299
Help/Systems Holdings, Inc.	Services: Business	5.84% (LIBOR +3.75%)	03/23/2018	03/28/2025	2,000	1,995	2,003
Higginbotham Insurance Agency, Inc.	Banking, Finance, Insurance & Real Estate	5.84% (LIBOR +3.75%)	12/14/2017	12/19/2024	4,975	4,952	4,913
Idera Inc	High Tech Industries	6.6% (LIBOR +4.5%)	06/27/2017	06/28/2024	2,344	2,323	2,376

Impala Private Holdings II LLC	Services: Business	6.1% (LIBOR +4%)	11/10/2017	11/14/2024	1,658	1,651	1,659
Infoblox Inc.	High Tech Industries	6.59% (LIBOR +4.5%)	11/03/2016	11/07/2023	2,147	2,107	2,169
Insurance Technologies	Banking, Finance, Insurance & Real Estate	8.39% (LIBOR +6.5%)	03/26/2015	12/15/2021	3,032	3,010	3,032
Insurance Technologies (12)(14)	Banking, Finance, Insurance & Real Estate	2.34% (LIBOR +0%)	03/26/2015	12/15/2021	137	(1)	-
International Textile Group Inc	Consumer goods: Durable	6.98% (LIBOR +5%)	04/20/2018	04/19/2024	1,000	995	1,007
Isagenix International LLC	Consumer goods: Non-Durable	8.08% (LIBOR +5.75%)	04/26/2018	04/26/2025	2,000	1,980	2,005
Kemet Corporation	High Tech Industries	8.09% (LIBOR +6%)	04/21/2017	04/26/2024	950	926	964
Kestra Financial, Inc.	Banking, Finance, Insurance & Real Estate	6.59% (LIBOR +4.5%)	06/10/2016	06/24/2022	3,920	3,881	3,910
KMG Chemicals Inc	Chemicals, Plastics & Rubber	4.84% (LIBOR +2.75%)	06/13/2017	06/15/2024	734	731	736
LifeScan Global Corp (13)	Healthcare & Pharmaceuticals	8.34% (LIBOR +6%)	06/19/2018	06/18/2024	2,250	2,183	2,188
LSCS Holdings Inc. (9)	Healthcare & Pharmaceuticals	6.34% (LIBOR +4.25%)	03/09/2018	03/17/2025	544	427	430
LSCS Holdings Inc.	Healthcare & Pharmaceuticals	6.75% (LIBOR +4.25%)	03/09/2018	03/17/2025	2,171	2,160	2,171
Lyons Magnus Inc	Beverage, Food & Tobacco	5.59% (LIBOR +2.5%)	06/08/2018	11/11/2024	3,984	3,971	4,001
MAG DS Corp.	Aerospace & Defense	6.76% (LIBOR +4.75%)	06/01/2018	05/30/2025	3,000	2,970	2,993
Mavenir Systems Inc	Services: Business	8.03% (LIBOR +6%)	05/01/2018	05/01/2025	2,000	1,961	2,005

79

Logan JV Loan Portfolio as of June 30, 2018

(dollar amounts in thousands)

Type of Investment/ Portfolio company	Industry	Interest Rate [(1)]	Initial Acquisition Date	Maturity Date	Principal	Amortized Cost	Fair Value [(2)]
MCS Group Holdings LLC	Services: Business	7.08% (LIBOR +4.75%)	05/12/2017	05/20/2024	1,980	1,972	1,916
MDVIP Inc	Services: Business	6.34% (LIBOR +4.25%)	11/10/2017	11/14/2024	3,025	3,011	3,040
Merrill Communications LLC	Media: Advertising, Printing & Publishing	7.61% (LIBOR +5.25%)	05/29/2015	06/01/2022	1,750	1,744	1,772
Miller's Ale House Inc	Beverage, Food & Tobacco	6.84% (LIBOR +4.75%)	05/24/2018	05/21/2025	2,400	2,388	2,403
Morphe, LLC	Consumer goods: Non-Durable	8.33% (LIBOR +6%)	02/21/2017	02/10/2023	2,813	2,780	2,813
Nasco Healthcare, Inc.	Healthcare & Pharmaceuticals	7.02% (LIBOR +4.5%)	07/13/2015	06/30/2021	4,513	4,501	4,467
New Insight Holdings Inc	Services: Business	7.86% (LIBOR +5.5%)	12/08/2017	12/20/2024	1,990	1,898	1,960
NextCare, Inc. [(10)(14)]	Healthcare & Pharmaceuticals	7.09% (LIBOR +4.75%)	02/13/2018	02/28/2023	588	(5)	(6)
NextCare, Inc.	Healthcare & Pharmaceuticals	6.84% (LIBOR +4.75%)	02/13/2018	02/28/2023	3,403	3,371	3,369
Northern Star Holdings Inc.	Services: Business	7.08% (LIBOR +4.75%)	03/28/2018	03/14/2025	4,239	4,219	4,245
Oak Point Partners, LLC	Banking, Finance, Insurance & Real Estate	7.09% (LIBOR +4.75%)	09/13/2017	09/13/2023	3,000	2,967	3,000
OB Hospitalist Group Inc	Healthcare & Pharmaceuticals	6.23% (LIBOR +4.25%)	08/08/2017	08/01/2024	2,364	2,354	2,376
Odyssey Logistics & Technology Corp	Transportation: Cargo	5.84% (LIBOR +3.75%)	10/06/2017	10/12/2024	1,990	1,980	2,002
OpenLink	High Tech Industries		03/02/2018	03/21/2025	1,985	1,975	1,997

		7.33% (LIBOR +5%)					
Output Services Group Inc	Services: Business	6.34% (LIBOR +4.25%)	03/26/2018	03/21/2024	3,721	3,703	3,759
Output Services Group Inc [8][14]	Services: Business	6.59% (LIBOR +4.25%)	03/26/2018	03/31/2024	769	(4)	8
Park Place Technologies, LLC	Services: Business	6.09% (LIBOR +4%)	03/22/2018	03/22/2025	2,340	2,329	2,343
Ping Identity Corp	High Tech Industries	5.84% (LIBOR +3.75%)	01/23/2018	01/24/2025	1,500	1,493	1,503
Project Leopard Holdings Inc	High Tech Industries	6.09% (LIBOR +4%)	06/21/2017	07/07/2023	1,737	1,733	1,739
PSC Industrial Outsourcing, LP	Environmental Industries	5.84% (LIBOR +3.75%)	10/05/2017	10/11/2024	1,990	1,972	1,995
PT Holdings LLC	Wholesale	6.33% (LIBOR +4%)	12/04/2017	12/09/2024	-	-	-
Quidditch Acquisition Inc	Beverage, Food & Tobacco	9.09% (LIBOR +7%)	03/16/2018	03/21/2025	1,019	999	1,029
Red Ventures LLC	Media: Diversified & Production	6.09% (LIBOR +4%)	10/18/2017	11/08/2024	2,481	2,459	2,497
SCS Holdings Inc	Services: Business	6.34% (LIBOR +4.25%)	11/20/2015	10/30/2022	1,751	1,741	1,758
Silverback Merger Sub Inc	High Tech Industries	5.58% (LIBOR +3.5%)	08/11/2017	08/21/2024	1,191	1,188	1,179
Sirva Worldwide, Inc.	Transportation: Cargo	8.86% (LIBOR +6.5%)	11/18/2016	11/22/2022	2,757	2,706	2,767
Situs Group Holdings Corporation	Banking, Finance, Insurance & Real Estate	6.59% (LIBOR +4.5%)	02/21/2018	02/27/2023	3,990	3,971	3,970
SMS Systems Maintenance Services Inc	Services: Business	7.09% (LIBOR +5%)	02/09/2017	10/30/2023	2,955	2,943	2,384
SoClean, Inc	Consumer goods: Non-Durable	8.31% (LIBOR +6%)	02/13/2018	12/20/2022	3,175	3,145	3,175
Standard Media Group LLC [13]	Media: Diversified & Production	6.34% (LIBOR +4%)	06/22/2018	06/19/2025	2,000	1,990	2,003

Starfish- V Merger Sub Inc	High Tech Industries	7.09% (LIBOR +5%)	08/11/2017	08/16/2024	1,241	1,230	1,246
STS Operating, Inc.	Services: Consumer	5.84% (LIBOR +3.75%)	04/27/2018	12/11/2024	1,496	1,493	1,497
TerraForm AP Acquisition Holdings LLC	Energy: Electricity	6.58% (LIBOR +4.25%)	10/11/2016	06/27/2022	809	809	812
ThoughtWorks, Inc.	High Tech Industries	6.09% (LIBOR +4%)	10/06/2017	10/11/2024	3,000	2,993	3,021
ThoughtWorks, Inc.	High Tech Industries	6.09% (LIBOR +4%)	04/19/2018	10/11/2024	571	569	574
ThoughtWorks, Inc. (7)(14)	High Tech Industries	6.34% (LIBOR +4%)	04/19/2018	10/12/2024	429	(2)	2
TKC Holdings Inc	Consumer goods: Durable	5.85% (LIBOR +3.75%)	06/08/2017	02/01/2023	296	295	296
TOMS Shoes LLC	Retail	7.59% (LIBOR +5.5%)	12/18/2014	10/30/2020	1,935	1,876	1,472
Tupelo Buyer Inc	Transportation: Consumer	5.81% (LIBOR +3.75%)	10/02/2017	10/07/2024	2,215	2,200	2,217
TV Borrower US LLC	High Tech Industries	7.08% (LIBOR +4.75%)	02/16/2017	02/22/2024	988	983	990
Uber Technologies, Inc.	Transportation: Consumer	6% (LIBOR +4%)	03/22/2018	04/04/2025	2,800	2,786	2,813
US Salt LLC	Chemicals, Plastics & Rubber	6.84% (LIBOR +4.75%)	11/30/2017	12/01/2023	2,993	2,965	2,992
US Shipping Corp	Utilities: Oil & Gas	6.34% (LIBOR +4.25%)	03/09/2016	06/26/2021	206	199	199
Utility One Source L.P.	Construction & Building	7.59% (LIBOR +5.5%)	04/07/2017	04/18/2023	990	982	1,016
Verdesian Life Sciences LLC	Chemicals, Plastics & Rubber	7.36% (LIBOR +5%)	12/09/2014	07/01/2020	2,061	1,924	1,988

Logan JV Loan Portfolio as of June 30, 2018

(dollar amounts in thousands)

Type of Investment/ Portfolio company	Industry	Interest Rate [1]	Initial Acquisition Date	Maturity Date	Principal	Amortized Cost	Fair Value [2]
Vertiv Group Corporation	Capital Equipment	6% (LIBOR +4%)	09/30/2015	11/30/2023	1,504	1,468	1,497
Viewpoint Inc	High Tech Industries	6.55% (LIBOR +4.25%)	07/18/2017	07/19/2024	993	988	997
Vistage Worldwide, Inc.	Services: Business	6.05% (LIBOR +4%)	02/06/2018	02/10/2025	2,514	2,508	2,523
Weight Watchers International, Inc.	Beverage, Food & Tobacco	7.06% (LIBOR +4.75%)	11/20/2017	11/29/2024	2,633	2,584	2,668
Wirepath Home Systems LLC	Services: Consumer	6.83% (LIBOR +4.5%)	07/31/2017	08/05/2024	2,978	2,964	2,994
Women's Care Florida LLP	Healthcare & Pharmaceuticals	6.59% (LIBOR +4.5%)	08/18/2017	09/29/2023	4,975	4,953	4,969
Yak Access LLC [13]	Construction & Building	7.34% (LIBOR +5%)	06/29/2018	06/13/2025	3,000	2,910	2,910
Zenith Merger Sub, Inc.	Services: Business	7.83% (LIBOR +5.5%)	12/22/2017	12/13/2023	2,985	2,958	2,970
Total United States of America						$ 264,140	$ 260,500
Total Senior Secured First Lien Term Loans						$ 274,804	$ 271,367
Second Lien Term Loans							
Luxembourg							
Lully Finance S.a.r.l.	Telecommunications	10.59% (LIBOR +8.5%)	07/31/2015	10/16/2023	1,000	$ 993	$ 998
Total Luxembourg						$ 993	$ 998
United States of America							

ABG Intermediate Holdings 2 LLC	Consumer goods: Non-Durable	9.84% (LIBOR +7.75%)	09/26/2017	09/29/2025	2,333	$ 2,317	$ 2,339
BJ's Wholesale Club, Inc.	Beverage, Food & Tobacco	9.53% (LIBOR +7.5%)	01/27/2017	02/03/2025	-	-	-
CH Hold Corp	Automotive	9.34% (LIBOR +7.25%)	01/26/2017	02/03/2025	1,000	996	1,016
Constellis Holdings, LLC	Aerospace & Defense	11.33% (LIBOR +9%)	04/18/2017	04/21/2025	1,000	987	1,012
DigiCert, Inc.	Services: Business	10.09% (LIBOR +8%)	09/20/2017	10/31/2025	750	747	734
DiversiTech Holdings Inc	Capital Equipment	9.84% (LIBOR +7.5%)	05/18/2017	06/02/2025	2,000	1,983	2,030
Gruden Acquisition Inc.	Transportation: Cargo	10.83% (LIBOR +8.5%)	07/31/2015	08/18/2023	500	484	503
Midwest Physician Administrative Services, LLC	Healthcare & Pharmaceuticals	9.09% (LIBOR +7%)	08/11/2017	08/15/2025	979	970	984
NextCare, Inc.	Healthcare & Pharmaceuticals	10.84% (LIBOR +8.75%)	02/13/2018	08/28/2023	1,000	986	985
NN Inc.	Automotive	10.03% (LIBOR +8%)	05/03/2018	04/19/2023	3,000	2,941	2,985
Optiv Security Inc	Services: Business	9.31% (LIBOR +7.25%)	01/19/2017	01/31/2025	1,500	1,494	1,456
Park Place Technologies, LLC	Services: Business	10.09% (LIBOR +8%)	03/22/2018	03/29/2026	700	693	702
Pathway Partners Vet Management	Healthcare & Pharmaceuticals	10.09% (LIBOR +8%)	10/04/2017	10/10/2025	1,899	1,882	1,890
Pathway Partners Vet Management	Healthcare & Pharmaceuticals	10.09% (LIBOR +8%)	10/04/2017	10/10/2025	101	100	100
Red Ventures LLC	Media: Diversified & Production	10.09% (LIBOR +8%)	10/18/2017	11/08/2025	497	490	507
SESAC Holdco II LLC	Media: Diversified & Production	9.34% (LIBOR +7.25%)	02/13/2017	02/24/2025	1,000	992	994
TKC Holdings Inc	Consumer goods: Durable	10.1% (LIBOR +8%)	01/31/2017	02/01/2024	1,850	1,837	1,856

TV Borrower US LLC	High Tech Industries	10.58% (LIBOR +8.25%)	02/16/2017	02/22/2025	1,000	987	990
Viewpoint Inc	High Tech Industries	12.25% (LIBOR +8.25%)	07/18/2017	07/21/2025	1,000	991	1,005
Wash Multifamily Laundry Systems, LLC.	Services: Consumer	9.09% (LIBOR +7%)	05/04/2015	05/15/2023	425	424	413
Wash Multifamily Laundry Systems, LLC.	Services: Consumer	9.09% (LIBOR +7%)	05/04/2015	05/12/2023	75	74	72
Total United States of America						$ 22,375	$ 22,573
Total Second Lien Term Loans						$ 23,368	$ 23,571
Total Investments 81						$ 298,172	$ 294,938

Logan JV Loan Portfolio as of June 30, 2018

(dollar amounts in thousands)

Type of Investment/ Portfolio company	Industry	Interest Rate (1)	Initial Acquisition Date	Maturity Date	Principal	Amortized Cost	Fair Value (2)
Cash and cash equivalents							
Dreyfus Government Cash Management Fund						29,356	29,356
Other cash accounts						53	53
Total Cash and cash equivalents						$ 29,409	$29,409

(1) Variable interest rates indexed to 30-day, 60-day, 90-day or 180-day LIBOR rates, at the borrower's option. LIBOR rates are subject to interest rate floors.

(2) Represents fair value in accordance with ASC Topic 820.

(3) Represents a delayed draw commitment of $613,171, of which $543,250 was unfunded as of June 30, 2018. Unfunded amounts of a delayed draw position have a lower rate than the contractual fully funded rate. Issuer pays 2.50% unfunded commitment fee on delayed draw term loan and/or revolving loan facilities.

(4) Represents a delayed draw commitment of $260,664, which was unfunded as of June 30, 2018. Issuer does not pay unfunded commitment fee on delayed draw term loan and/or revolving loan facilities.

(5) Represents a delayed draw commitment of $1,538,462, which was unfunded as of June 30, 2018. Issuer pays 1.00% unfunded commitment fee on delayed draw term loan and/or revolving loan facilities.

(6) Represents a delayed draw commitment of $195,652, which was unfunded as of June 30, 2018. Issuer pays 1.875% unfunded commitment fee on delayed draw term loan and/or revolving loan facilities.

(7) Represents a delayed draw commitment of $428,571, which was unfunded as of June 30, 2018. Issuer pays 2.00% unfunded commitment fee on delayed draw term loan and/or revolving loan facilities.

(8) Represents a delayed draw commitment of $769,231, which was unfunded as of June 30, 2018. Issuer pays 4.25% unfunded commitment fee on delayed draw term loan and/or revolving loan facilities.

(9) Represents a delayed draw commitment of $544,000, of which $114,240 was unfunded as of June 30, 2018. Unfunded amounts of a delayed draw position have a lower rate than the contractual fully funded rate. Issuer pays 4.25% unfunded commitment fee on delayed dray term loan and/or revolving loan facilities.

(10) Represents a delayed draw commitment of $588,235, which was unfunded as of June 30, 2018. Issuer pays 1.00% unfunded commitment fee on delayed draw term loan and/or revolving loan facilities.

(11) Represents a delayed draw commitment of $690,373, of which $276,923 was unfunded as of June 30, 2018. Unfunded amounts of a delayed draw position have a lower rate than the contractual fully funded rate. Issuer pays 4.50% unfunded commitment fee on delayed dray term loan and/or revolving loan facilities.

(12) Represents a delayed draw commitment of $136,964, which was unfunded as of June 30, 2018. Issuer pays 0.50% unfunded commitment fee on delayed draw term loan and/or revolving loan facilities.

(13) Unsettled trade that interest will start to accrue on when the trade settles. 3 month Libor as of June 30, 2018 is shown to reflect possible projected interest rate.

(14) Unfunded amount will start to accrue interest when the position is funded. 3 month Libor as of June 30, 2018 is shown to reflect possible projected interest rate.

Logan JV Loan Portfolio as of December 31, 2017

(dollar amounts in thousands)

Type of Investment/ Portfolio company	Industry	Interest Rate [1]	Initial Acquisition Date	Maturity Date	Principal	Amortized Cost	Fair Value [2]
Senior Secured First Lien Term Loans							
Canada							
Can Am Construction Inc	Construction & Building	7.07% (LIBOR +5.5%)	06/29/2017	07/01/2024	1,194	$ 1,160	$1,206
Parq Holdings LP	Hotel, Gaming & Leisure	9.19% (LIBOR +7.5%)	12/05/2014	12/17/2020	998	$ 989	$1,005
PNI Canada Acquireco Corp	High Tech Industries	7.32% (LIBOR +5.75%)	08/23/2017	09/21/2022	1,820	$ 1,717	$1,764
Total Canada						$ 3,866	$3,975
Cayman Islands							
Lindblad Maritime	Hotel, Gaming & Leisure	6.34% (LIBOR +4.5%)	06/23/2015	05/08/2021	334	$ 336	$337
Total Cayman Islands						$ 336	$337
Denmark							
Rhodia Acetow	Construction & Building	7.19% (LIBOR +5.5%)	04/21/2017	05/31/2023	995	$ 982	$999
Total Denmark						$ 982	$999
Luxembourg							
AMS FinCo SARL	Services: Business	7.07% (LIBOR +5.5%)	05/17/2017	05/27/2024	2,488	$ 2,465	$2,512
Total Luxembourg						$ 2,465	$2,512
United States of America							
1A Smart Start LLC	Services: Consumer	6.19% (LIBOR +4.5%)	03/20/2017	02/21/2022	1,593	$ 1,588	$1,586
1A Smart Start LLC	Services: Consumer	6.44% (LIBOR +4.75%)	08/28/2015	02/21/2022	2,450	$ 2,434	$2,450

A Place for Mom Inc	Services: Consumer	5.69% (LIBOR +4%)	07/28/2017	08/10/2024	3,990	$ 3,971	$4,002
Advanced Integration Technology LP	Aerospace & Defense	6.32% (LIBOR +4.75%)	07/15/2016	04/03/2023	1,975	$ 1,958	$1,990
AgroFresh Inc.	Services: Business	6.44% (LIBOR +4.75%)	12/01/2015	07/31/2021	1,955	$ 1,946	$1,935
Air Medical Group Holdings Inc	Healthcare & Pharmaceuticals	4.25% (LIBOR +4.25%)	09/26/2017	09/25/2024	2,250	$ 2,233	$2,259
Alpha Media LLC	Media: Broadcasting & Subscription	7.42% (LIBOR +6%)	02/24/2016	02/25/2022	3,299	$ 3,184	$3,159
American Sportsman Holdings Co	Retail	6.569% (LIBOR +5%)	11/22/2016	09/25/2024	3,990	$ 3,938	$3,985
Ansira Holdings, Inc. (3)	Media: Advertising, Printing & Publishing	8.19% (LIBOR +6.5%)	12/20/2016	12/20/2022	254	$ 138	$139
Ansira Holdings, Inc.	Media: Advertising, Printing & Publishing	8.19% (LIBOR +6.5%)	12/20/2016	12/20/2022	1,728	$ 1,714	$1,719
AP Gaming I LLC	Hotel, Gaming & Leisure	7.07% (LIBOR +5.5%)	06/06/2017	02/15/2024	2,488	$ 2,482	$2,517
APC Aftermarket	Automotive	6.41% (LIBOR +5%)	05/09/2017	05/10/2024	498	$ 488	$492
Aptean, Inc.	Services: Business	5.95% (LIBOR +4.25%)	12/15/2017	12/20/2022	1,985	$ 1,967	$2,004
Avaya Inc	Telecommunications	6.23% (LIBOR +4.75%)	11/09/2017	12/15/2024	2,614	$ 2,586	$2,577
Barbri Inc	Media: Diversified & Production	5.73% (LIBOR +4.25%)	12/01/2017	11/21/2023	3,500	$ 3,483	$3,500
Beasley Mezzanine Holdings LLC	Media: Broadcasting & Subscription	5.49% (LIBOR +4%)	11/17/2017	11/15/2023	3,033	$ 3,018	$3,064
Big Ass Fans LLC	Services: Business	5.94% (LIBOR +4.25%)	11/07/2017	05/21/2024	2,500	$ 2,488	$2,511
Big River Steel LLC	Metals & Mining	6.69% (LIBOR +5%)	08/15/2017	08/23/2023	1,995	$ 1,976	$2,017
Birch Communications, Inc.	Telecommunications	8.6% (LIBOR +7.25%)	12/05/2014	07/17/2020	1,289	$ 1,280	$1,234

Brand Energy & Infrastructure Services, Inc.	Services: Business	5.63% (LIBOR +4.25%)	06/16/2017	06/21/2024	2,985	$ 2,957	$3,000
Clear Balance Holdings, LLC	Banking, Finance, Insurance & Real Estate	7.44% (LIBOR +5.75%)	07/07/2015	06/30/2020	4,988	$ 4,976	$4,938
Commercial Barge Line Co	Transportation: Cargo	10.32% (LIBOR +8.75%)	11/06/2015	11/12/2020	1,369	$ 1,330	$800
Constellis Holdings, LLC	Aerospace & Defense	6.69% (LIBOR +5%)	04/18/2017	04/21/2024	1,990	$ 1,972	$2,014
ConvergeOne Holdings Corp.	Telecommunications	6.45% (LIBOR +4.75%)	06/15/2017	06/20/2024	1,990	$ 1,972	$1,997

Logan JV Loan Portfolio as of December 31, 2017

(dollar amounts in thousands)

Type of Investment/ Portfolio company	Industry	Interest Rate [1]	Initial Acquisition Date	Maturity Date	Principal	Amortized Cost	Fair Value [2]
Conyers Park Parent Merger Sub Inc	Retail	5.39% (LIBOR +4%)	06/21/2017	07/07/2024	1,995	$ 1,986	$2,012
Country Fresh Holdings, LLC	Beverage, Food & Tobacco	6.69% (LIBOR +5%)	07/14/2017	03/31/2023	4,874	$ 4,829	$4,825
Covenant Surgical Partners Inc [5]	Healthcare & Pharmaceuticals	6.13% (LIBOR +4.75%)	09/29/2017	09/28/2024	692	$ 126	$133
Covenant Surgical Partners Inc	Healthcare & Pharmaceuticals	6.09% (LIBOR +4.75%)	09/29/2017	10/04/2024	2,308	$ 2,302	$2,325
CPI Acquisition, Inc.	Services: Consumer	5.96% (LIBOR +4.5%)	08/14/2015	08/17/2022	4,187	$ 4,084	$3,057
CryoLife Inc	Healthcare & Pharmaceuticals	5.36% (LIBOR +4%)	11/15/2017	12/02/2024	2,000	$ 1,990	$2,020
CT Technologies Intermediate Holdings, Inc	Healthcare & Pharmaceuticals	5.82% (LIBOR +4.25%)	02/11/2015	12/01/2021	1,940	$ 1,946	$1,939
Cvent, Inc.	Services: Business	5.32% (LIBOR +3.75%)	06/16/2016	11/29/2024	1,990	$ 1,972	$1,995
Deerfield Holdings Corp	Banking, Finance, Insurance & Real Estate	3.25% (LIBOR +3.25%)	12/06/2017	12/06/2024	250	$ 249	$251
DigiCert, Inc.	Services: Business	6.13% (LIBOR +4.75%)	09/20/2017	10/31/2024	1,000	$ 995	$1,014
DXP Enterprises, Inc.	Energy: Oil & Gas	7.07% (LIBOR +5.5%)	08/16/2017	08/29/2023	1,496	$ 1,482	$1,511
EmployBridge Holding Co.	Services: Business	8.19% (LIBOR +6.5%)	02/04/2015	05/15/2020	2,912	$ 2,907	$2,844
EnergySolutions, LLC	Environmental Industries	6.45% (LIBOR +4.75%)	07/28/2017	05/29/2020	3,727	$ 3,774	$3,783
	Services: Business		12/08/2016	12/22/2023	2,620	$ 2,598	$2,646

Evo Payments International, LLC		5.57% (LIBOR +4%)					
Fairmount Santrol Holdings Inc.	Metals & Mining	7.69% (LIBOR +6%)	10/27/2017	11/01/2022	2,000	$ 1,971	$2,028
Freedom Mortgage Corporation	Banking, Finance, Insurance & Real Estate	6.96% (LIBOR +5.5%)	02/17/2017	02/23/2022	2,956	$ 2,948	$3,002
FullBeauty Brands LP	Retail	6.32% (LIBOR +4.75%)	03/08/2016	10/14/2022	3,929	$ 3,729	$2,325
Gold Standard Baking, Inc.	Wholesale	6.25% (LIBOR +4.5%)	05/19/2015	04/23/2021	2,925	$ 2,917	$2,918
Green Plains Inc	Chemicals, Plastics & Rubber	7.07% (LIBOR +5.5%)	08/18/2017	08/29/2023	1,425	$ 1,411	$1,439
Gruden Acquisition Inc.	Transportation: Cargo	7.19% (LIBOR +5.5%)	06/21/2017	08/18/2022	1,990	$ 1,945	$1,998
Gulf Finance, LLC	Energy: Oil & Gas	6.95% (LIBOR +5.25%)	08/17/2016	08/25/2023	1,946	$ 1,899	$1,756
Heartland Dental LLC	Services: Consumer	6.45% (LIBOR +4.75%)	07/28/2017	07/31/2023	1,000	$ 995	$1,015
Higginbotham Insurance Agency, Inc.	Banking, Finance, Insurance & Real Estate	3.75% (LIBOR +3.75%)	12/14/2017	11/30/2024	5,000	$ 4,975	$5,013
Idera Inc	High Tech Industries	6.57% (LIBOR +5%)	06/27/2017	06/28/2024	2,356	$ 2,334	$2,358
Impala Private Holdings II LLC	Services: Business	5.7% (LIBOR +4%)	11/10/2017	11/14/2024	1,667	$ 1,658	$1,661
Infoblox Inc.	High Tech Industries	6.57% (LIBOR +5%)	11/03/2016	11/07/2023	2,205	$ 2,168	$2,221
Insurance Technologies	Banking, Finance, Insurance & Real Estate	7.74% (LIBOR +6.5%)	03/26/2015	12/15/2021	3,406	$ 3,377	$3,406
Insurance Technologies(4)	Banking, Finance, Insurance & Real Estate	0.5% (LIBOR +0.5%)	03/26/2015	12/15/2021	137	$ (1)	$-
Jackson Hewitt Tax Service Inc	Services: Consumer	8.38% (LIBOR +7%)	07/24/2015	07/30/2020	931	$ 921	$923
Kemet Corporation	High Tech Industries	7.57% (LIBOR +6%)	04/21/2017	04/26/2024	975	$ 948	$986

Kestra Financial, Inc.	Banking, Finance, Insurance & Real Estate	6.94% (LIBOR +5.25%)	06/10/2016	06/24/2022	3,940	$ 3,896	$3,940
KMG Chemicals Inc	Chemicals, Plastics & Rubber	4.32% (LIBOR +2.75%)	06/13/2017	06/15/2024	809	$ 805	$813
Lindblad Expeditions Inc	Hotel, Gaming & Leisure	6.34% (LIBOR +4.5%)	06/23/2015	05/08/2021	2,591	$ 2,600	$2,610
Lyons Magnus Inc aka	Consumer goods: Non-Durable	5.68% (LIBOR +4.25%)	11/03/2017	11/11/2024	2,500	$ 2,488	$2,527
Margaritaville Holdings LLC	Beverage, Food & Tobacco	7.46% (LIBOR +6%)	03/12/2015	03/12/2021	4,177	$ 4,155	$4,177
MCS Group Holdings LLC	Services: Business	6.25% (LIBOR +4.75%)	05/12/2017	05/20/2024	1,990	$ 1,981	$2,005
MDVIP Inc	Services: Business	5.66% (LIBOR +4.25%)	11/10/2017	11/14/2024	3,040	$ 3,025	$3,048
Merrill Communications LLC	Media: Advertising, Printing & Publishing	6.63% (LIBOR +5.25%)	05/29/2015	06/01/2022	1,750	$ 1,743	$1,765
Meter Readings Holding, LLC	Utilities: Electric	7.23% (LIBOR +5.75%)	08/17/2016	08/29/2023	2,967	$ 2,941	$2,982
Morphe, LLC	Retail	7.69% (LIBOR +6%)	02/21/2017	02/10/2023	2,888	$ 2,850	$2,873
Nasco Healthcare, Inc.	Healthcare & Pharmaceuticals	6.07% (LIBOR +4.5%)	07/13/2015	06/30/2021	4,536	$ 4,523	$4,513
New Insight Holdings Inc	Services: Business	7.13% (LIBOR +5.5%)	12/08/2017	12/20/2024	2,000	$ 1,900	$1,918
NextCare, Inc.	Healthcare & Pharmaceuticals	7.57% (LIBOR +6%)	08/21/2015	07/31/2018	2,919	$ 2,916	$2,919
Oak Point Partners, LLC	Banking, Finance, Insurance & Real Estate	7.32% (LIBOR +5.75%)	09/13/2017	09/13/2023	3,000	$ 2,964	$2,978
OB Hospitalist Group Inc	Healthcare & Pharmaceuticals	5.61% (LIBOR +4.25%)	08/08/2017	08/01/2024	2,400	$ 2,389	$2,424

Logan JV Loan Portfolio as of December 31, 2017

(dollar amounts in thousands)

Type of Investment/ Portfolio company	Industry	Interest Rate (1)	Initial Acquisition Date	Maturity Date	Principal	Amortized Cost	Fair Value (2)
Odyssey Logistics & Technology Corp	Transportation: Cargo	5.82% (LIBOR +4.25%)	10/06/2017	10/12/2024	2,000	$ 1,990	$ 2,010
Pre-Paid Legal Services, Inc	Services: Business	6.82% (LIBOR +5.25%)	05/21/2015	07/01/2019	828	$ 826	$ 831
Project Leopard Holdings Inc	High Tech Industries	7.19% (LIBOR +5.5%)	06/21/2017	07/07/2023	1,746	$ 1,742	$ 1,760
PSC Industrial Outsourcing, LP	Environmental Industries	5.71% (LIBOR +4.25%)	10/05/2017	10/11/2024	2,000	$ 1,981	$ 2,030
PT Holdings LLC	Wholesale	5.57% (LIBOR +4%)	12/04/2017	12/09/2024	3,000	$ 2,985	$ 3,018
Quest Software	High Tech Industries	6.92% (LIBOR +5.5%)	11/09/2017	10/31/2022	2,725	$ 2,706	$ 2,773
Red Ventures LLC	Media: Diversified & Production	4.25% (LIBOR +4%)	10/18/2017	11/08/2024	2,494	$ 2,470	$ 2,495
Riverbed Technology, Inc.	High Tech Industries	4.82% (LIBOR +3.25%)	02/25/2015	04/24/2022	966	$ 962	$ 953
SCS Holdings Inc	Services: Business	5.82% (LIBOR +4.25%)	11/20/2015	10/30/2022	1,807	$ 1,796	$ 1,821
Silverback Merger Sub Inc	High Tech Industries	5.44% (LIBOR +4%)	08/11/2017	08/21/2024	1,197	$ 1,194	$ 1,210
Sirva Worldwide, Inc.	Transportation: Cargo	7.99% (LIBOR +6.5%)	11/18/2016	11/22/2022	2,878	$ 2,818	$ 2,906
SMS Systems Maintenance Services Inc	Services: Business	6.57% (LIBOR +5%)	02/09/2017	10/30/2023	2,970	$ 2,957	$ 2,554
Starfish- V Merger Sub Inc	High Tech Industries	6.69% (LIBOR +5%)	08/11/2017	08/16/2024	1,247	$ 1,235	$ 1,220
	Energy: Electricity		10/11/2016	06/27/2022	868	$ 868	$ 873

TerraForm AP Acquisition Holdings LLC		5.94% (LIBOR +4.25%)					
Thoughtworks, Inc.	High Tech Industries	6.07% (LIBOR +4.5%)	10/06/2017	10/11/2024	3,000	$ 2,993	$ 3,008
TKC Holdings Inc	Consumer goods: Durable	5.67% (LIBOR +4.25%)	06/08/2017	02/01/2023	298	$ 296	$ 300
TOMS Shoes LLC	Retail	6.98% (LIBOR +5.5%)	12/18/2014	10/30/2020	1,945	$ 1,873	$ 1,157
Tupelo Buyer Inc	Transportation: Consumer	5.64% (LIBOR +4.25%)	10/02/2017	10/07/2024	1,600	$ 1,585	$ 1,618
TV Borrower US LLC	High Tech Industries	6.44% (LIBOR +4.75%)	02/16/2017	02/22/2024	993	$ 988	$ 998
US Renal Care Inc	Healthcare & Pharmaceuticals	5.94% (LIBOR +4.25%)	11/17/2015	12/30/2022	1,960	$ 1,946	$ 1,936
US Salt LLC	Chemicals, Plastics & Rubber	4.75% (LIBOR +4.75%)	11/30/2017	12/01/2023	3,000	$ 2,970	$ 3,000
US Shipping Corp	Utilities: Oil & Gas	5.82% (LIBOR +4.25%)	03/09/2016	06/26/2021	211	$ 203	$ 189
Utility One Source L.P.	Construction & Building	7.07% (LIBOR +5.5%)	04/07/2017	04/18/2023	995	$ 986	$ 1,019
Verdesian Life Sciences LLC	Chemicals, Plastics & Rubber	6.38% (LIBOR +5%)	12/09/2014	07/01/2020	2,119	$ 1,944	$ 1,907
Vertiv Group Corporation	Capital Equipment	5.35% (LIBOR +4%)	09/30/2016	11/30/2023	1,504	$ 1,465	$ 1,505
Viewpoint Inc	High Tech Industries	5.94% (LIBOR +4.25%)	07/18/2017	07/19/2024	998	$ 993	$ 1,002
Weight Watchers International, Inc.	Beverage, Food & Tobacco	6.23% (LIBOR +4.75%)	11/20/2017	11/29/2024	2,700	$ 2,647	$ 2,721
Wirepath Home Systems LLC	Services: Business	6.87% (LIBOR +5.25%)	07/31/2017	08/05/2024	2,993	$ 2,978	$ 3,034
Women's Care Florida LLP	Healthcare & Pharmaceuticals	6.07% (LIBOR +4.5%)	08/18/2017	09/29/2023	5,000	$ 4,976	$ 4,994
Zenith Merger Sub, Inc.	Services: Business	7.06% (LIBOR +5.5%)	12/22/2017	12/13/2023	3,000	$ 2,970	$ 2,970

Zest Holdings LLC	Healthcare & Pharmaceuticals	5.82% (LIBOR +4.25%)	04/13/2017	08/16/2023	1,985	$ 1,981	$ 2,006
Total United States of America						$ 223,014	$ 220,603
Total Senior Secured First Lien Term Loans						$ 230,663	$ 228,426
Second Lien Term Loans							
Luxembourg							
Lully Finance S.a.r.l.	Telecommunications	10.069% (LIBOR +8.5%)	07/31/2015	10/16/2023	1,000	$ 993	$ 985
Total Luxembourg						$ 993	$ 985
United States of America							
ABG Intermediate Holdings 2 LLC	Consumer goods: Durable	9.44% (LIBOR +7.75%)	09/26/2017	09/29/2025	2,333	$ 2,316	$ 2,368
BJ's Wholesale Club, Inc.	Beverage, Food & Tobacco	8.95% (LIBOR +7.5%)	01/27/2017	02/03/2025	3,000	2,987	2,939
CH Hold Corp	Automotive	8.82% (LIBOR +7.25%)	01/26/2017	02/03/2025	1,000	996	1,023

Logan JV Loan Portfolio as of December 31, 2017

(dollar amounts in thousands)

Type of Investment/ Portfolio company	Industry	Interest Rate [1]	Initial Acquisition Date	Maturity Date	Principal	Amortized Cost	Fair Value [2]
Constellis Holdings, LLC	Aerospace & Defense	10.69% (LIBOR +9%)	04/18/2017	04/21/2025	1,000	986	1,003
DigiCert, Inc.	Services: Business	9.38% (LIBOR +8%)	09/20/2017	10/31/2025	750	746	756
DiversiTech Holdings Inc	Capital Equipment	9.2% (LIBOR +7.5%)	05/18/2017	06/02/2025	2,000	1,981	2,025
Gruden Acquisition Inc.	Transportation: Cargo	10.19% (LIBOR +8.5%)	07/31/2015	08/18/2023	500	482	499
Midwest Physician Administrative Services, LLC	Healthcare & Pharmaceuticals	8.42% (LIBOR +7%)	08/11/2017	08/15/2025	1,000	990	1,006
Optiv Security Inc	Services: Business	8.63% (LIBOR +7.25%)	01/19/2017	01/31/2025	1,500	1,493	1,352
Pathway Partners Vet Management	Healthcare & Pharmaceuticals	9.57% (LIBOR +8%)	10/04/2017	10/10/2025	1,389	1,375	1,382
Pathway Partners Vet Management [6]	Healthcare & Pharmaceuticals	8% (LIBOR +8%)	10/04/2017	10/10/2025	611	(6)	(3)
Red Ventures LLC	Media: Diversified & Production	9.57% (LIBOR +8%)	10/18/2017	11/08/2025	544	536	545
SESAC Holdco II LLC	Media: Diversified & Production	8.73% (LIBOR +7.25%)	02/13/2017	02/24/2025	1,000	991	986
TKC Holdings Inc	Consumer goods: Durable	9.42% (LIBOR +8%)	01/31/2017	02/01/2024	1,850	1,836	1,864
TV Borrower US LLC	High Tech Industries	9.94% (LIBOR +8.25%)	02/16/2017	02/22/2025	1,000	987	995
Viewpoint Inc	High Tech Industries	9.94% (LIBOR +8.25%)	07/18/2017	07/21/2025	1,000	991	998
	Services: Consumer		05/04/2015	05/15/2023	425	423	423

Wash Multifamily Laundry Systems, LLC.		8.57% (LIBOR +7%)					
Wash Multifamily Laundry Systems, LLC.	Services: Consumer	8.57% (LIBOR +7%)	05/04/2015	05/12/2023	75	74	74
Total United States of America						$ 20,184	$ 20,235
Total Second Lien Term Loans						$ 21,177	$ 21,220
Equity Investments							
United States of America							
Avaya Inc	Telecommunications		12/15/2017		870	870	754
Total United States of America						$ 870	$ 754
Total Equity Investments						$ 870	$ 754
Total Investments						$ 252,710	$ 250,400
Cash and cash equivalents							
Dreyfus Government Cash Management Fund						10,023	10,023
Other cash accounts						614	614
Total Cash and cash equivalents						$ 10,637	$ 10,637

(1) Variable interest rates indexed to 30-day, 60-day, 90-day or 180-day LIBOR rates, at the borrower's option. LIBOR rates are subject to interest rate floors.
(2) Represents fair value in accordance with ASC Topic 820.
(3) Represents a delayed draw commitment of $113, which was unfunded as of December 31, 2017.
(4) Represents a delayed draw commitment of $137, which was unfunded as of December 31, 2017.
(5) Represents a delayed draw commitment of $565, which was unfunded as of December 31, 2017.
(6) Represents a delayed draw commitment of $611, which was unfunded as of December 31, 2017.

Below is certain summarized financial information for Logan JV as of June 30, 2018 and December 31, 2017 and for the three and six months ended June 30, 2018 and 2017:

Selected Balance Sheet Information

	As of June 30, 2018 (Dollars in thousands)	As of December 31, 2017 (Dollars in thousands)
Assets:		
Investments at fair value (cost of $298,172 and $252,710, respectively)	$ 294,938	$ 250,400
Capital contributions receivable	1,000	-
Cash	29,409	10,637
Other assets	4,534	9,605
Total assets	$ 329,881	$ 270,642
Liabilities:		
Loans payable reported net of unamortized debt issuance costs	$ 213,161	$ 168,110
Payable for investments purchased	8,625	15,616
Distribution payable	3,270	3,300
Other liabilities	2,334	1,854
Total liabilities	$ 227,390	$ 188,880
Members' capital	$ 102,491	$ 81,762
Total liabilities and members' capital	$ 329,881	$ 270,642

Selected Statement of Operations Information

	For the three months ended June 30, 2018 (Dollars in	For the three months ended June 30, 2017 (Dollars in	For the six months ended June 30, 2018 (Dollars in	For the six months ended June 30, 2017 (Dollars in

	thousands)	thousands)	thousands)	thousands)
Interest income	$ 5,458	$ 4,067	$ 9,963	$ 8,159
Fee income	49	97	108	224
Total revenues	5,507	4,164	10,071	8,383
Credit facility expenses [1]	2,690	1,479	4,488	2,854
Other fees and expenses	89	115	208	191
Total expenses	2,779	1,594	4,696	3,045
Net investment income	2,728	2,570	5,375	5,338
Net realized gains	220	204	279	431
Net change in unrealized appreciation (depreciation) on investments	(2,068)	(1,851)	(925)	(1,704)
Net increase in members' capital from operations	$ 880	$ 923	$ 4,729	$ 4,065

[1] As of June 30, 2018, Logan JV had $215,555 of outstanding debt under its credit facility with an effective interest rate of 4.63% per annum. As of December 31, 2017, Logan JV had $169,632 of outstanding debt under its credit facility with an effective interest rate of 3.92% per annum.

Investment in Tax Receivable Agreement Payment Rights

In June 2012, we invested in a TRA that entitles us to certain payment rights, or TRA Payment Rights, from Duff & Phelps Corporation, or Duff & Phelps. The TRA transfers the economic value of certain tax deductions, or tax benefits, taken by Duff & Phelps to us and entitles us to a stream of payments to be received. The TRA payment right is, in effect, a subordinated claim on the issuing company which can be valued based on the credit risk of the issuer, which includes projected future earnings, the liquidity of the underlying payment right, risk of tax law changes, the effective tax rate and any other factors which might impact the value of the payment right.

Through the TRA, we are entitled to receive an annual tax benefit payment based upon 85% of the savings from certain deductions along with interest. The payments that we are entitled to receive result from cash savings, if any, in U.S. federal, state or local income tax that Duff & Phelps realizes (i) from the tax savings derived from the goodwill and other intangibles created in connection with the Duff & Phelps initial public offering and (ii) from other income tax deductions. These tax benefit payments will continue until the relevant deductions are fully utilized, which was projected to be 16 years from the initial investment date. Pursuant to the TRA, we maintain the right to enforce Duff & Phelps payment obligations as a transferee of the TRA contract. If Duff & Phelps chooses to pre-pay and terminate the TRA, we will be entitled to the present value of the expected future TRA payments. If Duff & Phelps breaches any material obligation then all obligations are accelerated and calculated as if an early termination occurred. Failure to make a payment is a breach of a material obligation if the failure occurs for more than three months.

The projected annual tax benefit payment is accrued on a quarterly basis and paid annually. The payment is allocated between a reduction in the cost basis of the investment and interest income based upon an amortization schedule. Based upon the characteristics of the investment, we have chosen to categorize the investment in the TRA payment rights as an investment in payment rights.

For the three months ended June 30, 2018 and 2017, we recognized interest income totaling $0.4 million and $0.5 million, respectively, related to the TRA. For the six months ended June 30, 2018 and 2017, we recognized interest income totaling $0.7 million and $1.0 million, respectively, related to the TRA.

Asset Quality

We employ the use of board observation and information rights, regular dialogue with company management and sponsors, and detailed internally generated monitoring reports to actively monitor performance. Additionally, THL Credit has developed a monitoring template that promotes compliance with these standards and that is used as a tool to assess investment performance relative to plan.

As part of the monitoring process, the Advisor assesses the risk profile of each of our investments and assigns each portfolio investment a score of a 1, 2, 3, 4 or 5

The investment performance scores, or IPS, are as follows:

1 – The portfolio investment is performing above our underwriting expectations.

2 – The portfolio investment is performing as expected at the time of underwriting. All new investments are initially scored a 2.

3 – The portfolio investment is operating below our underwriting expectations and requires closer monitoring. The company may be out of compliance with financial covenants, however, principal or interest payments are generally not past due.

4 – The portfolio investment is performing materially below our underwriting expectations and returns on our investment are likely to be impaired. Principal or interest payments may be past due, however, full recovery of principal and interest payments are expected.

5 – The portfolio investment is performing substantially below expectations and the risk of the investment has increased substantially. The company is in payment default and the principal and interest payments are not expected to be repaid in full.

For purposes of clarity, underwriting as referenced herein may be redetermined after the initial investment as a result of a transformative credit event or other material event whereby such initial underwriting is deemed by the Advisor to be no longer appropriate for the purpose of assessing investment performance relative to plan. For any investment receiving a score of a 3 or lower THL Credit Advisors will increase their level of focus and prepare regular updates for the investment committee summarizing current operating results, material impending events and recommended actions.

The Advisor monitors and, when appropriate, changes the investment scores assigned to each investment in our portfolio. In connection with our investment valuation process, the Advisor and board of directors review these investment scores on a quarterly basis. Our average investment score was 2.10 and 2.24 at June 30, 2018 and December 31, 2017, respectively. The following is a distribution of the investment scores of our portfolio companies at June 30, 2018 and December 31, 2017 (in millions):

	June 30, 2018					December 31, 2017				
Investment Score	Amortized Cost	% of Total Portfolio based on Amortized Cost		Fair Value	% of Total Portfolio based on FV		Amortized Cost	% of Total Portfolio based on Amortized Cost		Fair Value	% of Total Portfolio based on FV	
1[(a)]	$97.4	17.3	%	$ 102.0	18.2	%	$63.1	9.9	%	$ 69.4	11.4	%
2[(b)]	302.5	53.6	%	311.2	55.8	%	436.1	68.1	%	437.9	71.9	%
3[(c)]	141.6	25.1	%	123.8	22.1	%	69.4	10.8	%	60.7	10.0	%
4[(d)]	-	0.0	%	-	0.0	%	28.4	4.4	%	20.0	3.3	%
5[(e)]	22.8	4.0	%	22.0	3.9	%	43.4	6.8	%	20.7	3.4	%
Total	$564.3	100.0	%	$ 559.0	100.0	%	640.4	100.0	%	608.7	100.0	%

(a) As of June 30, 2018 and December 31, 2017, Investment Score "1" included $6.2 million and $0.0 million, respectively, of loans to companies in which we also hold equity securities.

(b) As of June 30, 2018 and December 31, 2017, Investment Score "2" included $111.8 million and $147.3 million, respectively, of loans to companies in which we also hold equity securities.

(c) As of June 30, 2018 and December 31, 2017, Investment Score "3" included $52.9 million and $48.9 million, respectively, of loans to companies in which we also hold equity securities.

(d) As of June 30, 2018 and December 31, 2017, Investment Score "4" included no loans to companies in which we also hold equity securities.

(e) As of June 30, 2018 and December 31, 2017, Investment Score "5" included $13.0 million and $12.6, respectively, of loans to companies in which we also hold equity securities.

Loans are placed on non-accrual status when principal or interest payments are past due 30 days or more and/or when it is no longer probable that principal or interest will be collected. However, we may make exceptions to this policy if the loan has sufficient collateral value and is in the process of collection. As of June 30, 2018, we had loans on non-accrual status with an amortized cost basis of $9.7 million and fair value of $4.0 million. As of December 31, 2017, we had loans on non-accrual status with an amortized cost basis of $56.3 million and fair value of $21.0 million. The decrease in loans on non-accrual status is attributable in part to our exit of certain non-accrual loans and restructuring of other loans. For additional information, please refer to the Consolidated Schedules of Investments as of June 30, 2018 and December 31, 2017. We record the reversal of any previously accrued income against the same income category reflected in the Consolidated Statement of Operations.

Results of Operations

Comparison of the Three and Six Months Ended June 30, 2018 and 2017

Investment Income

We generate revenues primarily in the form of interest on the debt and other income-producing securities we hold. Other income-producing securities include investments in funds and an investment in payment rights. Our investments in fixed income instruments generally have an expected maturity of five to seven years, and typically bear interest at a fixed or floating rate. Interest on our debt securities is generally payable quarterly. Payments of principal of our debt investments may be amortized over the stated term of the investment, deferred for several years or due entirely at maturity. In some cases, our debt instruments and preferred stock investments may defer payments of dividends or pay interest in-kind, or PIK. Any outstanding principal amount of our debt securities and any accrued but unpaid interest will generally become due at the maturity date. The level of interest income we receive is directly related to the balance of interest-bearing investments multiplied by the weighted average yield of our investments. In addition to interest income, we may receive dividends and other distributions related to our equity investments. We may also generate revenue in the form of fees from the management of Greenway and Greenway II, prepayment premiums, commitment, loan origination, structuring or due diligence fees, exit fees, amendment fees, portfolio company administration fees, fees for providing significant managerial assistance and consulting fees. These fees may or may not be recurring in nature as part of our normal business operations. We will disclose below what amounts, if any, are material non-recurring fees that have been recorded as income during each respective period.

The following shows the breakdown of investment income for the three and six months ended June 30, 2018 and 2017 (in millions):

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
Interest income on debt securities				
Cash interest	$11.8	$13.0	$23.5	$25.5
PIK interest	0.6	0.4	0.7	1.2
Prepayment premiums	0.3	—	0.4	0.1
Net accretion of discounts and other fees	1.2	1.1	1.9	2.2
Total interest on debt securities	13.9	14.5	26.5	29.0
Dividend income (1)	2.8	3.3	5.4	6.4
Interest income on other income-producing securities (1)	0.9	1.1	1.9	2.4
Fees related to non-controlled, affiliated investments	0.3	0.3	0.5	0.5
Other income (2)	0.5	1.1	0.7	1.8
Total investment income	$18.4	$20.3	$35.0	$40.1

(1) Includes dividend income from preferred and common equity interests in C&K Market, Inc., Copperweld Bimetallics, LLC, and Logan JV.

(2) For three months ended June 30, 2018 and 2017, we recognized $0 and $0.4 million, respectively, of non-recurring fees from portfolio companies. For the six months ended June 30, 2018 and 2017, we recognized $0.1 million and $0.5 million, respectively, of non-recurring fees from portfolio companies.

The decrease in investment income between the three and six month periods was primarily due to the contraction in overall investment portfolio since June 30, 2017, which led to lower interest income, lower dividend income from certain equity investments and lower other income related to one-time amendment and structuring fees. This was offset by slightly higher prepayment premiums for the three and six month periods.

The following shows a rollforward of PIK income activity for the three and six months ended June 30, 2018 and 2017 (in millions):

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
Accumulated PIK balance, beginning of period	$4.1	$4.0	$3.9	$3.1
PIK income capitalized/receivable	0.6	0.4	0.8	1.3
PIK received in cash from repayments	(1.1)	—	(1.1)	-
Accumulated PIK balance, end of period	$3.6	$4.4	$3.6	$4.4

In certain investment transactions, we may provide advisory services. For services that are separately identifiable and external evidence exists to substantiate fair value, income is recognized as earned. We earned no income from advisory services related to portfolio companies for the three and six months ended June 30, 2018 and 2017.

Expenses

Our primary operating expenses include the payment of base management fees, an incentive fee, borrowing expenses related to our credit facilities and Notes, and expenses reimbursable under the investment management agreement and the allocable portion of overhead under the administration and investment management agreements (“administrator expenses”). The base management fee compensates the Advisor for work in identifying, evaluating, negotiating, closing and monitoring our investments. Our investment management agreement and administration agreement provides that we will reimburse the Advisor for costs and expenses incurred by the Advisor for facilities, office equipment and utilities allocable to the performance by the Advisor of its duties under the agreements, as well as any costs and expenses incurred by the Advisor relating to any administrative or operating services provided by the Advisor to us. We bear all other costs and expenses of our operations and transactions.

The following shows the breakdown of expenses for the three and six months ended June 30, 2018 and 2017 (in millions):

	For the three months ended June 30,		For the six months ended June 30,	
	2018	2017	2018	2017
Expenses				
Interest and fees on Borrowings [a]	$4.1	$4.3	$8.0	$8.6
Base management fees	2.3	2.7	4.7	5.2
Incentive fees [b]	—	1.2	—	2.5
Other expenses	1.2	1.1	2.1	2.1
Administrator expenses	0.5	0.7	1.1	1.5
Total expenses	8.1	10.0	15.9	19.9
Income tax provision, excise and other taxes [c]	0.1	0.1	0.3	0.3
Total expenses after taxes	$8.2	$10.1	$16.2	$20.2

(a) Interest, fees and amortization of deferred financing costs related to our Credit Facility and Notes.
(b) For the three months ended June 30, 2018 and 2017, the ordinary income incentive fee expense was $0 and $1.2 million.
(c) Amounts include the income taxes related to earnings by our consolidated corporate subsidiaries established to hold equity or equity-like portfolio company investments organized as pass-through entities and excise taxes related to our undistributed earnings and other taxes.

The decrease in operating expenses during the three and six month periods was due primarily to lower net incentive fees due to portfolio performance and lower base management fees as a result of portfolio contraction.

We expect certain of our operating expenses, including administrator expenses, professional fees and other general and administrative expenses to decline as a percentage of our total assets during periods of growth and increase as a percentage of our total assets during periods of asset declines.

Net Investment Income

Net investment income was $10.1 million, or $0.31 per common share based on a weighted average of 32,673,590 common shares outstanding for the three months ended June 30, 2018, as compared to $10.2 million, or $0.31 per common share based on a weighted average of 32,873,016 common shares outstanding for the three months ended June 30, 2017.

Net investment income was $18.9 million, or $0.58 per common share based on a weighted average of 32,673,590 common shares outstanding for the six months ended June 30, 2018 as compared to $19.8 million, or $0.60 per common share based on a weighted average of 32,899,048 common shares outstanding for the six months ended June 30, 2017.

The decrease in net investment income between the three and six month periods is primarily attributable a decrease in interest on debt and other income-producing investments due to portfolio contraction offset by lower incentive and base management fees.

Net Realized Gains and Losses on Investments, net of income tax provision

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, using the specific identification method, without regard to unrealized appreciation or depreciation previously recognized.

The following shows the breakdown of net realized gains and losses for the three and six months ended June 30, 2018 and 2017 (in millions):

	For the three months ended June 30,		For the six months ended June 30,	
	2018	2017	2018	2017
Aerogroup International Inc. [(1)]	$(1.4)	$—	$(6.3)	$—
Charming Charlie LLC [(2)]	(3.1)	—	(11.4)	—
Fairstone Financial Inc. [(3)]	0.2	—	0.2	—
Flagship VII, Ltd.	—	—	—	(0.8)
Flagship VIII, Ltd.	—	—	—	(0.6)
Gryphon Partners 3.5, L.P.	—	—	—	0.6
Hostway Corporation	—	(1.0)	—	(1.0)
Specialty Brands Holdings, LLC [(4)]	(21.0)	—	(21.0)	—
Surgery Center Holdings, Inc.	—	—	—	—
THL Credit Logan JV LLC	0.2	—	0.3	—
Washington Inventory Service [(5)]	—	(10.4)	—	(10.4)
YP Equity Investors, LLC	—	1.3	—	1.3
Other	—	0.1	—	—
Net realized losses	$(25.1)	$(10.0)	$(38.2)	$(10.9)

(1) In March of 2018, Aerogroup International Inc. was sold through bankruptcy proceedings and we received $2.5 million in proceeds with an additional $6.6 million reflected as escrow receivable. During the six months ended June 30, 2018, a realized loss on the investment of $6.3 million was offset by a reversal of unrealized prior period depreciation of $2.2 million.

(2) During the three months ended March 31, 2018, our commitment in the DIP facilities allowed us to convert $17.9 million of principal of our Pre-petition Term Loan into a DIP Roll-up Term Loan. As part of this conversion and in accordance with debt extinguishment rules under GAAP, we recorded a realized loss of $8.4 million, which was offset by a corresponding change in unrealized appreciation in the same amount. Subsequently, on April 24, 2018, Charming Charlie LLC emerged from Chapter 11 bankruptcy proceedings whereby we converted our DIP facilities, Pre-petition Term Loan and DIP Roll-up Term Loan into two new exit first lien term loans and a noncontrolling common equity interest (we and other funds managed by the Advisor collectively have a controlling equity interest in Charming Charlie, LLC). On the same date, we funded $0.9 million of the remaining unfunded commitments under our DIP facilities and used an additional $2.2 million to purchase another lender's existing DIP revolving credit facility, all of which converted to the exit first lien term loans. As a result of these transactions, our debt investment in Charming Charlie is comprised of $24.6 million in the exit first lien term loans. In addition, we provided $8.9 million of commitments under a vendor financing facility. As part of this conversion and in accordance with GAAP, we recorded a realized loss of $3.1 million, which was offset by a corresponding change in unrealized depreciation in the same amount.

(3) Includes the impact of foreign exchange gain.

(4) On June 29, 2018, as part of restructuring the business, we agreed to sell our second lien term loan for $0.5 million in cash and received nominal equity interests in an affiliated entity. In connection with the sale, during the three months ended June 30, 2018, we recognized a loss of $21.0 million and reversed $20.3 million of unrealized

depreciation.

(5) On June 8, 2017, as part of restructuring the business, we agreed to sell our second lien term loan to the first lien lenders for $0.6 million. In connection with the sale, during the three months ended June 30, 2017, we recognized a loss of $10.4 million and reversed $10.1 million of unrealized depreciation.

In connection with the proceeds received from the exit of our equity investment in YP Equity Investors, LLC and affiliated funds held in a consolidated blocker corporation, we recorded an income tax provision on realized gains of $0.8 million and $0.8 million, respectively, for the three and six months ended June 30, 2017.

Net Change in Unrealized Appreciation (Depreciation) of Investments

Net change in unrealized appreciation primarily reflects the change in portfolio investment values during the reporting period, including the reversal of previously recorded appreciation or depreciation when gains or losses are realized.

The following shows the breakdown in the changes in unrealized appreciation of investments for the three and six months ended June 30, 2018 and 2017 (in millions):

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
Gross unrealized appreciation on investments	$12.2	$7.3	$16.9	$11.2
Gross unrealized depreciation on investments	(15.6)	(15.1)	(20.7)	(20.5)
Reversal of prior period net unrealized depreciation (appreciation) upon a realization	19.8	8.6	30.2	6.5
Total	$16.4	$0.8	$26.4	$(2.8)

The net change in unrealized appreciation (depreciation) on our investments for the three and six months ended June 30, 2018 and 2017 was primarily the result of the reversal of prior period net unrealized depreciation related to certain restructured and exited investments and the improved performance of certain portfolio investments, including certain control investments. See Schedule 12-14 in the accompanying notes to the consolidated financial statements.

Provision for Taxes on Unrealized Gains on Investments

Certain consolidated subsidiaries of ours are subject to U.S. federal and state income taxes. These taxable entities are not consolidated with the Company for income tax purposes and may generate income tax liabilities or assets from temporary differences in the recognition of items for financial reporting and income tax purposes at the subsidiaries. For the three months ended June 30, 2018 and 2017, we recognized a (provision) benefit for tax on unrealized gains on investments of ($(0.1)) million and $1.7 million for consolidated subsidiaries, respectively. For the six months ended June 30, 2018 and 2017, we recognized a (provision) benefit for tax on unrealized gains on investments of $(0.2) and $1.9 million for consolidated subsidiaries, respectively. As of June 30, 2018 and December 31, 2017, $1.8 million and $2.3 million, respectively, were included in deferred tax liability on the Consolidated Statements of Assets and Liabilities relating to deferred tax on unrealized gain on investments. The change in provision for tax on unrealized gains on investments relates primarily to changes to the unrealized appreciation (depreciation) of the investments held in these taxable consolidated subsidiaries, other temporary differences and a change in the prior year estimates received from certain portfolio companies.

Net Increase in Net Assets Resulting from Operations

Net increase in net assets resulting from operations totaled $1.5 million, or $0.05 per common share based on a weighted average of 32,673,590 common shares for the three months ended June 30, 2018, as compared to $1.3 million, or $0.04 per common share based on a weighted average of 32,873,016 common shares for the three months ended June 30, 2017, respectively.

Net increase in net assets resulting from operations totaled $7.9 million, or $0.24 per common share based on a weighted average of 32,673,590 common shares for the six months ended June 30, 2018, as compared to $6.5 million, or $0.20 per common share based on a weighted average of 32,899,048 common shares for the six months ended June 30, 2017.

The changes in net assets from operations between the three months ended June 30, 2018 and 2017 is due primarily to the fluctuation of the realized and unrealized gains and losses in the portfolio and the related tax impact.

Financial condition, liquidity and capital resources

Cash Flows from Operating and Financing Activities

Our liquidity and capital resources are derived from our borrowings, equity raises and cash flows from operations, including investment sales and repayments, and investment income earned. Our primary use of funds from operations includes investments in portfolio companies, payment of distributions to the holders of our common stock and payments of fees and other operating expenses we incur. We have used, and expect to continue to use, our borrowings and the proceeds from the turnover in our portfolio and from public and private offerings of securities to finance our investment objectives, to the extent permitted by the 1940 Act.

We may raise additional equity or debt capital through both registered offerings off our shelf registration statement and private offerings of securities, by securitizing a portion of our investments or borrowings from credit facilities. To the extent we determine to raise additional equity through an offering of our common stock at a price below net asset value, existing investors will experience dilution. During our 2018 Annual Stockholder Meeting held on June 7, 2018, our stockholders authorized us, with the approval of our Board of Directors, to sell up to 25% of our outstanding common stock at a price below our then current net asset value per share and to offer and issue debt with warrants or debt convertible into shares of our common stock at an exercise or conversion price that will not be less than the fair market value per share but may be below the then current net asset value per share. This approval will expire on the earlier of June 7, 2019 or the date of our 2019 Annual Stockholder Meeting. There can be no assurance that these capital resources will be available.

In December 2014, we closed a public debt offering selling $50.0 million of Notes due in 2021, or the 2021 Notes, including the exercise of the overallotment option, through a group of underwriters, less an underwriting discount, and received net proceeds of $48.5 million. In December 2015 and November 2016, we closed a public debt offering selling $35.0 million and $25.0 million, respectively, of Notes due in 2022, or the 2022 Notes, including the exercise of the overallotment option, through a group of underwriters, less an underwriting discount, and received net proceeds of $34.0 million and $24.3 million, respectively. Collectively, the 2021 Notes and 2022 Notes are referred to as the Notes.

We borrowed $31.0 million under our Revolving Facility for the six months ended June 30, 2018 and repaid $54.1 million on our Revolving Facility (includes CAD $10.0 million converted to USD $7.7 million) from proceeds received from prepayments and sales and investment income. We borrowed $57.9 million (includes CAD $29.4 million converted to USD $22.6 million) under our Revolving Facility for the six months ended June 30, 2017 and repaid $40.5 million on our Revolving Facility from prepayments and sales and investment income.

Our operating activities provided (used) cash of $49.7 million and ($0.5) million for the six months ended June 30, 2018 and 2017, respectively, primarily in connection with the purchase and sales of portfolio investments. For the six months ended June 30, 2018, our financing activities included net repayments of $23.1 million on our Revolving Facility and used $17.6 million for distributions to stockholders. For the six months ended June 30, 2017, our financing activities included net borrowings of $17.4 million on our Revolving Facility and used $17.8 million for distributions to stockholders, $1.5 million to repurchase common stock and $0.1 million for the payment of financing and offering costs.

As of June 30, 2018 and December 31, 2017, we had cash of $12.5 million and $3.6 million, respectively. We had no cash equivalents as of June 30, 2018 and December 31, 2017.

We believe cash balances, our Revolving Facility capacity and any proceeds generated from the sale or pay down of investments provides us with the liquidity necessary to acquit our pipeline in the near future.

Borrowings

The following shows a summary of our Borrowings as of June 30, 2018 and December 31, 2017 (in millions):

	As of June 30, 2018				December 31, 2017			
Facility	Commitments	Borrowings Outstanding	Weighted Average	Weighted	Commitments	Borrowings Outstanding	Weighted Average	Weighted

		(1)	Borrowings Outstanding (2)	Average Interest Rate			(3)	Borrowings Outstanding (4)	Average Interest Rate	
Revolving Facility (5)	$275.0	$ 143.2	$ 161.6	4.58	%	$275.0	$ 167.3	$ 118.0	4.03	%
2021 Notes	50.0	50.0	50.0	6.75	%	50.0	50.0	50.0	6.75	%
2022 Notes	60.0	60.0	60.0	6.75	%	60.0	60.0	60.0	6.75	%
Total	$385.0	$ 253.2	$ 271.6	5.52	%	$385.0	$ 277.3	$ 228.0	5.11	%

(1) As of June 30, 2018, excludes deferred financing costs of $1.0 million for the 2021 Notes and $1.6 million for the 2022 Notes presented as a reduction to the respective balances outstanding in the Consolidated Statements of Assets and Liabilities.

(2) Represents the weighted average borrowings outstanding for the six months ended June 30, 2018.

(3) As of December 31, 2017, excludes deferred financing costs of $1.2 million for the 2021 Notes and $1.8 million for the 2022 Notes presented as a reduction to the respective balances outstanding in the Consolidated Statements of Assets and Liabilities.

(4) Represents the weighted average borrowings outstanding for the year ended December 31, 2017.

(5) We may borrow amounts in U.S. dollars or certain other permitted currencies. As of June 30, 2018, we had outstanding debt denominated in Canadian Dollars (CAD) of CAD $19.4 million on our Revolving Credit Facility. The CAD was converted into USD at a spot exchange rate of $0.76 CAD to $1.00 USD as of June 30, 2018. As of December 31, 2017, we had outstanding

debt denominated in Canadian Dollars (CAD) of CAD $29.4 million on our Revolving Facility. The CAD was converted into USD at a spot exchange rate of $0.80 CAD to $1.00 USD as of December 31, 2017.
Credit Facility

On December 15, 2017, we entered into an amendment, or the Revolving Amendment, to our existing revolving credit agreement, or Revolving Facility. The Revolving Amendment revised the Revolving Facility dated August 19, 2015 to, among other things, extend the maturity date from August 2019 to December 2022 (with a one year term out period beginning in December 2021). The one year term out period is the one year anniversary between the revolver termination date, or the end of the availability period, and the maturity date. During this time, we are required to make mandatory prepayments on its loans from the proceeds we receive from the sale of assets, extraordinary receipts, returns of capital or the issuances of equity or debt. The Revolving Amendment also reduced the size of the commitments from $303.5 million to $275.0 million. The Revolving Facility, denominated in US dollars, has an interest rate of LIBOR plus 2.5% (with no LIBOR floor). The Revolving Facility, denominated in Canadian dollars, has an interest rate of CDOR plus 2.5% (with no CDOR floor). The non-use fee is 1.0% annually if we use 35% or less of the Revolving Facility and 0.50% annually if we use more than 35% of the Revolving Facility. We elect the LIBOR or CDOR rates on the loans outstanding on our Revolving Facility, which can have a LIBOR or CDOR period that is one, two, three or nine months. The LIBOR rate on the US dollar borrowings outstanding on its Revolving Facility had a one month LIBOR period as of June 30, 2018. The CDOR rate on the Canadian borrowings outstanding on its Revolving Facility had a one month CDOR period as of June 30, 2018.

As of June 30, 2018, we had borrowings of $143.2 million outstanding under the Revolving Facility with a weighted average interest rate of 4.63% including non-United States dollar borrowings denominated in Canadian dollars of CAD $19.4 million ($14.7 million in United States dollars) outstanding under the Revolving Facility with a weighted average interest rate of 4.14%. The borrowings denominated in Canadian dollars are translated into United States dollars based on the spot rate at each balance sheet date. The impact resulting from changes in foreign exchange rates on the Revolving Facility borrowings is included in unrealized appreciation (depreciation) on foreign currency borrowings in our Consolidated Statements of Operations. The borrowings denominated in Canadian dollars may be positively or negatively affected by movements in the rate of exchange between the United States dollar and the Canadian dollar. This movement is beyond our control and cannot be predicted.

On December 15, 2017, in conjunction with the Revolving Amendment, the $75.0 million Term Loan Facility was refinanced into the Revolving Facility and the Term Loan Facility was terminated. The Term Loan Facility previously had a maturity date of August 2021, an interest rate of LIBOR plus 2.75% (with no LIBOR floor) and had substantially similar terms to the existing Revolving Facility (as amended by the Revolving Amendment). We had elected the LIBOR rate on our Term Loan, which can have a LIBOR period that is one, two, three or nine months.

Each of the Revolving Facility includes an accordion feature permitting us to expand the Revolving Facility, if certain conditions are satisfied; provided, however, that the aggregate amount of the Revolving Facility, collectively, is capped. The Second Revolving Amendment revised the cap from $600.0 million to $500.0 million.

The Revolving Facility generally requires payment of interest on a quarterly basis for ABR loans (commonly based on the Prime Rate or the Federal Funds Rate), and at the end of the applicable interest period for Eurocurrency loans bearing interest at LIBOR, the interest rate benchmark used to determine the variable rates paid on the Revolving Facility. All outstanding principal is due upon each maturity date. The Revolving Facility also require a mandatory prepayment of interest and principal upon certain customary triggering events (including, without limitation, the disposition of assets or the issuance of certain securities).

Borrowings under the Revolving Facility are subject to, among other things, a minimum borrowing/collateral base. The Facilities have certain collateral requirements and/or covenants, including, but limited to, covenants related to:

(a) limitations on the incurrence of additional indebtedness and liens, (b) limitations on certain investments, (c) limitations on certain restricted payments, (d) limitations on the creation or existence of agreements that prohibit liens on certain properties of ours and our subsidiaries, and (e) compliance with certain financial maintenance standards including (i) minimum stockholders' equity, (ii) a ratio of total assets (less total liabilities not represented by senior securities) to the aggregate amount of senior securities representing indebtedness, of us and our consolidated subsidiaries, of not less than 2.00: 1.0, (iii) minimum liquidity, (iv) minimum net worth, and (v) a consolidated interest coverage ratio. In addition to the financial maintenance standards, described in the preceding sentence, borrowings under the Facilities (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 our portfolio.

We cannot be assured that we will be able to borrow funds under the Revolving Facility at any particular time or at all. We are currently in compliance with all financial covenants under the Revolving Facility.

For the six months ended June 30, 2018, we borrowed $31.0 million and repaid $54.1 million under the Revolving Facility (includes CAD $10.0 million converted to USD $7.7 million). For the six months ended June 30, 2017, we borrowed $57.9 million (includes CAD $29.4 million converted to USD $22.6 million) and repaid $40.5 million under the Revolving Facility.

As of June 30, 2018 and December 31, 2017, the carrying amount of the Company's outstanding Revolving Facility approximated fair value. The fair values of the our Revolving Facility is determined in accordance with ASC 820, which defines fair value in terms of the price that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. The fair value of our Revolving Facility is estimated based upon market interest rates and entities with similar credit risk. As of June 30, 2018 and December 31, 2017, the Revolving Facility would be deemed to be Level 3 of the fair value hierarchy.

Interest expense and related fees, excluding amortization of deferred financing costs, of $1.9 million and $2.1 million were incurred in connection with the Facilities during the three months ended June 30, 2018 and 2017, respectively. Interest expense and related fees, excluding amortization of deferred financing costs, of $3.6 million and $4.1 million were incurred in connection with the Facilities during the six months ended June 30, 2018 and 2017, respectively.

Amortization of deferred financing costs of $0.1 million and $0.2 million, respectively, were incurred in connection with the Facilities for the three months ended June 30, 2018 and 2017. Amortization of deferred financing costs of $0.3 million and $0.5 million, respectively, were incurred in connection with the Facilities for the six months ended June 30, 2018 and 2017. As of June 30, 2018, we had $2.6 million of deferred financing costs related to the Revolving Facility, which is presented as an asset. As of December 31, 2017, we had $2.9 million of deferred financing costs related to the Revolving Facility, which is presented as an asset.

In accordance with the 1940 Act, with certain exceptions, we are only allowed to borrow amounts such that its asset coverage, as defined in the 1940 Act, is at least 200% after such borrowing. Our asset coverage as of June 30, 2018 was in excess of 200%. However, recent legislation has modified the 1940 Act by allowing a BDC to increase the maximum amount of leverage it may incur under the 1940 Act from an asset coverage ratio of 200% to an asset coverage ratio of 150%, if certain requirements are met. Under the legislation, we are allowed to increase our leverage capacity if shareholders representing at least a majority of the votes cast, when quorum is met, approve a proposal to do so. If we receive shareholder approval, we would be allowed to increase our leverage capacity on the first day after such approval. Alternatively, the legislation allows the majority of our independent directors to approve an increase in our leverage capacity, and such approval would become effective after one year. In either case, we would be required to make certain disclosures on our website and in SEC filings regarding, among other things, the receipt of approval to increase our leverage, our leverage capacity and usage, and risks related to leverage. As a result of this legislation, we may be able to increase our leverage up to an amount that reduces our asset coverage ratio from 200% to 150% if we receive the necessary approval and amend the Revolving Facility, with lender consent, as described above.

Notes

In December 2014, we completed a public offering of $50.0 million in aggregate principal amount of 6.75% notes due 2021, or the 2021 Notes. The 2021 Notes mature on November 15, 2021, and may be redeemed in whole or in part at any time or from time to time at our option on or after November 15, 2017. The 2021 Notes bear interest at a rate of 6.75% per year payable quarterly on March 30, June 30, September 30 and December 30, of each year, beginning December 30, 2014 and trade on the New York Stock Exchange under the trading symbol "TCRX".

In December 2015 and November 2016, we completed a public offering of $35.0 million and $25.0 million, respectively, in aggregate principal amount of 6.75% notes due 2022, or the 2022 Notes. The 2022 Notes mature on December 30, 2022, and may be redeemed in whole or in part at any time or from time to time at our option on or after December 30, 2018. The 2022 Notes bear interest at a rate of 6.75% per year payable quarterly on March 30, June 30, September 30 and December 30, of each year, beginning March 30, 2016 and trade on the New York Stock Exchange under the trading symbol “TCRZ”. We refer to the 2021 Notes and the 2022 Notes collectively as the Notes.

The Notes are our direct unsecured obligations and rank: (i) pari passu with our other outstanding and future senior unsecured indebtedness; (ii) senior to any of our future indebtedness that expressly provides it is subordinated to the Notes; (iii) effectively subordinated to all our existing and future secured indebtedness (including indebtedness that is initially unsecured to which we subsequently grant security), to the extent of the value of the assets securing such indebtedness, including without limitation, borrowings under our Revolving Facility and Term Loan Facility; (iv) structurally subordinated to all existing and future indebtedness and other obligations of any of our subsidiaries.

The Base Indenture, as supplemented by the First and Second Supplemental Indentures (the "Indenture"), contains certain covenants including covenants requiring us to comply with (regardless of whether it is subject to) the Section 18 (a)(1)(A) as modified by Section 61(a)(1) of the 1940 Act or any successor provisions, whether or not we continue to be subject to such provisions of the 1940 Act, but giving effect, in either case, to any exemptive relief granted to us by the SEC. Currently these provisions generally prohibit us from making additional borrowings, including through the issuance of additional debt or the sale of additional debt securities, unless our asset coverage, as defined in the 1940 Act, equals at least 200% after such borrowings. These covenants are subject to important limitations and exceptions that are described in the Indenture. The Indenture provides for customary events of default and further provides that the Trustee or the holders of 25% in aggregate principal amount of the outstanding Notes in a series may declare such Notes immediately due and payable upon the occurrence of any event of default after expiration of any applicable grace period. As of June 30, 2018, we were in compliance with the terms of the Base Indenture and the First and Second Supplemental Indentures governing the Notes. See Note 7 to our consolidated financial statements for more detail on the Notes.

As of June 30, 2018, the carrying amount and fair value of our Notes was $110.0 million and $111.7 million, respectively. As of December 31, 2017, the carrying value and fair value of our 2021 Notes was $110.0 million and $112.7 million, respectively. The fair value of our Notes is determined in accordance with ASC 820, which defines fair value in terms of the price that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. The fair value of the Notes is based on the closing price of the security, which is a Level 2 input under ASC 820 due to the trading volume.

In connection with the issuance of the 2021 and 2022 Notes, we incurred $4.7 million of fees and expenses. Any of these deferred financing costs are presented as a reduction to the notes payable balance and are being amortized using the effective interest method over the term of the Notes. For the three months ended June 30, 2018 and 2017, we amortized approximately $0.2 million and $0.2 million of deferred financing costs, respectively, which is reflected in amortization of deferred financing costs on the Consolidated Statements of Operations. For the six months ended June 30, 2018 and 2017, we amortized approximately $0.3 million and $0.3 million of deferred financing costs, respectively, which is reflected in amortization of deferred financing costs on the Consolidated Statements of Operations. As of June 30, 2018 and December 31, 2017, we had $2.7 million and $3.0 million, respectively, of remaining deferred financing costs on the Notes, which reduced the notes payable balance on our Consolidated Statements of Assets and Liabilities.

For the three months ended June 30, 2018 and 2017, we incurred interest expense on the Notes of approximately $1.9 million and $1.9 million, respectively. For the six months ended June 30, 2018 and 2017, we incurred interest expense on the Notes of approximately $3.7 million and $3.7 million, respectively.

Commitments and Contingencies and Off-Balance Sheet Arrangements

From time to time, we, or the Advisor, may become party to legal proceedings in the ordinary course of business, including proceedings related to the enforcement of our rights under contracts with our portfolio companies. Neither we, nor the Advisor, are currently subject to any material legal proceedings.

Unfunded commitments to provide funds to portfolio companies are not reflected in our Consolidated Statements of Assets and Liabilities. Our unfunded commitments may be significant from time to time. These commitments will be subject to the same underwriting and ongoing portfolio maintenance as are the on-balance sheet financial instruments that we hold. Since these commitments may expire without being drawn upon, the total commitment amount does not necessarily represent future cash requirements. We intend to use cash flow from normal and early principal repayments and proceeds from borrowings and offerings to fund these commitments.

As of June 30, 2018 and December 31, 2017, we have the following unfunded commitments to portfolio companies (in millions):

	As of June 30, 2018	December 31, 2017
Unfunded delayed draw facilities		
Charming Charlie, LLC	$8.9	$ 4.5
Home Partners of America, Inc.	5.9	—
	14.8	4.5
Unfunded revolving commitments		
Hansons Window & Construction, Inc.	0.2	0.2
HealthDrive Corporation	—	0.9
Holland Intermediate Acquisition Corp. (1)	3.0	3.0
The John Gore Organization, Inc.	—	0.8
Loadmaster Derrick & Equipment, Inc.	—	0.1
OEM Group, LLC	5.9	0.9
Togetherwork Holdings, LLC	—	0.1
Tri Starr Management Services, Inc.	0.5	0.5
Sciens Building Solutions, LLC	2.4	2.1
SPST Holdings, LLC	0.8	0.8
Whitney, Bradley & Brown, Inc.	—	0.1
	12.8	9.5
Unfunded commitments to investments in funds		
Freeport Financial SBIC Fund LP	0.7	0.7
Gryphon Partners 3.5, L.P.	0.4	0.3
	1.1	1.0
Total unfunded commitments	$28.7	$ 15.0

(1) We have sole discretion as to whether to lend under this revolving commitment.

The changes in fair value of our unfunded commitments are considered to be immaterial as the yield determined at the time of underwriting is expected to be materially consistent with the yield upon funding. We will fund our unfunded commitments from the same sources we use to fund our investment commitments that are funded at the time they are made (which are typically existing cash and cash equivalents and borrowings under our Revolving Facility). We manage our liquidity to ensure that we have available capital to fund our unfunded commitments as necessary.

Distributions

We have elected to be taxed as a RIC under Subchapter M of the Code. In order to maintain our status as a regulated investment company, we are required to distribute at least 90% of our investment company taxable income. To avoid a 4% excise tax on undistributed earnings, we are required to distribute each calendar year the sum of (i) 98% of our ordinary income for such calendar year (ii) 98.2% of our net capital gains for the one-year period ending October 31 of that calendar year (iii) any income recognized, but not distributed, in preceding years and on which we paid no federal income tax.

Our quarterly distributions, if any, will be determined by our board of directors. We intend to make distributions to stockholders on a quarterly basis of substantially all of our net investment income. Although we intend to make distributions of net realized capital gains, if any, at least annually, out of assets legally available for such distributions, we may in the future decide to retain such capital gains for investment. In addition, the extent and timing of special dividends, if any, will be determined by our board of directors and will largely be driven by portfolio specific events and tax considerations at the time.

In addition, we may be limited in our ability to make distributions due to the BDC asset coverage test for borrowings applicable to us as a BDC under the 1940 Act.

The following table summarizes our distributions declared and paid or to be paid on all shares including distributions reinvested, if any:

Date Declared	Record Date	Payment Date	Amount Per Share	Percentage Attributable to Return of Investors' Paid-In Capital
August 5, 2010	September 2, 2010	September 30, 2010	$ 0.05	—
November 4, 2010	November 30, 2010	December 28, 2010	$ 0.10	—
December 14, 2010	December 31, 2010	January 28, 2011	$ 0.15	—
March 10, 2011	March 25, 2011	March 31, 2011	$ 0.23	—
May 5, 2011	June 15, 2011	June 30, 2011	$ 0.25	—
July 28, 2011	September 15, 2011	September 30, 2011	$ 0.26	—
October 27, 2011	December 15, 2011	December 30, 2011	$ 0.28	—
March 6, 2012	March 20, 2012	March 30, 2012	$ 0.29	—
March 6, 2012	March 20, 2012	March 30, 2012	$ 0.05	—
May 2, 2012	June 15, 2012	June 29, 2012	$ 0.30	—
July 26, 2012	September 14, 2012	September 28, 2012	$ 0.32	—
November 2, 2012	December 14, 2012	December 28, 2012	$ 0.33	—
December 20, 2012	December 31, 2012	January 28, 2013	$ 0.05	—
February 27, 2013	March 15, 2013	March 29, 2013	$ 0.33	—
May 2, 2013	June 14, 2013	June 28, 2013	$ 0.34	—
August 2, 2013	September 16, 2013	September 30, 2013	$ 0.34	—
August 2, 2013	September 16, 2013	September 30, 2013	$ 0.08	—
October 30, 2013	December 16, 2013	December 31, 2013	$ 0.34	—
March 4, 2014	March 17, 2014	March 31, 2014	$ 0.34	—
May 7, 2014	June 16, 2014	June 30, 2014	$ 0.34	—
August 7, 2014	September 15, 2014	September 30, 2014	$ 0.34	—
November 4, 2014	December 15, 2014	December 31, 2014	$ 0.34	—
March 6, 2015	March 20, 2015	March 31, 2015	$ 0.34	—
May 5, 2015	June 15, 2015	June 30, 2015	$ 0.34	—
August 4, 2015	September 15, 2015	September 30, 2015	$ 0.34	—
November 3, 2015	December 15, 2015	December 31, 2015	$ 0.34	—
March 8, 2016	March 21, 2016	March 31, 2016	$ 0.34	—
May 3, 2016	June 15, 2016	June 30, 2016	$ 0.34	—
August 2, 2016	September 15, 2016	September 30, 2016	$ 0.34	—
November 8, 2016	December 15, 2016	December 30, 2016	$ 0.27	—
March 7, 2017	March 20, 2017	March 31, 2017	$ 0.27	—
May 2, 2017	June 15, 2017	June 30, 2017	$ 0.27	—
August 1, 2017	September 15, 2017	September 29, 2017	$ 0.27	—
November 7, 2017	December 15, 2017	December 29, 2017	$ 0.27	—
March 2, 2018	March 20, 2018	March 30, 2018	$ 0.27	—
May 1, 2018	June 15, 2018	June 29, 2018	$ 0.27	—
August 7, 2018	September 14, 2018	September 28, 2018	$ 0.27	—

We may not be able to achieve operating results that will allow us to make distributions at a specific level or to increase the amount of these distributions from time to time. If we do not distribute a certain percentage of our income annually, we will suffer adverse tax consequences, including possible loss of our status as a regulated investment company. We cannot assure stockholders that they will receive any distributions at a particular level.

We maintain an “opt in” dividend reinvestment plan for our common stockholders. As a result, unless stockholders specifically elect to have their dividends automatically reinvested in additional shares of common stock, stockholders will receive all such dividends in cash. There were no dividends reinvested for the three and six months ended June 30, 2018. There was $0.003 million of dividends reinvested for the three and six months ended June 30, 2017, respectively.

Under the terms of our dividend reinvestment plan, dividends will primarily be paid in newly issued shares of common stock. However, we reserve the right to purchase shares in the open market in connection with the implementation of the plan. This feature of the plan means that, under certain circumstances, we may issue shares of our common stock at a price below net asset value per share, which could cause our stockholders to experience dilution.

Distributions in excess of our current and accumulated earnings and profits would generally be treated as a return of capital (reduced by our fees and expenses) to the extent of a shareholder's adjusted tax basis in our shares. If a shareholder's tax basis is reduced to zero, the shareholder would treat any remaining distributions as a capital gain. The determination of the tax attributes of our distributions will be made annually as of the end of our fiscal year based upon our taxable income for the full year and distributions paid for the full year. Therefore, a determination made on a quarterly basis may not be representative of the actual tax attributes of our distributions for a full year. If we had determined the tax attributes of our 2018 distributions as of June 30, 2018, 100% would be from ordinary income, 0% would be from capital gains and 0% would be a return of capital. Each year, a statement on Form 1099-DIV identifying the source of the distribution will be sent to our U.S. stockholders of record. Our board of directors presently intends to declare and pay quarterly distributions. Our ability to pay distributions could be affected by future business performance, liquidity, capital needs, alternative investment opportunities and loan covenants.

We may generate qualified interest income and short-term capital gains that may be exempt from United States withholding tax on foreign accounts. A regulated investment company, or RIC, is permitted to designate distributions in the form of dividends that represent interest income (commonly referred to as qualified interest income) and short-term capital gains as exempt from U.S. withholding tax when paid to non-U.S. stockholders with proper documentation. As of June 30, 2018, the percentage of 2018 income estimated as qualified interest income for tax purposes was 80.5%.

Stock Repurchase Program

On March 7, 2017 our board of directors authorized a $20.0 million stock repurchase program, which was extended on March 2, 2018. Unless extended by our board of directors, the stock repurchase program will expire on March 2, 2019 and may be modified or terminated at any time for any reason without prior notice. We have provided our stockholders with notice of our ability to repurchase shares of our common stock in accordance with 1940 Act requirements. We will retire immediately all such shares of common stock that we purchase in connection with the stock repurchase program.

The following table summarizes our share repurchases under our stock repurchase program for the three and six months ended June 30, 2018 and 2017 (in millions):

	For the three months ended June 30,		For the six months ended June 30,	
	2018	2017	2018	2017
Dollar amount repurchased	$—	$1.5	$—	$1.5
Shares repurchased	—	0.2	—	0.2
Average price per share (including commission)	$—	$10.0	$—	$10.01

Weighted average discount to net asset value	—	14.68%	—	14.68%

Related Party Transactions

Investment Management Agreement

On March 2, 2018, our investment management agreement with the Advisor was re-approved by the Board of Directors, including a majority of our directors who are not interested persons of us. Under the investment management agreement, the Advisor, subject to the overall supervision of our board of directors, manages the day-to-day operations of, and provides investment advisory services to us.

Base Management Fee

The base management fee calculation remains the same and is calculated at an annual rate of 1.5% of our gross assets payable quarterly in arrears on a calendar quarter basis. For purposes of calculating the base management fee, "gross assets" is determined as the value of our assets without deduction for any liabilities. The base management fee is calculated based on the value of our gross assets at the end of the most recently completed calendar quarter, and appropriately adjusted for any share issuances or repurchases during the current calendar quarter.

For the three months ended June 30, 2018 and 2017, we incurred base management fees payable to the Advisor of $2.3 million and $2.7 million, respectively. For the six months ended June 30, 2018 and 2017, we incurred base management fees payable to the Advisor of $4.7 million and $5.2 million, respectively. As of June 30, 2018 and December 31, 2017, $2.3 million and $2.6 million, respectively, was payable to the Advisor.

Incentive Fee on Net Investment Income

We accepted the Advisor’s proposal to waive 100% of the incentive fees earned for the period commencing on January 1, 2018 and ending on December 31, 2018 (such waiver, “Incentive Fee Waiver”). Such waived incentive fees shall not be subject to recoupment. No such fees were earned for the six months ended June 30, 2018.

Subsequently, we accepted the Advisor’s proposal to waive 100% of the incentive fees accrued for the period commencing on January 1, 2019 and ending on June 30, 2019. Such waived incentive fees shall not be subject to recoupment.

Commencing January 1, 2018, we accepted the Advisor’s proposal to calculate the incentive fee on net investment income as indicated below (“Reduced Incentive Fee on Net Investment Income”) and waive such portion of the Reduced Incentive Fee on Net Investment Income that is in excess of the incentive fee on net investment income as set forth in the investment management agreement that the Advisor would otherwise be entitled to receive. In order to ensure that we will pay the Advisor less aggregate fees on a cumulative basis, as calculated beginning January 1, 2018, we will, at the end of each quarter, also calculate the incentive fee on net investment income owed by us to the Advisor based on the formula in place prior to January 1, 2018 effect to the waiver (“Incentive Fee on Net Investment Income Prior to Fee Waiver Agreement”). If, at any time beginning January 1, 2018, the aggregate fees on a cumulative basis, as calculated based on the formula in place after January 1, 2018, would be greater than the aggregate fees on a cumulative basis, as calculated based on the Incentive Fee on Net Investment Income Prior to Fee Waiver Agreement, the Advisor shall only be entitled to the lesser of those two amounts. See the section Incentive Fee on Net Investment Income Calculated Prior to the Fee Waiver Agreement for the details of the calculation under the investment management agreement.

On January 1, 2018, the Reduced Incentive Fee on Net Investment Income will be calculated by reference to the most recent trailing twelve quarter period or, if shorter, the number of quarters that have occurred since January 1, 2018 (“Trailing Twelve Quarter Period”), rather than on the standalone quarterly basis as set forth in the investment management agreement. Specifically, the net investment income component will be calculated, and payable, quarterly in arrears at the end of each calendar quarter by reference to our aggregate preincentive fee net investment income, as adjusted as described below, from the calendar quarter then ending and the eleven preceding calendar quarters (or if shorter, the number of quarters that have occurred since January 1, 2018). Preincentive fee net investment income is expressed as a rate of return on the value of our net assets (defined as total assets less indebtedness and before taking into account any incentive fees payable during the period) at the beginning of each applicable calendar quarter comprising of the relevant Trailing Twelve Quarters. The hurdle amount for incentive fee based on preincentive fee net investment income will continue to be determined on a quarterly basis and equal to 2.0% (which is 8.0% annualized) but shall be multiplied by the net asset value attributable to our common stock at the beginning of each applicable calendar quarter comprising the relevant Trailing Twelve Quarters (also referred to as “minimum income level”). The hurdle amount will be calculated after making appropriate adjustments for subscriptions (which includes all issuances by us of shares of our common stock, including issuances pursuant to our dividend reinvestment plan) and distributions that occurred during the relevant Trailing Twelve Quarters.

The calculation of preincentive fee net investment income shall continue to mean interest income, amortization of original issue discount, commitment and origination fees, dividend income and any other income (including any other fees, such as, structuring, diligence, managerial assistance and consulting 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, expenses payable under our administration agreement (discussed below), and any interest expense and any dividends paid on any issued and outstanding preferred stock, but excluding the incentive fee and any offering expenses and other expenses not charged to operations but excluding certain reversals to the extent such reversals have the effect of reducing previously accrued incentive fees based on the deferral of non-cash interest. Furthermore, preincentive fee net investment income will continue to include, in the case of investments with a deferred interest feature (such as original issue discount, debt instruments with PIK interest and zero coupon securities), accrued income that we have not yet received in cash.

The incentive fee based on preincentive net investment income for each quarter will be determined as follows:

- The Investment Advisor receives no incentive fee for any calendar quarter in which our preincentive fee net investment income does not exceed the minimum income level.

- Subject to the Incentive Fee Cap below, the Advisor receives 100% of our preincentive fee net investment income for the Trailing Twelve Quarters with respect to that portion of the preincentive net investment income for such quarter, if any, that exceeds the minimum income level but is less than 2.5% (which is 10.0% annualized) (also referred to as the "catch-up" provision); and
- 20.0% of our preincentive fee net investment income, if any, greater than 2.5% (10.0% annualized) for the Trailing Twelve Quarters.

The amount of the incentive fee on preincentive net investment income that will be paid for a particular quarter will equal the excess of the incentive fee so calculated minus the aggregate incentive fees on preincentive net investment income that were paid in respect of the eleven calendar quarters (or if shorter, the number of quarters that have occurred since January 1, 2018) included in the relevant Trailing Twelve Quarters but not in excess of the Incentive Fee Cap (as described below).

The foregoing incentive fee will be subject to an Incentive Fee Cap (as defined below). The "Incentive Fee Cap" for any quarter is an amount equal to (a) 20% of the Cumulative Net Return (as defined below) during the relevant Trailing Twelve Quarters, minus (b) the aggregate incentive fees based on income that were paid in respect of the first eleven calendar quarters (or the portion thereof) included in the relevant Trailing Twelve Quarters. "Cumulative Net Return" means (x) preincentive net investment income in respect of the relevant Trailing Twelve Quarters minus (y) any Net Capital Loss, if any, in respect of the relevant Trailing Twelve Quarters. If, in any quarter, the Incentive Fee Cap is zero or a negative value, we will pay no incentive fee based on income to our Advisor for such quarter. If, in any quarter, the Incentive Fee Cap for such quarter is a positive value but is less than the incentive fee based on pre-incentive net investment income that is payable to our Advisor for such quarter (before giving effect to the Incentive Fee Cap) calculated as described above, we will pay an incentive fee based on preincentive net investment income to our Advisor equal to the Incentive Fee Cap for such quarter. If, in any quarter, the Incentive Fee Cap for such quarter is equal to or greater than the incentive fee based on preincentive net investment income that is payable to our Advisor for such quarter (before giving effect to the Incentive Fee Cap) calculated as described above, we will pay an incentive fee based on income to our Advisor equal to the incentive fee calculated as described above for such quarter without regard to the Incentive Fee Cap."Net Capital Loss" in respect of a particular period means the difference, if positive, between (i) aggregate capital losses, whether realized or unrealized, in such period and (ii) aggregate capital gains, whether realized or unrealized, in such period.

For the three and six months ended June 30, 2018, we would have incurred $0.4 million and $1.7 million, respectively, of incentive fees related to ordinary income under this calculation.

For the avoidance of doubt, the purpose of the Reduced Incentive Fee on Net Investment Income is to reduce aggregate incentive fees payable to Advisor by us, effective as of January 1, 2018. In order to ensure that we will pay the Advisor less aggregate fees on a cumulative basis, as calculated beginning January 1, 2018, we will, at the end of each quarter, also calculate the incentive fee on net investment income owed by us to Advisor based on the formula in place prior to January 1, 2018. If, at any time beginning January 1, 2018, the aggregate fees on a cumulative basis, as calculated based on the formula in place after January 1, 2018 after giving effect to the Dividend Waiver, would be greater than the aggregate fees on a cumulative basis, as calculated based on the formula in place prior to January 1, 2018, the Advisor shall only be entitled to the lesser of those two amounts until such time as the requisite number of shareholders approve such amended incentive fee calculation.

Incentive Fee on Net Investment Income Prior to Fee Waiver Agreement

The incentive fee on net investment income prior to the Fee Waiver Agreement was calculated and payable, quarterly in arrears based on our preincentive fee net investment income for the immediately preceding calendar quarter, subject to a cumulative total return requirement and to deferral of non-cash amounts. The preincentive fee net investment income, which was expressed as a rate of return on the value of our net assets attributable to our common stock, for the immediately preceding calendar quarter, had a 2.0% (which is 8.0% annualized) hurdle rate (also referred to as "minimum income level"). The Advisor received no incentive fee for any calendar quarter in which our preincentive fee net investment income does not exceed the minimum income level. Subject to the cumulative total return requirement described below, the Advisor receives 100% of our preincentive fee net investment income for any calendar quarter with respect to that portion of the preincentive net investment income for such quarter, if any, that exceeded the minimum income level but is less than 2.5% (which is 10.0% annualized) of net assets (also referred to as the "catch-up" provision) and 20.0% of our preincentive fee net investment income for such calendar quarter, if any, greater than 2.5% (10.0% annualized) of net assets. The foregoing incentive fee was subject to a total return requirement, which provided that no incentive fee in respect of our preincentive fee net investment income is payable except to the extent 20.0% of the cumulative net increase in net assets resulting from operations over the then current and 11 preceding calendar quarters exceeds the cumulative incentive fees accrued and/or paid for the 11 preceding quarters. In other words, any ordinary income incentive fee that was payable in a calendar quarter was limited to the lesser of (i) 20% of the amount by which our preincentive fee net investment income for such calendar quarter exceeds the 2.0% hurdle, subject to the "catch- up" provision, and (ii) (x) 20% of the cumulative net increase in net assets resulting from operations for the then current and 11 preceding quarters minus (y) the cumulative incentive fees accrued and/or paid for the 11 preceding calendar quarters. For the foregoing purpose, the "cumulative net increase in net assets resulting from operations" was the amount, if positive, of the sum of our preincentive fee net investment income, base management fees, realized gains and losses and unrealized appreciation and depreciation for the then current and 11 preceding calendar quarters. In addition, the portion of such incentive fee that was attributable to deferred interest (sometimes referred to as payment-in-kind interest, or PIK, or original issue discount, or OID) will be paid to Advisor, together with interest thereon from the date of deferral to the date of payment, only if and to the extent the Advisor actually received such interest in cash, and any accrual thereof was be reversed if and to the extent such interest is reversed in connection with any write-off or similar treatment of the investment giving rise to any deferred interest accrual. There was no accumulation of amounts on the hurdle rate from quarter to quarter and accordingly there is no clawback of amounts previously paid if subsequent quarters are below the quarterly hurdle rate and there is no delay of payment if prior quarters are below the quarterly hurdle rate.

For the three and six months ended June 30, 2018, we would have incurred $0 and $0, respectively, of incentive fees related to ordinary income under this calculation. For the three and six months ended June 30, 2017, we incurred $1.2 million and $2.5 million, respectively, of incentive fees related to ordinary income.

Incentive Fee on Net Investment Income Payable

For the three and six months ended June 30, 2018, we reversed $0.0 million and $0.0 million, respectively, of incentive fees related to the adjustment of previously deferred incentive fee. For the three and six months ended June 30, 2017, we incurred $1.2 and $2.5 million, respectively, of incentive fees related to ordinary income. The lower incentive fees compared to the prior three and six months were the result of realized and unrealized losses in the portfolio. As of June 30, 2018 and December 31, 2017, $0.1 and $0.1 million, respectively, of such incentive fees are currently payable to the Advisor related to deferred PIK income that has now been collected in cash. As of June 30, 2018 and December 31, 2017, $0.9 million and $1.0 million, respectively of incentive fees incurred by us were generated from deferred interest (i.e. PIK, certain discount accretion and deferred interest) and are not payable until such amounts are received in cash.

Incentive Fee on Capital Gains

The second component of the incentive fee (capital gains incentive fee) is determined and payable in arrears as of the end of each calendar year (or upon termination of the investment management agreement, as of the termination date). This component is equal to 20.0% of our cumulative aggregate realized capital gains from inception through the end of that calendar year, computed net of the cumulative aggregate realized capital losses and cumulative aggregate unrealized capital depreciation through the end of such year. The calculation of the capital gains incentive fee has not been modified or waived. The aggregate amount of any previously paid capital gains incentive fees is subtracted from such capital gains incentive fee calculated. There was no capital gains incentive fee payable to our Advisor under the investment management agreement of June 30, 2018 and December 31, 2017.

GAAP Incentive Fee

GAAP requires that the incentive fee accrual be calculated assuming a hypothetical liquidation of the Company at the balance sheet date. A hypothetical liquidation considers the cumulative aggregate realized gains and losses and unrealized capital appreciation or depreciation of investments or other financial instruments, such as an interest rate derivative, in the calculation, as an incentive fee would be payable if such realized gains and losses or unrealized capital appreciation or depreciation were realized, even though such realized gains and losses and unrealized capital appreciation or depreciation is not permitted to be considered in calculating the fee actually payable under the investment management agreement (“GAAP Incentive Fee”). There can be no assurance that such unrealized appreciation or depreciation will be realized in the future. Accordingly, such fee, as calculated and accrued, would not necessarily be payable under the investment management agreement, and may never be paid based upon the computation of incentive fees in subsequent periods. For the three and six months ended June 30, 2018 and 2017, we incurred no incentive fees related to the GAAP incentive fee.

Administration Agreement

We have also entered into an administration agreement with the Advisor under which the Advisor will provide administrative services to us. Under the administration agreement, the Advisor performs, or oversees the performance of administrative services necessary for our operation, which include, among other things, being responsible for the financial records which we are required to maintain and preparing reports to our stockholders and reports filed with the SEC. In addition, the Advisor assists in determining and publishing our net asset value, oversees the preparation and filing of our tax returns and the printing and dissemination of reports to our stockholders, and generally oversees the payment of our expenses and the performance of administrative and professional services rendered to us by others. We will reimburse the Advisor for our allocable portion of the costs and expenses incurred by the Advisor for overhead in performance by the Advisor of its duties under the administration agreement and the investment management agreement, including facilities, office equipment and our allocable portion of cost of compensation and related expenses of our chief financial officer and chief compliance officer and their respective staffs, as well as any costs and expenses incurred by the Advisor relating to any administrative or operating services provided to us by the Advisor. Our board of directors reviews the allocation methodologies with respect to such expenses. Such costs are reflected as Administrator expenses in the accompanying Consolidated Statements of Operations. Under the administration agreement, the Advisor provides, on our behalf, managerial assistance to those portfolio companies to which we are required to provide such assistance. To the extent that our Advisor outsources any of its functions, we pay the fees associated with such functions on a direct basis without profit to the Advisor.

For the three months ended June 30, 2018 and 2017, we incurred administrator expenses of $0.5 million and $0.7 million, respectively. For the six months ended June 30, 2018 and 2017, we incurred administrator expenses of $1.1 million and $1.5 million, respectively. As of June 30, 2018 and December 31, 2017, $0.0 and $0.0 million of administrator expenses were due from the Advisor, respectively.

License Agreement

We and the Advisor have entered into a license agreement with THL Partners under which THL Partners has granted to us and the Advisor a non-exclusive, personal, revocable worldwide non-transferable license to use the trade name and service mark THL, which is a proprietary mark of THL Partners, for specified purposes in connection with our respective businesses. This license agreement is royalty-free, which means we are not charged a fee for our use of the trade name and service mark THL. The license agreement is terminable either in its entirety or with respect to us or the Advisor by THL Partners at any time in its sole discretion upon 60 days prior written notice, and is also terminable with respect to either us or the Advisor by THL Partners in the case of certain events of non-compliance. After the expiration of its first one year term, the entire license agreement is terminable by either us or the Advisor at our or its sole discretion upon 60 days prior written notice. Upon termination of the license agreement, we and the Advisor must cease to use the name and mark THL, including any use in our respective legal names, filings, listings and other uses that may require us to withdraw or replace our names and marks. Other than with respect to the limited rights contained in the license agreement, we and the Advisor have no right to use, or other rights in respect of, the THL name and mark. We are an entity operated independently from THL Partners, and third parties who deal with us have no recourse against THL Partners.

Managed Funds

The Advisor and its affiliates may also manage other funds in the future that may have investment mandates that are similar, in whole or in part, with ours. For example, the Advisor may serve as investment adviser to one or more private funds, registered closed-end funds and CLOs. In addition, our officers may serve in similar capacities for one or more private funds, registered closed-end funds and CLOs. The Advisor and its affiliates may determine that an investment is appropriate 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, the Advisor or its affiliates may determine that we should invest side-by-side with one or more other funds. Any such investments will be made only to the extent permitted by applicable law and interpretive positions of the SEC and its staff, and consistent with the Advisor’s allocation procedures. The Advisor’s policies will be designed to manage and mitigate the conflicts of interest associated with the allocation of investment opportunities if we are able to co-invest, either pursuant to SEC interpretive positions or an exemptive order, with other funds managed by the Advisor and its affiliates. As a result, the Advisor and/or its affiliates may face conflicts in allocating investment opportunities between us and such other entities. Although the Advisor and its affiliates will endeavor to allocate investment opportunities in a fair and equitable manner and consistent with application allocation procedures, it is possible that we may not be given the opportunity to participate in investments made by investment funds managed by the Advisor or its affiliates.

The 1940 Act generally prohibits BDCs from making certain negotiated co-investments with certain affiliates absent an order from the SEC permitting the BDC to do so. The SEC has granted us the Order we sought in an exemptive application that expands our ability to co-invest in portfolio companies with Affiliated Funds in a manner consistent with our investment objective, positions, policies, strategies and restrictions as well as regulatory requirements and other pertinent factors, subject to compliance with certain conditions to the Order. Pursuant to the Order, we are permitted to co-invest with Affiliated Funds if, among other things, a “required majority” (as defined in Section 57(o) of the 1940 Act) or our independent directors make certain conclusions in connection with a co-investment transaction, including that (1) the terms of the transactions, including the consideration to be paid, 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 investment objective and strategies.

Greenway

On January 14, 2011, THL Credit Greenway Fund LLC, or Greenway, was formed as a Delaware limited liability company. Greenway is a portfolio company of ours. Greenway is a closed-end investment fund which provides for no liquidity or redemption options and is not readily marketable. Greenway operates under a limited liability agreement dated January 19, 2011, or the Agreement. Greenway will continue in existence until January 14, 2021, subject to earlier termination pursuant to certain terms of the Agreement. The term may also be extended for up to three additional one-year periods pursuant to certain terms of the Agreement. Greenway had a two year investment period.

Greenway had $150 million of capital committed by affiliates of a single institutional investor, and is managed by us. Our capital commitment to Greenway is $0.0 million. As of June 30, 2018, all commitments have been called. Our nominal investment in Greenway is reflected in the June 30, 2018 and December 31, 2017 Consolidated Schedules of Investments. As of June 30, 2018, distributions representing 125.5% of the committed capital of the investor have been made from Greenway. Distributions from Greenway, including return of capital and earnings, to its members from inception through June 30, 2018 totaled $188.3 million.

We act as the investment adviser to Greenway and are entitled to receive certain fees relating to our investment management services provided, including a base management fee, a performance fee and a portion of the closing fees on each investment transaction. As a result, Greenway is classified as an affiliate of ours. For the three and six months ended June 30, 2018, we earned $0.0 million and $0.0 million in fees related to Greenway, respectively, which is included in other income from non-controlled, affiliated investments in the Consolidated Statements of Operations. For the three and six months ended June 30, 2017, we recorded a net reduction of fees of $0.0 million and $0.0 million, respectively, related primarily to the reduction of the unrealized incentive fee related to Greenway’s portfolio performance, which is included in other income from non-controlled, affiliated investments in the Consolidated Statements of Operations. As of June 30, 2018 and December 31, 2017, $0.0 million and $0.1 million of fees and expenses related to Greenway, respectively, were included in due from affiliate on the Consolidated Statements of Assets and Liabilities.

Greenway invested in securities similar to those that we invest in pursuant to investment and allocation guidelines which address, among other things, the size of the borrowers, the types of transactions and the concentration and investment ratio amongst Greenway and us. However, we have the discretion to invest in other securities.

Greenway II

On January 31, 2013, THL Credit Greenway Fund II, LLC, or Greenway II LLC, was formed as a Delaware limited liability company and is a portfolio company of ours. Greenway II LLC is a closed-end investment fund which provides for no liquidity or redemption options and is not readily marketable. Greenway II LLC operates under a limited liability agreement dated February 11, 2013, as amended, or the Greenway II LLC Agreement. Greenway II LLC will continue in existence for eight years from the final closing date, subject to earlier termination pursuant to certain terms of the Greenway II LLC Agreement. The term may also be extended for up to three additional one-year periods pursuant to certain terms of the Greenway II LLC Agreement. Greenway II LLC has a two year investment period.

As contemplated in the Greenway II LLC Agreement, we have established a related investment vehicle and entered into an investment management agreement with an account set up by an unaffiliated third party investor to invest alongside Greenway II LLC pursuant to similar economic terms. The account is also managed by us. References to “Greenway II” herein include Greenway II LLC and the account of the related investment vehicle. Greenway II has $187.0 million of commitments primarily from institutional investors. As of June 30, 2018, all commitments have been called. Our nominal investment in Greenway II is reflected in the June 30, 2018 and December 31, 2017

Consolidated Schedules of Investments. As of June 30, 2018, distributions representing 76.2% of the committed capital of the Greenway II investors have been made from Greenway II. Distributions from Greenway II to its members and investors, including return of capital and earnings, from inception through June 30, 2018 totaled $142.6 million.

We act as the investment adviser to Greenway II and are entitled to receive certain fees relating to our investment management services provided, including a base management fee, a performance fee and a portion of the closing fees on each investment transaction. As a result, Greenway II is classified as an affiliate of the Company. For the three months ended June 30, 2018 and 2017, we earned $0.2 million and $0.3 million, respectively, in fees related to Greenway II, which are included in other income from non-controlled, affiliated investment in the Consolidated Statements of Operations. For the six months ended June 30, 2018 and 2017, we earned $0.5 million and $0.6 million, respectively, in fees related to Greenway II, which are included in other income from non-controlled affiliated investments in the Consolidated Statements of Operations. As of June 30, 2018 and December 31, 2017, $0.2 million and $0.3 million, respectively, of fees and expenses related to Greenway II were included in due from affiliate on the Consolidated Statements of Assets and Liabilities.

Other deferred assets consist of placement agent expenses incurred in connection with the offer and sale of partnership interests in Greenway II. These amounts are capitalized when commitments close and are recognized as an expense over the period when the Company expects to collect management fees from Greenway II. For the three months ended June 30, 2018 and 2017, we recognized $0 million and $0.1 million, respectively, in expenses related to placement agent expenses, which are included in other general and administrative expenses in the Consolidated Statements of Operations. For the six months ended June 30, 2018 and 2017, we recognized $0.0 million and $0.1 million, respectively, in expenses related to placement agent expenses, which are included in other general and administrative expenses in the Consolidated Statements of Operations. As of June 30, 2018 and December 31, 2017, the other deferred assets were fully recognized.

Greenway II invested in securities similar to those that we invest in pursuant to investment and allocation guidelines which address, among other things, the size of the borrowers, the types of transactions and the concentration and investment ratio amongst Greenway II and us. However, we have the discretion to invest in other securities.

Due to and from Affiliates

The Advisor paid certain other general and administrative expenses on our behalf. As of June 30, 2018 and December 31, 2017, there was $0.3 million and $0.2 million due to affiliate, respectively, which was included in accrued expenses and other payables on the Consolidated Statements of Assets and Liabilities.

As of June 30, 2018 and December 31, 2017, the Advisor owed $0.0 million and $0.0 million, respectively, of administrator expenses as a reimbursement to us, which was included in due from affiliate on the Consolidated Statements of Assets and Liabilities.

We act as the investment adviser to Greenway and Greenway II and are entitled to receive certain fees. As a result, each of Greenway and Greenway II is classified as an affiliate. As of June 30, 2018 and December 31, 2017, $0.3 million and $0.4 million of fees related to Greenway and Greenway II, respectively, were included in due from affiliate on the Consolidated Statements of Assets and Liabilities.

For our controlled equity investments, as of June 30, 2018, we had $3.3 million of dividends receivable from Logan JV, Copperweld Bimetallics, LLC and C&K Market, Inc., $0.0 million of fees from OEM Group, LLC, $0.4 million of interest from Copperweld Bimetallics, LLC and $0.1 million of interest from Loadmaster Derrick & Equipment, Inc., included in interest, dividends, and fees receivable and $0.2 million of fees from Tri Starr Management Services, Inc. in prepaid expenses and other assets on the Consolidated Statements of Assets and Liabilities. As of December 31, 2017, we had $3.5 million of dividends receivable from Logan JV and C&K Market, Inc., $0.5 million of interest and fees from OEM Group, LLC included in interest, dividends, and fees receivable, $0.2 million of interest from Copperweld Bimetallics LLC, $0.1 million of interest from Loadmaster Derrick & Equipment, Inc., and $0.3 million of interest and fees from Tri Starr Management Services, Inc. in prepaid expenses and other assets, which was offset by $0.1 million of deferred revenue in other deferred liabilities, on the Consolidated Statements of Assets and Liabilities.

Critical accounting policies

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Changes in the economic environment, financial markets and any other parameters used in determining such estimates could cause actual results to differ. In addition to the discussion below, our significant accounting policies are further described in the notes to the consolidated financial statements.

Valuation of Portfolio Investments

As a BDC, we generally invest in illiquid securities including debt and equity investments of lower middle market companies. Investments for which market quotations are readily available are valued using market quotations, which are generally obtained from an independent pricing service or one or more broker-dealers or market makers. Debt and equity securities for which market quotations are not readily available or are determined to be unreliable are valued at fair value as determined in good faith by our board of directors. Because we expect that there will not be a readily available market value for many of the investments in our portfolio, it is expected that many of our portfolio investments' values will be determined in good faith by our board of directors in accordance with a documented valuation policy that has been reviewed and approved by our board of directors and in accordance with GAAP. Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the fair value of our investments may differ significantly from the values that would have been used had a readily available market value existed for such investments, and the differences could be material.

With respect to investments for which market quotations are not readily available or are determined to be unreliable, our board of directors undertakes a multi-step valuation process each quarter, as described below:

- our quarterly valuation process begins with each portfolio company or investment being initially valued by the investment professionals responsible for the portfolio investment; preliminary valuation conclusions are then documented and discussed with the investment committee of the Advisor;
- to the extent determined by the audit committee of our board of directors, independent valuation firms are used to conduct independent appraisals of all “Level 3” investments and review the Advisor’s preliminary valuations in light of their own independent assessment unless the amounts are immaterial or have closed near quarter-end;
- the audit committee of our board of directors reviews the preliminary valuations of the Advisor and independent valuation firms and, if necessary, responds and supplements the valuation recommendation of the independent valuation firms to reflect any comments; and
- our board of directors discusses valuations and determines the fair value of each investment in our portfolio in good faith based on the input of the Advisor, the respective independent valuation firms and the audit committee.

The types of factors that we may take into account in fair value pricing our investments include, as relevant, the nature and realizable value of any collateral, the portfolio company’s ability to make payments and its earnings and discounted cash flows, the markets in which the portfolio company does business, comparison to publicly traded securities and other relevant factors. We generally utilize an income approach to value our debt investments and a combination of income and market approaches to value our equity investments. With respect to unquoted securities, the Advisor and our board of directors, in consultation with our independent third party valuation firms, values each investment considering, among other measures, discounted cash flow models, comparisons of financial ratios of peer companies that are public and other factors, which valuation is then approved by our board of directors.

Debt Investments

For debt investments, we generally determine the fair value primarily using an income, or yield, approach that analyzes the discounted cash flows of interest and principal for the debt security, as set forth in the associated loan agreements, as well as the financial position and credit risk of each portfolio investments. Our estimate of the expected repayment date is generally the legal maturity date of the instrument. The yield analysis considers changes in leverage levels, credit quality, portfolio company performance and other factors. The enterprise value, a market approach, is used to determine the value of equity and debt investments that are credit impaired, close to maturity or where we also hold a controlling equity interest. The method for determining enterprise value uses a multiple analysis, whereby appropriate multiples are applied to the portfolio company’s net income before net interest expense, income tax expense, depreciation and amortization, or EBITDA. The collateral valuation analysis is utilized when repayment is based on the sale of the underlying collateral. This is a new technique we implemented during the quarter ended June 30, 2017.

Payment Rights

We value our investment in payment rights using an income approach that analyzes the discounted projected future cash flow streams assuming an appropriate discount rate, which will among other things consider other transactions in the market, the current credit environment, performance of the underlying portfolio company and the length of the remaining payment stream.

Equity

We use a combination of the income and market approaches to value our equity investments. 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 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, the current investment performance rating, security covenants, 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, transaction comparables, our principal market as the reporting entity, and enterprise values, among other factors.

Investment in Funds

In circumstances in which net asset value per share of an investment is determinative of fair value, we estimate the fair value of an investment in an investment company using the net asset value per share of the investment (or its equivalent) without further adjustment if the net asset value per share of the investment is determined in accordance with the specialized accounting guidance for investment companies as of the reporting entity's measurement date.

In accordance with the authoritative guidance on fair value measurements and disclosures under GAAP, we disclose the fair value of our investments in a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The guidance establishes three levels of the fair value hierarchy as follows:

Level l—Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2—Quoted prices in markets that are not considered to be active or financial instruments for which significant inputs are observable, either directly or indirectly;

Level 3—Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

The level of an asset or liability within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by management.

We consider whether the volume and level of activity for the asset or liability have significantly decreased and identify transactions that are not orderly in determining fair value. Accordingly, if we determine that either the volume and/or level of activity for an asset or liability has significantly decreased (from normal conditions for that asset or liability) or price quotations or observable inputs are not associated with orderly transactions, increased analysis and management judgment will be required to estimate fair value. Valuation techniques such as an income approach might be appropriate to supplement or replace a market approach in those circumstances.

We have adopted the authoritative guidance under GAAP for estimating the fair value of investments in investment companies that have calculated net asset value per share in accordance with the specialized accounting guidance for Investment Companies. Accordingly, in circumstances in which net asset value per share of an investment is determinative of fair value, we estimate the fair value of an investment in an investment company using the net asset value per share of the investment (or its equivalent) without further adjustment if the net asset value per share of the investment is determined in accordance with the specialized accounting guidance for investment companies as of the reporting entity's measurement date. Redemptions are not generally permitted in our investments in funds. The remaining term of our investments in funds is expected to be one to five years.

Revenue Recognition

We record interest income, adjusted for amortization of premium and accretion of discount, on an accrual basis to the extent that we expect to collect such amounts. Dividend income is recognized on the ex-dividend date. Original issue discount, principally representing the estimated fair value of detachable equity or warrants obtained in conjunction with the acquisition of debt securities, and market discount or premium are capitalized and accreted or amortized into interest income over the life of the respective security using the effective yield method. The amortized cost of investments represents the original cost adjusted for the accretion/amortization of discounts and premiums and upfront loan origination fees.

Loans are placed on non-accrual status when principal or interest payments are past due 30 days or more and/or when it is no longer probable that principal or interest will be collected. However, we may make exceptions to this policy if the loan has sufficient collateral value and is in the process of collection. We record the reversal of any previously accrued income against the same income category reflected in the Consolidated Statement of Operations. As of June 30, 2018, we had loans on non-accrual status with an amortized cost basis of $9.7 million and fair value of $4.0 million. As of June 30, 2017, we had loans on non-accrual status with an amortized cost basis of $46.3 million and fair value of $27.4 million.

We have investments in our portfolio which contain a contractual paid-in-kind, or PIK, interest provision. PIK interest is computed at the contractual rate specified in each investment agreement, is added to the principal balance of the investment, and is recorded as income. We will cease accruing PIK interest if there is insufficient value to support the accrual or if we do not expect amounts to be collectible and will generally only begin to recognize PIK income again when all principal and interest have been paid or upon a restructuring of the investment where the interest is deemed collectable. To maintain our status as a RIC, PIK interest income, which is considered investment company taxable income, must be paid out to stockholders in the form of dividends even though we have not yet collected the cash. Amounts necessary to pay these dividends may come from available cash.

We capitalize and amortize upfront loan origination fees received in connection with the closing of investments. The unearned income from such fees is accreted into interest income over the contractual life of the loan based on the effective interest method. Upon prepayment of a loan or debt security, any prepayment premiums, unamortized upfront loan origination fees, and unamortized discounts are recorded as interest income.

Interest income from our investment in the TRA investment is recorded based upon an estimation of an effective yield to expected maturity using anticipated cash flows with any remaining amount recorded to the cost basis of the investment. We monitor the anticipated cash flows from our TRA investment and will adjust our effective yield periodically as needed.

Other income includes commitment fees, fees related to the management of Greenway and Greenway II, fees related to the management of certain controlled equity investments, structuring fees, amendment fees and unused commitment fees associated with investments in portfolio companies. These fees are recognized as income when earned by us in accordance with the terms of the applicable management or credit agreement and may or may not be recurring in nature as part of our normal business operations.

Net Realized Gains or Losses and Net Change in Unrealized Appreciation or Depreciation

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, using the specific identification method, without regard to unrealized appreciation or depreciation previously recognized. Net change in unrealized appreciation or depreciation reflects the change in portfolio investment values during the reporting period, including any reversal of previously recorded unrealized appreciation or depreciation, when gains or losses are realized.

U.S. Federal Income Taxes, including excise tax

We operate so as to maintain our status as a RIC under Subchapter M of the Code and intend to continue to do so. Accordingly, we are not subject to federal income tax on the portion of our taxable income and gains distributed to stockholders. In order to qualify for favorable tax treatment as a RIC, we are required to distribute annually to our stockholders at least 90% of our investment company taxable income, as defined by the Code. To avoid a 4% federal excise tax, we must distribute each calendar year the sum of (i) 98% of our ordinary income for each such calendar year (ii) 98.2% of our net capital gains for the one-year period ending October 31 of that calendar year, and (iii) any income recognized, but not distributed, in preceding years and on which we paid no federal income tax. We may choose not to distribute all of our taxable income for the calendar year and pay a non-deductible 4% excise tax on this income. If we choose to do so, all other things being equal, this would increase expenses and reduce the amount available to be distributed to stockholders. To the extent that we determine that its estimated current year annual taxable income will be in excess of estimated current year distributions from such taxable income, we accrue excise taxes on estimated excess taxable income as taxable income is earned using an annual effective excise tax rate. We will accrue excise tax on undistributed taxable income as required. Please refer to “Distributions” above for a summary of the distributions. For the three months ended June 30, 2018 and 2017 we incurred U.S. federal excise tax and other tax expenses of $0.2 million and $0.2 million, respectively. For the six months ended June 30, 2018 and 2017 we incurred U.S. federal excise tax and other tax expenses of $0.3 million and $0.3 million, respectively.

Certain consolidated subsidiaries are subject to U.S. federal and state income taxes. These taxable entities are not consolidated for income tax purposes and may generate income tax liabilities or assets from permanent and temporary differences in the recognition of items for financial reporting and income tax purposes at the subsidiaries.

The following shows the breakdown of current and deferred income tax provisions (benefits) for the three and six months ended June 30, 2018 and 2017 (in millions):

	For the three months ended June 30,		For the six months ended June 30,	
	2018	2017	2018	2017
Current income tax provision:				
Current income tax benefit (provision)	$—	$(0.1)	$—	$(0.2)
Current tax provision on realized gain on investments	—	(0.8)	—	(0.8)
Deferred income tax benefit:				
Deferred income tax benefit	—	0.1	—	0.2
(Provision) benefit for taxes on unrealized gain on investments	(0.1)	1.7	(0.2)	1.9

These current and deferred income taxes are determined from taxable income estimates provided by portfolio companies where we hold equity or equity-like investments organized as pass-through entities in its corporate subsidiaries. These tax estimates may be subject to further change once tax information is finalized for the year. As of June 30, 2018 and December 31, 2017, $0.0 million and $0.0 million, respectively, of income tax receivable was included in prepaid expenses and other assets on the Consolidated Statements of Assets and Liabilities. As of June 30, 2018 and December 31, 2017, $1.8 million and $2.3 million, respectively, were included in deferred tax liability on the Consolidated Statements of Assets and Liabilities primarily relating to deferred taxes on unrealized gains and other temporary book to tax differences related to investments and other book to tax differences held in its corporate subsidiaries. As of June 30, 2018 and December 31, 2017, $2.0 million (net of $3.7 million allowance) and $2.7 million (net of $1.1 million allowance), respectively, of deferred tax assets were presented on the Consolidated Statements of Assets and Liabilities relating to net operating loss carryforwards and unrealized losses on investments and other temporary book to tax differences that are expected to be used in future periods. We believe that it will be able to fully utilize these deferred tax assets against future taxable income.

Under the RIC Modernization Act (the “RIC Act”), we are permitted to carry forward capital losses incurred in taxable years beginning after December 22, 2010, for an unlimited period. However, any losses incurred during post-enactment taxable years will be required to be utilized prior to the losses incurred in pre-enactment taxable years, which carry an expiration date. As a result of this ordering rule, pre-enactment capital loss carryforwards may be more likely to expire unused. Additionally, post-enactment capital loss carryforwards will retain their character as either short-term or long-term capital losses rather than being considered all short-term as permitted under the rules applicable to pre-enactment capital losses.

Because U.S. federal income tax regulations differ from GAAP, distributions in accordance with tax regulations may differ from net investment income and realized gains recognized for financial reporting purposes. Differences may be permanent or temporary. Permanent differences are reclassified among capital accounts in the consolidated financial statements to reflect their tax character. Temporary differences arise when certain items of income, expense, gain or loss are recognized at some time in the future. Differences in classification may also result from the treatment of short-term gains as ordinary income for tax purposes.

We follow the provisions under the authoritative guidance on accounting for and disclosure of uncertainty in tax positions. The provisions require us to determine whether a tax position is more likely than not to be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. For tax positions not meeting the more likely than not threshold, the tax amount recognized in the consolidated financial statements is reduced by the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement with the relevant taxing authority. There are no unrecognized tax benefits or obligations in the accompanying consolidated financial statements. Although we file U.S. federal and state tax returns, our major tax jurisdiction is U.S. federal. Our inception-to-date U.S. federal tax years remain subject to examination by taxing authorities.

Recent Developments

On July 25, 2018, we received $15.0 million in proceeds from the partial repayment of our first lien senior secured term loan in Alex Toys, LLC.

On August 2, 2018, we received $5.2 million in proceeds from the repayment of our second lien term loan in Gold, Inc.

On August 7, 2018, in consultation with our board of directors, we accepted the Advisor’s proposal to extend its waiver of 100% of the incentive fees accrued through June 30, 2019. Such incentive fees waived shall not be subject to recoupment. Refer to Related Party Transactions in Management’s Discussion and Analysis of Financial Condition and Results of Operations for more information.

On August 7, 2018, our board of directors declared a dividend of $0.27 per share payable on September 28, 2018 to stockholders of record at the close of business on September 14, 2018.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are subject to financial market risks, including changes in interest rates. As of June 30, 2018, 95.3% of the debt investments in our portfolio are floating rate loans, based upon fair market value. In the future, we expect other debt investments in our portfolio will have floating rates. These floating rate loans typically bear interest in reference to LIBOR, which are indexed to 30-day, 60-day, 90-day or 180-day LIBOR rates subject to an interest rate floor. As of June 30, 2018 and December 31, 2017, the weighted average interest rate floor on our floating rate loans was 0.92% and 0.94%, respectively. Our Revolving Facility is also subject to floating interest rates.

Based on our June 30, 2018, Consolidated Statement of Assets and Liabilities, the following table shows the annual impact on net income of changes in interest rates, which assumes no changes in our investments and borrowings (in millions):

Change in Basis Points	Interest Income	Interest Expense	Net Income [(1)]
Up 300 basis points	$ 11.7	$ 4.3	$ 7.4
Up 200 basis points	$ 7.8	$ 2.9	$ 4.9
Up 100 basis points	$ 3.9	$ 1.4	$ 2.5
Down 300 basis points	$ (4.8)	$ (3.0)	$ (1.8)
Down 200 basis points	$ (4.8)	$ (2.8)	$ (2.0)
Down 100 basis points	$ (3.7)	$ (1.4)	$ (2.3)

1) Excludes the impact of incentive fees based on pre-incentive fee net investment income. See “Note 4. Related Party Transaction” footnote to our consolidated financial statements for the three and six months ended June 30, 2018 for more information on the incentive fee.

Although we believe that this measure is indicative of our sensitivity to interest rate changes, it does not adjust for potential changes in credit quality, size and composition of the assets on the balance sheet and other business developments, including borrowings under our Revolving Facility, that could affect net increase in net assets resulting from operations, or net income.

In the future, we may use other standard hedging instruments such as futures, options and forward contacts subject to the requirements of the 1940 Act. While hedging activities may insulate us against adverse changes in interest rates, they may also limit our ability to participate in the benefits of lower interest rates with respect to our portfolio of investments.

From time to time, we may make investments that are denominated in a foreign currency. These investments are translated into U.S. dollars at each balance sheet date, exposing us to movements in foreign exchange rates. We have the ability to borrow in certain foreign currencies under our Revolving Credit Facility. Instead of entering into a foreign exchange forward contract in connection with loans or other investments we have made that are denominated in a foreign currency, we may borrow in that currency to establish a natural hedge against our loan or investment.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

Our Chief Executive Officer and Chief Financial Officer, under the supervision and with the participation of our management, conducted an evaluation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). As of the end of the period covered by this quarterly report on Form 10-Q, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC’s rules and forms, and that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act, that occurred during our most recently completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal proceedings
We are not a defendant in any material pending legal proceeding, and no such material proceedings are known to be contemplated. However, from time to time, we may be party to certain legal proceedings incidental to the normal course of our business including the enforcement of our rights under the contracts with our portfolio companies.

Item 1A. Risk Factors
There have been no changes to the risk factors described in Part I, Item 1A "Risk Factors" of the Company's Annual Report on Form 10-K for the year ended December 31, 2017 filed with the Securities and Exchange Commission on March 6, 2018 other than as included in Part II, Item 1A "Risk Factors" of the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2018, filed with the SEC on May 2, 2018.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds
Stock Repurchase Program

On March 7, 2017 our board of directors authorized a $20.0 million stock repurchase program, which was extended on March 2, 2018. Unless extended by our board of directors, the stock repurchase program will expire on March 2, 2019 and may be modified or terminated at any time for any reason without prior notice. We have provided our stockholders with notice of our ability to repurchase shares of our common stock in accordance with 1940 Act requirements. We will retire immediately all such shares of common stock that we purchase in connection with the stock repurchase program.

There were no stock repurchases during the six months ended June 30, 2018. The following table presents information with respect to the Company's purchases of its common stock during the six months ended June 30, 2018.

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Maximum Dollar Value of Shares That May Yet Be Purchased Under Publicly Announced Plans
January 1, 2018 through January 31, 2018	—	$ —	—	$ 19,747,919
February 1, 2018 through February 28, 2018	—	$ —	—	$ 19,747,919
March 1, 2018 through March 31, 2018	—	$ —	—	$ 20,000,000
April 1, 2018 through April 30, 2018	—	$ —	—	$ 20,000,000
May 1, 2018 through May 31, 2018	—	$ —	—	$ 20,000,000
June 1, 2018 through June 30, 2018	—	$ —	—	$ 20,000,000
	—	$ —	—	

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Listed below are the exhibits that are filed as part of this report (according to the number assigned to them in Item 601 of Regulation S-K):

11	Computation of Per Share Earnings (included in the notes to the consolidated financial statements contained in this report).
31.1	Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended.*
31.2	Certification of Chief Financial Officer Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended.*
32.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350).*
32.2	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350).*

(*) Filed herewith

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

THL CREDIT, INC.

Date: August 8, 2018	By: /s/ Christopher J. Flynn Christopher J. Flynn Chief Executive Officer
Date: August 8, 2018	By: /s/ Terrence W. Olson Terrence W. Olson Chief Financial Officer