

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

Form 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 2021

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____
Commission File No. 814-00735

Portman Ridge Finance Corporation

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
Incorporation or organization)

20-5951150
(I.R.S. Employer
Identification Number)

650 Madison Avenue, 23rd Floor
New York, New York 10022
(Address of principal executive offices)

(212) 891-2880
(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.01 per share	PTMN	The NASDAQ Global Select Market
6.125% Notes due 2022	KCAPL	The NASDAQ Global Select Market

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 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 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	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

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 7(a)(2)(B) of the Securities Act.

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

The number of outstanding shares of common stock of the registrant as of May 3, 2021 was 75,195,141.

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NOTE ABOUT REFERENCES TO PORTMAN RIDGE FINANCE CORPORATION

In this Quarterly Report on Form 10-Q, the “Company”, “Portman Ridge”, “we”, “us” and “our” refer to Portman Ridge Finance Corporation and its wholly-owned subsidiaries, Garrison Funding 2018-2 Ltd. (“GF CLO 2018-2”), Great Lakes KCAP Funding I LLC, Great Lakes Portman Ridge Funding, LLC, OHA Investment Sub, LLC, OHA Asset Holdings II, LP, Kohlberg Capital Funding I LLC, KCAP Senior Funding I, LLC and KCAP Senior Funding I Holdings, LLC, unless the context otherwise requires.

NOTE ABOUT FORWARD-LOOKING STATEMENTS

The information contained in this item should be read in conjunction with our consolidated financial statements and notes thereto appearing elsewhere in this Quarterly Report and in conjunction with the financial statements and notes thereto in the Company’s Form 10-K for the year ended December 31, 2020, as filed with the U.S. Securities and Exchange Commission (the “Commission” or the “SEC”). In addition, some of the statements in this report constitute forward-looking statements. The matters discussed in this Quarterly Report, as well as in future oral and written statements by management of Portman Ridge Finance Corporation, that are forward-looking statements are based on current management expectations that involve substantial risks and uncertainties which could cause actual results to differ materially from the results expressed in, or implied by, these forward-looking statements. Forward-looking statements relate to future events or our future financial performance. We generally identify forward-looking statements by terminology such as “may,” “will,” “should,” “expects,” “plans,” “anticipates,” “could,” “intends,” “target,” “projects,” “outlook,” “believes,” “estimates,” “predicts,” “potential” or “continue” or the negative of these terms or other similar words. Important assumptions include our ability to originate new investments, achieve certain margins and levels of profitability, the availability of additional capital, and the ability to maintain certain debt to asset ratios. In light of these and other uncertainties, the inclusion of a projection or forward-looking statement in this Quarterly Report should not be regarded as a representation by us that our plans or objectives will be achieved. These statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond our control and difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements, including without limitation:

- our future operating results;
- our business prospects and the prospects of our existing and prospective portfolio companies;
- the return or impact of current and future investments;
- our contractual arrangements and other relationships with third parties;
- the dependence of our future success on the general economy and its impact on the industries in which we invest;
- the financial condition and ability of our existing and prospective portfolio companies to achieve their objectives;
- our expected financings and investments;
- our ability to operate as a business development company (“BDC”) under the Investment Company Act of 1940 and a regulated investment company under Subchapter M of the Internal Revenue Code of 1986, including the impact of changes in laws or regulations governing our operations or the operations of our portfolio companies;
- the adequacy of our available liquidity, cash resources and working capital;
- the timing of cash flows, if any, from the operations of our portfolio companies;
- the ability of Sierra Crest Investment Management LLC (the “Adviser”) to locate suitable investments for us to monitor and administer our investments;
- the ability of the Adviser to attract and retain highly talented professionals;
- actual and potential conflicts of interest with the Adviser and its affiliates;
- the effect of legal, tax, and regulatory changes on us and our portfolio companies;
- the impact of a protracted decline in the liquidity of credit markets on our business;
- the impact of fluctuations in interest rates on our business;
- the valuation of our investments in portfolio companies, particularly those having no liquid trading market;

- our ability to recover unrealized losses;
- market conditions and our ability to access additional capital;
- the duration and effects of the COVID-19 pandemic on us and our portfolio companies;
- an economic downturn, including as a result of the impact of the COVID-19 pandemic, could have a material adverse effect on our portfolio companies' results of operations and financial condition, which could lead to a loss on some or all of our investments in such portfolio companies and have a material adverse effect on our results of operations and financial condition; and
- the timing, form and amount of any dividend distributions.

For a more detailed discussion of factors that could cause our actual results to differ from forward-looking statements contained in this Quarterly Report, please see the discussion in Part II, "Item 1A. Risk Factors" of this Quarterly Report, and in Part I, "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2020. You should not place undue reliance on these forward-looking statements. The forward-looking statements made in this Quarterly Report relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statement to reflect events or circumstances occurring after the date this Quarterly Report is filed with the SEC.

PORTMAN RIDGE FINANCE CORPORATION
CONSOLIDATED BALANCE SHEETS

	<u>March 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
	<u>(Unaudited)</u>	
ASSETS		
Investments at fair value:		
Debt securities (amortized cost: 2021 - \$377,355,331; 2020 - \$392,932,411)	\$ 387,043,989	\$ 404,860,855
CLO Fund Securities managed by non-affiliates (amortized cost: 2021 - \$35,264,540; 2020 - \$45,727,813)	16,021,434	19,582,555
Equity securities (cost: 2021 - \$23,950,747; 2020 - \$24,593,639)	14,651,029	13,944,876
Asset Manager Affiliates (cost: 2021 - \$17,791,230; 2020 - \$17,791,230)	—	—
Joint Ventures (cost: 2021 - \$61,105,966; 2020 - \$54,932,458)	56,730,956	49,349,163
Total Investments at Fair Value, excluding derivatives (cost: 2021 - \$515,467,814; 2020 - \$535,977,551)	474,447,408	487,737,449
Cash and cash equivalents	30,843,590	6,990,008
Restricted cash	28,452,560	75,913,411
Interest receivable	2,888,364	2,972,546
Receivable for unsettled trades	14,142,812	25,107,598
Due from affiliates	853,420	357,168
Other assets	1,201,991	1,100,241
Total Assets	<u>\$ 552,830,145</u>	<u>\$ 600,178,421</u>
LIABILITIES		
6.125% Notes Due 2022 (net of offering costs of: 2021-\$0; 2020 - \$1,058,351)	\$ 76,725,975	\$ 75,667,624
2018-2 Secured Notes (net of discount of: 2021-\$1,535,573; 2020 - \$2,444,512)	162,327,125	\$ 249,418,186
Great Lakes Portman Ridge Funding LLC Revolving Credit Facility (net of offering costs of: 2021-\$1,006,335; 2020 - \$1,097,815)	68,064,563	48,223,083
Derivative liabilities, net (cost: 2021 - \$30,609; 2020 - \$30,609)	1,582,963	1,108,618
Payable for unsettled trades	13,881,059	—
Accounts payable and accrued expenses	2,409,861	1,788,908
Accrued interest payable	1,146,732	1,089,531
Due to affiliates	2,372,115	1,374,739
Management and incentive fees payable	4,464,644	5,243,869
Total Liabilities	332,975,037	383,914,558
COMMITMENTS AND CONTINGENCIES (NOTE 8)		
STOCKHOLDERS' EQUITY		
Common stock, par value \$0.01 per share, 100,000,000 common shares authorized; 76,124,403 issued, and 75,195,141 outstanding at March 31, 2021, and 76,093,492 issued, and 75,164,230 outstanding at December 31, 2020	751,951	751,642
Capital in excess of par value	638,523,223	638,459,548
Total distributable (loss) earnings	(419,420,066)	(422,947,327)
Total Stockholders' Equity	<u>219,855,108</u>	<u>216,263,863</u>
Total Liabilities and Stockholders' Equity	<u>\$ 552,830,145</u>	<u>\$ 600,178,421</u>
NET ASSET VALUE PER COMMON SHARE	<u>\$ 2.92</u>	<u>\$ 2.88</u>

See accompanying notes to unaudited consolidated financial statements.

PORTMAN RIDGE FINANCE CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	For the Three Months Ended March 31,	
	2021	2020
Investment Income:		
Interest from investments in debt securities	\$ 14,086,475	\$ 4,579,782
Payment-in-kind investment income	1,131,598	309,369
Interest from short-term investments	—	15,279
Investment income on CLO Fund Securities managed by affiliates	—	1,073,494
Investment income on CLO Fund Securities managed by non-affiliates	617,256	117,243
Investment income - Joint Ventures	2,039,266	1,577,136
Capital structuring service fees	429,968	81,904
Total investment income	<u>18,304,563</u>	<u>7,754,207</u>
Expenses:		
Management fees	1,792,564	1,011,690
Performance-based incentive fees	2,093,619	102,006
Interest and amortization of debt issuance costs	3,380,497	2,350,071
Professional fees	1,494,428	843,630
Insurance	177,154	123,750
Administrative services expense	613,372	461,000
Other general and administrative expenses	540,412	198,276
Total expenses	<u>10,092,046</u>	<u>5,090,423</u>
Management and performance-based incentive fees waived	—	(102,006)
Net Expenses	<u>10,092,046</u>	<u>4,988,417</u>
Net Investment Income	8,212,517	2,765,790
Realized And Unrealized Gains (Losses) On Investments:		
Net realized (losses) gains from investment transactions	(5,085,788)	(1,048,147)
Net change in unrealized appreciation (depreciation) on:		
Debt securities	(2,239,786)	(10,778,237)
Equity securities	1,349,044	(277,907)
CLO Fund Securities managed by affiliates	—	(11,162,275)
CLO Fund Securities managed by non-affiliates	6,902,151	(571,429)
Joint Venture Investments	1,208,285	(8,109,197)
Derivatives	(474,345)	(25,637)
Total net change in unrealized appreciation (depreciation)	<u>6,745,349</u>	<u>(30,924,682)</u>
Net realized and unrealized appreciation (depreciation) on investments	<u>1,659,561</u>	<u>(31,972,829)</u>
Realized (losses) gains on extinguishments of Debt	<u>(1,834,963)</u>	<u>154,106</u>
Net Increase (Decrease) In Stockholders' Equity Resulting From Operations	\$ 8,037,115	\$ (29,052,933)
Net Increase (Decrease) In Stockholders' Equity Resulting from Operations per Common Share:		
Basic:	\$ 0.11	\$ (0.65)
Diluted:	\$ 0.11	\$ (0.65)
Net Investment Income Per Common Share:		
Basic:	\$ 0.11	\$ 0.06
Diluted:	\$ 0.11	\$ 0.06
Weighted Average Shares of Common Stock Outstanding—Basic	75,174,533	44,823,193
Weighted Average Shares of Common Stock Outstanding—Diluted	75,174,533	44,823,193

See accompanying notes to unaudited consolidated financial statements.

PORTMAN RIDGE FINANCE CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS⁽¹⁾
(unaudited)

	For the Three Months Ended March 31,	
	2021	2020
Operations:		
Net investment income	\$ 8,212,517	\$ 2,765,790
Net realized gains (losses) from investment transactions	(5,085,788)	(1,048,147)
Realized (losses) gains from extinguishments of debt	(1,834,963)	154,106
Net change in unrealized (depreciation) appreciation on investments	6,745,349	(30,924,682)
Net increase (decrease) in stockholders' equity resulting from operations	<u>8,037,115</u>	<u>(29,052,933)</u>
Stockholder distributions:	(4,509,854)	(2,689,779)
Capital share transactions:		
Issuance of common stock for:		
Dividend reinvestment plan	63,984	37,084
Stock repurchases	—	(123,330)
Net increase in net assets resulting from capital share transactions	<u>63,984</u>	<u>(86,246)</u>
Net assets at beginning of period	216,263,863	152,198,570
Net assets at end of period	<u>\$ 219,855,108</u>	<u>\$ 120,369,612</u>
Net asset value per common share	\$ 2.92	\$ 2.69
Common shares outstanding at end of period	75,195,141	44,725,872

(1) Refer to note 9 "Stockholders' Equity" for additional information on changes in components of Stockholders' Equity

See accompanying notes to unaudited consolidated financial statements.

PORTMAN RIDGE FINANCE CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	For the Three Months Ended March 31,	
	2021	2020
OPERATING ACTIVITIES:		
Net (decrease) increase in stockholders' equity resulting from operations	\$ 8,037,115	\$ (29,052,933)
Adjustments to reconcile net (decrease) increase in stockholders' equity resulting from operations to net cash (used in) provided by in operations:		
Net realized (gains) losses on investment transactions	5,085,788	1,048,147
Net change in unrealized (depreciation) appreciation from investments	(6,745,349)	30,924,682
Purchases of investments	(58,353,638)	(47,942,983)
Proceeds from sales and redemptions of investments	80,774,432	23,453,568
Net accretion of investments	(7,880,944)	(1,951,807)
Amortization of debt issuance costs	223,806	234,925
Realized gains on extinguishments of debt	1,834,963	(154,106)
Net payment-in-kind interest income	884,098	(59,119)
(Increase) decrease in operating assets:		
Receivable for unsettled trades	10,964,786	21,075,553
Interest and dividends receivable	84,182	446,820
Due from affiliates	(496,252)	185,063
Other assets	(101,750)	(89,061)
Increase (decrease) in operating liabilities:		
Payable for unsettled trades	13,881,059	26,571,709
Accrued interest payable	57,201	663,492
Management and incentive fees payable	(779,225)	(65,289)
Due to affiliates	997,376	318,899
Accounts payable and accrued expenses	620,953	115,551
Net cash used in operating activities	<u>49,088,601</u>	<u>25,723,111</u>
FINANCING ACTIVITIES:		
Debt issuance costs	—	(1,342)
Stock repurchase program	—	(123,330)
Distributions to stockholders	(4,445,870)	(2,652,695)
Repurchase of 6.125% Notes Due 2022	—	(418,594)
Repayment of 2018-2 Secured Notes	(88,000,000)	—
Borrowings from Revolving Credit Facilities	19,750,000	6,000,000
Repayment of Revolving Credit Facilities	—	(28,500,000)
Net cash provided by financing activities	<u>(72,695,870)</u>	<u>(25,695,962)</u>
CHANGE IN CASH AND RESTRICTED CASH	(23,607,269)	27,149
CASH AND RESTRICTED CASH, BEGINNING OF PERIOD	82,903,419	5,104,355
CASH AND RESTRICTED CASH, END OF PERIOD	<u>\$ 59,296,150</u>	<u>\$ 5,131,504</u>
Amounts per balance sheet:		
Cash and cash equivalents	\$ 30,843,590	\$ 403,497
Restricted cash	28,452,560	4,728,007
Total Cash and Restricted cash	<u>\$ 59,296,150</u>	<u>\$ 5,131,504</u>
Supplemental Information:		
Interest paid during the period	\$ 3,099,490	\$ 1,440,865
Dividends paid during the period under the dividend reinvestment plan	\$ 63,984	\$ 37,084

See accompanying notes to unaudited consolidated financial statements.

PORTMAN RIDGE FINANCE CORPORATION
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of March 31, 2021
(unaudited)

Debt Securities Portfolio

Portfolio Company / Principal Business		Investment Interest Rate ¹ / Maturity ¹⁵	Initial Acquisition Date	Principal	Amortized Cost	Fair Value ²
1A Smart Start LLC Consumer goods: Non-durable	(8)(14)	Senior Secured Loan — First Lien Term Loan 5.8% Cash, 3 Month Libor (1.00%) + 4.75%; Libor Floor 1.00% , Due 8/27	10/28/2020	\$ 2,089,500	\$ 1,842,084	\$ 2,101,253
Advantage Capital Holdings LLC Banking, Finance, Insurance & Real Estate	(8)(13)(21)	Senior Secured Loan — Delayed Draw Term Loan, 8.0% PIK, Due 1/25	2/14/2020	2,852,556	2,852,556	2,884,790
Advantage Capital Holdings LLC Banking, Finance, Insurance & Real Estate	(8)(13)(14) (21)	Senior Secured Loan — Term Loan 5.0% Cash, 8.0% PIK, Due 1/25	2/14/2020	2,520,115	2,520,115	2,548,592
AIS Holdco, LLC Banking, Finance, Insurance & Real Estate	(8)(13)(14)	Senior Secured Loan — First Lien Term Loan A 5.2% Cash, 3 Month Libor (0.21%) + 5.00% , Due 8/25	10/28/2020	2,545,236	2,067,899	2,487,460
Allied Universal Holdco LLC Services: Business	(8)(14)	Senior Secured Loan — Initial Term Loan 4.4% Cash, 1 Month Libor (0.11%) + 4.25% , Due 7/26	3/23/2020	5,143,496	4,253,956	5,135,473
AMCP Pet Holdings, Inc. Beverage, Food and Tobacco	(8)(13)(14) (21)	Senior Secured Loan — Delayed Draw Term Loan 1.0% Cash, Due 10/26	12/9/2020	-	(19,000)	-
AMCP Pet Holdings, Inc. Beverage, Food and Tobacco	(8)(13)(14) (21)	Senior Secured Loan — First Lien Term Loan 7.3% Cash, 3 Month Libor (1.00%) + 6.25%; Libor Floor 1.00% , Due 10/26	12/9/2020	4,987,500	4,892,738	4,987,500
AMCP Pet Holdings, Inc. Beverage, Food and Tobacco	(8)(13)(21)	Senior Secured Loan — Revolving Loan 6.3% Cash, Due 10/26	12/9/2020	50,000	30,883	50,000
Analogic Corporation Electronics	(8)(13)(14)	Senior Secured Loan — Revolver 0.5% Cash, Due 6/23	10/28/2020	0	0	(5,197)
Analogic Corporation Electronics	(8)(13)(14)	Senior Secured Loan — First Lien Term Loan A 6.3% Cash, 1 Month Libor (1.00%) + 5.25%; Libor Floor 1.00% , Due 6/24	10/28/2020	3,546,831	3,127,646	3,455,678

Portfolio Company / Principal Business		Investment Interest Rate ¹ / Maturity ¹⁵	Initial Acquisition Date	Principal	Amortized Cost	Fair Value ²
Anthem Sports & Entertainment Inc. Media: Broadcasting & Subscription	(8)(13)(14)	Senior Secured Loan — Term Loan 5.0% Cash, Due 9/24	3/31/2021	916,514	808,158	883,336
Anthem Sports & Entertainment Inc. Media: Broadcasting & Subscription	(8)(13)(14) (21)	Senior Secured Loan — Term Loan 7.8% Cash, 2.8% PIK, 3 Month Libor (1.00%) + 6.75%; Libor Floor 1.00% , Due 9/24	9/9/2019	3,562,644	3,472,376	3,433,677
Anthem Sports & Entertainment Inc. Media: Broadcasting & Subscription	(8)(13)(21)	Senior Secured Loan — Revolving Loan 10.5% Cash, 3 Month Libor (1.00%) + 9.50%; Libor Floor 1.00% , Due 9/24	9/9/2019	416,667	387,967	377,450
Ascensus Specialties LLC Chemicals, Plastics & Rubber	(8)(13)(14)	Senior Secured Loan — First Lien Term Loan 4.9% Cash, 1 Month Libor (0.11%) + 4.75% , Due 9/26	10/28/2020	1,699,478	1,443,790	1,692,850
Athos Merger Sub LLC Services: Business	(8)(14)	Senior Secured Loan — First Lien Term Loan 5.1% Cash, 1 Month Libor (0.11%) + 5.00% , Due 7/26	10/28/2020	1,325,732	1,148,109	1,325,732
BJ Services, LLC Energy: Oil & Gas	(8)(13)(14)	Senior Secured Loan — First Out Term Loan 7.0% Cash, 3 Month Libor (1.50%) + 5.50%; Libor Floor 1.50% , Due 1/23	10/28/2020	2,517,704	2,393,614	2,517,704
BMC Acquisition, Inc. Banking, Finance, Insurance & Real Estate	(8)(13)(14)	Senior Secured Loan — Initial Term Loan 6.3% Cash, 6 month Libor (1.00%) + 5.25%; Libor Floor 1.00% , Due 12/24	1/2/2018	2,902,500	2,901,582	2,883,634
Bristol Hospice Healthcare & Pharmaceuticals	(8)(13)(14) (21)	Senior Secured Loan — Delayed Draw Term Loan 1.0% Cash, Due 12/26	12/22/2020	(0)	(7,844)	(12,000)
Bristol Hospice Healthcare & Pharmaceuticals	(8)(13)(14) (21)	Senior Secured Loan — Unitranche 5.7% Cash, 3 Month Libor (1.00%) + 4.65%; Libor Floor 1.00% , Due 12/26	12/22/2020	2,172,637	2,131,167	2,140,916
C.P. Converters, Inc. Chemicals, Plastics & Rubber	(8)(13)(14)	Senior Secured Loan — Seventh Amendment Acquisition Loan 7.5% Cash, 1 Month Libor (1.00%) + 6.50%; Libor Floor 1.00% , Due 6/23	6/26/2020	2,943,750	2,889,045	2,929,031
Carestream Health, Inc. Healthcare & Pharmaceuticals	(8)(14)	Junior Secured Loan — 2023 Extended Term Loan (Second Lien) 5.5% Cash, 8.0% PIK, 6 month Libor (1.00%) + 4.50%; Libor Floor 1.00% , Due 8/23	5/8/2020	1,662,106	1,503,788	1,518,060
Centric Brands Inc. Machinery (Non-Agrclt/Constr/Electr)	(8)(13)(14)	Senior Secured Loan — Term Loan 7.3% Cash, Due 10/25	10/28/2020	8,198,194	6,574,177	7,378,373

Portfolio Company / Principal Business		Investment Interest Rate ¹ / Maturity ¹⁵	Initial Acquisition Date	Principal	Amortized Cost	Fair Value ²
Centric Brands Inc. Machinery (Non-Agrclt/Constr/Electr)	(8)(13)(14)	Senior Secured Loan — Revolver 0.5% Cash, Due 10/24	10/28/2020	338,278	273,599	269,076
Child Development Schools, Inc. Services: Consumer	(8)(13)(14)	Senior Secured Loan — Term Loan, 3 Month Libor (1.00%) + 4.25%; Libor Floor 1.00% , Due 5/23	6/6/2018	4,177,732	4,173,235	4,162,275
Chloe Ox Parent, LLC Services: Business	(8)(14)	Senior Secured Loan — First Lien Term Loan 5.5% Cash, 3 Month Libor (1.00%) + 4.50%; Libor Floor 1.00% , Due 12/24	10/28/2020	1,832,715	1,565,981	1,839,835
Circustrix Holdings, LLC Banking, Finance, Insurance & Real Estate	(8)(13)(14)	Senior Secured Loan — Term Loan 6.5% Cash, 2.5% PIK, 1 Month Libor (1.00%) + 5.50%; Libor Floor 1.00% , Due 7/23	1/29/2021	574,205	574,205	478,485
Circustrix Holdings, LLC Banking, Finance, Insurance & Real Estate	(8)(13)(14)	Senior Secured Loan — Delayed Draw Term Loan, 1 Month Libor (1.00%) + 5.50%; Libor Floor 1.00% , Due 7/23	1/11/2021	-	-	-
Circustrix Holdings, LLC Banking, Finance, Insurance & Real Estate	(8)(13)(14)	Senior Secured Loan — First Lien Term Loan B 0.0% Cash, 7.8% PIK, Due 1/22	10/28/2020	6,556,981	4,694,494	4,797,743
Coinamatic Canada Inc. Consumer goods: Durable	(3)(13)(14)	Junior Secured Loan — Initial Canadian Term Loan (Second Lien) 8.0% Cash, 1 Month Libor (1.00%) + 7.00%; Libor Floor 1.00% , Due 5/23	12/18/2019	521,646	472,779	500,676
Colibri Group, LLC Services: Business	(8)(13)(14) (20)(21)	Senior Secured Loan — Last out DDTL 9.1% Cash, 3 Month Libor (1.00%) + 8.05%; Libor Floor 1.00% , Due 5/25	3/31/2020	932,983	927,361	935,315
Colibri Group, LLC Services: Business	(8)(13)(14) (20)(21)	Senior Secured Loan — Last Out Term Loan 9.1% Cash, 3 Month Libor (1.00%) + 8.05%; Libor Floor 1.00% , Due 5/25	3/31/2020	6,033,990	5,997,634	6,049,075
Colibri Group, LLC Services: Business	(8)(13)(14) (20)(21)	Senior Secured Loan — Last Out Second Amendment TL 9.1% Cash, 3 Month Libor (1.00%) + 8.05%; Libor Floor 1.00% , Due 5/25	3/31/2020	690,407	686,248	692,133
Convergeone Holdings Corp. Electronics	(8)(14)	Senior Secured Loan — First Lien Term Loan 5.1% Cash, 1 Month Libor (0.11%) + 5.00% , Due 1/26	10/28/2020	2,162,509	1,757,256	2,094,596
CSM Bakery Solutions Limited (fka CSM Bakery Supplies Limited)	(8)(14)	Senior Secured Loan — Term Loan (First Lien) 7.3% Cash, 3 Month Libor (1.00%) + 6.25%; Libor Floor 1.00% , Due 1/22	6/11/2020	4,300,489	4,283,689	4,284,964

Portfolio Company / Principal Business		Investment Interest Rate ¹ / Maturity ¹⁵	Initial Acquisition Date	Principal	Amortized Cost	Fair Value ²
Datalink, LLC Healthcare & Pharmaceuticals	(8)(13)(14)	Senior Secured Loan — First Lien Term Loan 7.3% Cash, 3 Month Libor (1.00%) + 6.25%; Libor Floor 1.00% , Due 11/26	11/23/2020	2,937,813	2,861,499	2,937,813
Datalink, LLC Healthcare & Pharmaceuticals	(8)(13)	Senior Secured Loan — Delayed Draw Term Loan (First Lien) 1.0% Cash, Due 11/26	11/23/2020	-	(13,587)	-
DCert Buyer, Inc. High Tech Industries	(8)(14)	Senior Secured Loan — Term Loan (Second Lien) 7.1% Cash, 1 Month Libor (0.11%) + 7.00% , Due 2/29	3/16/2021	5,400,000	5,386,500	5,450,652
Deliver Buyer, Inc. Capital Equipment	(8)(13)(14)	Senior Secured Loan — Incremental Term Loan (First Lien), 3 Month Libor (1.00%) + 6.25%; Libor Floor 1.00% , Due 5/24	7/1/2020	4,755,801	4,694,700	4,755,801
Digitran Innovations B.V. (Pomeroy Solutions Holding Company, Inc.) High Tech Industries	(3)(13)	Senior Secured Loan — EUR Term Loan A 0.0% Cash, 5.0% PIK, Due 7/25	5/11/2020	261,136	282,354	257,259
Digitran Innovations B.V. (Pomeroy Solutions Holding Company, Inc.) High Tech Industries	(8)(13)	Senior Secured Loan — Senior Term Loan A, 5.0% PIK, Due 5/25	5/29/2020	1,485,850	1,115,054	1,162,677
Digitran Innovations B.V. (Pomeroy Solutions Holding Company, Inc.) High Tech Industries	(5)(8)(13)	Senior Secured Loan — Senior Term Loan B, 7.0% PIK, Due 5/25	5/29/2020	1,510,966	1,140,170	438,180
Digitran Innovations B.V. (Pomeroy Solutions Holding Company, Inc.) High Tech Industries	(8)(13)	Senior Secured Loan — Super Senior Term Loan B 2.0% Cash, 7.0% PIK, Due 5/25	5/29/2020	959,944	944,724	946,792
Drilling Info Holdings, Inc. High Tech Industries	(8)(14)(21)	Senior Secured Loan — 2019 Delayed Draw Term Loan (First Lien) 2.0% Cash, Due 7/25	6/27/2019	(0)	(1,301)	(3,387)
Drilling Info Holdings, Inc. High Tech Industries	(8)(14)(21)	Senior Secured Loan — Initial Term Loan (First Lien) 4.1% Cash, 1 Month Libor (0.11%) + 4.00% , Due 7/25	6/27/2019	464,431	464,431	460,112
Drilling Info Holdings, Inc. High Tech Industries	(8)(13)(14) (21)	Senior Secured Loan — 2020 Term Loan (First Lien) 4.7% Cash, 1 Month Libor (0.11%) + 4.54% , Due 7/25	2/14/2020	990,000	986,074	990,000
Electronics for Imaging, Inc. Electronics	(8)(14)	Senior Secured Loan — First Lien Term Loan 5.1% Cash, 1 Month Libor (0.11%) + 5.00% , Due 7/26	10/28/2020	2,176,225	1,659,030	2,054,977
ELO Touch Solutions, Inc. High Tech Industries	(8)(13)(14)	Senior Secured Loan — First Lien Term Loan 6.6% Cash, 1 Month Libor (0.11%) + 6.50% , Due 12/25	10/28/2020	2,613,437	2,242,454	2,572,145

Portfolio Company / Principal Business		Investment Interest Rate ¹ / Maturity ¹⁵	Initial Acquisition Date	Principal	Amortized Cost	Fair Value ²
Emtec, Inc. Services: Business	(8)(13)	Senior Secured Loan — First Lien Term Loan A 6.6% Cash, 1 Month Libor (0.11%) + 6.50% , Due 8/21	10/28/2020	2,395,175	2,233,990	2,391,342
Emtec, Inc. Services: Business	(5)(8)(13)	Senior Secured Loan — First Lien Term Loan B, 10.3% PIK, Due 8/21	10/28/2020	1,779,324	1,354,400	1,709,574
Energy Acquisition Lp Electronics	(14)	Senior Secured Loan — First Lien Term Loan 4.4% Cash, 1 Month Libor (0.11%) + 4.25% , Due 6/25	10/28/2020	4,874,687	3,982,425	4,769,588
Ensono, LP Telecommunications	(8)(13)(14)	Junior Secured Loan — Term Loan (Second Lien) 9.4% Cash, 1 Month Libor (0.11%) + 9.25% , Due 6/26	12/18/2019	1,700,000	1,538,445	1,700,000
Evergreen North America Acquisition, LLC Environmental Industries	(8)(13)(14)	Senior Secured Loan — Term Loan 6.0% Cash, 6 month Libor (1.00%) + 5.00%; Libor Floor 1.00% , Due 6/22	6/21/2016	959,321	960,545	959,321
Firstlight Holdco Inc. Telecommunications	(8)(13)(14)	Junior Secured Loan — Initial Term Loan (Second Lien) 7.7% Cash, Due 7/26	12/18/2019	400,000	363,686	397,400
Geo Parent Corporation Media: Advertising, Printing & Publishing	(8)(13)(14)	Senior Secured Loan — First Lien Term Loan 5.1% Cash, 1 Month Libor (0.11%) + 5.00% , Due 12/25	10/28/2020	3,281,639	2,846,137	3,270,481
GI Revelation Acquisition LLC Services: Business	(8)(14)(21)	Senior Secured Loan — Initial Term Loan (First Lien) 5.1% Cash, 1 Month Libor (0.11%) + 5.00% , Due 4/25	5/22/2020	3,892,437	3,505,119	3,905,419
GK Holdings, Inc. Services: Business	(5)(8)(13)	Junior Secured Loan — Initial Term Loan (Second Lien) 13.3% Cash, Due 1/22	1/30/2015	1,500,000	1,496,527	831,900
Global Integrated Flooring Systems Inc. Consumer goods: Durable	(8)(13)	Senior Secured Loan — Revolver 0.8% Cash, Due 2/23	10/28/2020	0	(0)	(18,077)
Global Integrated Flooring Systems Inc. Consumer goods: Durable	(8)(13)	Senior Secured Loan — First Lien Term Loan 9.3% Cash, 3 Month Libor (1.00%) + 8.25%; Libor Floor 1.00% , Due 2/23	10/28/2020	6,300,000	4,301,340	3,642,660
Global Tel*Link Corporation Telecommunications	(8)(14)	Junior Secured Loan — Loan (Second Lien) 8.4% Cash, 1 Month Libor (0.11%) + 8.25% , Due 11/26	5/21/2013	1,500,000	1,481,807	1,161,465

Portfolio Company / Principal Business		Investment Interest Rate ¹ / Maturity ¹⁵	Initial Acquisition Date	Principal	Amortized Cost	Fair Value ²
Gruden Acquisition, Inc. Transportation: Cargo	(8)(14)	Senior Secured Loan — First Lien Term Loan 6.5% Cash, 3 Month Libor (1.00%) + 5.50%; Libor Floor 1.00% , Due 8/22	10/28/2020	2,407,962	2,117,470	2,407,962
Grupo HIMA San Pablo, Inc. Healthcare & Pharmaceuticals	(8)(13)(14)	Senior Secured Loan — Term B Loan (First Lien) 10.5% Cash, 3 Month Libor (1.50%) + 9.00%; Libor Floor 1.50% , Due 1/18	1/30/2013	2,702,232	2,702,232	2,013,163
Grupo HIMA San Pablo, Inc. Healthcare & Pharmaceuticals	(5)(8)(13)	Junior Secured Loan — Term Loan (Second Lien) 13.8% Cash, Due 7/18	1/30/2013	7,191,667	7,191,667	15,822
H-CA II, LLC Healthcare & Pharmaceuticals	(8)(13)	Senior Secured Loan — Term Loan 19.0% Cash, Due 2/24	2/16/2021	2,000,000	2,000,000	2,000,000
HDC/HW Intermediate Holdings, LLC High Tech Industries	(8)(13)(14)	Senior Secured Loan — Revolver 9.5% Cash, 3 Month Libor (1.00%) + 8.50%; Libor Floor 1.00% , Due 12/23	10/28/2020	669,722	570,746	635,232
HDC/HW Intermediate Holdings, LLC High Tech Industries	(8)(13)(14)	Senior Secured Loan — First Lien Term Loan A 9.5% Cash, 3 Month Libor (1.00%) + 8.50%; Libor Floor 1.00% , Due 12/23	10/28/2020	6,580,021	5,607,585	6,241,150
Helix Acquisition Holdings, Inc. Metals & Mining	(8)(14)	Junior Secured Loan — Initial Term Loan (Second Lien) 8.2% Cash, 3 Month Libor (0.20%) + 8.00% , Due 9/25	12/18/2019	1,400,000	1,228,584	1,324,169
Hoffmaster Group, Inc. Forest Products & Paper	(8)(13)(14)	Junior Secured Loan — Initial Term Loan (Second Lien) 5.8% Cash, 3 Month Libor (1.00%) + 4.76%; Libor Floor 1.00% , Due 11/24	5/6/2014	1,600,000	1,578,115	1,294,720
Holley Purchaser, Inc. Banking, Finance, Insurance & Real Estate	(8)(14)	Senior Secured Loan — First Lien Term Loan A 5.2% Cash, 3 Month Libor (0.21%) + 5.00% , Due 10/25	10/28/2020	-	84,648	-
Infobase Holdings, Inc. High Tech Industries	(8)(13)(14)	Senior Secured Loan — Term Loan 5.3% Cash, 3 Month Libor (1.00%) + 4.25%; Libor Floor 1.00% , Due 12/22	12/13/2017	1,837,500	1,830,426	1,837,500
Infobase Holdings, Inc. High Tech Industries	(8)(13)(14)	Senior Secured Loan — Term Loan (add on) 5.5% Cash, 3 Month Libor (1.00%) + 4.50%; Libor Floor 1.00% , Due 12/22	12/13/2017	1,948,120	1,940,620	1,948,120
Intermedia Holdings, Inc. High Tech Industries	(8)(14)	Senior Secured Loan — First Lien Term Loan A 7.0% Cash, 1 Month Libor (1.00%) + 6.00%; Libor Floor 1.00% , Due 7/25	10/28/2020	2,688,562	2,361,937	2,686,412

Portfolio Company / Principal Business		Investment Interest Rate ¹ / Maturity ¹⁵	Initial Acquisition Date	Principal	Amortized Cost	Fair Value ²
Janus International Group, LLC Construction & Building	(8)(14)	Senior Secured Loan — First Lien Term Loan B 4.3% Cash, 3 Month Libor (1.00%) + 3.25%; Libor Floor 1.00% , Due 2/25	10/28/2020	2,193,340	1,887,968	2,193,790
Keeco, LLC Consumer goods: Durable	(8)(13)(14)	Senior Secured Loan — First Lien Term Loan A 9.5% Cash, 0.5% PIK, 1 Month Libor (1.75%) + 7.75%; Libor Floor 1.75% , Due 3/24	10/28/2020	5,561,624	4,663,522	5,418,690
Lifescan Global Corporation Healthcare & Pharmaceuticals	(8)(14)	Senior Secured Loan — First Lien Term Loan A 6.2% Cash, 3 Month Libor (0.20%) + 6.00% , Due 10/24	10/28/2020	3,167,755	2,655,825	3,078,931
Location Services Holdings, LLC Services: Business	(8)(13)(14)(21)	Senior Secured Loan — Revolving Credit 7.8% Cash, 1 Month Libor (1.00%) + 6.75%; Libor Floor 1.00% , Due 5/21	11/7/2019	2,291,667	2,285,656	2,202,792
Luminii LLC Construction & Building	(8)(13)(14)	Senior Secured Loan — Revolver 7.3% Cash, 3 Month Libor (1.00%) + 6.25%; Libor Floor 1.00% , Due 4/23	10/28/2020	343,473	304,874	334,096
Luminii LLC Construction & Building	(8)(13)(14)	Senior Secured Loan — First Lien Term Loan B 7.3% Cash, 3 Month Libor (1.00%) + 6.25%; Libor Floor 1.00% , Due 4/23	10/28/2020	7,116,777	6,316,997	6,987,252
Mag Ds Corp. Aerospace and Defense	(8)(13)(14)(21)	Senior Secured Loan — First Lien Term Loan 6.2% Cash, 3 Month Libor (0.20%) + 6.00% , Due 4/27	10/28/2020	3,980,000	3,345,014	3,898,808
Maxor National Pharmacy Services, LLC Healthcare & Pharmaceuticals	(8)(13)(14)	Senior Secured Loan — First Lien Term Loan B 9.1% Cash, 3 Month Libor (1.00%) + 8.05%; Libor Floor 1.00% , Due 11/23	10/28/2020	8,531,223	7,531,071	8,531,223
Maxor National Pharmacy Services, LLC Healthcare & Pharmaceuticals	(8)(13)(14)	Senior Secured Loan — Revolver 0.5% Cash, Due 11/22	10/28/2020	-	(0)	-
Ministry Brands, LLC Electronics	(8)(13)(14)	Junior Secured Loan — April 2018 Incremental Term Loan (Second Lien) 5.2% Cash, 3 Month Libor (1.00%) + 4.23%; Libor Floor 1.00% , Due 6/23	12/18/2019	6,000,000	5,600,515	5,819,400
Mother's Market & Kitchen, Inc. Healthcare & Pharmaceuticals	(8)(13)(14)	Senior Secured Loan — First Lien Term Loan 5.2% Cash, 3 Month Libor (1.00%) + 4.23%; Libor Floor 1.00% , Due 7/23	10/28/2020	6,907,585	6,114,095	6,907,585
MountainTop Financial, LLC Transportation: Cargo	(8)(13)(14)	Senior Secured Loan — First Lien Term Loan A 8.5% Cash, 3 Month Libor (1.50%) + 7.00%; Libor Floor 1.50% , Due 3/24	10/28/2020	6,338,579	5,609,620	6,338,579

Portfolio Company / Principal Business		Investment Interest Rate ¹ / Maturity ¹⁵	Initial Acquisition Date	Principal	Amortized Cost	Fair Value ²
MSM Acquisitions, Inc. Services: Business	(8)(13)(14)	Senior Secured Loan — Delayed Draw Term Loan (First Lien) 1.0% Cash, (1.00%) + 0.00%; Libor Floor 1.00% , Due 6/22	12/31/2020	1,484,515	1,490,585	1,481,577
MSM Acquisitions, Inc. Services: Business	(8)(13)(14)	Senior Secured Loan — First Lien Term Loan 7.3% Cash, 1 Month Libor (1.00%) + 6.25%; Libor Floor 1.00% , Due 12/26	12/31/2020	7,041,176	6,956,854	7,034,135
Nasco Healthcare Inc. Healthcare, Education and Childcare	(8)(13)(14)(21)	Senior Secured Loan — Term Loan 6.5% Cash, 3 Month Libor (1.00%) + 5.50%; Libor Floor 1.00% , Due 6/23	5/22/2020	4,299,944	4,162,129	4,095,697
Navex Topco, Inc. Electronics	(8)(14)(18)(21)	Junior Secured Loan — Initial Term Loan (Second Lien) 7.1% Cash, 1 Month Libor (0.11%) + 7.00% , Due 9/26	12/4/2018	7,700,000	7,243,443	7,502,726
Naviga Inc. Services: Business	(8)(13)(14)	Senior Secured Loan — Delayed Draw Term Loan 11.0% Cash, 3 Month Libor (1.00%) + 10.00%; Libor Floor 1.00% , Due 12/22	10/28/2020	460,709	407,920	449,191
Naviga Inc. Services: Business	(8)(13)(14)	Senior Secured Loan — First Lien Term Loan 8.0% Cash, 3 Month Libor (1.00%) + 7.00%; Libor Floor 1.00% , Due 12/22	10/28/2020	328,982	250,448	311,847
Naviga Inc. Services: Business	(8)(13)(14)	Senior Secured Loan — First Lien Term Loan 8.0% Cash, 3 Month Libor (1.00%) + 7.00%; Libor Floor 1.00% , Due 12/22	10/28/2020	5,037,700	4,460,819	4,911,757
Naviga Inc. Services: Business	(8)(13)	Senior Secured Loan — Delayed Draw Term Loan 0.5% Cash, Due 12/22	3/1/2021	-	(9,075)	(9,517)
Naviga Inc. Services: Business	(8)(13)	Senior Secured Loan — Term Loan 7.3% Cash, Due 12/22	3/1/2021	717,269	700,170	699,337
Novetta Solutions, LLC High Tech Industries	(8)(14)	Senior Secured Loan — First Lien Term Loan 6.0% Cash, 3 Month Libor (1.00%) + 5.00%; Libor Floor 1.00% , Due 10/22	10/28/2020	1,938,615	1,709,943	1,934,990
Orbit Purchaser LLC Banking, Finance, Insurance & Real Estate	(8)(13)(14)	Senior Secured Loan — Incremental First Lien Term Loan 5.5% Cash, 3 Month Libor (1.00%) + 4.50%; Libor Floor 1.00% , Due 10/24	10/28/2020	1,535,951	1,349,442	1,535,951
Orbit Purchaser LLC Banking, Finance, Insurance & Real Estate	(8)(13)(14)	Senior Secured Loan — First Lien Term Loan 5.5% Cash, 3 Month Libor (1.00%) + 4.50%; Libor Floor 1.00% , Due 10/24	10/28/2020	2,541,621	2,228,065	2,541,621

Portfolio Company / Principal Business		Investment Interest Rate ¹ / Maturity ¹⁵	Initial Acquisition Date	Principal	Amortized Cost	Fair Value ²
Orbit Purchaser LLC Banking, Finance, Insurance & Real Estate	(8)(13)(14)	Senior Secured Loan — Delayed Draw Term Loan 5.5% Cash, 3 Month Libor (1.00%) + 4.50%; Libor Floor 1.00% , Due 10/24	10/28/2020	743,202	652,956	743,202
Phoenix Guarantor Inc. Healthcare & Pharmaceuticals	(8)(13)(14)	Junior Secured Loan — Term Loan Second Lien 9.3% Cash, 1 Month Libor (1.00%) + 8.25%; Libor Floor 1.00% , Due 3/27	12/18/2019	1,200,000	1,104,223	1,200,000
Pinstripe Holdings, LLC Services: Business	(8)(13)(14)	Senior Secured Loan — Initial Term Loan 8.0% Cash, 6 month Libor (1.00%) + 7.00%; Libor Floor 1.00% , Due 1/25	1/17/2019	4,900,000	4,837,653	4,774,070
PromptCare Companies, The Healthcare & Pharmaceuticals	(8)(13)(14)	Senior Secured Loan — First Delayed Draw Term Loan 6.3% Cash, 1 Month Libor (1.00%) + 5.25%; Libor Floor 1.00% , Due 12/25	2/20/2020	538,636	534,272	538,636
PromptCare Companies, The Healthcare & Pharmaceuticals	(8)(13)(14)(21)	Senior Secured Loan — Second Delayed Draw Term Loan 1.0% Cash, Due 12/25	2/20/2020	445,091	442,879	445,091
PromptCare Companies, The Healthcare & Pharmaceuticals	(8)(13)(14)(21)	Senior Secured Loan — Term Loan 6.3% Cash, 1 Month Libor (1.00%) + 5.25%; Libor Floor 1.00% , Due 12/25	2/20/2020	3,860,227	3,828,949	3,860,227
PSC Industrial Holdings Corp. Environmental Industries	(8)(14)	Junior Secured Loan — Initial Term Loan (Second Lien) 9.5% Cash, 1 Month Libor (1.00%) + 8.50%; Libor Floor 1.00% , Due 10/25	10/5/2017	3,000,000	2,964,815	2,667,495
PVHC Holding Corp Containers, Packaging and Glass	(8)(13)(14)	Senior Secured Loan — Initial Term Loan 5.8% Cash, 3 Month Libor (1.00%) + 4.75%; Libor Floor 1.00% , Due 8/24	8/10/2018	2,808,000	2,800,141	2,569,320
Q Holding Company (fka Lex Precision Corp) Chemicals, Plastics & Rubber	(8)(13)(14)	Senior Secured Loan — First Lien Term Loan 6.0% Cash, 3 Month Libor (1.00%) + 5.00%; Libor Floor 1.00% , Due 12/23	10/28/2020	2,372,982	1,950,163	2,255,519
Qualtek USA, LLC High Tech Industries	(8)(14)	Senior Secured Loan — First Lien Term Loan 7.3% Cash, 3 Month Libor (1.00%) + 6.25%; Libor Floor 1.00% , Due 7/25	10/28/2020	5,622,872	4,540,222	5,416,710
RA Outdoors, LLC Services: Business	(8)(13)(14)	Senior Secured Loan — First Lien Term Loan 5.8% Cash, 3 Month Libor (1.00%) + 4.75%; Libor Floor 1.00% , Due 9/24	10/28/2020	7,187,982	6,318,096	7,187,982
Radiology Partners, Inc Healthcare & Pharmaceuticals	(8)(14)(21)	Senior Secured Loan — Term B Loan (First Lien) 4.4% Cash, 1 Month Libor (0.11%) + 4.25% , Due 7/25	3/24/2020	7,000,000	5,893,436	6,956,985
Radius Aerospace, Inc. Aerospace and Defense	(8)(13)(14)	Senior Secured Loan — Initial Term Loan 7.3% Cash, 3 Month Libor (1.00%) + 6.27%; Libor Floor 1.00% , Due 3/25	6/27/2019	6,860,000	6,788,493	6,311,200

Portfolio Company / Principal Business		Investment Interest Rate ¹ / Maturity ¹⁵	Initial Acquisition Date	Principal	Amortized Cost	Fair Value ²
Ravn Air Group, Inc. Aerospace and Defense	(5)(8)(13)	Senior Secured Loan — Initial Term Loan 2.0% Cash, Due 7/21	7/29/2015	1,015,351	247,543	225,306
Ritedose Holdings I, Inc Healthcare & Pharmaceuticals	(8)(13)(14)	Senior Secured Loan — Revolver 0.5% Cash, Due 9/23	10/28/2020	-	(0)	-
Ritedose Holdings I, Inc Healthcare & Pharmaceuticals	(8)(13)(14)	Senior Secured Loan — First Lien Term Loan 7.5% Cash, 3 Month Libor (1.00%) + 6.50%; Libor Floor 1.00% , Due 9/23	10/28/2020	7,162,332	6,332,543	7,162,332
Robertshaw US Holding Corp. Capital Equipment	(8)(13)	Junior Secured Loan — Initial Term Loan (Second Lien) 4.7% Cash, 1 Month Libor (1.00%) + 3.65%; Libor Floor 1.00% , Due 2/26	2/15/2018	3,000,000	2,981,544	2,610,000
Roscoe Medical, Inc. Healthcare & Pharmaceuticals	(8)(13)	Junior Secured Loan — Term Loan (Second Lien) 11.3% Cash, Due 3/21	3/26/2014	8,201,777	8,196,188	7,894,210
Safe Fleet Holdings LLC Automotive	(8)(14)	Junior Secured Loan — Initial Term Loan (Second Lien) 7.8% Cash, 6 month Libor (1.00%) + 6.75%; Libor Floor 1.00% , Due 2/26	12/18/2019	700,000	627,739	679,438
San Vicente Capital LLC Telecommunications	(8)(13)(14)(21)	Senior Secured Loan — Term Loan 9.5% Cash, 3 Month Libor (1.50%) + 8.00%; Libor Floor 1.50% , Due 6/25	6/10/2020	2,985,000	2,947,457	3,059,625
SCSG EA Acquisition Company, Inc. Healthcare & Pharmaceuticals	(8)(13)(14)	Junior Secured Loan — Initial Term Loan (Second Lien) 9.3% Cash, 3 Month Libor (1.00%) + 8.25%; Libor Floor 1.00% , Due 9/24	8/18/2017	6,000,000	5,970,234	5,935,200
Shipston Group, U.S., Inc. Automotive	(8)(13)(14)(20)	Senior Secured Loan — First Lien Term Loan 7.5% Cash, 2.4% PIK, 1 Month Libor (1.25%) + 6.25%; Libor Floor 1.25% , Due 9/23	10/28/2020	6,299,241	5,440,170	6,120,343
Smartronix, Inc, Services: Business	(8)(13)(14)(21)	Senior Secured Loan — Initial Term Loan 7.5% Cash, 3 Month Libor (1.50%) + 6.00%; Libor Floor 1.50% , Due 12/25	5/1/2020	4,949,875	4,741,656	4,875,627
South Street Securities Holdings, Inc Banking, Finance, Insurance & Real Estate	(8)(13)(14)	Senior Secured Loan — Initial Term Loan 9.0% Cash, 3 Month Libor (1.00%) + 8.00%; Libor Floor 1.00% , Due 3/26	3/24/2021	7,000,000	6,825,767	6,825,000
Sundance Holdings Group, LLC Retail	(8)(13)(14)(20)	Senior Secured Loan — First Lien Term Loan 7.3% Cash, 2.0% PIK, 3 Month Libor (1.00%) + 6.25%; Libor Floor 1.00% , Due 5/24	10/28/2020	6,792,219	5,817,066	6,661,808

Portfolio Company / Principal Business		Investment Interest Rate ¹ / Maturity ¹⁵	Initial Acquisition Date	Principal	Amortized Cost	Fair Value ²
Syncsort Incorporated Services: Business	(8)(14)	Senior Secured Loan — First Lien Term Loan 5.5% Cash, 1 Month Libor (0.75%) + 4.75%; Libor Floor 0.75% , Due 3/28	3/19/2021	2,440,763	2,428,559	2,428,559
Syncsort Incorporated Services: Business	(8)(14)	Senior Secured Loan — First Lien Term Loan B 5.5% Cash, 1 Month Libor (0.75%) + 4.75%; Libor Floor 0.75% , Due 8/24	10/28/2020	2,783,080	2,411,028	2,793,655
Tailwind Randys, LLC Automotive	(8)(13)(14)	Senior Secured Loan — Initial Term Loan 6.0% Cash, 3 Month Libor (1.00%) + 5.00%; Libor Floor 1.00% , Due 5/25	6/27/2019	4,912,500	4,852,172	4,912,500
Tank Partners Equipment Holdings LLC Energy: Oil & Gas	(5)(8)(13)	Senior Unsecured Bond — 10.000% - 02/2022 - TankConvert 0.0% Cash, 10.0% PIK, Due 2/22	2/15/2019	494,576	416,170	41,792
Tex-Tech Industries, Inc. Textiles and Leather	(8)(13)(14)	Junior Secured Loan — Term Loan (Second Lien) 10.0% Cash, 1 Month Libor (1.00%) + 9.00%; Libor Floor 1.00% , Due 8/24	8/24/2017	12,508,000	12,421,470	10,992,030
The Cook & Boardman Group, LLC Construction & Building	(8)(14)	Senior Secured Loan — First Lien Term Loan 6.8% Cash, 6 Month Libor (1.00%) + 5.75%; Libor Floor 1.00% , Due 10/25	10/28/2020	-	22,864	-
The Edelman Financial Center, LLC Banking, Finance, Insurance & Real Estate	(8)(14)	Junior Secured Loan — Initial Term Loan (Second Lien) 6.9% Cash, 1 Month Libor (0.11%) + 6.75% , Due 7/26	12/18/2019	300,000	273,853	300,750
Theragenics Corp Healthcare & Pharmaceuticals	(8)(13)(14)	Senior Secured Loan — First Lien Term Loan B 9.0% Cash, 3 Month Libor (1.00%) + 8.00%; Libor Floor 1.00% , Due 5/24	10/28/2020	8,100,000	7,004,543	7,903,170
TLE Holdings, LLC Healthcare, Education and Childcare	(8)(13)(14)(21)	Senior Secured Loan — Initial Term Loan 7.0% Cash, 6 month Libor (1.00%) + 6.00%; Libor Floor 1.00% , Due 6/24	6/27/2019	5,616,718	5,599,693	5,539,488
TLE Holdings, LLC Healthcare, Education and Childcare	(8)(13)(14)(21)	Senior Secured Loan — Delayed Draw Term Loan 7.0% Cash, 6 month Libor (1.00%) + 6.00%; Libor Floor 1.00% , Due 6/24	6/27/2019	740,990	739,871	730,776
Travelport Finance (Luxembourg) S.A R.L. Services: Business	(3)(13)(14)	Senior Secured Loan — Term Loan 5.2% Cash, 3 Month Libor (0.20%) + 5.00% , Due 5/26	3/31/2021	-	63,475	-
Triangle Home Fashions LLC Consumer goods: Durable	(8)(13)(14)(20)	Senior Secured Loan — First Lien Term Loan 6.8% Cash, 1 Month Libor (1.00%) + 5.75%; Libor Floor 1.00% , Due 3/23	10/28/2020	10,500,000	9,367,057	10,500,000
TronAir Parent Inc. Aerospace and Defense	(8)(13)(14)	Senior Secured Loan — Initial Term Loan (First Lien) 7.5% Cash, 12 Month Libor (1.00%) + 6.50%; Libor Floor 1.00% , Due 9/23	9/30/2016	964,646	963,612	836,059

Portfolio Company / Principal Business		Investment Interest Rate ¹ / Maturity ¹⁵	Initial Acquisition Date	Principal	Amortized Cost	Fair Value ²
TRSO I, Inc. Energy: Oil & Gas	(8)(13)(14)	Junior Secured Loan — Term Loan (Second Lien) 14.0% Cash, 3 Month Libor (1.00%) + 13.00%; Libor Floor 1.00% , Due 12/20	12/24/2012	900,000	899,998	900,000
TRSO II, Inc. Energy: Oil & Gas	(5)(8)(13)	Junior Secured Loan — Promissory Note 0.0% Cash, 1.7% PIK, Due 1/25	1/24/2020	71,929	71,929	-
Vectra Co. Chemicals, Plastics & Rubber	(8)(14)	Junior Secured Loan — Initial Loan (Second Lien) 7.4% Cash, 1 Month Libor (0.11%) + 7.25% , Due 3/26	12/18/2019	400,000	356,772	391,334
Wash MultiFamily Acquisition Inc. Consumer goods: Durable	(8)(13)(14)	Junior Secured Loan — Initial US Term Loan (Second Lien), 1 Month Libor (1.00%) + 7.00%; Libor Floor 1.00% , Due 5/23	12/18/2019	2,978,354	2,698,934	2,858,624
WireCo WorldGroup Inc. Capital Equipment	(8)(14)	Junior Secured Loan — Initial Term Loan (Second Lien) 10.0% Cash, 6 month Libor (1.00%) + 9.00%; Libor Floor 1.00% , Due 9/24	8/9/2016	3,000,000	2,980,297	2,724,375
Wonder Love, Inc. Media: Diversified & Production	(8)(13)(14)(21)	Senior Secured Loan — Term Loan 6.0% Cash, 3 Month Libor (1.00%) + 5.00%; Libor Floor 1.00% , Due 11/24	11/18/2019	2,625,000	2,585,016	2,628,413
Zest Acquisition Corp. Healthcare, Education and Childcare	(8)(13)(14)(18)	Junior Secured Loan — Initial Term Loan (Second Lien) 8.5% Cash, 1 Month Libor (1.00%) + 7.50%; Libor Floor 1.00% , Due 3/26	3/8/2018	3,500,000	3,486,078	3,419,850
Total Investment in Debt Securities (177% of net asset value at fair value)				\$ 412,338,917	\$ 377,355,331	\$ 387,043,989

Equity Securities Portfolio

Portfolio Company / Principal Business	Investment ¹⁵	Initial Acquisition Date	Quantity/Par /Shares	Cost	Fair Value ²
4L Technologies Inc.(8)(13)(19) Healthcare & Pharmaceuticals	Class A Preferred Units	5/29/2020	321	29,277	29,275
AAPC Holdings LLC.(8)(13)(21)(22) Healthcare & Pharmaceuticals	Class A Preferred Units; 18% PIK; No maturity	6/27/2019	5,500,000	5,500,000	5,500,000
Advantage Capital Holdings LLC(8)(13)(19)(22) Banking, Finance, Insurance & Real Estate	Class A Membership Units	2/14/2020	628	—	—
Anthem Sports & Entertainment Inc. (8)(13)(19)(21) Media: Broadcasting & Subscription	Warrant Class A, 9/29 maturity	9/9/2019	263	46,371	10,611
Anthem Sports & Entertainment Inc. (8)(13)(19)(21) Media: Broadcasting & Subscription	Warrant Class B, 9/29 maturity	9/9/2019	46	—	—
Anthem Sports & Entertainment Inc. (8)(13)(19)(21) Media: Broadcasting & Subscription	Warrant Common Stock, 9/29 maturity	9/9/2019	859	—	—
ATP Oil & Gas Corporation(8)(12)(19) Energy: Oil & Gas	Limited Term Royalty Interest	12/18/2019	1,808,203	1,808,073	2,137,739
Centric Brands Inc. (8)(13)(19) Machinery (Non-Agrcl/Constr/Electr)	Common	10/28/2020	36,342	—	31,799
eInstruction Acquisition, LLC(8)(13)(19) Services: Business	Membership Units	7/2/2007	1,076	1,079,617	1,000
EJF Investments Ltd.(3)(19) Services: Business	Preferred Equity, 0%; 6/25 maturity	6/17/2020	1,380,000	1,256,485	1,406,376

Portfolio Company / Principal Business	Investment ¹⁵	Initial Acquisition Date	Quantity/Par /Shares	Cost	Fair Value ²
Emtec, Inc.(8)(13)(19) Services: Business	Preferred Equity	10/28/2020	319,357	—	—
Oneida Group, Inc.(8)(13)(19) Consumer goods: Durable	Common	10/28/2020	1,085,565	345,834	1,096,436
Faraday Holdings LLC.(8)(13)(19) Consumer goods: Durable	Class D Shares	10/28/2020	2,752	548,377	986,187
FP WRCA Coinvestment Fund VII, Ltd.(3)(13)(19) Capital Equipment	Class A Shares	2/2/2007	1,500,000	1,500,000	502,530
Fusion Connect, Inc. (8)(13)(19) Telecommunications	Common	10/28/2020	121,871	865,854	764,131
GIG Rooster Holdings I, LLC (8)(13)(18)(19) Energy: Oil & Gas	Common	10/28/2020	99	—	24,849
New Millennium Holdco, Inc. (Millennium Health, LLC)(8)(13) (19) Healthcare & Pharmaceuticals	Common	10/7/2014	29,699	1,953,300	1,000
Ohene Holdings B.V.(3)(13)(19) Services: Business	Warrants	3/31/2019	4	—	—
Prosper Marketplace (6)(13)(19) Consumer goods: Durable	Class B Preferred Units	10/28/2020	912,865	278,865	319,503
Roscoe Investors, LLC(8)(13)(19) Healthcare & Pharmaceuticals	Class A Units	3/26/2014	10,000	1,000,000	454,000
Tank Partners Equipment Holdings, LLC(8)(9)(13)(16)(19) Energy: Oil & Gas	Class A Units	8/28/2014	49,000	6,228,000	—
TRSO II, Inc.(8)(13)(19) Energy: Oil & Gas	Common Stock	12/24/2012	1,228	420,289	—
Valterra Products Holdings, LLC(8)(13)(19) Consumer goods: Durable	Class A Units	10/28/2020	185,847	981,365	1,247,034
Valterra Products Holdings, LLC(8)(13)(19) Consumer goods: Durable	Class B Units	10/28/2020	20,650	109,040	138,559
Total Investment in Equity Securities (7% of net asset value at fair value)			\$ 12,966,675	\$ 23,950,747	\$ 14,651,029

CLO Subordinated Investments

Portfolio Company	Investment ^{15,11}	Initial Acquisition Date	Percentage Ownership	Amortized Cost	Fair Value ²
Catamaran CLO 2013- 1 Ltd.(3)(13)	Subordinated Securities, effective interest 8.0%, 1/28 maturity	6/4/2013	23.3%	5,930,441	2,541,098
Catamaran CLO 2014-1 Ltd.(3)(13)	Subordinated Securities, effective interest 5.5%, 4/30 maturity	5/6/2014	22.2%	9,730,733	4,178,261
Dryden 30 Senior Loan Fund(3)(13)	Subordinated Securities, effective interest 20.5%, 11/28 maturity	10/10/2013	6.8%	1,186,447	1,339,325
Catamaran CLO 2014-2 Ltd.(3)(7)(13)	Subordinated Securities, effective interest 0.0%, 10/26 maturity	8/15/2014	24.9%	6,065,598	-
Catamaran CLO 2015-1 Ltd.(3)(13)	Subordinated Securities, effective interest 8.7%, 4/27 maturity	5/5/2015	9.9%	3,385,599	1,521,750
Catamaran CLO 2018-1 Ltd(3)(13)	Subordinated Securities, effective interest 8.7%, 10/31 maturity	9/27/2018	24.8%	8,965,723	6,441,000
Total Investment in CLO Fund Securities (7% of net asset value at fair value)				\$ 35,264,540	\$ 16,021,434

Asset Manager Affiliates

Portfolio Company / Principal Business	Investment ¹⁵	Initial Acquisition Date	Percentage Ownership	Cost	Fair Value ²
Asset Manager Affiliates ⁽⁸⁾⁽⁹⁾⁽¹³⁾⁽¹⁶⁾	Asset Management Company	12/11/2006	100%	\$ 17,791,230	\$ -
Total Investment in Asset Manager Affiliates (0% of net asset value at fair value)				\$ 17,791,230	\$ -
Derivatives					
Portfolio Company / Principal Business	Investment ¹⁵	Initial Acquisition Date		Cost	Fair Value ²
AAPC Holdings LLC, ⁽¹³⁾⁽²¹⁾⁽²²⁾ Banking, Finance, Insurance & Real Estate	Securities Swap and Option Agreement	9/30/2019		\$ -	\$ (1,588,195)
HDNet Holdco LLC ⁽¹³⁾⁽²¹⁾⁽²²⁾ Media: Broadcasting & Subscription	Call Option	9/9/2019		30,609	5,232
Total Derivatives (0% of net asset value at fair value)				\$ 30,609	\$ (1,582,963)
Joint Ventures					
Portfolio Company / Principal Business	Investment ¹⁵	Initial Acquisition Date	Percentage Ownership	Cost	Fair Value ²
KCAP Freedom 3 LLC ⁽⁹⁾⁽¹³⁾⁽¹⁶⁾	Joint Venture	7/19/2017	60%	\$ 24,914,858	\$ 20,539,848
BCP Great Lakes Holdings LP ⁽¹⁰⁾⁽¹⁷⁾⁽¹⁸⁾ Limited Partnership	Joint Venture	12/11/2018	24%	36,191,108	36,191,108
Total Investment in Joint Ventures (26% of net asset value at fair value)				\$ 61,105,966	\$ 56,730,956
Total Investments⁴				\$ 515,498,423	\$ 472,864,445

- 1 A majority of the variable rate loans in the Company's investment portfolio bear interest at a rate that may be determined by reference to either LIBOR or an alternate Base Rate (commonly based on the Federal Funds Rate or the Prime Rate), which typically resets semi-annually, quarterly, or monthly at the borrower's option. The Borrower may also elect to have multiple interest reset periods for each March 31, 2021 loan. For each such loan, the Company has provided the weighted average annual stated interest rate in effect at March 31, 2021. As noted in the table above 71.4% (based on par) of debt securities contain floors which range between 1.00% and 1.50%.
- 2 Reflects the fair market value of all investments as of March 31, 2021 as determined by the Company's Board of Directors.
- 3 Non-U.S. company or principal place of business outside the U.S.
- 4 The aggregate cost of investments for federal income tax purposes is approximately \$545 million. The aggregate gross unrealized appreciation is approximately \$52 million, the aggregate gross unrealized depreciation is approximately \$124 million, and the net unrealized depreciation is approximately \$72 million.
- 5 Loan or debt security is on non-accrual status and therefore is considered non-income producing.
- 6 Held through Garrison Capital Equity Holdings II LLC and net of non-controlling member's interest of 17.5% pursuant to the Amended and Restated Limited Liability Company Agreement of Garrison Capital Equity Holdings II LLC.
- 7 During the second quarter of 2020, the Company was notified that this CLO Fund security will cease making distributions to the Company.
- 8 Qualified asset for purposes of section 55(a) of the Investment Company Act of 1940, as amended (the "1940 Act"). Qualifying assets represent approximately 85.4% of the total assets at March 31, 2021.
- 9 As defined in the 1940 Act, the Company is deemed to be both an "Affiliated Person" and has "Control" of this portfolio company as the Company owns more than 25% of the portfolio company's outstanding voting securities or has the power to exercise control over management or policies of such portfolio company (including through a management agreement). Other than for purposes of the 1940 Act, the Company does not believe that it has control over this portfolio company.
- 10 Non-voting.
- 11 CLO Subordinated Investments are entitled to periodic distributions which are generally equal to the remaining cash flow of the payments made by the underlying fund's investments less contractual payments to debt holders and fund expenses. The estimated annualized effective yield indicated is based upon a current projection of the amount and timing of these distributions. Such projections are updated on a quarterly basis and the estimated effective yield is adjusted prospectively.
- 12 This investment is on non-accrual status and receives a 5% royalty interest on oil being produced on certain fields. All production payments received are being applied to the cost basis and are considered return of capital.
- 13 Fair value of this investment was determined using significant unobservable inputs.
- 14 As of March 31, 2021, is investment is pledged to secure the Company's debt obligations.
- 15 The Company's investments are generally acquired in private transactions exempt from registration under the Securities Act of 1933, as amended (the "Securities Act") and, therefore, are generally subject to limitations on resale, and may be deemed to be "restricted securities" under the Securities Act of 1933.
- 16 As defined in the 1940 Act, the Company is deemed to be both an "Affiliated Person" and has "Control" of this portfolio company as the Company owns more than 25% of the portfolio company's outstanding voting securities or has the power to exercise control over management or policies of such portfolio company.
- 17 Ownership of LP interest held through the holding company BCP Great Lakes Fund, L.P, a non-U.S. company or principal place of business outside the U.S.
- 18 Under the 1940 Act, the Company is deemed to be an "Affiliated Person" of, as defined in the 1940 Act, this portfolio company as the Company owns at least 5% but no more than 25% of the portfolio company's outstanding voting securities or is under common control with such portfolio company. Other than for purpose of the 1940 Act, the Company does not believe it has control over this portfolio company.
- 19 Non-income producing.

20 In addition to the stated interest rate of this security, which is the amount disclosed in this schedule, the Company is entitled to receive additional interest as a result of an arrangement with other lenders in the syndication, whereby the “first out” tranche will have priority over the Company’s “last out” tranche with respect to payments of principal, interest and any other amounts due thereunder from the borrower. The additional interest received during the quarter has been annualized and included in the spread disclosed for this investment.

21 Represents co-investment made with the Company’s affiliates in accordance with the terms of the exemptive relief that the Company received.

22 Information related to the Company’s derivatives is presented below as of March 31, 2021:

Description	Payments made	Payments received	Counterparty	Maturity date	Notional amount	Value	Upfront payments/receipts	Unrealized gain (loss)
Securities Swap and Option Agreement	18% PIK	16% Cash	Advantage Capital Holdings LLC.	9/15/24	\$ 5,500,000	\$ (1,588,195)	\$ -	\$ (1,588,195)

Description	Counterparty	Number of shares	Notional amount	Exercise price	Expiration date	Value
Call option	HDNet Holdco LLC	0.2	\$ 7,656	\$ 0.01	N/A	\$ 5,232

See accompanying notes to unaudited consolidated financial statements.

PORTMAN RIDGE FINANCE CORPORATION
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of December 31, 2020

Debt Securities Portfolio

Portfolio Company / Principal Business		Investment Interest Rate ¹ / Maturity ¹⁵	Initial Acquisition Date	Principal	Amortized Cost	Fair Value ²
IA Smart Start LLC Consumer goods: Non-durable	(8)(14)(21)	Senior Secured Loan — First Lien Term Loan 5.8% Cash, 3 Month Libor (1.00%) + 4.75%; Libor Floor 1.00% , Due 8/27	10/28/2020	\$ 2,094,750	\$ 1,837,151	\$ 2,102,176
Advanced Lighting Technologies, Inc. Consumer goods: Durable	(5)(8)(13)	Junior Secured Loan — Second Lien Notes, 10.0% PIK, 3 Month Libor (1.00%) + 7.00%; Libor Floor 1.00% , Due 10/23	6/13/2012	1,464,432	951,271	3,075
Advantage Capital Holdings LLC Banking, Finance, Insurance & Real Estate	(8)(13)(14)(21)	Senior Secured Loan — Term Loan 5.0% Cash, 8.0% PIK, Due 1/25	2/14/2020	2,422,152	2,422,152	2,425,301
Advantage Capital Holdings LLC Banking, Finance, Insurance & Real Estate	(8)(13)(21)	Senior Secured Loan — Delayed Draw Term Loan 5.0% Cash, 8.0% PIK, Due 1/25	2/14/2020	1,735,880	1,735,880	1,738,137
Advantage Capital Holdings LLC Banking, Finance, Insurance & Real Estate	(8)(13)(21)	Senior Secured Loan — Delayed Draw Term Loan 5.0% Cash, 8.0% PIK, Due 1/25	2/14/2020	-	-	1,353
AIS Holdco, LLC Banking, Finance, Insurance & Real Estate	(8)(13)(14)	Senior Secured Loan — First Lien Term Loan A 5.2% Cash, 3 Month Libor (0.21%) + 5.00% , Due 8/25	10/28/2020	2,562,205	2,054,605	2,341,855
Allied Universal Holdco LLC Services: Business	(8)(14)(21)	Senior Secured Loan — Initial Term Loan 4.4% Cash, 1 Month Libor (0.15%) + 4.25% , Due 7/26	3/23/2020	5,156,518	4,229,619	5,142,312
AMCP Pet Holdings, Inc. Beverage, Food and Tobacco	(8)(13)(14)(21)	Senior Secured Loan — Delayed Draw Term Loan 1.0% Cash, Due 10/26	12/9/2020	-	(19,849)	(20,000)
AMCP Pet Holdings, Inc. Beverage, Food and Tobacco	(8)(13)(14)(21)	Senior Secured Loan — First Lien Term Loan 7.3% Cash, 3 Month Libor (1.00%) + 6.25%; Libor Floor 1.00% , Due 10/26	12/9/2020	5,000,000	4,900,755	4,900,000
AMCP Pet Holdings, Inc. Beverage, Food and Tobacco	(8)(13)(21)	Senior Secured Loan — Revolving Loan 0.5% Cash, Due 10/26	12/9/2020	-	(19,972)	(20,000)

Portfolio Company / Principal Business		Investment Interest Rate ¹ / Maturity ¹⁵	Initial Acquisition Date	Principal	Amortized Cost	Fair Value ²
Analogic Corporation Electronics	(8)(13)(14)	Senior Secured Loan — Revolver 0.5% Cash, Due 6/23	10/28/2020	-	0	(3,033)
Analogic Corporation Electronics	(8)(13)(14)	Senior Secured Loan — First Lien Term Loan A 6.3% Cash, 1 Month Libor (1.00%) + 5.25%; Libor Floor 1.00% , Due 6/24	10/28/2020	3,555,811	3,103,457	3,502,474
Anthem Sports & Entertainment Inc. Media: Broadcasting & Subscription	(8)(13)(14)(21)	Senior Secured Loan — Term Loan 7.8% Cash, 2.8% PIK, 3 Month Libor (1.00%) + 6.75%; Libor Floor 1.00% , Due 9/24	9/9/2019	3,592,120	3,495,363	3,486,871
Anthem Sports & Entertainment Inc. Media: Broadcasting & Subscription	(8)(13)(21)	Senior Secured Loan — Revolving Loan 10.5% Cash, 3 Month Libor (1.00%) + 9.50%; Libor Floor 1.00% , Due 9/24	9/9/2019	416,667	385,912	384,925
Ascensus Specialties LLC Chemicals, Plastics & Rubber	(8)(13)(14)	Senior Secured Loan — First Lien Term Loan 4.9% Cash, 1 Month Libor (0.15%) + 4.75% , Due 9/26	10/28/2020	1,703,780	1,435,922	1,697,135
Athos Merger Sub LLC Services: Business	(8)(14)	Senior Secured Loan — First Lien Term Loan 5.1% Cash, 1 Month Libor (0.15%) + 5.00% , Due 7/26	10/28/2020	1,329,088	1,142,784	1,312,474
BJ Services, LLC Energy: Oil & Gas	(8)(13)(14)	Senior Secured Loan — First Out Term Loan 8.5% Cash, 3 Month Libor (1.50%) + 7.00%; Libor Floor 1.50% , Due 1/23	10/28/2020	3,573,631	3,094,158	3,540,397
BMC Acquisition, Inc. Banking, Finance, Insurance & Real Estate	(8)(13)(14)	Senior Secured Loan — Initial Term Loan 6.3% Cash, 6 month Libor (1.00%) + 5.25%; Libor Floor 1.00% , Due 12/24	1/2/2018	2,910,000	2,909,020	2,878,863
Bristol Hospice Healthcare & Pharmaceuticals	(8)(13)(14)(21)	Senior Secured Loan — Delayed Draw Term Loan 1.0% Cash, Due 12/26	12/22/2020	-	(8,182)	(8,219)
Bristol Hospice Healthcare & Pharmaceuticals	(8)(13)(14)(21)	Senior Secured Loan — Unitranche 6.5% Cash, 3 Month Libor (1.00%) + 5.50%; Libor Floor 1.00% , Due 12/26	12/22/2020	2,178,082	2,134,719	2,134,521
C.P. Converters, Inc. Chemicals, Plastics & Rubber	(8)(13)(14)	Senior Secured Loan — Seventh Amendment Acquisition Loan 7.5% Cash, 1 Month Libor (1.00%) + 6.50%; Libor Floor 1.00% , Due 6/23	6/26/2020	2,962,500	2,901,315	2,918,063
Carestream Health, Inc. Healthcare & Pharmaceuticals	(8)(13)(14)	Junior Secured Loan — 2023 Extended Term Loan (Second Lien) 5.5% Cash, 8.0% PIK, 6 month Libor (1.00%) + 4.50%; Libor Floor 1.00% , Due 8/23	5/8/2020	1,629,516	1,454,610	1,394,866

Portfolio Company / Principal Business		Investment Interest Rate ¹ / Maturity ¹⁵	Initial	Principal	Amortized Cost	Fair Value ²
			Acquisition Date			
Centric Brands Inc. Machinery (Non-Agrclt/Constr/Electr)	(8)(13)(14)	Senior Secured Loan — Revolver 6.5% Cash, 3 Month Libor (1.00%) + 5.50%; Libor Floor 1.00% , Due 10/24	10/28/2020	403,134	333,931	367,420
Centric Brands Inc. Machinery (Non-Agrclt/Constr/Electr)	(8)(13)(14)(20)	Senior Secured Loan — First Lien Last Out Term Loan, 10.0% PIK, Due 10/25	10/28/2020	7,989,577	6,378,529	6,825,496
Child Development Schools, Inc. Services: Consumer	(8)(13)(14)	Senior Secured Loan — Term Loan 5.3% Cash, 3 Month Libor (1.00%) + 4.25%; Libor Floor 1.00% , Due 5/23	6/6/2018	4,246,226	4,241,127	4,198,243
Chloe Ox Parent, LLC Services: Business	(8)(13)(14)	Senior Secured Loan — First Lien Term Loan 5.5% Cash, 3 Month Libor (1.00%) + 4.50%; Libor Floor 1.00% , Due 12/24	10/28/2020	1,837,439	1,552,347	1,752,917
Circustrix Holdings, LLC Banking, Finance, Insurance & Real Estate	(8)(13)(14)	Senior Secured Loan — First Lien Term Loan B, 7.8% PIK, Due 1/22	10/28/2020	6,319,500	4,455,164	4,194,884
Coinamatic Canada Inc. Consumer goods: Durable	(3)(13)(14)	Junior Secured Loan — Initial Canadian Term Loan (Second Lien) 8.0% Cash, 1 Month Libor (1.00%) + 7.00%; Libor Floor 1.00% , Due 5/23	12/18/2019	521,646	467,075	487,217
Colibri Group, LLC Services: Business	(8)(13)(14)(20) (21)	Senior Secured Loan — Last out DDTL 9.1% Cash, 3 Month Libor (1.00%) + 8.05%; Libor Floor 1.00% , Due 5/25	3/31/2020	932,983	927,022	932,983
Colibri Group, LLC Services: Business	(8)(13)(14)(20) (21)	Senior Secured Loan — Last Out Term Loan 9.1% Cash, 3 Month Libor (1.00%) + 8.05%; Libor Floor 1.00% , Due 5/25	3/31/2020	6,033,990	5,995,440	6,033,990
Colibri Group, LLC Services: Business	(8)(13)(14)(20) (21)	Senior Secured Loan — Last Out Second Amendment TL 9.1% Cash, 3 Month Libor (1.00%) + 8.05%; Libor Floor 1.00% , Due 5/25	3/31/2020	690,407	685,996	690,407
Convergeone Holdings Corp. Electronics	(8)(14)	Senior Secured Loan — First Lien Term Loan 5.1% Cash, 1 Month Libor (0.15%) + 5.00% , Due 1/26	10/28/2020	2,168,026	1,740,712	2,054,204
CSM Bakery Solutions Limited (fka CSM Bakery Supplies Limited) Beverage, Food and Tobacco	(8)(14)	Senior Secured Loan — Term Loan (First Lien) 7.3% Cash, 3 Month Libor (1.00%) + 6.25%; Libor Floor 1.00% , Due 1/22	6/11/2020	1,265,625	1,248,537	1,251,577
CSM Bakery Solutions Limited (fka CSM Bakery Supplies Limited) Beverage, Food and Tobacco	(8)(13)(14)	Junior Secured Loan — Term Loan (Second Lien) 8.8% Cash, 3 Month Libor (1.00%) + 7.75%; Libor Floor 1.00% , Due 2/22	6/11/2020	3,083,490	3,086,814	2,988,519

Portfolio Company / Principal Business		Investment Interest Rate ¹ / Maturity ¹⁵	Initial Acquisition Date	Principal	Amortized Cost	Fair Value ²
Datalink, LLC Healthcare & Pharmaceuticals	(8)(13)(14)	Senior Secured Loan — First Lien Term Loan 7.3% Cash, 3 Month Libor (1.00%) + 6.25%; Libor Floor 1.00% , Due 11/26	11/23/2020	2,975,000	2,894,347	2,893,188
Datalink, LLC Healthcare & Pharmaceuticals	(8)(13)	Senior Secured Loan — Delayed Draw Term Loan (First Lien) 1.0% Cash, Due 11/26	11/23/2020	-	(14,180)	(14,438)
Deliver Buyer, Inc. Capital Equipment	(8)(13)(14)	Senior Secured Loan — Incremental Term Loan (First Lien) 7.3% Cash, 3 Month Libor (1.00%) + 6.25%; Libor Floor 1.00% , Due 5/24	7/1/2020	2,892,750	2,816,722	2,872,790
Digitran Innovations B.V. (Pomeroy Solutions Holding Company, Inc.) High Tech Industries	(5)(8)(13)	Senior Secured Loan — Senior Term Loan B, 7.0% PIK, Due 5/25	5/29/2020	1,484,979	1,092,213	748,132
Digitran Innovations B.V. (Pomeroy Solutions Holding Company, Inc.) High Tech Industries	(8)(13)	Senior Secured Loan — Super Senior Term Loan B 2.0% Cash, 7.0% PIK, Due 5/25	5/29/2020	959,944	943,862	940,745
Digitran Innovations B.V. (Pomeroy Solutions Holding Company, Inc.) High Tech Industries	(3)(13)	Senior Secured Loan — EUR Term Loan A, 5.0% PIK, Due 7/25	5/11/2020	324,350	285,676	268,222
Digitran Innovations B.V. (Pomeroy Solutions Holding Company, Inc.) High Tech Industries	(8)(13)	Senior Secured Loan — Senior Term Loan A, 5.0% PIK, Due 5/25	5/29/2020	1,467,506	1,074,740	1,063,942
DMT Solutions Global Corporation Electronics	(8)(13)(14)	Senior Secured Loan — First Lien Term Loan 7.2% Cash, 3 Month Libor (0.24%) + 7.00% , Due 7/24	10/28/2020	6,381,442	5,158,548	6,142,138
Drilling Info Holdings, Inc. High Tech Industries	(8)(14)(21)	Senior Secured Loan — 2019 Delayed Draw Term Loan (First Lien) 2.0% Cash, Due 7/25	6/27/2019	-	(1,375)	(10,621)
Drilling Info Holdings, Inc. High Tech Industries	(8)(14)(21)	Senior Secured Loan — Initial Term Loan (First Lien) 4.4% Cash, 1 Month Libor (0.15%) + 4.25% , Due 7/25	6/27/2019	465,621	465,621	452,042
Drilling Info Holdings, Inc. High Tech Industries	(8)(13)(14)(21)	Senior Secured Loan — 2020 Term Loan (First Lien) 4.7% Cash, 1 Month Libor (0.15%) + 4.50% , Due 7/25	2/14/2020	992,500	988,340	947,838
Electronics for Imaging, Inc. Electronics	(8)(14)	Senior Secured Loan — First Lien Term Loan 5.2% Cash, 1 Month Libor (0.15%) + 5.00% , Due 7/26	10/28/2020	2,181,735	1,639,163	1,875,605
ELO Touch Solutions, Inc. High Tech Industries	(8)(13)(14)	Senior Secured Loan — First Lien Term Loan 6.6% Cash, 1 Month Libor (0.15%) + 6.50% , Due 12/25	10/28/2020	2,665,527	2,267,328	2,632,741

Portfolio Company / Principal Business		Investment Interest Rate ¹ / Maturity ¹⁵	Initial Acquisition Date	Principal	Amortized Cost	Fair Value ²
Emtec, Inc. Services: Business	(8)(13)	Senior Secured Loan — First Lien Term Loan A 10.0% Cash, 1 Month Libor (1.50%) + 8.50%; Libor Floor 1.50% , Due 8/21	10/28/2020	2,395,175	2,138,552	2,377,690
Emtec, Inc. Services: Business	(5)(8)(13)	Senior Secured Loan — First Lien Term Loan B, 10.3% PIK, Due 8/21	10/28/2020	1,734,498	1,394,239	1,620,368
Energy Acquisition Lp Electronics	(14)	Senior Secured Loan — First Lien Term Loan 4.4% Cash, 1 Month Libor (0.15%) + 4.25% , Due 6/25	10/28/2020	4,887,218	3,940,620	4,752,820
Ensono, LP Telecommunications	(8)(13)(14)	Junior Secured Loan — Term Loan (Second Lien) 9.4% Cash, 1 Month Libor (0.15%) + 9.25% , Due 6/26	12/18/2019	1,700,000	1,530,845	1,648,660
Evergreen North America Acquisition, LLC Environmental Industries	(8)(13)(14)	Senior Secured Loan — Term Loan 6.0% Cash, 6 month Libor (1.00%) + 5.00%; Libor Floor 1.00% , Due 6/22	6/21/2016	975,366	976,863	963,174
Firstlight Holdco Inc. Telecommunications	(8)(13)(14)	Junior Secured Loan — Initial Term Loan (Second Lien) 7.7% Cash, 1 Month Libor (0.15%) + 7.50% , Due 7/26	12/18/2019	400,000	362,000	383,000
Fusion Connect, Inc. Telecommunications	(8)(13)(14)	Senior Secured Loan — First Lien Term Loan B 10.0% Cash, 6 month Libor (2.00%) + 8.00%; Libor Floor 2.00% , Due 7/25	10/28/2020	2,964,925	1,730,558	1,885,989
Geo Parent Corporation Media: Advertising, Printing & Publishing	(8)(13)(14)	Senior Secured Loan — First Lien Term Loan 5.4% Cash, 1 Month Libor (0.15%) + 5.25% , Due 12/25	10/28/2020	3,290,011	2,830,592	3,170,254
GI Revelation Acquisition LLC Services: Business	(8)(13)(14)(21)	Senior Secured Loan — Initial Term Loan (First Lien) 5.2% Cash, 1 Month Libor (0.15%) + 5.00% , Due 4/25	5/22/2020	3,902,444	3,490,451	3,629,663
GK Holdings, Inc. Services: Business	(5)(8)(13)	Junior Secured Loan — Initial Term Loan (Second Lien) 13.3% Cash, 3 Month Libor (1.00%) + 12.25%; Libor Floor 1.00% , Due 1/22	1/30/2015	1,500,000	1,495,464	839,100
Global Integrated Flooring Systems Inc. Consumer goods: Durable	(8)(13)	Senior Secured Loan — Revolver 0.8% Cash, Due 2/23	10/28/2020	-	(0)	(42,857)
Global Integrated Flooring Systems Inc. Consumer goods: Durable	(8)(13)	Senior Secured Loan — First Lien Term Loan 9.5% Cash, 3 Month Libor (1.25%) + 8.25%; Libor Floor 1.25% , Due 2/23	10/28/2020	6,412,500	4,110,863	3,851,348

Portfolio Company / Principal Business		Investment Interest Rate ¹ / Maturity ¹⁵	Initial Acquisition Date	Principal	Amortized Cost	Fair Value ²
Global Tel*Link Corporation Telecommunications	(8)(14)	Junior Secured Loan — Loan (Second Lien) 8.4% Cash, 1 Month Libor (0.15%) + 8.25% , Due 11/26	5/21/2013	1,500,000	1,481,015	1,062,000
Gruden Acquisition, Inc. Transportation: Cargo	(8)(13)(14)	Senior Secured Loan — First Lien Term Loan 6.5% Cash, 3 Month Libor (1.00%) + 5.50%; Libor Floor 1.00% , Due 8/22	10/28/2020	2,414,315	2,071,047	2,404,658
Grupo HIMA San Pablo, Inc. Healthcare & Pharmaceuticals	(8)(13)(14)	Senior Secured Loan — Term B Loan (First Lien) 10.5% Cash, 3 Month Libor (1.50%) + 9.00%; Libor Floor 1.50% , Due 1/18	1/30/2013	2,702,232	2,702,232	2,418,498
Grupo HIMA San Pablo, Inc. Healthcare & Pharmaceuticals	(5)(8)(13)	Junior Secured Loan — Term Loan (Second Lien) 13.8% Cash, Due 7/18	1/30/2013	7,191,667	7,191,667	199,209
Hayward Industries, Inc. Consumer goods: Durable	(8)(13)(14)	Junior Secured Loan — Initial Loan (Second Lien) 8.4% Cash, 1 Month Libor (0.15%) + 8.25%; Libor Floor 0.00% , Due 8/25	12/18/2019	2,159,333	1,893,917	2,107,077
HDC/HW Intermediate Holdings, LLC High Tech Industries	(8)(13)(14)	Senior Secured Loan — Revolver 10.5% Cash, 3 Month Libor (1.00%) + 7.50%; Libor Floor 1.00% , Due 12/23	10/28/2020	669,722	561,785	632,486
HDC/HW Intermediate Holdings, LLC High Tech Industries	(8)(13)(14)	Senior Secured Loan — First Lien Term Loan A 8.5% Cash, 3 Month Libor (1.00%) + 7.50%; Libor Floor 1.00% , Due 12/23	10/28/2020	6,596,764	5,533,583	6,229,984
Helix Acquisition Holdings, Inc. Metals & Mining	(8)(14)	Junior Secured Loan — Initial Term Loan (Second Lien) 8.3% Cash, 3 Month Libor (0.25%) + 8.00% , Due 9/25	12/18/2019	1,400,000	1,219,188	1,326,500
Hoffmaster Group, Inc. Forest Products & Paper	(8)(13)(14)	Junior Secured Loan — Initial Term Loan (Second Lien) 10.5% Cash, 3 Month Libor (1.00%) + 9.50%; Libor Floor 1.00% , Due 11/24	5/6/2014	1,600,000	1,576,633	1,270,880
Holley Purchaser, Inc. Banking, Finance, Insurance & Real Estate	(8)(14)	Senior Secured Loan — First Lien Term Loan A 5.2% Cash, 3 Month Libor (0.21%) + 5.00% , Due 10/25	10/28/2020	6,487,528	5,528,001	6,339,547
Idera, Inc. High Tech Industries	(8)(13)(14)(21)	Junior Secured Loan — Loan (Second Lien) 10.0% Cash, 6 Month Libor (1.00%) + 9.00%; Libor Floor 1.00% , Due 6/27	6/27/2019	7,500,000	7,408,450	7,344,000
Infobase Holdings, Inc. High Tech Industries	(8)(13)(14)	Senior Secured Loan — Term Loan 5.5% Cash, 3 Month Libor (1.00%) + 4.50%; Libor Floor 1.00% , Due 12/22	12/13/2017	1,850,000	1,841,858	1,850,000

Portfolio Company / Principal Business		Investment Interest Rate ¹ / Maturity ¹⁵	Initial Acquisition Date	Principal	Amortized Cost	Fair Value ²
Infobase Holdings, Inc. High Tech Industries	(8)(13)(14)	Senior Secured Loan — Term Loan (add on) 5.5% Cash, 3 Month Libor (1.00%) + 4.50%; Libor Floor 1.00% , Due 12/22	12/13/2017	1,961,372	1,952,741	1,961,373
Institutional Shareholder Services Inc. Banking, Finance, Insurance & Real Estate	(8)(14)	Senior Secured Loan — First Lien Term Loan 4.8% Cash, 3 Month Libor (0.25%) + 4.50% , Due 3/26	10/28/2020	4,769,657	4,022,186	4,751,771
Intermedia Holdings, Inc. High Tech Industries	(8)(14)	Senior Secured Loan — First Lien Term Loan A 7.0% Cash, 1 Month Libor (1.00%) + 6.00%; Libor Floor 1.00% , Due 7/25	10/28/2020	2,695,439	2,349,230	2,693,336
Janus International Group, LLC Construction & Building	(8)(13)(14)	Senior Secured Loan — First Lien Term Loan B 5.5% Cash, 3 Month Libor (1.00%) + 4.50%; Libor Floor 1.00% , Due 2/25	10/28/2020	2,193,340	1,889,233	2,152,544
Keeco, LLC Consumer goods: Durable	(8)(13)(14)	Senior Secured Loan — First Lien Term Loan A 9.5% Cash, 0.5% PIK, 1 Month Libor (1.75%) + 7.75%; Libor Floor 1.75% , Due 3/24	10/28/2020	5,627,336	4,717,415	5,571,062
Lifescan Global Corporation Healthcare & Pharmaceuticals	(8)(14)	Senior Secured Loan — First Lien Term Loan A 6.2% Cash, 3 Month Libor (0.24%) + 6.00% , Due 10/24	10/28/2020	3,233,554	2,674,220	3,089,063
Location Services Holdings, LLC Services: Business	(8)(13)(14)(21)	Senior Secured Loan — Revolving Credit 7.8% Cash, 1 Month Libor (1.00%) + 6.75%; Libor Floor 1.00% , Due 5/21	11/7/2019	2,291,667	2,270,203	2,197,917
Luminii LLC Construction & Building	(8)(13)(14)	Senior Secured Loan — Revolver 7.3% Cash, 3 Month Libor (1.00%) + 6.25%; Libor Floor 1.00% , Due 4/23	10/28/2020	343,473	300,180	326,729
Luminii LLC Construction & Building	(8)(13)(14)	Senior Secured Loan — First Lien Term Loan B 7.3% Cash, 3 Month Libor (1.00%) + 6.25%; Libor Floor 1.00% , Due 4/23	10/28/2020	7,134,945	6,235,604	6,903,059
Mag Ds Corp. Aerospace and Defense	(8)(13)(14)(21)	Senior Secured Loan — First Lien Term Loan 6.5% Cash, 3 Month Libor (1.00%) + 5.50%; Libor Floor 1.00% , Due 4/27	10/28/2020	3,990,000	3,327,258	3,803,268
Maxor National Pharmacy Services, LLC Healthcare & Pharmaceuticals	(8)(13)(14)	Senior Secured Loan — First Lien Term Loan B 6.5% Cash, 3 Month Libor (1.00%) + 5.50%; Libor Floor 1.00% , Due 11/23	10/28/2020	8,532,796	7,439,057	8,453,441
Maxor National Pharmacy Services, LLC Healthcare & Pharmaceuticals	(8)(13)(14)	Senior Secured Loan — Revolver 0.5% Cash, Due 11/22	10/28/2020	-	(0)	(5,441)

Portfolio Company / Principal Business		Investment Interest Rate ¹ / Maturity ¹⁵	Initial Acquisition Date	Principal	Amortized Cost	Fair Value ²
McNally Industries, LLC Consumer goods: Durable	(8)(13)	Senior Secured Loan — Delayed Draw Term Loan (First Lien) 7.3% Cash, 1 Month Libor (1.50%) + 5.75%; Libor Floor 1.50% , Due 8/24	10/28/2020	49,147	42,989	49,024
McNally Industries, LLC Consumer goods: Durable	(8)(13)	Senior Secured Loan — Revolver 0.5% Cash, Due 8/24	10/28/2020	-	(5,507)	(125)
McNally Industries, LLC Consumer goods: Durable	(8)(13)	Senior Secured Loan — First Lien Term Loan 7.3% Cash, 1 Month Libor (1.50%) + 5.75%; Libor Floor 1.50% , Due 8/24	10/28/2020	6,770,625	5,922,332	6,753,698
Ministry Brands, LLC Electronics	(8)(13)(14)	Junior Secured Loan — April 2018 Incremental Term Loan (Second Lien) 9.0% Cash, 3 Month Libor (1.00%) + 8.00%; Libor Floor 1.00% , Due 6/23	12/18/2019	6,000,000	5,555,131	5,722,800
Mother's Market & Kitchen, Inc. Healthcare & Pharmaceuticals	(8)(13)(14)	Senior Secured Loan — First Lien Term Loan 6.8% Cash, 3 Month Libor (1.25%) + 5.50%; Libor Floor 1.25% , Due 7/23	10/28/2020	6,954,470	6,070,606	6,841,807
MountainTop Financial, LLC Transportation: Cargo	(8)(13)(14)	Senior Secured Loan — First Lien Term Loan A 8.5% Cash, 3 Month Libor (1.50%) + 7.00%; Libor Floor 1.50% , Due 3/24	10/28/2020	6,379,954	5,584,923	6,353,158
MSM Acquisitions, Inc. Services: Business	(8)(13)(14)	Senior Secured Loan — Delayed Draw Term Loan (First Lien) 1.0% Cash, Due 6/22	12/31/2020	-	7,339	7,353
MSM Acquisitions, Inc. Services: Business	(8)(13)(14)	Senior Secured Loan — First Lien Term Loan 7.0% Cash, 1 Month Libor (1.00%) + 6.00%; Libor Floor 1.00% , Due 1/26	12/31/2020	7,058,824	6,970,629	6,970,588
Nasco Healthcare Inc. Healthcare, Education and Childcare	(8)(13)(14)(21)	Senior Secured Loan — Term Loan 5.5% Cash, 3 Month Libor (1.00%) + 4.50%; Libor Floor 1.00% , Due 6/21	5/22/2020	4,509,119	4,220,080	4,285,015
Navex Topco, Inc. Electronics	(8)(13)(14)(18)(21)	Junior Secured Loan — Initial Term Loan (Second Lien) 7.2% Cash, 1 Month Libor (0.15%) + 7.00% , Due 9/26	12/4/2018	7,700,000	7,222,712	7,488,250
Naviga Inc. Services: Business	(8)(13)(14)	Senior Secured Loan — Delayed Draw Term Loan 8.0% Cash, 3 Month Libor (1.00%) + 7.00%; Libor Floor 1.00% , Due 12/22	10/28/2020	461,859	401,461	455,532
Naviga Inc. Services: Business	(8)(13)(14)	Senior Secured Loan — First Lien Term Loan 8.0% Cash, 3 Month Libor (1.00%) + 7.00%; Libor Floor 1.00% , Due 12/22	10/28/2020	411,227	321,598	401,837

Portfolio Company / Principal Business		Investment Interest Rate ¹ / Maturity ¹⁵	Initial Acquisition Date	Principal	Amortized Cost	Fair Value ²
Naviga Inc. Services: Business	(8)(13)(14)	Senior Secured Loan — First Lien Term Loan 8.0% Cash, 3 Month Libor (1.00%) + 7.00%; Libor Floor 1.00% , Due 12/22	10/28/2020	5,050,283	4,389,994	4,981,094
Novetta Solutions, LLC High Tech Industries	(8)(14)	Senior Secured Loan — First Lien Term Loan 6.0% Cash, 3 Month Libor (1.00%) + 5.00%; Libor Floor 1.00% , Due 10/22	10/28/2020	1,943,730	1,677,869	1,939,678
Orbit Purchaser LLC Banking, Finance, Insurance & Real Estate	(8)(13)(14)	Senior Secured Loan — Incremental First Lien Term Loan 5.5% Cash, 3 Month Libor (1.00%) + 4.50%; Libor Floor 1.00% , Due 10/24	10/28/2020	1,539,869	1,339,929	1,527,242
Orbit Purchaser LLC Banking, Finance, Insurance & Real Estate	(8)(13)(14)	Senior Secured Loan — First Lien Term Loan 5.5% Cash, 3 Month Libor (1.00%) + 4.50%; Libor Floor 1.00% , Due 10/24	10/28/2020	2,548,122	2,211,950	2,527,227
Orbit Purchaser LLC Banking, Finance, Insurance & Real Estate	(8)(13)(14)	Senior Secured Loan — Delayed Draw Term Loan 5.5% Cash, 3 Month Libor (1.00%) + 4.50%; Libor Floor 1.00% , Due 10/24	10/28/2020	745,098	648,353	738,988
Phoenix Guarantor Inc. Healthcare & Pharmaceuticals	(8)(13)(14)	Junior Secured Loan — Term Loan Second Lien 9.3% Cash, 1 Month Libor (1.00%) + 8.25%; Libor Floor 1.00% , Due 3/27	12/18/2019	1,200,000	1,100,239	1,179,480
Pinstripe Holdings, LLC Services: Business	(8)(13)(14)	Senior Secured Loan — Initial Term Loan 6.3% Cash, 6 month Libor (0.27%) + 6.00% , Due 1/25	1/17/2019	4,912,500	4,845,938	4,620,206
PromptCare Companies, The Healthcare & Pharmaceuticals	(8)(13)(14)(21)	Senior Secured Loan — Second Delayed Draw Term Loan 1.0% Cash, Due 12/25	2/20/2020	-	(2,326)	(4,091)
PromptCare Companies, The Healthcare & Pharmaceuticals	(8)(13)(14)(21)	Senior Secured Loan — Term Loan 6.3% Cash, 1 Month Libor (1.00%) + 5.25%; Libor Floor 1.00% , Due 12/25	2/20/2020	3,870,000	3,837,015	3,840,975
PromptCare Companies, The Healthcare & Pharmaceuticals	(8)(13)(14)	Senior Secured Loan — First Delayed Draw Term Loan 6.3% Cash, 1 Month Libor (1.00%) + 5.25%; Libor Floor 1.00% , Due 12/25	2/20/2020	540,000	535,398	535,950
PSC Industrial Holdings Corp. Environmental Industries	(8)(14)	Junior Secured Loan — Initial Term Loan (Second Lien) 9.5% Cash, 1 Month Libor (1.00%) + 8.50%; Libor Floor 1.00% , Due 10/25	10/5/2017	3,000,000	2,962,901	2,622,495
PVHC Holding Corp Containers, Packaging and Glass	(8)(13)(14)	Senior Secured Loan — Initial Term Loan 5.8% Cash, 3 Month Libor (1.00%) + 4.75%; Libor Floor 1.00% , Due 8/24	8/10/2018	2,815,200	2,806,740	2,502,994
Q Holding Company (fka Lex Precision Corp) Chemicals, Plastics & Rubber	(8)(13)(14)	Senior Secured Loan — First Lien Term Loan 6.0% Cash, 3 Month Libor (1.00%) + 5.00%; Libor Floor 1.00% , Due 12/23	10/28/2020	2,379,005	1,917,038	2,234,599

Portfolio Company / Principal Business		Investment Interest Rate ¹ / Maturity ¹⁵	Initial Acquisition Date	Principal	Amortized Cost	Fair Value ²
Qualtek USA, LLC High Tech Industries	(8)(14)	Senior Secured Loan — First Lien Term Loan 7.3% Cash, 3 Month Libor (1.00%) + 6.25%; Libor Floor 1.00% , Due 7/25	10/28/2020	5,660,358	4,507,974	5,358,491
RA Outdoors, LLC Services: Business	(8)(13)(14)	Senior Secured Loan — First Lien Term Loan 5.8% Cash, 3 Month Libor (1.00%) + 4.75%; Libor Floor 1.00% , Due 9/24	10/28/2020	7,206,556	6,272,077	7,139,535
Radiology Partners, Inc Healthcare & Pharmaceuticals	(8)(14)(21)	Senior Secured Loan — Term B Loan (First Lien) 5.3% Cash, 12 Month Libor (1.04%) + 4.25% , Due 7/25	3/24/2020	7,000,000	5,845,451	6,900,845
Radius Aerospace, Inc. Aerospace and Defense	(8)(13)(14)	Senior Secured Loan — Initial Term Loan 6.8% Cash, 3 Month Libor (1.00%) + 5.75%; Libor Floor 1.00% , Due 3/25	6/27/2019	6,877,500	6,801,385	6,351,371
Ravn Air Group, Inc. Aerospace and Defense	(5)(8)(13)	Senior Secured Loan — Initial Term Loan 6.0% Cash, Due 7/21	7/29/2015	1,015,351	247,543	225,306
Ritedose Holdings I, Inc Healthcare & Pharmaceuticals	(8)(13)(14)	Senior Secured Loan — Revolver 0.5% Cash, Due 9/23	10/28/2020	-	(0)	(1,988)
Ritedose Holdings I, Inc Healthcare & Pharmaceuticals	(8)(13)(14)	Senior Secured Loan — First Lien Term Loan 7.5% Cash, 3 Month Libor (1.00%) + 6.50%; Libor Floor 1.00% , Due 9/23	10/28/2020	7,457,779	6,506,876	7,430,185
Riverside Fund V, L.P. Banking, Finance, Insurance & Real Estate	(13)(21)	Senior Secured Loan — Term Loan 9.5% Cash, Due 3/21	10/28/2020	2,500,000	2,475,000	2,475,000
Robertshaw US Holding Corp. Capital Equipment	(8)(13)	Junior Secured Loan — Initial Term Loan (Second Lien) 9.0% Cash, 1 Month Libor (1.00%) + 8.00%; Libor Floor 1.00% , Due 2/26	2/15/2018	3,000,000	2,980,618	2,393,100
Roscoe Medical, Inc. Healthcare & Pharmaceuticals	(8)(13)	Junior Secured Loan — Term Loan (Second Lien) 11.3% Cash, Due 3/21	3/26/2014	8,201,777	8,199,552	7,894,210
Safe Fleet Holdings LLC Automotive	(8)(14)	Junior Secured Loan — Initial Term Loan (Second Lien) 7.8% Cash, 6 month Libor (1.00%) + 6.75%; Libor Floor 1.00% , Due 2/26	12/18/2019	700,000	624,061	616,875
San Vicente Capital LLC Telecommunications	(8)(13)(14)(21)	Senior Secured Loan — Term Loan 9.5% Cash, 3 Month Libor (1.50%) + 8.00%; Libor Floor 1.50% , Due 6/25	6/10/2020	3,000,000	2,960,051	3,003,900

Portfolio Company / Principal Business		Investment Interest Rate ¹ / Maturity ¹⁵	Initial Acquisition Date	Principal	Amortized Cost	Fair Value ²
SCSG EA Acquisition Company, Inc. Healthcare & Pharmaceuticals	(8)(13)(14)	Junior Secured Loan — Initial Term Loan (Second Lien) 9.3% Cash, 3 Month Libor (1.00%) + 8.25%; Libor Floor 1.00% , Due 9/24	8/18/2017	6,000,000	5,968,089	5,761,200
Shipston Group, U.S., Inc. Automotive	(8)(13)(14)(20)	Senior Secured Loan — First Lien Term Loan 7.5% Cash, 2.4% PIK, 1 Month Libor (1.25%) + 8.65%; Libor Floor 1.25% , Due 9/23	10/28/2020	6,299,241	5,355,206	6,124,122
Smartronix, Inc. Services: Business	(8)(13)(14)(21)	Senior Secured Loan — Initial Term Loan 7.5% Cash, 3 Month Libor (1.50%) + 6.00%; Libor Floor 1.50% , Due 12/25	5/1/2020	4,962,406	4,742,756	4,815,519
Sundance Holdings Group, LLC Retail	(8)(13)(14)(20)	Senior Secured Loan — First Lien Term Loan 7.2% Cash, 2.0% PIK, 3 Month Libor (1.00%) + 6.23%; Libor Floor 1.00% , Due 5/24	10/28/2020	6,768,583	5,790,208	6,597,338
Surgical Specialties Corporation (Us), Inc. Healthcare & Pharmaceuticals	(3)(13)(14)	Senior Secured Loan — First Lien Term Loan 5.2% Cash, 1 Month Libor (0.15%) + 5.00% , Due 5/25	10/28/2020	4,341,432	3,483,355	3,963,727
Tailwind Randys, LLC Automotive	(8)(13)(14)	Senior Secured Loan — Initial Term Loan 6.0% Cash, 3 Month Libor (1.00%) + 5.00%; Libor Floor 1.00% , Due 5/25	6/27/2019	4,925,000	4,860,904	4,910,717
Tank Partners Equipment Holdings LLC Energy: Oil & Gas	(5)(8)(13)	Senior Unsecured Bond — 10.000% - 02/2022 - TankConvert 0.0% Cash, 10.0% PIK, Due 2/22	2/15/2019	481,051	416,170	207,766
Tex-Tech Industries, Inc. Textiles and Leather	(8)(13)(14)	Junior Secured Loan — Term Loan (Second Lien) 10.0% Cash, 1 Month Libor (1.00%) + 9.00%; Libor Floor 1.00% , Due 8/24	8/24/2017	12,508,000	12,415,194	10,860,696
The Cook & Boardman Group, LLC Construction & Building	(8)(14)	Senior Secured Loan — First Lien Term Loan 6.8% Cash, 3 Month Libor (1.00%) + 5.75%; Libor Floor 1.00% , Due 10/25	10/28/2020	1,635,880	1,377,740	1,564,311
The Edelman Financial Center, LLC Banking, Finance, Insurance & Real Estate	(8)(14)	Junior Secured Loan — Initial Term Loan (Second Lien) 6.9% Cash, 1 Month Libor (0.11%) + 6.75% , Due 7/26	12/18/2019	300,000	272,637	302,250
Theragenics Corp Healthcare & Pharmaceuticals	(8)(13)(14)	Senior Secured Loan — First Lien Term Loan B 9.0% Cash, 3 Month Libor (1.00%) + 8.00%; Libor Floor 1.00% , Due 5/24	10/28/2020	8,212,500	7,015,358	7,971,052
TLE Holdings, LLC Healthcare, Education and Childcare	(8)(13)(14)(21)	Senior Secured Loan — Initial Term Loan 7.0% Cash, 6 month Libor (1.00%) + 6.00%; Libor Floor 1.00% , Due 6/24	6/27/2019	5,631,157	5,612,790	5,490,378
TLE Holdings, LLC Healthcare, Education and Childcare	(8)(13)(14)(21)	Senior Secured Loan — Delayed Draw Term Loan 7.0% Cash, 6 month Libor (1.00%) + 6.00%; Libor Floor 1.00% , Due 6/24	6/27/2019	742,874	741,666	724,255

Portfolio Company / Principal Business		Investment Interest Rate ¹ / Maturity ¹⁵	Initial Acquisition Date	Principal	Amortized Cost	Fair Value ²
Triangle Home Fashions LLC Consumer goods: Durable	(8)(13)(14)(20)	Senior Secured Loan — First Lien Term Loan 7.7% Cash, 1 Month Libor (1.00%) + 6.72%; Libor Floor 1.00% , Due 3/23	10/28/2020	10,500,000	9,222,836	10,447,500
TronAir Parent Inc. Aerospace and Defense	(8)(13)(14)	Senior Secured Loan — Initial Term Loan (First Lien) 5.8% Cash, 12 Month Libor (1.00%) + 4.75%; Libor Floor 1.00% , Due 9/23	9/30/2016	967,172	966,030	838,248
TRSO I, Inc. Energy: Oil & Gas	(8)(13)(14)	Junior Secured Loan — Term Loan (Second Lien) 14.0% Cash, 3 Month Libor (1.00%) + 13.00%; Libor Floor 1.00% , Due 12/20	12/24/2012	1,000,000	999,999	1,000,000
TRSO II, Inc. Energy: Oil & Gas	(5)(8)(13)	Junior Secured Loan — Promissory Note, 1.7% PIK, Due 1/25	1/24/2020	71,626	71,626	-
Vectra Co. Chemicals, Plastics & Rubber	(8)(14)	Junior Secured Loan — Initial Loan (Second Lien) 7.4% Cash, 1 Month Libor (0.15%) + 7.25% , Due 3/26	12/18/2019	400,000	354,613	380,334
Vero Parent, Inc. Services: Business	(8)(14)	Senior Secured Loan — First Lien Term Loan 6.5% Cash, 3 Month Libor (0.23%) + 6.25% , Due 8/24	10/28/2020	2,790,055	2,417,526	2,789,009
Wash MultiFamily Acquisition Inc. Consumer goods: Durable	(8)(13)(14)	Junior Secured Loan — Initial US Term Loan (Second Lien) 8.0% Cash, 1 Month Libor (1.00%) + 7.00%; Libor Floor 1.00% , Due 5/23	12/18/2019	2,978,354	2,666,444	2,781,783
WireCo WorldGroup Inc. Capital Equipment	(8)(13)(14)	Junior Secured Loan — Initial Term Loan (Second Lien) 10.0% Cash, 6 month Libor (1.00%) + 9.00%; Libor Floor 1.00% , Due 9/24	8/9/2016	3,000,000	2,978,909	2,458,500
Wonder Love, Inc. Media: Diversified & Production	(8)(13)(14)(21)	Senior Secured Loan — Term Loan 6.0% Cash, 3 Month Libor (1.00%) + 5.00%; Libor Floor 1.00% , Due 11/24	11/18/2019	2,700,000	2,658,914	2,612,250
Zest Acquisition Corp. Healthcare, Education and Childcare	(8)(13)(14)(18)	Junior Secured Loan — Initial Term Loan (Second Lien) 8.5% Cash, 1 Month Libor (1.00%) + 7.50%; Libor Floor 1.00% , Due 3/26	3/8/2018	3,500,000	3,485,385	3,291,400
Total Investment in Debt Securities (187% of net asset value at fair value)				\$ 437,751,485	\$ 392,932,411	\$ 404,860,855

Equity Securities Portfolio

Portfolio Company / Principal Business	Investment ¹⁵	Initial Acquisition Date	Quantity/Par /Shares	Cost	Fair Value ²
4L Technologies Inc.(8)(13)(19) Healthcare & Pharmaceuticals	Class A Preferred Units	5/29/2020	321	29,277	29,275
AAPC Holdings LLC.(8)(13)(21)(22) Healthcare & Pharmaceuticals	Class A Preferred Units; 18% PIK; No maturity	6/27/2019	5,500,000	5,500,000	5,500,000
Advanced Lighting Technologies, Inc.(8)(13)(19) Consumer goods: Durable	Warrant	6/13/2012	354	—	—
Advanced Lighting Technologies, Inc.(8)(13)(19) Consumer goods: Durable	Membership Interests	6/13/2012	18,520	182,000	—
Advantage Capital Holdings LLC(8)(13)(19)(22) Banking, Finance, Insurance & Real Estate	Class A Membership Units	2/14/2020	628	—	—
Anthem Sports & Entertainment Inc. (8)(13)(19)(21) Media: Broadcasting & Subscription	Warrant Class A, 9/29 maturity	9/9/2019	221	43,887	17,315
Anthem Sports & Entertainment Inc. (8)(13)(19)(21) Media: Broadcasting & Subscription	Warrant Class B, 9/29 maturity	9/9/2019	39	—	—
Anthem Sports & Entertainment Inc. (8)(13)(19)(21) Media: Broadcasting & Subscription	Warrant Common Stock, 9/29 maturity	9/9/2019	721	—	—
ATP Oil & Gas Corporation(8)(12)(19) Energy: Oil & Gas	Limited Term Royalty Interest	12/18/2019	2,271,449	2,271,449	2,006,598
Carestream Health Inc. (8)(13)(19) Healthcare & Pharmaceuticals	Warrants	3/13/2019	—	—	—
Centric Brands Inc. (8)(13)(19) Machinery (Non-Agrclt/Constr/Electr)	Common	10/28/2020	36,342	—	34,525
eInstruction Acquisition, LLC(8)(13)(19) Services: Business	Membership Units	7/2/2007	1,076	1,079,617	1,000
EJF Investments Ltd.(3)(19) Services: Business	Preferred Equity, 0%; 6/25 maturity	6/17/2020	1,366,900	1,256,485	1,407,907

Portfolio Company / Principal Business	Investment ¹⁵	Initial Acquisition Date	Quantity/Par /Shares	Cost	Fair Value ²
Emtec, Inc.(8)(13)(19) Services: Business	Preferred Equity	10/28/2020	319,357	—	—
Oneida Group, Inc.(8)(13)(19) Consumer goods: Durable	Common	10/28/2020	1,085,565	345,834	347,381
Faraday Holdings LLC.(8)(13)(19) Consumer goods: Durable	Class D Shares	10/28/2020	2,752	548,377	865,493
FP WRCA Coinvestment Fund VII, Ltd.(3)(13)(19) Capital Equipment	Class A Shares	2/2/2007	1,500,000	1,500,000	480,300
Fusion Connect, Inc. (8)(13)(19) Telecommunications	Common	10/28/2020	121,871	865,854	1,039,560
GIG Rooster Holdings I, LLC (8)(13)(18)(19) Energy: Oil & Gas	Common	10/28/2020	99	—	123,354
New Millennium Holdco, Inc. (Millennium Health, LLC)(8)(13)(19) Healthcare & Pharmaceuticals	Common	10/7/2014	29,699	1,953,300	1,000
Ohene Holdings B.V.(3)(13)(19) Services: Business	Warrants	3/31/2019	4	—	—
Prosper Marketplace (6)(13)(19) Consumer goods: Durable	Class B Preferred Units	10/28/2020	912,865	278,865	365,146
Roscoe Investors, LLC(8)(13)(19) Healthcare & Pharmaceuticals	Class A Units	3/26/2014	10,000	1,000,000	454,000
Tank Partners Equipment Holdings, LLC(8)(9)(13)(16)(19) Energy: Oil & Gas	Class A Units	8/28/2014	49,000	6,228,000	—
TRSO II, Inc.(8)(13)(19) Energy: Oil & Gas	Common Stock	12/24/2012	1,228	420,289	—
Valterra Products Holdings, LLC(8)(13)(19) Consumer goods: Durable	Class A Units	10/28/2020	185,847	981,365	1,144,818
Valterra Products Holdings, LLC(8)(13)(19) Consumer goods: Durable	Class B Units	10/28/2020	20,650	109,040	127,205
Total Investment in Equity Securities (6% of net asset value at fair value)			\$ 13,435,508	\$ 24,593,639	\$ 13,944,876

CLO Subordinated Investments

Portfolio Company	Investment ^{15,11}	Initial Acquisition Date	Percentage Ownership	Amortized Cost	Fair Value ²
Catamaran CLO 2013-1 Ltd.(3)(13)(21)	Subordinated Securities, effective interest 10.7%, 1/28 maturity	6/4/2013	23.3%	6,219,310	2,611,423
Catamaran CLO 2014-1 Ltd.(3)(13)	Subordinated Securities, effective interest 2.4%, 4/30 maturity	5/6/2014	22.2%	9,998,258	3,835,632
Dryden 30 Senior Loan Fund(3)(13)	Subordinated Securities, effective interest 21.2%, 11/28 maturity	10/10/2013	6.8%	1,272,501	1,322,100
Catamaran CLO 2014-2 Ltd.(3)(13)(21)	Subordinated Securities, effective interest 0.0%, 10/26 maturity	8/15/2014	24.9%	6,065,598	-
Catamaran CLO 2015-1 Ltd.(3)(6)(13)(21)	Subordinated Securities, effective interest 9.0%, 4/27 maturity	5/5/2015	9.9%	4,141,981	1,609,400
Catamaran CLO 2016-1 Ltd.(3)(13)	Subordinated Securities, effective interest 8.0%, 1/29 maturity	12/21/2016	24.9%	8,872,484	3,549,000
Catamaran CLO 2018-1 Ltd(3)(13)	Subordinated Securities, effective interest 10.0%, 10/31 maturity	9/27/2018	24.8%	9,157,681	6,655,000
Total Investment in CLO Fund Securities (9% of net asset value at fair value)				\$ 45,727,813	\$ 19,582,555

Asset Manager Affiliates

Portfolio Company / Principal Business	Investment ¹⁵	Initial Acquisition Date	Percentage Ownership	Cost	Fair Value ²
Asset Manager Affiliates ⁽⁸⁾⁽⁹⁾⁽¹³⁾⁽¹⁶⁾	Asset Management Company	12/11/2006	100%	\$ 17,791,230	\$ -
Total Investment in Asset Manager Affiliates (0% of net asset value at fair value)				\$ 17,791,230	\$ -
Derivatives					
Portfolio Company / Principal Business	Investment ¹⁵	Initial Acquisition Date	Percentage Ownership	Cost	Fair Value ²
AAPC Holdings LLC ⁽¹³⁾⁽²¹⁾⁽²²⁾ Banking, Finance, Insurance & Real Estate	Securities Swap and Option Agreement	9/30/2019		\$ -	\$ (1,120,695)
HDNet Holdco LLC ⁽¹³⁾⁽²¹⁾⁽²²⁾ Media: Broadcasting & Subscription	Call Option	9/9/2019		30,609	12,077
Total Derivatives (0% of net asset value at fair value)				\$ 30,609	\$ (1,108,618)
Joint Ventures					
Portfolio Company / Principal Business	Investment ¹⁵	Initial Acquisition Date	Percentage Ownership	Cost	Fair Value ²
KCAP Freedom 3 LLC ⁽⁹⁾⁽¹³⁾⁽¹⁶⁾	Joint Venture	7/19/2017	60%	\$ 24,914,858	\$ 19,748,808
BCP Great Lakes Holdings LP ⁽¹⁰⁾⁽¹⁷⁾⁽¹⁸⁾ Limited Partnership	Joint Venture	12/11/2018	27%	30,017,600	29,600,355
Total Investment in Joint Ventures (23% of net asset value at fair value)				\$ 54,932,458	\$ 49,349,163
Total Investments⁴				\$ 536,008,160	\$ 486,628,831

- 1 A majority of the variable rate loans in the Company's investment portfolio bear interest at a rate that may be determined by reference to either LIBOR or an alternate Base Rate (commonly based on the Federal Funds Rate or the Prime Rate), which typically resets semi-annually, quarterly, or monthly at the borrower's option. The Borrower may also elect to have multiple interest reset periods for each December 31, 2020 loan. For each such loan, the Company has provided the weighted average annual stated interest rate in effect at December 31, 2020. As noted in the table above, 74% (based on par) of debt securities contain floors which range between 1.00% and 2.00%.
- 2 Reflects the fair market value of all investments as of December 31, 2020 as determined by the Company's Board of Directors.
- 3 Non-U.S. company or principal place of business outside the U.S.
- 4 The aggregate cost of investments for federal income tax purposes is approximately \$572 million. The aggregate gross unrealized appreciation is approximately \$53.1 million, the aggregate gross unrealized depreciation is approximately \$138.6 million, and the net unrealized depreciation is approximately \$85.5 million.
- 5 Loan or debt security is on non-accrual status and therefore is considered non-income producing.
- 6 Held through Garrison Capital Equity Holdings II LLC and net of non-controlling member's interest of 17.5% pursuant to the Amended and Restated Limited Liability Company Agreement of Garrison Capital Equity Holdings II LLC.
- 7 Money market account.
- 8 Qualified asset for purposes of section 55(a) of the Investment Company Act of 1940, as amended (the "1940 Act"). Qualifying assets represent approximately 86.2% of the total assets at December 31, 2020.
- 9 As defined in the 1940 Act, the Company is deemed to be both an "Affiliated Person" and has "Control" of this portfolio company as the Company owns more than 25% of the portfolio company's outstanding voting securities or has the power to exercise control over management or policies of such portfolio company (including through a management agreement). Other than for purposes of the 1940 Act, the Company does not believe that it has control over this portfolio company.
- 10 Non-voting.
- 11 CLO Subordinated Investments are entitled to periodic distributions which are generally equal to the remaining cash flow of the payments made by the underlying fund's investments less contractual payments to debt holders and fund expenses. The estimated annualized effective yield indicated is based upon a current projection of the amount and timing of these distributions. Such projections are updated on a quarterly basis and the estimated effective yield is adjusted prospectively.
- 12 This investment is on non-accrual status and receives a 5% royalty interest on oil being produced on certain fields. All production payments received are being applied to the cost basis and are considered return of capital.
- 13 Fair value of this investment was determined using significant unobservable inputs.
- 14 As of December 31, 2020, this investment is pledged to secure the Company's debt obligations.
- 15 The Company's investments are generally acquired in private transactions exempt from registration under the Securities Act of 1933, as amended (the "Securities Act") and, therefore, are generally subject to limitations on resale, and may be deemed to be "restricted securities" under the Securities Act of 1933.
- 16 As defined in the 1940 Act, the Company is deemed to be both an "Affiliated Person" and has "Control" of this portfolio company as the Company owns more than 25% of the portfolio company's outstanding voting securities or has the power to exercise control over management or policies of such portfolio company.
- 17 Ownership of LP interest held through the holding company BCP Great Lakes Fund, L.P, a non-U.S. company or principal place of business outside the U.S.
- 18 Under the 1940 Act, the Company is deemed to be an "Affiliated Person" of, as defined in the 1940 Act, this portfolio company as the Company owns at least 5% but no more than 25% of the portfolio company's outstanding voting securities or is under common control with such portfolio company. Other than for purpose of the 1940 Act, the Company does not believe it has control over this portfolio company.
- 19 Non-income producing.

²⁰ In addition to the stated interest rate of this security, which is the amount disclosed in this schedule, the Company is entitled to receive additional interest as a result of an arrangement with other lenders in the syndication, whereby the “first out” tranche will have priority over the Company’s “last out” tranche with respect to payments of principal, interest and any other amounts due thereunder from the borrower. The additional interest received during the quarter has been annualized and included in the spread disclosed for this investment.

²¹ Represents co-investment made with the Company’s affiliates in accordance with the terms of the exemptive relief that the Company received

²² Information related to the Company’s derivatives is presented below as of December 31, 2020:

Description	Payments made	Payments received	Counterparty	Maturity date	Notional amount	Value	Upfront payments/receipts	Unrealized gain (loss)
Securities Swap and Option Agreement	18% PIK	16% Cash	Advantage Capital Holdings LLC.	9/15/24	\$ 5,500,000	\$ (1,120,695)	\$ -	\$ (1,120,695)

Description	Counterparty	Number of shares	Notional amount	Exercise price	Expiration date	Value
Call option	HDNet Holdco LLC	0.2	\$ 7,656	\$ 0.01	N/A	\$ 12,077

See accompanying notes to unaudited consolidated financial statements.

PORTMAN RIDGE FINANCE CORPORATION
CONSOLIDATED FINANCIAL HIGHLIGHTS
(unaudited)

	For the Three Months Ended March 31,	
	2021⁴	2020⁴
Per Share Data:		
Net asset value, at beginning of period	\$ 2.88	\$ 3.40
Net investment income ¹	0.11	0.06
Net realized gains (losses) from investments ¹	(0.07)	(0.02)
Realized (losses) gains from extinguishment of debt ¹	(0.02)	0.0
Net change in unrealized (depreciation) appreciation on investments ¹	0.09	(0.69)
Net (decrease) increase in net assets resulting from operations	0.11	(0.65)
Net decrease in net assets resulting from distributions	(0.06)	(0.06)
Net asset value, end of period	\$ 2.92	\$ 2.69
Total net asset value return ²	3.7%	(19.2)%
Ratio/Supplemental Data:		
Per share market value at beginning of period	\$ 1.91	\$ 2.12
Per share market value at end of period	\$ 2.16	\$ 0.94
Total market return ³	16.2%	(52.8)%
Shares outstanding at end of period	75,195,141	44,725,872
Net assets at end of period	\$ 219,855,108	\$ 120,369,612
Portfolio turnover rate ⁵	16.8%	8.5%
Asset coverage ratio	170%	188%
Ratio of net investment income to average net assets (annualized)	15.1%	8.1%
Ratio of total expenses to average net assets (annualized) ⁶	18.5%	14.6%
Ratio of interest expense to average net assets (annualized)	6.2%	6.9%
Ratio of non-interest expenses to average net assets (annualized) ⁶	12.3%	7.7%

¹ Based on weighted average number of common shares outstanding-basic for the period.

² Total net asset value return (not annualized) equals the change in the net asset value per share over the period plus distributions, divided by the beginning net asset value per share.

³ Total market return (not annualized) equals the change in market price, per share during the period plus distributions, divided by the beginning market price per share.

⁴ Totals may not sum due to rounding.

⁵ Portfolio turnover rate equals the year-to-date sales and paydowns over the average of the invested assets at fair value.

⁶ Incentive fees earned during the quarter ended March 31, 2021, were approximately \$2.1 million, none of which were waived. For the three months ended March 31, 2020, incentive fees earned were approximately \$102 thousand, all of which were waived pursuant to the Externalization Agreement. Excluding the waiver, for the three months ended March 31, 2020, ratio of total expenses to average net assets (annualized) was 14.9% and the ratio of non-interest expenses to average net assets (annualized) was 8.0%.

See accompanying notes to consolidated financial statements.

PORTMAN RIDGE FINANCE CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

1. ORGANIZATION

Portman Ridge Finance Corporation (“Portman Ridge” or the “Company”), formerly known as KCAP Financial, Inc., is an externally managed, non-diversified closed-end investment company that has elected to be regulated as a business development company (“BDC”) under the Investment Company Act of 1940, as amended (the “1940 Act”). The Company was formed as a Delaware limited liability company on August 8, 2006 and, prior to the issuance of shares of the Company’s common stock in its initial public offering (“IPO”), converted to a corporation incorporated in Delaware on December 11, 2006.

The Company originates, structures, and invests in secured term loans, bonds or notes and mezzanine debt primarily in privately-held middle market companies but may also invest in other investments such as loans to publicly-traded companies, high-yield bonds, and distressed debt securities (collectively the “Debt Securities Portfolio”). The Company also invests in joint ventures and debt and subordinated securities issued by collateralized loan obligation funds (“CLO Fund Securities”). In addition, from time to time the Company may invest in the equity securities of privately held middle market companies and may also receive warrants or options to purchase common stock in connection with its debt investments.

The Company has elected to be treated and intends to continue to qualify as a regulated investment company (“RIC”) under Subchapter M of the Internal Revenue Code of 1986, as amended (the “Code”). To qualify as a RIC, the Company must, among other things, meet certain source-of-income, asset diversification and annual distribution requirements. As a RIC, the Company generally will not have to pay corporate-level U.S. federal income taxes on any income that it distributes in a timely manner to its stockholders.

On March 29, 2018, the Company’s Board of Directors (the “Board”), including a “required majority” (as such term is defined in Section 57(o) of the 1940 Act) of the Board, approved the modified asset coverage requirements set forth in Section 61(a)(2) of the 1940 Act, as amended by the Small Business Credit Availability Act (“SBCA”). As a result, the Company’s asset coverage requirement for senior securities changed from 200% to 150%, effective as of March 29, 2019.

During the third quarter of 2017, the Company formed a joint venture with Freedom 3 Opportunities LLC (“Freedom 3 Opportunities”), an affiliate of Freedom 3 Capital LLC, to create KCAP Freedom 3 LLC (the “Joint Venture”). The Company and Freedom 3 Opportunities contributed approximately \$37 million and \$25 million, respectively, in assets to the Joint Venture, which in turn used the assets to capitalize a new fund (KCAP FC3 Senior Funding, L.L.C. or the “Fund”) managed by KCAP Management, LLC, one of the Company’s indirectly wholly-owned Asset Manager Affiliate (as defined below) subsidiaries. In addition, the Fund used cash on hand and borrowings under a credit facility to purchase approximately \$184 million of loans from the Company and the Company used the proceeds from such sale to redeem approximately \$147 million in debt issued by KCAP Senior Funding I, LLC (“KCAP Senior Funding”). The Joint Venture may originate loans from time to time and sell them to the Fund.

During the fourth quarter of 2017, the Fund was refinanced through the issuance of senior and subordinated notes. The Joint Venture purchased 100% of the subordinated notes issued by the Fund. In connection with the refinancing, the Company received a cash distribution of \$12.6 million, \$11.8 million of which was a return of capital.

LibreMax Transaction

On November 8, 2018, the Company entered into an agreement with LibreMax Intermediate Holdings, LP (“LibreMax”) under which Commodore Holdings, LLC (“Commodore”), a wholly-owned subsidiary of the Company, sold the Company’s wholly-owned asset manager subsidiaries Katonah Debt Advisors, LLC (“Katonah Debt Advisors”), Trimaran Advisors, L.L.C. (“Trimaran Advisors”), and Trimaran Advisors Management, L.L.C. (“Trimaran Advisors Management” and, together with Katonah Debt Advisors and Trimaran Advisors, the “Disposed Manager Affiliates”), for a cash purchase price of approximately \$37.9 million (the “LibreMax Transaction”). The LibreMax Transaction closed on December 31, 2018. As of March 31, 2021, the Company’s remaining wholly-owned asset management subsidiaries (the “Asset Manager Affiliates”) were comprised of Commodore, Katonah Management Holdings, LLC, Katonah X Management LLC, Katonah 2007-1 Management, LLC and KCAP Management, LLC. Prior to their sale in the LibreMax Transaction, the Disposed Manager Affiliates represented substantially all of the Company’s investment in the Asset Manager Affiliates.

The Externalization Agreement

On December 14, 2018, the Company entered into a stock purchase and transaction agreement (the “Externalization Agreement”) with BC Partners Advisors L.P. (“BCP”), an affiliate of BC Partners LLP, (“BC Partners”), through which Sierra Crest Investment Management LLC (the “Adviser”), an affiliate of BC Partners, became the Company’s investment adviser pursuant to an investment advisory Agreement (the “Advisory Agreement”) with the Company. At a special meeting of the Company’s stockholders (the “Special Meeting”) held on February 19, 2019, the Company’s stockholders approved the Advisory Agreement. The transactions contemplated by the Externalization Agreement closed on April 1, 2019 (the “Closing”), and the Company commenced operations as an externally managed BDC managed by the Adviser on that date.

Pursuant to the Externalization Agreement with BCP, the Adviser became the Company's investment adviser in exchange for a cash payment from BCP, or its affiliate, of \$25 million, or \$0.669672 per share of the Company's common stock, directly to the Company's stockholders. In addition, the Adviser (or its affiliate) will use up to \$10 million of the incentive fee actually paid to the Adviser prior to the second anniversary of the Closing to buy newly issued shares of the Company's common stock at the most recently determined net asset value per share of the Company's common stock at the time of such purchase. For the period of one year from the first day of the first quarter following the quarter in which the Closing occurred, the Adviser will permanently forego up to the full amount of the incentive fees earned by the Adviser without recourse against or reimbursement by the Company, to the extent necessary in order to achieve aggregate net investment income per common share of the Company for such one-year period to be at least equal to \$0.40 per share, subject to certain adjustments.

On the date of the Closing, the Company changed its name from KCAP Financial, Inc. to Portman Ridge Finance Corporation and on April 2, 2019, began trading on the NASDAQ Global Select Market under the symbol "PTMN."

About the Adviser

The Adviser is an affiliate of BC Partners. Subject to the overall supervision of the Board, the Adviser is responsible for managing the Company's business and activities, including sourcing investment opportunities, conducting research, performing diligence on potential investments, structuring the Company's investments, and monitoring the Company's portfolio companies on an ongoing basis through a team of investment professionals.

The Adviser seeks to invest on behalf of the Company in performing, well-established middle market businesses that operate across a wide range of industries (i.e., no concentration in any one industry). The Adviser employs fundamental credit analysis, targeting investments in businesses with relatively low levels of cyclicality and operating risk. The holding size of each position will generally be dependent upon a number of factors including total facility size, pricing and structure, and the number of other lenders in the facility. The Adviser has experience managing levered vehicles, both public and private, and seeks to enhance the Company's returns through the use of leverage with a prudent approach that prioritizes capital preservation. The Adviser believes this strategy and approach offers attractive risk/return with lower volatility given the potential for fewer defaults and greater resilience through market cycles.

During the fourth quarter of 2020, LibreMax Intermediate Holdings, LP ("LibreMax") sold its minority stake in the Adviser to a wholly-owned subsidiary of Mount Logan Capital Inc. ("Mount Logan"). An affiliate of BC Partners serves as administrator to Mount Logan.

OHAI Transaction

On December 18, 2019, the Company completed its acquisition of OHA Investment Corporation ("OHAI"). In accordance with the terms of the merger agreement, each share of common stock, par value \$0.001 per share, of OHAI (the "OHAI Common Stock") issued and outstanding was converted into the right to receive (i) an amount in cash, without interest, equal to approximately \$0.42, and (ii) 0.3688 shares of common stock, par value \$0.01 per share, of the Company (plus any applicable cash in lieu of fractional shares). Each share of OHAI Common Stock issued and outstanding received, as additional consideration funded by the Adviser, an amount in cash, without interest, equal to approximately \$0.15.

Pursuant to the merger agreement, if at any time within one year after the closing date of the transaction the Company's common stock is trading at a price below 75% of its net asset value, the Company will initiate an open-market stock repurchase program of up to \$10 million to support the trading price of the combined entity for up to one year from the date such program is announced. The Board approved a stock repurchase program in March 2020.

GARS Transaction

On June 24, 2020, the Company entered into an Agreement and Plan of Merger (the "GARS Merger Agreement") with Garrison Capital Inc., a publicly traded BDC ("GARS"), the Adviser and a wholly-owned merger subsidiary of the Company (such transaction, the "GARS Acquisition").

On October 28, 2020 the Company completed the GARS Acquisition, pursuant to the terms and conditions of the GARS Merger Agreement. To effect the acquisition, a wholly owned merger subsidiary of the Company merged with and into GARS, with GARS surviving the merger as the Company's wholly owned subsidiary. Immediately thereafter and as a single integrated transaction, GARS consummated a second merger, whereby GARS merged with and into the Company, with the Company surviving the merger. Under the terms of the GARS Merger Agreement, each share of common stock, par value \$0.001 per share, of GARS (the "GARS Common

Stock”) issued and outstanding was converted into the right to receive (i) an amount in cash, without interest, equal to approximately \$1.19 and (ii) approximately 1.917 shares of common stock, par value \$0.01 per share, of the Company (plus any applicable cash in lieu of fractional shares). Each share of GARS Common Stock issued and outstanding received, as additional consideration funded by the Adviser, an amount in cash, without interest, equal to approximately \$0.31.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles (“GAAP”) for interim financial information. Accordingly, they do not include all of the information and footnotes required for annual consolidated financial statements. The unaudited interim consolidated financial statements (“consolidated financial statements”) and notes thereto should be read in conjunction with the financial statements and notes thereto in the Company’s Form 10-K for the year ended December 31, 2020, as filed with the U.S. Securities and Exchange Commission (the “Commission” or the “SEC”). The Company is an investment company and follows accounting and reporting guidance in Accounting Standards Codification (“ASC”) topic 946 – Financial Services – Investment Companies.

The consolidated financial statements reflect all adjustments, both normal and recurring which, in the opinion of management, are necessary for the fair presentation of the Company’s results of operations and financial condition for the periods presented. Furthermore, the preparation of the consolidated financial statements requires the Company to make significant estimates and assumptions including with respect to the fair value of investments that do not have a readily available market value. Actual results could differ from those estimates, and the differences could be material. The results of operations for the interim periods presented are not necessarily indicative of the operating results to be expected for the full year.

The Company consolidates the financial statements of its wholly-owned special purpose financing subsidiaries Garrison Funding 2018-2 Ltd. (“GF CLO 2018-2”), Great Lakes KCAP Funding I LLC, Kohlberg Capital Funding I LLC, KCAP Senior Funding I, LLC, KCAP Funding I Holdings, LLC and Great Lakes Portman Ridge Funding, LLC in its consolidated financial statements as they are operated solely for investment activities of the Company. The creditors of Great Lakes KCAP Senior Funding I, LLC and Great Lakes Portman Ridge Funding, LLC received security interests in the assets which are owned by them and such assets are not intended to be available to the creditors of Portman Ridge Finance Corporation., or any other affiliate. All of the borrowings of Kohlberg Capital Funding LLC I, KCAP Senior Funding I, LLC and Great Lakes KCAP Funding I, LLC have been fully repaid. The Company also consolidates various subsidiaries (KCAP Coastal, LLC, PTMN Sub Holdings, LLC, OHA Funding, LP, Garrison Capital Equity Holdings I LLC, Garrison Capital Equity Holdings II, LLC, Garrison Capital Equity Holdings VIII LLC, Garrison Capital Equity Holdings XI LLC, and GIG Rooster Holdings, LLC) created primarily to provide specific tax treatment for the equity and other investments held by these entities.

In accordance with Article 6 of Regulation S-X under the Securities Act of 1933, as amended (the “Securities Act”), and the Securities Exchange Act of 1934, as amended (the “Exchange Act”), the Company does not consolidate portfolio company investments, including those in which it has a controlling interest (e.g., the Asset Manager Affiliates).

The determination of the tax character of distributions is made on an annual (full calendar-year) basis at the end of the year based upon our taxable income for the full year and the distributions paid during the full year. Therefore, an estimate of tax attributes made on a quarterly basis may not be representative of the actual tax attributes of distributions for a full year.

It is the Company's primary investment objective to generate current income and capital appreciation by lending directly to privately-held middle market companies. During the quarter ended March 31, 2021, the Company provided approximately \$58.4 million to portfolio companies. Approximately \$25.0 million of this support was contractually obligated. See also Note 8 – Commitments and Contingencies. As of March 31, 2021, the Company held loans it has made to 103 investee companies with aggregate principal amounts of approximately \$412.3 million. The details of such loans have been disclosed on the unaudited consolidated schedule of investments as well as in Note 4 – Investments. In addition to providing loans to investee companies, from time to time the Company assists investee companies in securing financing from other sources by introducing such investee companies to sponsors or by, among other things, leading a syndicate of lenders to provide the investee companies with financing. During the three months ended March 31, 2021 and 2020, the Company did not recognize any fee income from such or similar activities.

Recently adopted accounting pronouncements

In February 2016, the FASB issued ASU 2016-02, Leases, and several amendments (collectively, "ASU 2016-02"), which requires lessees to recognize assets and liabilities arising from most operating leases on the consolidated statements of financial condition. For operating leases, a lessee is required to do the following: (a) recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments, in the statement of financial condition; (b) recognize a single lease cost, calculated so that the cost of the lease is allocated over the lease term on a generally straight-line basis and (c) classify all cash payments within operating activities in the statement of cash flows. The guidance is effective for fiscal periods beginning after December 15, 2018. Effective January 1, 2019 the Company recorded a right of use asset (net of previously deferred rent expense) of approximately \$3.3 million and a lease liability of approximately \$3.7 million upon adoption of this standard.

During the second quarter of 2019, the Company recognized an impairment of approximately \$1.4 million to reduce the right of use asset related to the Company's legacy office lease to its estimated fair market value. The impairment charge which was recognized in the Company's consolidated statement of operations during the second quarter of 2019. The lease was terminated during the fourth quarter of 2019.

Recent Accounting Pronouncements

In March 2020, the Financial Accounting Standards Board issued Accounting Standards Update 2020-04, Reference Rate Reform (Topic 848) – Facilitation of the Effects of Reference Rate Reform on Financial Reporting ("ASU 2020-04"). The guidance provides optional expedients and exceptions for applying GAAP to contracts, hedging relationships, and other transactions, subject to meeting certain criteria, that reference London Interbank Offered Rate ("LIBOR") or another reference rate expected to be discontinued because of reference rate reform. ASU 2020-04 is effective for all entities as of March 12, 2020 through December 31, 2022. Management continues to assess the impact that the adoption of this guidance will have on the Company's financial position, results of operations and cash flows.

Investments

Investment transactions are recorded on the applicable trade date. Realized gains or losses are determined using the specific identification method.

Valuation of Portfolio Investments. The Board is ultimately and solely responsible for making a good faith determination of the fair value of portfolio investments on a quarterly basis. Debt and equity securities for which market quotations are readily available are generally valued at such market quotations. Debt and equity securities that are not publicly traded or whose market price is not readily available are valued by the Board based on detailed analyses prepared by management and, in certain circumstances, third parties with valuation expertise. Valuations are conducted by management on 100% of the investment portfolio at the end of each quarter. The Company follows the provisions of ASC 820: Fair Value Measurements and Disclosures ("ASC 820: Fair Value"). This standard defines fair value, establishes a framework for measuring fair value, and expands disclosures about assets and liabilities measured at fair value. ASC 820: Fair Value defines "fair value" as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company utilizes independent valuation firms to provide third party valuation consulting services. Each quarter the independent valuation firm performs valuations of the Company's investments in material illiquid securities such that they are independently valued at least once during a trailing 12-month period. These third-party valuation estimates are considered as one of the relevant data points in the Company's determination of fair value. The Company intends to continue to engage an independent valuation firm in the future to provide certain valuation services, including the review of certain portfolio assets, as part of the quarterly and annual year-end valuation process.

The Board may consider other methods of valuation than those set forth below to determine the fair value of Level III investments as appropriate in conformity 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 materially from the values that would have been used had a readily available market existed for such investments. Further, such investments may be generally subject to legal and other restrictions on resale or otherwise be less liquid than publicly traded securities. In addition, changes in the market environment

and other events may occur over the life of the investments that may cause the value realized on such investments to be different from the currently assigned valuations.

The majority of the Company's investment portfolio is composed of debt and equity securities with unique contract terms and conditions and/or complexity that requires a valuation of each individual investment that considers multiple levels of market and asset specific inputs, which may include historical and forecasted financial and operational performance of the individual investment, projected cash flows, market multiples, comparable market transactions, the priority of the security compared with those of other securities for such issuers, credit risk, interest rates, and independent valuations and reviews.

Foreign Currency Translations. The accounting records of the Company are maintained in U.S. dollars. All assets and liabilities denominated in foreign currencies are translated into U.S. dollars based on the foreign exchange rate on the date of valuation. The Company does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held. The Company's investments in foreign securities may involve certain risks, including without limitation: foreign exchange restrictions, expropriation, taxation or other political, social or economic risks, all of which could affect the market and/or credit risk of the investment. In addition, changes in the relationship of foreign currencies to the U.S. dollar can significantly affect the value of these investments and therefore the earnings of the Company.

Debt Securities. To the extent that the Company's investments are exchange traded and are priced or have sufficient price indications from normal course trading at or around the valuation date (financial reporting date), such pricing will be used to determine the fair value of the investments. Valuations from third party pricing services may be used as an indication of fair value, depending on the volume and reliability of the valuation, sufficient and reasonable correlation of bid and ask quotes, and, most importantly, the level of actual trading activity. However, if the Company has been unable to identify directly comparable market indices or other market guidance that correlate directly to the types of investments the Company owns, the Company will determine fair value using alternative methodologies such as available market data, as adjusted, to reflect the types of assets the Company owns, their structure, qualitative and credit attributes and other asset-specific characteristics.

The Company derives fair value for its illiquid investments that do not have indicative fair values based upon active trades primarily by using a present value technique that discounts the estimated contractual cash flows for the subject assets with discount rates imputed by broad market indices, bond spreads and yields for comparable issuers relative to the subject assets (the "Income Approach"). The Company also considers, among other things, recent loan amendments or other activity specific to the subject asset. Discount rates applied to estimated contractual cash flows for an underlying asset vary by specific investment, industry, priority and nature of the debt security (such as the seniority or security interest of the debt security) and are assessed relative to leveraged loan and high-yield bond indices, at the valuation date. The Company has identified these indices as benchmarks for broad market information related to its loan and debt securities. Because the Company has not identified any market index that directly correlates to the loan and debt securities held by the Company and therefore uses these benchmark indices, these market indices may require significant adjustment to better correlate such market data for the calculation of fair value of the investment under the Income Approach. Such adjustments require judgment and may be material to the calculation of fair value. Further adjustments to the discount rate may be applied to reflect other market conditions or the perceived credit risk of the borrower. When broad market indices are used as part of the valuation methodology, their use is subject to adjustment for many factors, including priority, collateral used as security, structure, performance and other quantitative and qualitative attributes of the asset being valued. The resulting present value determination is then weighted along with any quotes from observable transactions and broker/pricing quotes. If such quotes are indicative of actual transactions with reasonable trading volume at or near the valuation date that are not liquidation or distressed sales, relatively more reliance will be put on such quotes to determine fair value. If such quotes are not indicative of market transactions or are insufficient as to volume, reliability, consistency or other relevant factors, such quotes will be compared with other fair value indications and given relatively less weight based on their relevancy. Other significant assumptions, such as coupon and maturity, are asset-specific and are noted for each investment in the Consolidated Schedules of Investments included herein.

Equity Securities. The Company's equity securities in portfolio companies for which there is no liquid public market are carried at fair value based on the enterprise value of the portfolio company, which is determined using various factors, including EBITDA (earnings before interest, taxes, depreciation and amortization) and discounted cash flows from operations, less capital expenditures and other pertinent factors, such as recent offers to purchase a portfolio company's securities or other liquidation events. The determined fair values are generally discounted to account for restrictions on resale and minority ownership positions. In the event market quotations are readily available for the Company's equity securities in public companies, those investments may be valued using the Market Approach (as defined below). In cases where the Company receives warrants to purchase equity securities, a market standard Black-Scholes model is utilized.

The significant inputs used to determine the fair value of equity securities include prices, EBITDA and cash flows after capital expenditures for similar peer comparables and the investment entity itself. Equity securities are classified as Level III, when there is limited activity or less transparency around inputs to the valuation given the lack of information related to such equity investments held in nonpublic companies. Significant assumptions observed for comparable companies are applied to relevant financial data for the specific investment. Such assumptions, such as model discount rates or price/earnings multiples, vary by the specific investment, equity position and industry and incorporate adjustments for risk premiums, liquidity and company specific attributes. Such adjustments require judgment and may be material to the calculation of fair value.

Derivatives. The Company recognizes all derivative instruments as assets or liabilities at fair value in its financial statements. Derivative contracts entered into by the Company are not designated as hedging instruments, and as a result the Company presents changes in fair value and realized gains or losses through current period earnings. Derivative instruments are measured in terms of the notional contract amount and derive their value based upon one or more underlying instruments. Derivative instruments are subject to various risks similar to non-derivative instruments including market, credit, liquidity, and operational risks. The Company manages these risks on an aggregate basis as part of its risk management process. The derivatives may require the Company to pay or receive an upfront fee or premium. These upfront fees or premiums are carried forward as cost or proceeds to the derivatives. The Company generally records a realized gain or loss on the expiration, termination, or settlement of a derivative contract. The periodic payments for the securities Swap and Option Agreement (excluding collateral) are included as a realized gain or loss.

The Company values derivative contracts using various pricing models that take into account the terms of the contract (including notional amount and contract maturity) and observable and unobservable inputs such as interest rates and changes in fair value of the reference asset.

Asset Manager Affiliates. The Company sold substantially all of its investment in the Asset Manager Affiliates on December 31, 2018. Previously, the Company's investments in its wholly-owned Asset Manager Affiliates, were carried at fair value, which was primarily determined utilizing the discounted cash flow approach, which incorporated different levels of discount rates depending on the hierarchy of fees earned (including the likelihood of realization of senior, subordinate and incentive fees) and prospective modeled performance. Such valuation took into consideration an analysis of comparable asset management companies and the amount of assets under management. Any change in value from period to period was recognized as net change in unrealized appreciation or depreciation. The Company continues to own certain Asset Manager Affiliates legal entities which the Company values at zero. Until such entities are disposed, the Company continues to carry the cost of the Asset Manager Affiliates on the Consolidated Schedule of Investments.

CLO Fund Securities. The Company typically makes a non-controlling investment in the most junior class of securities of CLO Funds. The investments held by CLO Funds generally relate to non-investment grade credit instruments issued by corporations.

The Company's investments in CLO Fund Securities are carried at fair value, which is based either on (i) the present value of the net expected cash inflows for interest income and principal repayments from underlying assets and cash outflows for interest expense, debt pay-down and other fund costs for the CLO Funds that are approaching or past the end of their reinvestment period and therefore are selling assets and/or using principal repayments to pay down CLO Fund debt (or will begin to do so shortly), and for which there continue to be net cash distributions to the class of securities owned by the Company, a Discounted Cash Flow approach, (ii) a discounted cash flow model that utilizes prepayment and loss assumptions based on historical experience and projected performance, economic factors, the characteristics of the underlying cash flow and comparable yields for similar securities or preferred shares to those in which the Company has invested, or (iii) indicative prices provided by the underwriters or brokers who arrange CLO Funds, a Market Approach. The Company recognizes unrealized appreciation or depreciation on the Company's investments in CLO Fund Securities as comparable yields in the market change and/or based on changes in net asset values or estimated cash flows resulting from changes in prepayment or loss assumptions in the underlying collateral pool. As each investment in CLO Fund Securities ages, the expected amount of losses and the expected timing of recognition of such losses in the underlying collateral pool are updated and the revised cash flows are used in determining the fair value of the CLO Fund investment. The Company determines the fair value of its investments in CLO Fund Securities on a security-by-security basis.

Due to the individual attributes of each CLO Fund Security, they are classified as a Level III investment unless specific trading activity can be identified at or near the valuation date. When available, observable market information will be identified, evaluated and weighted accordingly in the application of such data to the present value models and fair value determination. Significant assumptions to the present value calculations include default rates, recovery rates, prepayment rates, investment/reinvestment rates and spreads and the discount rate by which to value the resulting underlying cash flows. Such assumptions can vary significantly, depending on market data sources which often vary in depth and level of analysis, understanding of the CLO market, detailed or broad characterization of the CLO market and the application of such data to an appropriate framework for analysis. The application of data points are based on the specific attributes of each individual CLO Fund Security's underlying assets, historic, current and prospective performance, vintage, and other quantitative and qualitative factors that would be evaluated by market participants. The Company evaluates the source of market data for reliability as an indicative market input, consistency amongst other inputs and results and also the context in which such data is presented.

For rated note tranches of CLO Fund Securities (those above the junior class) without transactions to support a fair value for the specific CLO Fund and tranche, fair value is based on discounting estimated bond payments at current market yields, which may reflect the adjusted yield on the leveraged loan index for similarly rated tranches, as well as prices for similar tranches for other CLO Funds and also other factors such as indicative prices provided by underwriters or brokers who arrange CLO Funds, and the default and recovery rates of underlying assets in the CLO Fund, as may be applicable. Such model assumptions may vary and incorporate adjustments for risk premiums and CLO Fund specific attributes.

Short-term investments. Short-term investments are generally comprised of money market accounts, time deposits, and U.S. treasury bills.

Joint Ventures. The Company carries investments in joint ventures (“Joint Ventures”) at fair value based upon the fair value of the investments held by the joint venture. See Note 4 below, for more information regarding the Joint Ventures.

Cash and Cash Equivalents. Cash and cash equivalents include short-term, highly liquid investments, readily convertible to know amounts cash, with an original maturity of three months or less in accounts such as demand deposit accounts, money market accounts, certain overnight investment sweep accounts and money market fund accounts. The company records cash and cash equivalents at amortized cost, which approximates fair value.

Restricted Cash. Restricted cash and cash equivalents (e.g., money market funds) generally consists of cash held for interest and principal payments on the Company’s borrowings.

Interest Income. Interest income, including the amortization of premium and accretion of discount and accrual of payment-in-kind (“PIK”) interest, is recorded on the accrual basis to the extent that such amounts are expected to be collected. The Company generally places a loan or security on non-accrual status and ceases recognizing interest income on such loan or security when a loan or security becomes 90 days or more past due or if the Company otherwise does not expect the debtor to be able to service its debt obligations. Loan origination fees, original issue discount (“OID”), and market discounts are capitalized and accreted into interest income over the respective terms of the applicable loans. Upon the prepayment of a loan, prepayment premiums, any unamortized loan origination fees, OID, or market discounts are recorded as interest income.

For investments with PIK interest, which represents contractual interest accrued and added to the principal balance that generally becomes due at maturity, we will not accrue PIK interest if the portfolio company valuation indicates that the PIK interest is not collectible (i.e. via a partial or full non-accrual). Loans which are on partial or full non-accrual remain in such status until the borrower has demonstrated the ability and intent to pay contractual amounts due or such loans become current. As of March 31, 2021, seven of our debt investments were on non-accrual status.

Distributions from Asset Manager Affiliates. The Company records distributions from the Asset Manager Affiliates on the declaration date, which represents the ex-dividend date. Distributions in excess of tax-basis earnings and profits of the distributing affiliate company are recognized as tax-basis return of capital. For interim periods, the Company estimates the tax attributes of any distributions as being either from tax-basis earnings and profits (i.e., dividend income) or return of capital (i.e., adjustment to the Company’s cost basis in the Asset Manager Affiliates). The final determination of the tax attributes of distributions from the Asset Manager Affiliates is made on an annual (full calendar year) basis at the end of the year based upon taxable income and distributions for the full-year. Therefore, any estimate of tax attributes of distributions made on a quarterly basis may not be representative of the actual tax attributes of distributions for a full year.

Investment Income on CLO Fund Securities. The Company generates investment income from its investments in the most junior class of securities issued by CLO Funds (typically preferred shares or subordinated securities). The Company’s CLO Fund junior class securities are subordinated to senior note holders who typically receive a stated interest rate of return based on a floating rate index, such as the London Interbank Offered Rate (“LIBOR”) on their investment. The CLO Funds are leveraged funds and any excess cash flow or “excess spread” (interest earned by the underlying securities in the fund less payments made to senior note holders and less fund expenses and management fees) is paid to the holders of the CLO Fund’s subordinated securities or preferred shares.

GAAP-basis investment income on CLO equity investments is recorded using the effective interest method in accordance with the provisions of ASC 325-40, based on the anticipated yield and the estimated cash flows over the projected life of the investment. Yields are revised when there are changes in actual or estimated projected future cash flows due to changes in prepayments and/or re-investments, credit losses or asset pricing. Changes in estimated yield are recognized as an adjustment to the estimated yield prospectively over the remaining life of the investment from the date the estimated yield was changed. Accordingly, investment income recognized on CLO equity securities in the GAAP statement of operations differs from both the tax-basis investment income and from the cash distributions actually received by the Company during the period.

For non-junior class CLO Fund Securities, interest is earned at a fixed spread relative to the LIBOR index.

Investment income on Joint Ventures. The Company recognizes investment income on its investment in the Joint Ventures based upon its share of the estimated earnings and profits of the Joint Venture on the ex-dividend or ex-distribution date. The final determination of the tax attributes of distributions from the Joint Ventures is made on an annual (full calendar year) basis at the end of the year based upon taxable income and distributions for the full year. Therefore, any estimate of tax attributes of distributions made on an interim basis may not be representative of the actual tax attributes of distributions for the full year.

Capital Structuring Service Fees. The Company may earn ancillary structuring and other fees related to the origination, investment, disposition or liquidation of debt and investment securities. Generally, the Company will capitalize loan origination fees, then amortize these fees into interest income over the term of the loan using the effective interest rate method, recognize prepayment and liquidation fees upon receipt and equity structuring fees as earned, which generally occurs when an investment transaction closes.

Debt Issuance Costs. Debt issuance costs represent fees and other direct costs incurred in connection with the Company’s borrowings. These amounts are capitalized, presented as a reduction of debt, and amortized using the effective interest method over the expected term of the borrowing.

Extinguishment of debt. The Company must derecognize a liability if and only if it has been extinguished through delivery of cash, delivery of other financial assets, delivery of goods or services, or reacquisition by the Company of its outstanding debt securities whether the securities are cancelled or held. If the debt contains a cash conversion option, the Company must allocate the consideration transferred and transaction costs incurred to the extinguishment of the liability component and the reacquisition of the equity component and recognize a gain or loss in the statement of operations.

Expenses. Prior to April 1, 2019, the Company was internally managed and expensed costs, as incurred, with regard to the running of its operations. Primary operating expenses included employee salaries and benefits, the costs of identifying, evaluating, negotiating, closing, monitoring and servicing the Company's investments and related overhead charges and expenses, including rental expense, and any interest expense incurred in connection with borrowings. Since April 1, 2019, the Company has been externally managed and in connection with the Advisory Agreement, pays the Adviser certain investment advisory fees and reimburses the Adviser and Administrator for certain expenses incurred in connection with the services they provide. See Note 5 "Related Party Transactions - Payment of Expenses under the Advisory and Administration Agreements." Through December 31, 2018, the Company and the Asset Manager Affiliates shared office space and certain other operating expenses. The Company entered into an overhead allocation agreement with the Asset Manager Affiliates ("Overhead Allocation Agreement") which provided for the sharing of such expenses based on an allocation of office lease costs and the ratable usage of other shared resources. Until its termination in the fourth quarter of 2019, the Company continued to bear the costs associated with the office lease entered into by the Company prior to the Closing.

Shareholder Distributions. Distributions to common stockholders are recorded on the ex-dividend date. The amount of distributions, if any, is determined by the Board each quarter. The Company has adopted a dividend reinvestment plan (the DRIP) that provides for reinvestment of its distributions on behalf of its stockholders, unless a stockholder "opts out" of the DRIP to receive cash in lieu of having their cash distributions automatically reinvested in additional shares of the Company's common stock.

3. EARNINGS (LOSSES) PER SHARE

In accordance with the provisions of ASC 260, "Earnings per Share" ("ASC 260"), basic earnings per share is computed by dividing earnings available to common shareholders by the weighted average number of shares outstanding during the period. Other potentially dilutive common shares, and the related impact to earnings, are considered when calculating earnings per share on a diluted basis.

The following information sets forth the computation of basic and diluted net increase (decrease) in stockholders' equity per share for the three months ended March 31, 2021 and 2020:

	Three Months Ended March 31,	
	2021	2020
Net increase (decrease) increase in net assets resulting from operations	\$ 8,037,115	\$ (29,052,933)
Weighted average number of common and common stock equivalent shares outstanding for basic and diluted shares computation	75,174,533	44,823,193
Net (decrease) increase in net assets per basic common shares:		
Net (decrease) increase in net assets from operations	\$ 0.11	\$ (0.65)
Net (decrease) increase in net assets per diluted shares:		
Net (decrease) increase in net assets from operations	\$ 0.11	\$ (0.65)

4. INVESTMENTS

The following table shows the Company's portfolio by security type at March 31, 2021 and December 31, 2020:

Security Type	March 31, 2021 (Unaudited)			December 31, 2020		
	Cost/Amortized		% ¹	Cost/Amortized		% ¹
	Cost	Fair Value		Cost	Fair Value	
Senior Secured Loan	302,205,721	322,362,553	68	304,539,184	328,845,612	68
Junior Secured Loan	74,733,439	64,639,644	14	87,977,057	75,807,477	16
Senior Unsecured Bond	416,170	41,792	0	416,170	207,766	0
CLO Fund Securities	35,264,540	16,021,434	3	45,727,813	19,582,555	4
Equity Securities	23,950,747	14,651,029	3	24,593,639	13,944,876	3
Asset Manager Affiliates ²	17,791,230	—	—	17,791,230	—	—
Joint Ventures	61,105,966	56,730,956	12	54,932,458	49,349,163	10
Derivatives	30,609	(1,582,963)	—	30,609	(1,108,618)	—
Total	\$ 515,498,423	\$ 472,864,445	100%	\$ 536,008,160	\$ 486,628,831	100%

¹ Represents percentage of total portfolio at fair value.

² Represents the equity investment in the Asset Manager Affiliates.

The industry concentrations based on the fair value of the Company's investment portfolio as of March 31, 2021 and December 31, 2020 were as follows:

Industry Classification	March 31, 2021 (Unaudited)			December 31, 2020		
	Cost/Amortized		% ¹	Cost/Amortized		% ¹
	Cost	Fair Value		Cost	Fair Value	
Aerospace and Defense	\$ 11,344,661	\$ 11,271,373	2	\$ 11,342,227	\$ 11,218,193	2
Asset Management Company ²	17,791,230	—	—	17,791,230	—	—
Automotive	10,920,081	11,712,281	2	10,840,171	11,651,714	2
Banking, Finance, Insurance & Real Estate	27,025,581	26,439,023	6	30,074,875	31,121,723	6
Beverage, Food and Tobacco	9,188,383	9,322,475	2	9,196,359	9,100,107	2
Capital Equipment	12,156,541	10,592,526	2	10,276,249	8,204,690	2
Chemicals, Plastics & Rubber	6,639,770	7,268,734	2	6,608,887	7,230,131	1
CLO Fund Securities	35,264,540	16,021,434	3	45,727,813	19,582,555	4
Construction & Building	8,532,700	9,515,138	2	9,802,754	10,946,643	2
Consumer goods: Durable	23,767,112	26,690,292	6	32,435,115	34,858,844	7
Consumer goods: Non-durable	1,842,084	2,101,253	0	1,837,151	2,102,176	0
Containers, Packaging and Glass	2,800,141	2,569,320	1	2,806,740	2,502,994	1
Electronics	23,399,603	25,721,043	5	28,389,620	31,564,533	6
Energy: Oil & Gas	12,238,205	5,622,264	1	13,501,691	6,878,115	1
Environmental Industries	3,925,360	3,626,816	1	3,939,764	3,585,669	1
Forest Products & Paper	1,578,115	1,294,720	0	1,576,633	1,270,880	0
Healthcare, Education and Childcare	13,987,772	13,785,811	3	14,059,921	13,791,048	3
Healthcare & Pharmaceuticals	82,430,475	76,982,364	16	83,481,401	78,823,040	16
High Tech Industries	31,121,938	32,974,544	7	32,949,892	35,052,389	7
Joint Ventures	61,105,966	56,730,956	12	54,932,458	49,349,163	10
Machinery (Non-Agrclt/Constr/Electr)	6,847,776	7,679,248	2	6,712,460	7,227,441	1
Media: Advertising, Printing & Publishing	2,846,137	3,270,481	1	2,830,592	3,170,254	1
Media: Broadcasting & Subscription	4,745,481	4,710,306	1	3,955,772	3,901,188	1
Media: Diversified & Production	2,585,014	2,628,413	1	2,658,914	2,612,250	1
Metals & Mining	1,228,584	1,324,169	0	1,219,188	1,326,500	0
Retail	5,817,066	6,661,808	1	5,790,208	6,597,338	1
Services: Business	62,849,142	65,364,186	14	58,027,464	60,119,401	12
Services: Consumer	4,173,235	4,162,275	1	4,241,127	4,198,243	1
Telecommunications	7,197,248	7,082,621	1	8,930,322	9,023,109	2
Textiles and Leather	12,421,470	10,992,030	2	12,415,194	10,860,696	2
Transportation: Cargo	7,727,090	8,746,541	2	7,655,970	8,757,804	2
Total	\$ 515,498,498	\$ 472,864,445	100%	\$ 536,008,160	\$ 486,628,831	100%

¹ Calculated as a percentage of total portfolio at fair value.

² Represents the equity investment in the Asset Manager Affiliates.

The Company may invest up to 30% of the investment portfolio in “non-qualifying” opportunistic investments, including investments in debt and equity securities of CLO Funds, distressed debt or debt and equity securities of large cap public companies. Within this 30% of the portfolio, the Company also may invest in debt of middle market companies located outside of the United States.

At March 31, 2021 and December 31, 2020, the total amount of non-qualifying assets was approximately 13.4% and 13.8% of total assets, respectively. The majority of non-qualifying assets are the Company's investments in joint ventures which were approximately 9.5% and 8.2%, respectively, of the total assets and the Company's investments in CLO Funds, which are typically domiciled outside the U.S. and represented approximately 2.7% and 3.3% of its total assets on such dates, respectively.

Investments in CLO Fund Securities

The Company has made non-controlling investments in the most junior class of securities (typically preferred shares or subordinated securities) of CLO Funds. These securities also are entitled to recurring distributions which generally equal the net remaining cash flow of the payments made by the underlying CLO Fund's securities less contractual payments to senior bond holders, management fees and CLO Fund expenses. CLO Funds invest primarily in broadly syndicated non-investment grade loans, high-yield bonds and other credit instruments of corporate issuers. The underlying assets in each of the CLO Funds in which the Company has an investment are generally diversified secured or unsecured corporate debt. The CLO Funds are leveraged funds and any excess cash flow or "excess spread" (interest earned by the underlying securities in the fund less payments made to senior bond holders, fund expenses and management fees) is paid to the holders of the CLO Fund's subordinated securities or preferred shares.

In September 2018, the Company purchased \$10 million par value of the subordinated notes of Catamaran CLO 2018-1 at a cost of approximately \$9.5 million.

In December 2018, the Company received \$2.5 million of notional amount of subordinated notes of Catamaran 2013-1 with a fair value of \$1.4 million and \$3.4 million of notional amount of subordinated notes of Catamaran 2014-1 with a fair value of \$1.9 million, as consideration for the repayment of a portion of the loans to Trimaran Advisors.

On December 19, 2017, the Company, in its capacity as the holder of all of the outstanding preferred shares of Katonah 2007-1 CLO Ltd. ("Katonah 2007-1"), exercised its right to cause Katonah 2007-1 to redeem all of its outstanding indebtedness through the sale of its investments and otherwise wind up its business. Katonah 2007-1 was fully liquidated and dissolved in the fourth quarter of 2018. Accordingly, the Company recorded a realized loss during the fourth quarter of 2018 of approximately \$10.1 million on its investment in Katonah 2007-1 and a corresponding unrealized gain of the same amount in order to reverse the previously recorded unrealized depreciation with respect to the investment.

Similarly, during the fourth quarter of 2018, each of Grant Grove CLO, Ltd., Trimaran CLO VII, Ltd., and Catamaran CLO 2012-1 Ltd. were fully liquidated and dissolved, and the Company recorded a realized loss of approximately \$6.4 million and a corresponding unrealized gain of the same amount in order to reverse the previously recorded unrealized depreciation with respect to these investments.

In the first quarter of 2019, the Company sold \$2.0 million notional amount of subordinated notes of Catamaran CLO 2014-1 for \$800,000.

In June 2019, the Company sold \$4.8 million par value of the CLO Rated note issued by Great Lakes KCAP F3C Senior, LLC for \$4.4 million.

In January 2021, the Company sold \$10.1 million notional amount of the subordinated notes of Catamaran 2016-1 for \$3.3 million

As a result of the economic consequences resulting from the COVID 19 pandemic, during the second quarter of 2020, the Company was notified that four of the Catamaran CLO Funds breached certain covenants contained in their respective indentures, and as a result, available cash within the CLO Fund will be diverted away from the subordinated notes owned by the Company and will be applied to more senior noteholders in the capital structure of the CLO Funds. The estimated timing and amount of future distributions if any, from these CLO Fund Securities is uncertain. Three of the CLO Funds noted above resumed making cash distributions on the Company's investment during the fourth quarter of 2020.

Affiliate Investments:

The following table details investments in affiliates at March 31, 2021 (unaudited):

	Industry Classification	Fair Value of December 31, 2020	Purchases/ (Sales) of or Advances/ (Distributions)	Net Accretion	Transfers In/(Out) of Affiliates	Net change in unrealized Gain/(Loss)	Realized Gain/(Loss)	Fair Value of March 31, 2021	Principal / Shares at March 31, 2021	Interest Income	Dividend Income
Asset Manager Affiliates(4)(6)	Asset Management Company	\$ —	—	—	—	—	\$ —	\$ —	\$ 17,791,230	\$ —	\$ —
Tank Partners Equipment Holdings, LLC(3)(4)(5)(8)	Energy: Oil & Gas	—	—	—	—	—	—	—	49,000	—	—
Tank Partners Equipment Holdings, LLC(3)(4)(5)	Energy: Oil & Gas	207,766	—	—	—	(165,974)	—	41,792	699,199	—	—
KCAP Freedom 3, LLC (3)(5)	Joint Venture	19,748,808	—	—	—	791,040	—	20,539,848	24,720,000	—	1,225,859
Total controlled affiliates		19,956,574	—	—	—	625,066	—	20,581,640	—	—	1,225,859
BCP Great Lakes Holdings LP(7)(9)	Joint Venture	29,600,355	6,173,508	—	—	417,245	—	36,191,108	36,191,108	—	813,408
Navex Topco, Inc.(3)(4)(7)	Electronics	7,488,250	—	20,732	—	(6,256)	—	7,502,726	7,700,000	137,297	—
Zest Acquisition Corp.(3)(4)(7)	Healthcare, Education and Childcare	3,291,400	—	694	—	127,756	—	3,419,850	3,500,000	74,375	—
GIG Rooster Holdings I, LLC (2)	Energy: Oil & Gas	123,354	—	—	—	(207,405)	108,900	24,849	99	—	—
Total Non-controlled affiliates		40,503,359	6,173,508	21,426	—	331,340	108,900	47,138,533	—	211,672	813,408
Total Affiliated Investments		\$ 60,459,933	\$ 6,173,508	\$ 21,426	\$ —	\$ 956,406	\$ 108,900	\$ 67,720,173	—	\$ 211,673	\$ 2,039,267

1 Non-U.S. company or principal place of business outside the U.S.

2 Underlying assets of investment were liquidated in December 2020, the fair value of investment is based on future cash flow payments expected to be received. Fair value of this investment was determined using significant unobservable inputs.

4 Qualified asset for purposes of section 55(a) of the Investment Company Act of 1940.

5 As defined in the 1940 Act, the Company is deemed to be both an “Affiliated Person” and has “Control” of this portfolio company as the Company owns more than 25% of the portfolio company’s outstanding voting securities or has the power to exercise control over management or policies of such portfolio company securities or has the power to exercise control over management or policies of such portfolio company (including through a management agreement). Other than for purposes of the 1940 Act, the Company does not believe that it has control over this portfolio company.

6 As defined in the 1940 Act, the Company is deemed to be both an “Affiliated Person” and has “Control” of this portfolio company as the Company owns more than 25% of the portfolio company’s outstanding voting securities or has the power to exercise control over management or policies of such portfolio company.

7 Under the 1940 Act, the Company is deemed to be an “Affiliated Person” of, as defined in the 1940 Act, this portfolio company as the Company owns at least 5% but no more than 25% of the portfolio company’s outstanding voting securities or is under common control with such portfolio company. Other than for purposes of the 1940 Act, the Company does not believe that it has control over this portfolio company.

8 Number of shares held.

9 Ownership of LP interest held through the holding company BCP Great Lakes Fund, L.P, a non-U.S. company or principal place of business outside the U.S.

The following table details investments in affiliates at December 31, 2020:

Industry Classification	Fair Value of December 31, 2019	Purchases/(Sales) of or Advances/(Distributions)	Net Accretion	Transfers In/(Out) of Affiliates	Net change in unrealized Gain/(Loss)	Realized Gain/(Loss)	Fair Value of December 31, 2020	Principal at December 31, 2020	Interest Income	Dividend Income
Asset Manager Affiliates(4)(6)										
Asset Management Company	\$ —	—	—	—	—	\$ —	\$ —	\$ 17,791,230	\$ —	\$ —
Tank Partners Equipment Holdings, LLC(3)(4)(5)(8)	—	—	—	—	—	—	—	49,000	—	—
Tank Partners Equipment Holdings, LLC(3)(4)(5)	403,616	—	—	—	(195,850)	—	207,766	699,199	—	—
KCAP Freedom 3, LLC (3)(5)	21,307,899	—	—	—	(1,559,091)	0	19,748,808	24,720,000	—	4,262,781
Total controlled affiliates	21,711,515	—	—	—	(1,754,941)	—	19,956,574	—	—	4,262,781
BCP Great Lakes Holdings LP(7)(9)	23,780,068	6,337,919	—	—	(517,632)	—	29,600,355	30,077,688	—	2,648,637
Catamaran CLO 2013-1, Ltd. (1)(2)(3)(7)	5,025,536	(356,296)	480,782	(2,611,423)	(2,538,599)	—	—	11,720,000	480,782	—
Catamaran CLO 2014-1, Ltd. (1)(2)(3)(7)	6,379,580	(579,607)	582,206	(3,835,632)	(2,546,548)	—	—	15,160,600	582,206	—
Catamaran CLO 2014-2, Ltd. (1)(2)(3)(7)	1,139,032	(60,226)	53,127	—	(1,131,933)	—	—	9,900,000	53,127	—
Catamaran CLO 2015-1, Ltd. (1)(2)(3)(7)	2,514,130	(232,157)	285,634	(1,609,400)	(958,207)	—	—	4,952,000	285,634	—
Catamaran CLO 2016-1, Ltd. (1)(2)(3)(7)	6,395,016	(1,084,589)	703,769	(3,549,000)	(2,465,197)	—	—	10,140,000	703,769	—
Catamaran CLO 2018-1, Ltd. (1)(2)(3)(7)	8,530,751	(1,552,728)	1,116,320	(6,655,000)	(1,439,343)	—	—	10,000,000	1,116,320	—
Navex Topco, Inc.(3)(4)(7)	7,636,090	—	83,487	—	(231,327)	—	7,488,250	7,700,000	575,477	—
Zest Acquisition Corp.(3)(4)(7)	3,306,092	—	2,808	—	(17,500)	—	3,291,400	3,500,000	310,292	—
OCI Holdings, LLC(3)(4)(7)	2,422,281	(2,706,977)	—	—	—	284,696	—	—	—	—
GIG Rooster Holdings I, LLC (10)	—	(200,156)	—	—	123,354	200,156	123,354	99	—	—
Total Non-controlled affiliates	67,128,578	(434,817)	3,308,133	(18,260,455)	(11,722,931)	484,852	40,503,359	—	4,107,606	2,648,637
Total Affiliated Investments	\$ 88,840,092	\$ (434,817)	\$ 3,308,133	\$ (18,260,455)	\$ (13,477,872)	\$ 484,852	\$ 60,459,933	—	\$ 4,107,607	\$ 6,911,418

1 Non-U.S. company or principal place of business outside the U.S.

2 A CLO Fund managed by an affiliate of LibreMax.

3 Fair value of this investment was determined using significant unobservable inputs.

4 Qualified asset for purposes of section 55(a) of the Investment Company Act of 1940.

5 As defined in the 1940 Act, the Company is deemed to be both an “Affiliated Person” and has “Control” of this portfolio company as the Company owns more than 25% of the portfolio company’s outstanding voting securities or has the power to exercise control over management or policies of such portfolio company securities or has the power to exercise control over management or policies of such portfolio company (including through a management agreement). Other than for purposes of the 1940 Act, the Company does not believe that it has control over this portfolio company.

6 As defined in the 1940 Act, the Company is deemed to be both an “Affiliated Person” and has “Control” of this portfolio company as the Company owns more than 25% of the portfolio company’s outstanding voting securities or has the power to exercise control over management or policies of such portfolio company.

7 Under the 1940 Act, the Company is deemed to be an “Affiliated Person” of, as defined in the 1940 Act, this portfolio company as the Company owns at least 5% but no more than 25% of the portfolio company’s outstanding voting securities or is under common control with such portfolio company. Other than for purposes of the 1940 Act, the Company does not believe that it has control over this portfolio company.

8 Number of shares held.

9 Ownership of LP interest held through the holding company BCP Great Lakes Fund, L.P, a non-U.S. company or principal place of business outside the U.S.

10 Underlying assets of investment were liquidated in December 2020, remaining fair value of investment is based on future cash flow payment to be received in the first quarter of 2021.

During the third quarter of 2019, the Company sold its entire investment in Bristol Hospice, LLC to an affiliate. This transaction was approved by the Board of Directors of the Company.

Investment in Joint Ventures:

For the three months ended March 31, 2021 and 2020, the Company recognized \$2.0 million and \$1.6 million, respectively, in investment income from its investments in Joint Ventures. As of March 31, 2021 and December 31, 2020, the aggregate fair value of the Company's investments in Joint Ventures was approximately \$56.7 million and \$49.3 million, respectively.

KCAP Freedom 3 LLC

During the third quarter of 2017, the Company and Freedom 3 Opportunities, an affiliate of Freedom 3 Capital LLC, entered into an agreement to create the Joint Venture. The Company and Freedom 3 Opportunities contributed approximately \$37 million and \$25 million, respectively, in assets to the Joint Venture, which in turn used the assets to capitalize the Fund managed by KCAP Management, LLC, one of the Asset Manager Affiliates. In addition, the Fund used cash on hand and borrowings under a credit facility to purchase approximately \$184 million of primarily middle-market loans from the Company and the Company used the proceeds from such sale to redeem approximately \$147 million in debt issued by KCAP Senior Funding. The Fund invests primarily in middle-market loans and the Joint Ventures partners may source middle-market loans from time-to-time for the Fund.

During the fourth quarter of 2017, the Fund was refinanced through the issuance of senior and subordinated notes. The Joint Venture purchased 100% of the subordinated notes issued by the Fund. In connection with the refinancing, the Joint Venture made a cash distribution to the Company of approximately \$12.6 million. \$11.8 million of this distribution was a return of capital, reducing the cost basis of its investment in the Joint Venture by that amount. The final determination of the tax attributes of distributions from the Joint Venture is made on an annual (full calendar year) basis at the end of the year, therefore, any estimate of tax attributes of distributions made on an interim basis may not be representative of the actual tax attributes of distributions for the full year.

The Company owns a 60% equity investment in the Joint Venture. The Joint Venture is structured as an unconsolidated Delaware limited liability company. All portfolio and other material decisions regarding the Joint Venture must be submitted to its board of managers, which is comprised of four members, two of whom were selected by the Company and two of whom were selected by Freedom 3 Opportunities, and must be approved by at least one member appointed by the Company and one appointed by Freedom 3 Opportunities. In addition, certain matters may be approved by the Joint Venture's investment committee, which is comprised of one member appointed by the Company and one member appointed by Freedom 3 Opportunities.

In connection with the Externalization, during the first quarter of 2019, KCAP Management agreed to waive management fees it is otherwise entitled to receive for managing the Fund. In addition, the Joint Venture was restructured such that the Company is now entitled to receive a preferred distribution in an amount equal to the fees waived by KCAP Management. The impact of these transactions was a reduction in the fair value of the Asset Manager Affiliates and an increase in the fair value of the Company's investment in the Joint Venture during the first quarter of 2019. The reduction in the fair value of the Asset Manager Affiliates was recognized as a realized loss on the consolidated statement of operations. The increase in the fair value of the Company's investment in the Joint Venture was recognized as an unrealized gain in the consolidated statement of operations.

The Company has determined that the Joint Venture is an investment company under Accounting Standards Codification ("ASC"), Financial Services — Investment Companies ("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. The Company does not consolidate its interest in the Joint Venture because the Company does not control the Joint Venture due to allocation of the voting rights among the Joint Venture partners.

KCAP Freedom 3 LLC
Summarized Statement of Financial Condition

	As of March 31, 2021 (unaudited)	As of December 31, 2020
Investment at fair value	\$ 32,800,691	\$ 31,404,100
Total Assets	\$ 32,800,691	\$ 31,404,100
Total Liabilities	\$ 182,389	\$ 167,389
Total Equity	32,618,302	31,236,711
Total Liabilities and Equity	\$ 32,800,691	\$ 31,404,100

KCAP Freedom 3 LLC
Summarized Statement of Operations
(unaudited)

	Three Months Ended March 31,	
	2021	2020
Investment income	\$ 1,534,839	\$ 1,217,413
Operating expenses	16,155	20,000
Net investment income	1,518,684	1,197,413
Unrealized appreciation on investments	1,766,005	(11,199,316)
Net income	\$ 3,284,689	\$ (10,001,903)

KCAP Freedom 3 LLC
Schedule of Investments
March 31, 2021
(unaudited)

Portfolio Company	Investment	Percentage Ownership by Joint Venture	Amortized Cost	Fair Value
Great Lakes KCAP F3C Senior, LLC(1)(2)	Subordinated Securities, effective interest 6.8%, 12/29 maturity	100.0%	\$ 38,616,799	\$ 32,800,691
Total Investments			\$ 38,616,799	\$ 32,800,691

- (1) CLO Subordinated Investments are entitled to periodic distributions which are generally equal to the remaining cash flow of the payments made by the underlying fund's investments less contractual payments to debt holders and fund expenses. The estimated annualized effective yield indicated is based upon a current projection of the amount and timing of these distributions. Such projections are updated on a quarterly basis and the estimated effective yield is adjusted prospectively.
- (2) Fair value of this investment was determined using significant unobservable inputs, including default rates, prepayment rates, spreads, and the discount rate by which to value the resulting cash flows.

KCAP Freedom 3 LLC
Schedule of Investments
December 31, 2020

Portfolio Company	Investment	Percentage Ownership by Joint Venture	Amortized Cost	Fair Value
Great Lakes KCAP F3C Senior, LLC ⁽¹⁾⁽²⁾	Subordinated Securities, effective interest 12.3%, 12/29 maturity	100.0%	\$ 38,986,212	\$ 31,404,100
Total Investments			\$ 38,986,212	\$ 31,404,100

- (1) CLO Subordinated Investments are entitled to periodic distributions which are generally equal to the remaining cash flow of the payments made by the underlying fund's investments less contractual payments to debt holders and fund expenses. The estimated annualized effective yield indicated is based upon a current projection of the amount and timing of these distributions. Such projections are updated on a quarterly basis and the estimated effective yield is adjusted prospectively.
- (2) Fair value of this investment was determined using significant unobservable inputs, including default rates, prepayment rates, spreads, and the discount rate by which to value the resulting cash flows.

BCP Great Lakes Partnership LP

BCP Great Lakes Fund LP (the "BCP Great Lakes Partnership") has invested in BCP Great Lakes Holdings LP, a vehicle formed as a co-investment vehicle to facilitate the participation of certain co-investors to invest, directly or indirectly, in BCP Great Lakes Funding, LLC. (the "Great Lakes Joint Venture"). The Company is a limited partner in the BCP Great Lakes Partnership and does not have any direct or indirect voting interests in the Great Lakes Joint Venture, and treats the investment as a joint venture since an affiliate of the Adviser manages BCP Great Lakes Holdings LP and controls a 50% voting interest in the Great Lakes Joint Venture. This investment was made prior to the Externalization and as such the Company has changed its characterization from an equity investment prior to the Externalization to a joint venture investment once the Company became externally managed and an affiliate of the Adviser. The investment strategy of BCP Great Lakes Funding, LLC is to underwrite and hold senior, secured unitranche loans made to middle-market companies. The Company does not pay any advisory fees in connection with its investment in the BCP Great Lakes Partnership.

The fair value of the Company's investment in the BCP Great Lakes Partnership at March 31, 2021 and December 31, 2020 was \$36.2 million and \$29.6 million. Fair value has been determined utilizing the practical expedient pursuant to ASC 820-10. Pursuant to the terms of the BCP Great Lakes Fund LP Amended and Restated Exempted Limited Partnership Agreement (the "BCP Great Lakes Partnership Agreement"), the Company generally may not sell, exchange, assign, pledge or otherwise transfer its interest, in whole or in part, without the prior written consent of the General Partner which consent may be given or withheld in its sole and absolute discretion, and may be conditioned upon repayment of its share of indebtedness incurred by the partnership.

In March 2019, prior to the Externalization, the Company increased its aggregate commitment to the BCP Great Lakes Partnership to \$50 million, subject to certain limitations (including that the Company is not obligated to fund capital calls if such funding would cause the Company to be out of compliance with certain provisions of the 1940 Act). As of March 31, 2021 and December 31, 2020, the Company has a \$13.8 million and \$20.0 million, respectively unfunded commitment to the BCP Great Lakes Partnership.

Fair Value Measurements

The Company follows the provisions of ASC 820: Fair Value, which among other matters, requires enhanced disclosures about investments that are measured and reported at fair value. This standard defines fair value and establishes a hierarchal disclosure framework which prioritizes and ranks the level of market price observability used in measuring investments at fair value and expands disclosures about assets and liabilities measured at fair value. ASC 820: Fair Value defines "fair value" as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This fair value definition focuses on an exit price in the principle, or most advantageous market, and prioritizes, within a measurement of fair value, the use of market-based inputs (which may be weighted or adjusted for relevance, reliability and specific attributes relative to the subject investment) over entity-specific inputs. Market price observability is affected by a number of factors, including the type of investment and the characteristics specific to the investment. Investments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

ASC 820: Fair Value establishes the following three-level hierarchy, based upon the transparency of inputs to the fair value measurement of an asset or liability as of the measurement date:

Level I – Unadjusted quoted prices are available in active markets for identical investments as of the reporting date. The type of investments included in Level I include listed equities and listed securities. As required by ASC 820: Fair Value, the Company does not adjust the quoted price for these investments, even in situations where the Company holds a large position and a sale could reasonably affect the quoted price.

Level II – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date. Such inputs may be quoted prices for similar assets or liabilities, quoted markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full character of the financial instrument, or inputs that are derived principally from, or corroborated by, observable market information. Investments which are generally included in this category include illiquid debt securities and less liquid, privately held or restricted equity securities for which some level of recent trading activity has been observed.

Level III – Pricing inputs are unobservable for the investment and includes situations where there is little, if any, market activity for the investment. The inputs may be based on the Company's own assumptions about how market participants would price the asset or liability or may use Level II inputs, as adjusted, to reflect specific investment attributes relative to a broader market assumption. These inputs into the determination of fair value may require significant management judgment or estimation. Even if observable market data for comparable performance or valuation measures (earnings multiples, discount rates, other financial/valuation ratios, etc.) are available, such investments are grouped as Level III if any significant data point that is not also market observable (private company earnings, cash flows, etc.) is used in the valuation methodology.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and the Company considers factors specific to the investment. A majority of the Company's investments are classified as Level III. The Company evaluates the source of inputs, including any markets in which its investments are trading, in determining fair value. Inputs that are highly correlated to the specific investment being valued and those derived from reliable or knowledgeable sources will tend to have a higher weighting in determining fair value. The Company's fair value determinations may include factors such as an assessment of each underlying investment, its current and prospective operating and financial performance, consideration of financing and sale transactions with third parties, expected cash flows and market-based information, including comparable transactions, performance factors, and other investment or industry specific market data, among other factors.

The following table summarizes the fair value of investments by fair value hierarchy levels provided by ASC 820: Fair Value as of March 31, 2021 (unaudited) and December 31, 2020, respectively:

	As of March 31, 2021 (Unaudited)				
	Level I	Level II	Level III	NAV	Total
Debt securities	—	79,728,150	307,315,839	—	387,043,989
CLO Fund securities	—	—	16,021,434	—	16,021,434
Equity securities	1,406,376	—	13,244,653	—	14,651,029
Joint Ventures	—	—	20,539,848	36,191,108	56,730,956
Derivatives	—	—	(1,582,963)	—	(1,582,963)
Total	<u>\$ 1,406,376</u>	<u>\$ 79,728,150</u>	<u>\$ 355,538,811</u>	<u>\$ 36,191,108</u>	<u>\$ 472,864,444</u>

	As of December 31, 2020				
	Level I	Level II	Level III	NAV	Total
Debt securities	—	70,615,841	334,245,014	—	404,860,855
CLO Fund securities	—	—	19,582,555	—	19,582,555
Equity securities	1,407,907	—	12,536,969	—	13,944,876
Joint Ventures	—	—	19,748,808	29,600,355	49,349,163
Derivatives	—	—	(1,108,618)	—	(1,108,618)
Total	<u>\$ 1,407,907</u>	<u>\$ 70,615,841</u>	<u>\$ 385,004,728</u>	<u>\$ 29,600,355</u>	<u>\$ 486,628,831</u>

As a BDC, the Company is required to invest primarily in the debt and equity of non-public companies for which there is little, if any, market-observable information. As a result, a significant portion of the Company's investments at any given time will likely be Level III investments. Investment values derived by a third-party pricing service are generally deemed to be Level III values. For those that have observable trades, the Company considers them to be Level II.

The fair value of the Company's investment in the BCP Great Lakes Partnership at March 31, 2021 and December 31, 2020 was \$29.6 million and \$23.8 million. Fair value has been determined utilizing the practical expedient pursuant to ASC 820-10.

Subject to the limitations noted above, values derived for debt and equity securities using comparable public/private companies generally utilize market-observable data from such comparables and specific, non-public and non-observable financial measures (such as earnings or cash flows) for the private, underlying company/issuer. Such non-observable company/issuer data is typically provided on a monthly or quarterly basis, is certified as correct by the management of the company/issuer and/or audited by an independent accounting firm on an annual basis. Since such private company/issuer data is not publicly available it is not deemed market-observable data and, as a result, such investment values are grouped as Level III assets.

The Company's policy for determining transfers between levels is based solely on the previously defined three-level hierarchy for fair value measurement. Transfers between the levels of the fair value hierarchy are separately noted in the tables below and the reason for such transfer described in each table's respective footnotes. Certain information relating to investments measured at fair value for which the Company has used unobservable inputs to determine fair value is as follows:

Three Months Ended March 31, 2021							
	Debt Securities	CLO Fund Securities	Equity Securities	Asset Manager Affiliate	Joint Ventures	Derivatives	Total
Balance, December 31, 2020	\$ 334,245,014	\$ 19,582,555	\$ 12,536,969	\$ —	\$ 19,748,808	\$ (1,108,618)	\$ 385,004,728
Transfers out of Level III ¹	(14,475,066)	—	—	—	—	—	(14,475,066)
Transfers into Level III ²	7,493,120	—	—	—	—	—	7,493,120
Net accretion	4,737,275	617,256	—	—	—	—	5,354,531
Purchases	30,243,992	—	—	—	—	—	30,243,992
Sales/Paydowns/Return of Capital	(54,152,294)	(5,757,044)	(569,791)	—	—	(440,000)	(60,919,130)
Total realized gain (loss) included in earnings	1,272,312	(5,323,484)	(73,100)	—	—	440,000	(3,684,272)
Change in unrealized gain (loss) included in earnings	(2,048,514)	6,902,151	1,350,576	—	791,040	(474,345)	6,520,907
Balance, March 31, 2021	<u>\$ 307,315,839</u>	<u>\$ 16,021,434</u>	<u>\$ 13,244,653</u>	<u>\$ —</u>	<u>\$ 20,539,848</u>	<u>\$ (1,582,962)</u>	<u>\$ 355,538,811</u>
Changes in unrealized gains (losses) included in earnings related to investments still held at reporting date	<u>\$ 4,528,168</u>	<u>\$ 6,902,151</u>	<u>\$ 1,350,576</u>	<u>\$ —</u>	<u>\$ 791,040</u>	<u>\$ (474,345)</u>	<u>\$ 13,097,590</u>

- 1 Transfers out of Level III represent a transfer of \$14.5 million relating to debt securities for which pricing inputs, other than their quoted prices in active markets were observable as of March 31, 2021.
- 2 Transfers into Level III represent a transfer of \$7.5 million relating to debt securities for which pricing inputs, other than their quoted prices in active markets were unobservable as of March 31, 2021.

Year Ended December 31, 2020							
	Debt Securities	CLO Fund Securities	Equity Securities	Asset Manager Affiliate	Joint Ventures	Derivatives	Total
Balance, December 31, 2019	\$ 148,382,726	\$ 31,968,202	\$ 9,864,419	\$ —	\$ 21,307,899	\$ (33,437)	\$ 211,489,810
Transfers out of Level III ¹	(5,522,415)	—	—	—	—	—	(5,522,415)
Transfers into Level III ²	5,292,441	—	—	—	—	—	5,292,441
Net accretion	7,414,985	3,541,296	—	—	—	—	10,956,281
Purchases	297,330,176	—	3,529,804	—	—	—	300,859,980
Sales/Paydowns/Return of Capital	(100,652,817)	(4,432,200)	(1,515,936)	—	—	(976,968)	(107,577,921)
Total realized gain (loss) included in earnings	7,928,224	—	(989,131)	—	—	976,968	7,916,061
Change in unrealized gain (loss) included in earnings	(25,928,306)	(11,494,743)	1,647,812	—	(1,559,091)	(1,075,182)	(38,409,510)
Balance, March 31, 2021	<u>\$ 334,245,014</u>	<u>\$ 19,582,555</u>	<u>\$ 12,536,969</u>	<u>\$ —</u>	<u>\$ 19,748,808</u>	<u>\$ (1,108,618)</u>	<u>\$ 385,004,728</u>
Changes in unrealized gains (losses) included in earnings related to investments still held at reporting date	<u>\$ (7,416,722)</u>	<u>\$ (11,494,743)</u>	<u>\$ 1,647,812</u>	<u>\$ —</u>	<u>\$ (1,559,091)</u>	<u>\$ (1,075,182)</u>	<u>\$ (19,897,926)</u>

- 1 Transfers out of Level III represent a transfer of \$5.5 million relating to debt securities for which pricing inputs, other than their quoted prices in active markets were observable as of December 31, 2020.

- 2 Transfers into Level III represent a transfer of \$5.3 million relating to debt securities for which pricing inputs, other than their quoted prices in active markets were unobservable as of December 31, 2020.

As of March 31, 2021 and December 31, 2020, the Company's Level II portfolio investments were valued by a third party pricing services for which the prices are not adjusted and for which inputs are observable or can be corroborated by observable market data for substantially the full character of the financial instrument, or by inputs that are derived principally from, or corroborated by, observable market information. The fair value of the Company's Level II portfolio investments was \$79.7 million and \$70.6 million as of March 31, 2021 and December 31, 2020, respectively.

As of March 31, 2021, the Company's Level III portfolio investments had the following valuation techniques and significant inputs:

Type	Fair Value	Primary Valuation Techniques	Unobservable Inputs	Range of Inputs (Weighted Average)
Debt Securities	\$ 7,787,157	Enterprise Value	Average EBITDA Multiple	4.8x-7.0x (5.5x)
			Recovery Rate Multiple	0.0x-1.0x (0.7x)
	299,528,682	Income Approach	Implied Discount Rate	5.0%-25.1% (9.4%)
Equity Securities	\$ 7,744,653	Enterprise Value	Average EBITDA Multiple / WACC	1.0x-9.0x (5.9x)
			Recovery Rate Multiple	0.0x-12.5x (0.6x)
	5,500,000	Income Approach	Implied Discount Rate	18.3%-18.8% (18.6%)
CLO Fund Securities	16,021,434	Discounted Cash Flow	Discount Rate	12.5%-14.0% (11.1%)
			Probability of Default	1.5%-3.0% (1.8%)
			Loss Severity	20.5%-30.5% (36.1%)
			Recovery Rate	69.5%-79.5% (63.9%)
			Prepayment Rate	0.0%-25.0% (10.7%)
Joint Ventures	20,539,848	Discounted Cash Flow	Discount Rate	14.0%-15.0% (14.5%)
			Probability of Default	2.8%-3.3% (3.0%)
			Loss Severity	21.5%-31.5% (26.5%)
			Recovery Rate	68.5%-78.5% (73.5%)
			Prepayment Rate	15.0%-25.0% (20.0%)
Derivatives	(1,582,963)	Market Approach	Transacted Value/Contractual Financing Rate	
Total Level III Investments	\$ 355,538,811			

- 1 The qualitative inputs used in the fair value measurements of Equity Securities include estimates of the distressed liquidation value of the pledged collateral. In cases where Portman Ridge's analysis ascribes no residual value to a portfolio company's equity, Portman Ridge typically elects to mark its position at a nominal amount to account for the investment's option value.
- 2 The qualitative inputs used in the fair value measurements include the value of the pledged collateral.

As of December 31, 2020, the Company's Level III portfolio investments had the following valuation techniques and significant inputs:

Type	Fair Value	Primary Valuation Techniques	Unobservable Inputs	Range of Inputs (Weighted Average)
Debt Securities	\$ 8,651,448	Enterprise Value	Average EBITDA Multiple	4.8x-7.5x (5.6x)
			Recovery Rate Multiple	0.0x-1.0x (0.7x)
	325,593,566	Income Approach	Implied Discount Rate	5.2%-27.6% (10.2%)
Equity Securities	\$ 7,036,969	Enterprise Value	Average EBITDA Multiple / WACC	1.0x-9.0x (5.9x)
			Recovery Rate Multiple	0.0x-12.5x (0.6x)
	5,500,000	Income Approach	Implied Discount Rate	17.8%-18.5% (18.1%)
CLO Fund Securities	19,582,555	Discounted Cash Flow	Discount Rate	13.0%-14.5% (13.8%)
			Probability of Default	1.5%-4.0% (2.7%)
			Loss Severity	20.5%-30.5% (25.5%)
			Recovery Rate	69.5%-79.5% (74.5%)
			Prepayment Rate	0.0%-25.0% (12.5%)
Joint Ventures	19,748,808	Discounted Cash Flow	Discount Rate	14.0%-16.0% (15.0%)
			Probability of Default	3.0%-5.0% (4.0%)
			Loss Severity	21.0%-31.0% (26.0%)
			Recovery Rate	69.0%-79.0% (74.0%)
			Prepayment Rate	0.0%-25.0% (12.5%)
Derivatives	(1,108,618)	Market Approach	Transacted Value/Contractual Financing Rate	
Total Level III Investments	\$ 385,004,728			

- The qualitative inputs used in the fair value measurements of Equity Securities include estimates of the distressed liquidation value of the pledged collateral. In cases where Portman Ridge's analysis ascribes no residual value to a portfolio company's equity, Portman Ridge typically elects to mark its position at a nominal amount to account for the investment's option value.
- The qualitative inputs used in the fair value measurements include the value of the pledged collateral.

The significant unobservable inputs used in the fair value measurement of the Company's debt securities may include, among other things, broad market indices, the comparable yields of similar investments in similar industries, effective discount rates, average EBITDA multiples, and weighted average cost of capital. Significant increases or decreases in such comparable yields would result in a significantly lower or higher fair value measurement, respectively.

The significant unobservable inputs used in the fair value measurement of the Company's equity securities include the EBITDA multiple of similar investments in similar industries and the weighted average cost of capital. Significant increases or decreases in such inputs would result in a significantly lower or higher fair value measurement.

Significant unobservable inputs used in the fair value measurement of the Company's CLO Fund Securities include default rates, recovery rates, prepayment rates, spreads, and the discount rate by which to value the resulting underlying cash flows. Such assumptions can vary significantly, depending on market data sources which often vary in depth and level of analysis, understanding of the CLO market, detailed or broad characterization of the CLO market and the application of such data to an appropriate framework for analysis. The application of data points are based on the specific attributes of each individual CLO Fund Security's underlying assets, historic, current and prospective performance, vintage, and other quantitative and qualitative factors that would be evaluated by market participants. The Company evaluates the source of market data for reliability as an indicative market input, consistency amongst other inputs and results and also the context in which such data is presented. Significant increases or decreases in probability of default and loss severity inputs in isolation would result in a significantly lower or higher fair value measurement, respectively. In general, a change in the assumption of the probability of default is accompanied by a directionally similar change in the assumption used for the loss severity in an event of default. Significant increases or decreases in the discount rate in isolation would result in a significantly lower or higher fair value measurement.

The Company's investment in the Joint Venture- KCAP Freedom 3 LLC is carried at fair value based upon the fair value of the investments held by the Joint Venture.

The Company values derivative contracts using various pricing models that take into account the terms of the contract (including notional amount and contract maturity) and observable and unobservable inputs such as interest rates and changes in fair value of the reference asset.

The following table details derivative investments at March 31, 2021 and December 31, 2020:

March 31, 2021				
Types of contracts	Notional amounts	Derivative assets (liabilities) ¹	Realized gain(loss)	Unrealized gain(loss)
Call option	\$ 7,656	\$ 5,232	\$ —	\$ (25,377)
Securities Swap and Option Agreement	5,500,000	(1,588,195)	—	(1,588,195)
Total	\$ 5,507,656	\$ (1,582,963)	\$ —	\$ (1,613,572)

(1) Net amount included in the derivative caption on the consolidated balance sheets

December 31, 2020				
Types of contracts	Notional amounts	Derivative assets (liabilities) ¹	Realized gain(loss)	Unrealized gain(loss)
Call option	\$ 7,656	\$ 12,077	\$ —	\$ (18,532)
Securities Swap and Option Agreement	5,500,000	(1,120,695)	—	(1,120,695)
Total	\$ 5,507,656	\$ (1,108,618)	\$ —	\$ (1,139,227)

(1) Net amount included in the derivative caption on the consolidated balance sheets

5. RELATED PARTY TRANSACTIONS

Advisory Agreement

The Adviser provides management services to the Company pursuant to the Advisory Agreement. Under the terms of the Advisory Agreement, the Adviser is responsible for the following:

- managing the Company's assets in accordance with our investment objective, policies and restrictions;
- determining the composition of the Company's portfolio, the nature and timing of the changes to the portfolio and the manner of implementing such changes;
- identifying, evaluating and negotiating the structure of the Company's investments;
- monitoring the Company's investments;
- determining the securities and other assets that the Company will purchase, retain or sell;
- assisting the Board with its valuation of the Company's assets;
- directing investment professionals of the Adviser to provide managerial assistance to the Company's portfolio companies;

- performing due diligence on prospective portfolio companies;
- exercising voting rights in respect of portfolio securities and other investments for the Company;
- serving on, and exercising observer rights for, boards of directors and similar committees of our portfolio companies; and
- providing the Company with such other investment advisory, research and related services as we may, from time to time, reasonably require for the investment of capital.

The Adviser's services under the Advisory Agreement are not exclusive, and it is free to furnish similar services to other entities so long as its services to the Company are not impaired.

Term

Unless earlier terminated as described below, the Investment Advisory Agreement will remain in effect from year-to-year if approved annually by a majority of the Board or by the holders of a majority of the outstanding shares, and, in each case, a majority of the independent directors.

The Advisory Agreement will automatically terminate within the meaning of the 1940 Act and related Securities and Exchange Commission ("SEC") guidance and interpretations in the event of its assignment. In accordance with the 1940 Act, without payment of any penalty, we may terminate the Advisory Agreement with the Adviser upon 60 days' written notice. The decision to terminate the agreement may be made by a majority of the Board or the stockholders holding a majority of the outstanding shares of our common stock. See "Advisory Agreement—Removal of Adviser" below. In addition, without payment of any penalty, the Adviser may generally terminate the Advisory Agreement upon 60 days' written notice and, in certain circumstances, the Adviser may only be able to terminate the Advisory Agreement upon 120 days' written notice.

Removal of Adviser

The Adviser may be removed by the Board or by the affirmative vote of a Majority of the Outstanding Shares. "Majority of the Outstanding Shares" means the lesser of (1) 67% or more of the outstanding shares of our common stock present at a meeting, if the holders of more than 50% of the outstanding shares of our common stock are present or represented by proxy or (2) a majority of outstanding shares of our common stock.

Compensation of Adviser

Pursuant to the terms of the Advisory Agreement, the Company pays the Adviser (i) a base management fee (the "Base Management Fee") and (ii) an incentive fee (the "Incentive Fee"). For the period from the date of the Advisory Agreement (the "Effective Date") through the end of the first calendar quarter after the Effective Date, the Base Management Fee will be calculated at an annual rate of 1.50% of the Company's gross assets, excluding cash and cash equivalents, but including assets purchased with borrowed amounts, as of the end of such calendar quarter. Subsequently, the Base Management Fee will be 1.50% of the Company's average gross assets, excluding cash and cash equivalents, but including assets purchased with borrowed amounts, at the end of the two most recently completed calendar quarters; provided, however, that the Base Management Fee will be 1.00% of the Company's average gross assets, excluding cash and cash equivalents, but including assets purchased with borrowed amounts, that exceed the product of (i) 200% and (ii) the value of the Company's net asset value at the end of the most recently completed calendar quarter. The Incentive Fee consists of two parts: (1) a portion based on the Company's pre-incentive fee net investment income (the "Income-Based Fee") and (2) a portion based on the net capital gains received on the Company's portfolio of securities on a cumulative basis for each calendar year, net of all realized capital losses and all unrealized capital depreciation on a cumulative basis, in each case calculated from the Effective Date, less the aggregate amount of any previously paid capital gains Incentive Fee (the "Capital Gains Fee"). The Income-Based Fee is 17.50% of pre-incentive fee net investment income with a 7.00% hurdle rate. The Capital Gains Fee is 17.50%.

Pre-incentive fee net investment income means dividends (including reinvested dividends), interest and fee income accrued by the Company during the calendar quarter, minus operating expenses for the quarter (including the management fee, expenses payable under the administration agreement, and any interest expense and dividends paid on any issued and outstanding preferred stock, but excluding the incentive fee). Pre-incentive fee net investment income includes, in the case of investments with a deferred interest feature (such as original issue discount, debt instruments with payment-in-kind ("PIK") interest and zero coupon securities), accrued income that the Company may not have received in cash. The Adviser is not obligated to return the incentive fee it receives on PIK interest that is later determined to be uncollectible in cash. Pre-incentive fee net investment income does not include any realized capital gains, realized capital losses or unrealized capital appreciation or depreciation.

To determine the income incentive fee, pre-incentive fee net investment income is expressed as a rate of return on the value of our net assets at the end of the immediately preceding calendar quarter. Because of the structure of the incentive fee, it is possible that the Company may pay an incentive fee in a calendar quarter in which the Company incurs a loss. For example, if the Company receives pre-incentive fee net investment income in excess of the quarterly hurdle rate, the Company will pay the applicable incentive fee even if the Company has incurred a loss in that calendar quarter due to realized capital losses and unrealized capital depreciation. In addition, because the quarterly hurdle rate is calculated based on our net assets, decreases in the Company's net assets due to realized capital losses or unrealized capital depreciation in any given calendar quarter may increase the likelihood that the hurdle rate is reached and therefore the likelihood of the Company paying an incentive fee for the subsequent quarter. The Company's net investment income used to calculate this component of the incentive fee is also included in the amount of the Company's gross assets used to calculate the management fee because gross assets are total assets (including cash received) before deducting liabilities (such as declared dividend payments).

The second component of the incentive fee, the capital gains incentive fee, payable at the end of each calendar year in arrears, equals 17.50% of cumulative realized capital gains through the end of such calendar year commencing with the calendar year ending December 31, 2019, computed net of all realized capital losses and unrealized capital depreciation on a cumulative basis, in each case calculated from the Effective Date, less the aggregate amount of any previously paid capital gains incentive fee for prior periods. The Company will accrue, but will not pay, a capital gains incentive fee with respect to unrealized appreciation because a capital gains incentive fee would be owed to the Adviser if the Company were to sell the relevant investment and realize a capital gain. In no event will the capital gains incentive fee payable pursuant to the Investment Advisory Agreement be in excess of the amount permitted by the Investment Advisers Act of 1940, as amended (the "Advisers Act") including Section 205 thereof.

The fees that are payable under the Investment Advisory Agreement for any partial period will be appropriately prorated.

Limitations of Liability and Indemnification

Under the Advisory Agreement, the Adviser, its officers, managers, partners, agents, employees, controlling persons, members and any other person or entity affiliated with the Adviser, including without limitation its managing member, will not be liable to the Company for acts or omissions performed in accordance with and pursuant to the Advisory Agreement, except those resulting from acts constituting criminal conduct, gross negligence, willful misfeasance, bad faith or reckless disregard of the duties that the Adviser owes to the Company under the Advisory Agreement. In addition, as part of the Advisory Agreement, the Company has agreed to indemnify the Adviser and each of its officers, managers, partners, agents, employees, controlling persons, members and any other person or entity affiliated with the Adviser, including without limitation its general partner, and the Administrator from and against any damages, liabilities, costs and expenses, including reasonable legal fees and other expenses reasonably incurred, in or by reason of any pending, threatened or completed action, suit, investigation or other proceeding (including an action or suit by or in the right of the Company or its security holders) arising out of or otherwise based upon the performance of any of the Adviser's duties or obligations under the Advisory Agreement or otherwise as an investment adviser of the Company, except where attributable to criminal conduct, gross negligence, willful misfeasance, bad faith or reckless disregard of such person's duties under the Advisory Agreement.

Board Approval of the Advisory Agreement

On December 12, 2018, the then-current Board of the Company held an in-person meeting to consider and approve the Advisory Agreement and related matters, and on April 1, 2019 the Company entered into the Advisory Agreement with the Adviser. The Board most recently determined to re-approve the Advisory Agreement at a meeting held on March 11, 2021. In reaching a decision to re-approve the Advisory Agreement, the Board was provided the information required to consider the Advisory Agreement, including: (a) the nature, quality and extent of the advisory and other services to be provided to the Company by the Adviser; (b) comparative data with respect to advisory fees or similar expenses paid by other BDCs with similar investment objectives; (c) the Company projected operating expenses and expense ratio compared to BDCs with similar investment objectives; (d) any existing and potential sources of indirect income to the Adviser from its relationship with the Company and the profitability of that relationship; (e) information about the services to be performed and the personnel performing such services under the Advisory Agreement; (f) the organizational capability and financial condition of the Adviser and its affiliates; (g) the Adviser's practices regarding the selection and compensation of brokers that may execute our portfolio transactions and the brokers' provision of brokerage and research services to the Adviser; and (h) the possibility of obtaining similar services from other third-party service providers or continuing to operate as an internally managed BDC.

The Board, including a majority of independent directors oversee and monitor the Company's investment performance and, annually review the compensation we pay to the Adviser.

Management fees for the three months ended March 31, 2021 and 2020, were approximately \$1.8 million and \$1.0 million, respectively. Incentive fees earned during the three months ended March 31, 2021 and 2020, were approximately \$2.1 million and \$102 thousand, respectively, \$0 and \$102 thousand, respectively, of which were waived pursuant to the Externalization Agreement.

Administration Agreement

Under the terms of the administration agreement (the “Administration Agreement”) between the Company and BC Partners Management LLC (the “Administrator”), the Administrator will perform, or oversee the performance of, required administrative services, which includes providing office space, equipment and office services, maintaining financial records, preparing reports to stockholders and reports filed with the SEC, and managing the payment of expenses and the performance of administrative and professional services rendered by others. The Company will reimburse the Administrator for services performed for us pursuant to the terms of the Administration Agreement. In addition, pursuant to the terms of the Administration Agreement, the Administrator may delegate its obligations under the Administration Agreement to an affiliate or to a third party and the Company will reimburse the Administrator for any services performed for it by such affiliate or third party.

Payments under the Administration Agreement are equal to an amount that reimburses the Administrator for its costs and expenses in performing its obligations and providing personnel and facilities (including rent, office equipment and utilities) for the Company’s use under the Administration Agreement, including an allocable portion of the compensation paid to the Company’s chief compliance officer and chief financial officer and their respective staff who provide services to the Company. The Board, including the independent directors, will review the general nature of the services provided by the Administrator as well as the related cost to the Company for those services and consider whether the cost is reasonable in light of the services provided.

Unless earlier terminated as described below, the Administration Agreement will remain in effect from year-to-year if approved annually by a majority of the Board or by the holders of a Majority of the Outstanding Shares, and, in each case, a majority of the independent directors. On April 1, 2019, the Board approved the Administration Agreement with the Administrator and the Board most recently determined to re-approve the Administration Agreement at a meeting held on March 11, 2021.

The Company may terminate the Administration Agreement, without payment of any penalty, upon 60 days’ written notice. The decision to terminate the agreement may be made by a majority of the Board or the stockholders holding a Majority of the Outstanding Shares. In addition, the Adviser may terminate the Administration Agreement, without payment of any penalty, upon 60 days’ written notice.

The Company incurred \$0.6 million and \$0.5 million of Administrative services expense for the three months ended March 31, 2021 and 2020.

Payment of Expenses under the Advisory and Administration Agreements

Except as specifically provided below, all investment professionals and staffs of the Adviser, when and to the extent engaged in providing investment advisory and management services to the Company, and the compensation and routine overhead expenses (including rent, office equipment and utilities), of such personnel allocable to such services, is provided and paid for by the Adviser. The Company bears an allocable portion of the compensation paid by the Adviser (or its affiliates) to the Company’s chief compliance officer and chief financial officer and their respective staffs (based on a percentage of time such individuals devote, on an estimated basis, to our business affairs). The Company also bears all other costs and expenses of our operations, administration and transactions, including, but not limited to (i) investment advisory fees, including management fees and incentive fees, to the Adviser, pursuant to the Advisory Agreement; (ii) an allocable portion of overhead and other expenses incurred by the Adviser (or its affiliates) in performing its administrative obligations under the Advisory Agreement, and (iii) all other expenses of our operations and transactions including, without limitation, those relating to:

- the cost of calculating the Company’s net asset value, including the cost of any third-party valuation services;
- the cost of effecting any sales and repurchases of the Company’s common stock and other securities;
- fees and expenses payable under any dealer manager or placement agent agreements, if any;
- administration fees payable under the Administration Agreement and any sub-administration agreements, including related expenses;
- debt service and other costs of borrowings or other financing arrangements;
- costs of hedging;
- expenses, including travel expense, incurred by the Adviser, or members of the investment team, or payable to third parties, performing due diligence on prospective portfolio companies and, if necessary, enforcing our rights;
- transfer agent and custodial fees;
- fees and expenses associated with marketing efforts;

- federal and state registration fees, any stock exchange listing fees and fees payable to rating agencies;
- federal, state and local taxes;
- independent directors' fees and expenses including certain travel expenses;
- costs of preparing financial statements and maintaining books and records and filing reports or other documents with the SEC (or other regulatory bodies) and other reporting and compliance costs, including registration and listing fees, and the compensation of professionals responsible for the preparation of the foregoing;
- the costs of any reports, proxy statements or other notices to stockholders (including printing and mailing costs), the costs of any stockholder or director meetings and the compensation of personnel responsible for the preparation of the foregoing and related matters;
- commissions and other compensation payable to brokers or dealers;
- research and market data;
- fidelity bond, directors and officers errors and omissions liability insurance and other insurance premiums;
- direct costs and expenses of administration, including printing, mailing, long distance telephone and staff;
- fees and expenses associated with independent audits, outside legal and consulting costs;
- costs of winding up our affairs;
- costs incurred by either the Administrator or us in connection with administering our business, including payments under the Administration Agreement;
- extraordinary expenses (such as litigation or indemnification);
- costs associated with reporting and compliance obligations under the 1940 Act and applicable federal and state securities laws; and
- costs associated with the Company's legacy lease;

Co-investment Exemptive Relief

As a BDC, the Company is subject to certain regulatory restrictions in making its investments. For example, BDCs generally are not permitted to co-invest with certain affiliated entities in transactions originated by the BDC or its affiliates in the absence of an exemptive order from the SEC. However, BDCs are permitted to, and may, simultaneously co-invest in transactions where price is the only negotiated term.

On October 23, 2018, the SEC issued an order granting an application for exemptive relief to an affiliate of the Adviser that allows BDCs managed by the Adviser, including the Company, to co-invest, subject to the satisfaction of certain conditions, in certain private placement transactions, with other funds managed by the Adviser or its affiliates, including BCP Special Opportunities Fund I LP, BC Partners Lending Corporation and any future funds that are advised by the Adviser or its affiliated investment advisers. Under the terms of the exemptive order, in order for the Company to participate in a co-investment transaction a "required majority" (as defined in Section 57(o) of the 1940 Act) of the Company's independent directors must conclude that (i) the terms of the proposed transaction, including the consideration to be paid, are reasonable and fair to the Company and its stockholders and do not involve overreaching with respect of the Company or its stockholders on the part of any person concerned, and (ii) the proposed transaction is consistent with the interests of the Company's stockholders and is consistent with the Company's investment objectives and strategies and certain criteria established by the Board.

6. BORROWINGS

The Company's debt obligations consist of the following:

	As of March 31, 2021	As of December 31, 2020
6.125% Notes Due 2022 (net of offering costs of: 2021-\$0; 2020 - \$1,058,351)	\$ 76,725,975	\$ 75,667,624
2018-2 Secured Notes (net of discount of: 2021-\$1,535,573; 2020 - \$2,444,512)	162,327,125	249,418,186
Great Lakes Portman Ridge Funding LLC Revolving Credit Facility (net of offering costs of: 2021-\$1,006,335; 2020 - \$1,097,815)	68,064,563	48,223,083
	<u>\$ 307,117,663</u>	<u>\$ 373,308,893</u>

The weighted average stated interest rate and weighted average maturity on all our debt outstanding as of March 31, 2021 were 3.4% and 5.6 years, respectively, and as of December 31, 2020 were 3.0% and 6.7 years, respectively.

6.125% Notes Due 2022

During the third quarter of 2017, the Company issued \$77.4 million in aggregate principal amount of unsecured 6.125% Notes due 2022 (the 6.125% Notes Due 2022). The net proceeds for these Notes, after the payment of underwriting expenses, were approximately \$74.6 million. Interest on the 6.125% Notes Due 2022 is paid quarterly in arrears on March 30, June 30, September 30 and December 30, at a rate of 6.125%. The 6.125% Notes Due 2022 mature on September 30, 2022 and are unsecured obligations of the Company. The 6.125% Notes Due 2022 are subject to redemption in whole or in part at any time or from time to time, at the option of the Company, on or after September 30, 2019, at a redemption price per security equal to 100% of the outstanding principal amount thereof plus accrued and unpaid interest payments otherwise payable for the then-current quarterly interest period accrued to the date fixed for redemption. The indenture governing the 6.125% Notes Due 2022 contains certain restrictive covenants, including compliance with certain provisions of the 1940 Act related to borrowing and dividends. At March 31, 2021, the Company was in compliance with all of its debt covenants.

For the three months ended March 31, 2021 and 2020, interest expense related to the 6.125% Notes Due 2022 was approximately \$1.2 million and \$1.2 million, respectively.

In connection with the issuance of the 6.125% Notes Due 2022, the Company incurred approximately \$2.9 million of debt offering costs which were being amortized over the expected term of the facility on an effective yield method. In connection with the anticipated refinancing of the 6.125% Notes Due 2022 during the second quarter of 2021, the Company wrote off approximately \$1.0 million of unamortized debt offering costs which are reflected in Realized Losses on Extinguishment of Debt on the Consolidated Statement of Operations. As of December 31, 2020 there was approximately \$1.1 million of unamortized debt offering costs included on the consolidated balance sheets as a reduction in the related debt liability.

During the quarter ended March 31, 2020, the Company repurchased approximately \$573 thousand of principal amount of the 6.125% Notes Due 2022 at a cost of approximately \$419 thousand, resulting in a realized gain on extinguishment of approximately \$154 thousand. The Company subsequently surrendered these notes to the Trustee for cancellation.

Fair Value of 6.125% Notes Due 2022. The 6.125% Notes Due 2022 were issued via public offering during the third quarter of 2017 and are carried at cost, net of offering costs of \$0 million and \$1.1 million at March 31, 2021 and December 31, 2020, respectively. The fair value of the Company's outstanding 6.125% Notes Due 2022 was approximately \$77.5 million and \$78.1 million at March 31, 2021 and December 31, 2020. The fair value was determined based on the closing price on March 31, 2021 and December 31, 2020 for the 6.125% Notes Due 2022. The 6.125% Notes Due 2022 are categorized as Level II under the ASC 820 Fair Value.

Revolving Credit Facilities

On March 1, 2018, Great Lakes KCAP Funding I, LLC ("Funding"), our wholly owned subsidiary, entered into a senior secured revolving credit facility (the "Prior Revolving Credit Facility") with certain institutional lenders, State Bank and Trust Company, as the administrative agent, lead arranger and bookrunner, CIBC Bank USA, as documentation agent and the Company, as the servicer. The maximum commitment amount of the Prior Revolving Credit Facility was increased on March 27, 2019 to \$57.5 million, and on April 1, 2019 to \$67.5 million, subject to availability under the borrowing base. In December 2019, the Prior Revolving Credit Facility was fully repaid and the related agreements, including security interests in assets pledged as collateral, were terminated on December 23, 2019. The Company recognized a realized loss on extinguishment of debt of approximately \$1.1 million in connection with the termination of the Prior Revolving Credit Facility.

Borrowings under the Prior Revolving Credit Facility bore interest at a rate per annum equal to (i) in the case of LIBOR rate loans, an adjusted LIBOR rate for the applicable interest period plus 3.25% or (ii) in the case of base rate loans, the prime rate plus 3.25%.

The Prior Revolving Credit Facility was secured by all of the assets held by Funding, and the Company had pledged its interests in Funding as collateral to State Bank and Trust Company, as the administrative agent, to secure the obligations of Funding under the Revolving Credit Facility. The Revolving Credit Agreement includes customary affirmative and negative covenants, including certain limitations on the incurrence of additional indebtedness and liens, as well as usual and customary events of default for revolving credit facilities of this nature.

On December 18, 2019, Great Lakes Portman Ridge Funding LLC (“GLPRF LLC”), our wholly-owned subsidiary, entered into a senior secured revolving credit facility (the “Revolving Credit Facility”) with JPMorgan Chase Bank, National Association (“JPM”). JPM serves as administrative agent, U.S. Bank National Association serves as collateral agent, securities intermediary and collateral administrator, and we serve as portfolio manager under the Revolving Credit Facility.

Advances under the Revolving Credit Facility bear interest at a per annum rate equal to the three-month LIBOR in effect, plus the applicable margin of 2.85% per annum. GLPRF LLC is required to utilize a minimum of 80% of the commitments under the Revolving Credit Facility, after an initial six-month ramp-up period during which a lesser minimum utilization requirement applies. Unused amounts below such minimum utilization amount accrue interest as if such amounts are outstanding as borrowings under the Revolving Credit Facility. In addition, GLPRF LLC will pay a non-usage fee during the first three years after the closing date in an amount not to exceed 0.50% per annum on the average daily unborrowed portion of the financing commitments in excess of such minimum utilization amount.

The initial principal amount of the Revolving Credit Facility is \$115 million. The Revolving Credit Facility has an accordion feature, subject to the satisfaction of various conditions, which could bring total commitments under the Revolving Credit Facility to up to \$215 million. Proceeds from borrowings under the Revolving Credit Facility may be used to fund portfolio investments by GLPRF LLC and to make advances under delayed draw term loans where GLPRF LLC is a lender. All amounts outstanding under the Revolving Credit Facility must be repaid by the maturity date of December 18, 2023.

GLPRF LLC’s obligations to the lenders under the Revolving Credit Facility are secured by a first priority security interest in all of GLPRF LLC’s portfolio of investments and cash. The obligations of GLPRF LLC under the Revolving Credit Facility are non-recourse to us, and our exposure under the Revolving Credit Facility is limited to the value of our investment in GLPRF LLC. In connection with the Revolving Credit Facility, GLPRF LLC has made certain customary representations and warranties and is required to comply with various covenants, reporting requirements and other customary requirements for similar facilities. The Revolving Credit Facility contains customary events of default for similar financing transactions, including if a change of control of GLPRF LLC occurs or if we are no longer the portfolio manager of GLPRF LLC.

At March 31, 2021, GLPRF LLC was in compliance with all of its debt covenants and \$69.1 million principal amount of borrowings was outstanding under the Revolving Credit Facility. The fair value of GLPRF LLC debt outstanding was approximately \$69.1 million at March 31, 2021.

For the three months ended March 31, 2021 and 2020 interest and fees expense related to the Revolving Credit Facility was approximately \$1.7 million and \$0.9, respectively.

2018-2 Secured Notes

March 31, 2021	Amortized Carrying Value	Outstanding Principal at Par	Spread	Rating⁽¹⁾	Stated Maturity⁽²⁾
2018-2 Secured Notes:					
Class A-1R-R Notes	\$ —	\$ —	LIBOR + 1.58% (3)	AAA(sf)	11/20/2029
Class A-1T-R Notes	89,543,115	90,512,698	LIBOR + 1.58%	AAA(sf)	11/20/2029
Class A-2-R Notes	54,681,332	55,100,000	LIBOR + 2.45%	AA (sf)	11/20/2029
Class B-R Notes	18,102,679	18,250,000	LIBOR + 3.17%	A (sf)	11/20/2029
	\$ 162,327,125	\$ 163,862,698			

(1) Represents ratings from each of S&P and DBRS for the Class A-1R-R Notes and the Class A-1T-R Notes and from S&P for the Class A-2-R Notes and Class B-R Notes as of the closing of the CLO on October 18, 2018.

(2) The indenture governing our CLO permits the repricing or refinancing of the secured notes after November 20, 2020, which may result in the redemption of the outstanding notes occurring prior to their stated maturity.

(3) Interest may be indexed to either the CP Rate (as defined in the governing indenture) or three-month USD LIBOR.

October 28, 2020 the Company completed the GARS Acquisition, pursuant to the terms and conditions of the GARS Merger Agreement. In connection therewith, the Company now consolidates the financial statements the 2018-2 CLO a \$420.0 million par value CLO facility. On the date of the transaction the debt assumed was recognized at fair value, resulting in a \$2.4 million discount which is amortized over the remaining term of the borrowings.

The CLO was executed by GF 2018-2 (the “Issuer”) and Garrison Funding 2018-2 LLC (together with the Issuer, the “Co-Issuers”) who issued \$312.0 million of senior secured notes (collectively referred to as the “2018-2 Secured Notes” individually defined above in the table) and \$108.0 million of subordinated notes (the “2018-2 Subordinated Notes” and, together with the 2018-2 Secured Notes, the “2018-2 Notes”) backed by a diversified portfolio of primarily senior secured loans. The Company owns all \$108.0 million of the 2018-2 Subordinated Notes and \$18.3 million of the Class B-R Notes and serves as collateral manager for the Co-Issuers. The Company is entitled to receive interest from the Class B-R Notes, distributions from the 2018-2 Subordinated Notes and fees for serving as collateral manager in accordance with the CLO’s governing documents and to the extent funds are available for such purposes. However, as a result of retaining all of the 2018-2 Subordinated Notes, the Company consolidates the accounts of the Co-Issuers into its financial statements and all transactions between the Company and the Co-Issuers are eliminated on consolidation. As a result of this consolidation, the 2018-2 Secured Notes issued by the CLO is treated as the Company’s indebtedness, except any 2018-2 Secured Notes owned by the Company, which are eliminated in consolidation. The 2018-2 Notes are scheduled to mature on November 20, 2029, however the Co-Issuers may redeem the 2018-2 Notes on any business day after November 20, 2020. The indenture governing the 2018-2 Notes provides that, to the extent cash is available from cash collections, the holders of the 2018-2 Notes are to receive quarterly interest payments on the 20th day or, if not a business day, the next succeeding business day of February, May, August and November of each year until the stated maturity or earlier redemption. On July 18, 2019, \$25.0 million outstanding of the aggregate \$50.0 million Class A-1R-R Notes available under the CLO converted to Class A-1T-R Notes. The remaining \$25.0 million of Class A-1R-R Notes, to the extent drawn, will convert to term notes on or before November 20, 2022.

During the first quarter of 2021, the Company redeemed approximately \$88 million of the 2018-2 Secured Notes. In connection therewith, the Company recognized a realized loss on extinguishment of debt of approximately \$0.9 million.

The fair value of the 2018-2 Notes approximated their carrying value on the consolidated statements of financial condition as of March 31, 2021 and are categorized as Level III under the ASC 820 Fair Value Hierarchy.

Collateralized Loan Obligation Financing Covenants

The documents governing the CLO include three overcollateralization tests which are comprised of the Class A Overcollateralization Test, the Class B Overcollateralization Test and the EoD Overcollateralization Test, each of which are individually defined below.

The documents governing the CLO include two coverage tests applicable to the 2018-2 Secured Notes as of March 31, 2021. The first test compares the amount of interest received on the collateral loans held by 2018-2 CLO to the amount of interest payable on the 2018-2 Secured Notes in respect of the amounts drawn and certain expenses. To meet this first test, at any time, the aggregate amount of interest received on the collateral loans must equal, after the payment of certain fees and expenses, at least 135.0% of the aggregate amount of interest payable on the Class A-1R-R Notes, the Class A-1T-R Notes and the Class A-2-R Notes (collectively, the “Class A-R Notes”) and 125.0% of the interest payable on the Class A-R Notes and Class B-R Notes, taken together.

The second test compares the aggregate assets that serve as collateral for the 2018-2 Secured Notes, or the Total Capitalization, as defined and calculated in accordance with the indenture, to the aggregate outstanding principal amount of the 2018-2 Secured Notes in respect of the amounts drawn. To meet this second test at any time, the Total Capitalization must equal at least (1) 128.0% of the aggregate outstanding principal amount of the Class A-R Notes (“Class A Overcollateralization Test”), and (2) 118.2% of the aggregate principal amount of the Class A-R Notes and Class B-R Notes, taken together (the test in clause (2), the “Class B Overcollateralization Test”). As of December 31, 2020, the Company was in compliance of the Class B Overcollateralization Test and as a result must cure the Class B Overcollateralization Test in order to avoid diversion of cash away from making additional investments or distributions.

If the coverage tests are not satisfied with respect to a quarterly payment date, the CLO may be required to apply amounts to the repayment of interest on and principal of the 2018-2 Notes prior to their maturity to the extent necessary to satisfy the applicable coverage tests. As a result, there may be reduced funds available for 2018-2 CLO to make additional investments or to make distributions on the 2018-2 Notes held by the Company. Additionally, compliance was measured on each day collateral loans are purchased, originated or sold and in connection with monthly reporting to the note holders.

Furthermore, if under the second coverage test the Total Capitalization equals 125.0% or less of the aggregate outstanding principal amount on the Class A-1R-R and Class A-1T-R Notes (“EoD Overcollateralization Test”), taken together remained so for ten business days, an event of default would be deemed to have occurred.

As of March 31, 2021, the trustee for the CLO has asserted that the Class A Overcollateralization Test, Class B Overcollateralization, and the EoD Overcollateralization Test were met.

Senior Securities

Information about the Company's senior securities is shown as of the dates indicated in the below table.

Class and Period	Total Amount Outstanding Exclusive of Treasury Securities(1)	Asset Coverage per Unit(2)	Involuntary Liquidating Preference per Unit(3)	Average Market Value per Unit(4)
	(dollars in thousands)			
Fiscal 2011	\$ 60,000	4,009	—	N/A
Fiscal 2012	101,400	3,050	—	N/A
Fiscal 2013	192,592	2,264	—	N/A
Fiscal 2014	223,885	2,140	—	N/A
Fiscal 2015	208,049	2,025	—	N/A
Fiscal 2016	180,881	2,048	—	N/A
Fiscal 2017	104,407	2,713	—	N/A
Fiscal 2018	103,763	2,490	—	N/A
Fiscal 2019(5)	156,978	1,950	—	N/A
Fiscal 2020(6)	377,910	1,560	—	N/A
March 31, 2021(7)	309,660	1,699	—	N/A

- (1) Total amount of each class of senior securities outstanding at the end of the period presented.
- (2) Asset coverage per unit is the ratio of the carrying value of PTMN's total consolidated assets, less all liabilities and indebtedness not represented by senior securities, to the aggregate amount of senior securities representing indebtedness. Asset coverage per unit is expressed in terms of dollar amounts per \$1,000 of indebtedness.
- (3) The amount to which such class of senior security would be entitled upon the involuntary liquidation of the issuer in preference to any security junior to it. The "—" indicates information which the SEC expressly does not require to be disclosed for certain types of senior securities.
- (4) Not applicable, except with respect to the 7.375% Notes Due 2019 and the 6.125% Notes Due 2022, as other debt securities are not registered for public trading. For the years ended December 31, 2017, 2016, 2015, 2014, 2013 and for the period from October 17, 2012 (date of issuance) to December 31, 2012, the average market value per \$1,000 of par value of the 7.375% Notes Due 2019 was \$1,016.04, \$1,000.00, \$1,011.96, \$1,037.72, \$1,032.96 and \$1,012.28, respectively. For the years-ended December 31, 2020, 2019 and 2018 and for the period from August 14, 2017 (date of issuance) to December 31, 2017, the average market value per \$1,000 of par value of the 6.125% Notes Due 2022 was \$953.20, \$1,009.93, \$1,009.20 and \$1,006.00, respectively. Average market value is computed by taking the daily average of the closing prices for the period.
- (5) As of December 31, 2019, the Total Amount Outstanding Exclusive of Treasury Securities consisted of 6.125% Notes Due 2022 of \$77,407 and Revolving Credit Facilities of \$79,571.
- (6) As of December 31, 2020, the Total Amount Outstanding Exclusive of Treasury Securities consisted of 6.125% Notes Due 2022 of \$76,726, Revolving Credit Facilities of \$49,321 and 2018-2 Secured Notes of \$251,863.
- (7) As of March 31, 2021, the Total Amount Outstanding Exclusive of Treasury Securities consisted of 6.125% Notes Due 2022 of \$76,726, Revolving Credit Facilities of \$69,071 and 2018-2 Secured Notes of \$163,863.

7. DISTRIBUTABLE TAXABLE INCOME

Effective December 11, 2006, the Company elected to be treated as a RIC under the Code and adopted a December 31 tax-calendar year end. As a RIC, the Company is not subject to federal income tax on the portion of its taxable income and gains distributed currently to its stockholders as a dividend. The Company's quarterly distributions, if any, are determined by the Board. The Company anticipates distributing substantially all of its taxable income and gains, within the Subchapter M rules, and thus the Company anticipates that it will not incur any federal or state income tax at the RIC level. As a RIC, the Company is also subject to a federal excise tax based on distributive requirements of its taxable income on a calendar year basis (e.g., calendar year 2020). Depending on the level of taxable income earned in a tax year, the Company may choose to carry forward taxable income in excess of current year distributions into the next tax year and pay a 4% excise tax on such income, to the extent required.

The Company may distribute taxable dividends that are payable in cash or shares of its common stock at the election of each stockholder. Under certain applicable provisions of the Code and the Treasury regulations, distributions payable in cash or in shares of stock at the election of stockholders are treated as taxable dividends. The Internal Revenue Service has published guidance indicating

that this rule will apply even where the total amount of cash that may be distributed is limited to no more than 20% of the total distribution. Under this guidance, if too many stockholders elect to receive their distributions in cash, the cash available for distribution must be allocated among the stockholders electing to receive cash (with the balance of the distribution paid in stock). If the Company decides to make any distributions consistent with this guidance that are payable in part in its stock, taxable stockholders receiving such dividends will be required to include the full amount of the dividend (whether received in cash, shares of the Company's stock, or a combination thereof) as ordinary income (or as long-term capital gain to the extent such distribution is properly reported as a capital gain dividend) to the extent of the Company's current and accumulated earnings and profits for U.S. federal income tax purposes. As a result, a U.S. stockholder may be required to pay tax with respect to such dividends in excess of any cash received. If a U.S. stockholder sells the stock it receives in order to pay this tax, the sales proceeds may be less than the amount included in income with respect to the dividend, depending on the market price of the Company's stock at the time of the sale. Furthermore, with respect to non-U.S. stockholders, the Company may be required to withhold U.S. tax with respect to such dividends, including in respect of all or a portion of such dividend that is payable in stock. In addition, if a significant number of the Company's stockholders determine to sell shares of its stock in order to pay taxes owed on dividends, it may put downward pressure on the trading price of the Company's stock.

The following reconciles net increase in net assets resulting from operations to taxable income for the three months ended March 31, 2021 and 2020:

	Three Months Ended March 31,	
	2021	2020
	(Unaudited)	
Net (decrease) increase in net assets resulting from operations	\$ 8,037,115	\$ (29,052,933)
Net change in unrealized depreciation (appreciation) from investments	(6,745,349)	30,924,682
Net realized losses	6,920,751	894,041
Book/tax differences on CLO equity investments	839,059	563,835
Book/tax differences related to mergers	(4,899,142)	(520,497)
Other book/tax differences	(514,483)	511,693
Taxable income before deductions for distributions	<u>\$ 3,637,951</u>	<u>\$ 3,320,821</u>
Taxable income before deductions for distributions per weighted average basic shares for the period	\$ 0.05	\$ 0.07
Taxable income before deductions for distributions per weighted average diluted shares for the period	\$ 0.05	\$ 0.07

Dividends from Asset Manager Affiliates are recorded based upon a quarterly estimate of tax-basis earnings and profits of each Asset Manager Affiliate. Distributions in excess of the estimated tax-basis quarterly earnings and profits of each distributing Asset Manager Affiliate are recognized as tax-basis return of capital. The actual tax-basis earnings and profits and resulting dividend and/or return of capital for the year will be determined at the end of the tax year for each distributing Asset Manager Affiliate. For the three months ended March 31, 2021 and 2020, the Asset Manager Affiliates did not make any cash distributions to the Company.

Distributions to shareholders that exceed tax-basis distributable income (tax-basis net investment income and realized gains, if any) are reported as distributions of paid-in capital (i.e. return of capital). The tax character of distributions is made on an annual (full calendar-year) basis. The determination of the tax attributes of our distributions is made at the end of the year based upon our taxable income for the full year and the distributions paid during the full year. Therefore, a determination of tax attributes made on a quarterly basis may not be representative of the actual tax attributes of distributions for a full year.

At March 31, 2021, the Company had a net capital loss carryforward of \$348.7 million to offset net capital gains. This net capital loss carryforward is not subject to expiration. A portion of the Company's capital loss carryovers are subject to an annual use limitation under the Code and related regulations.

The Company has certain taxable subsidiaries which have elected to be taxed as corporations for U.S. tax purposes. For the three months ended March 31, 2021, the taxable subsidiaries' activity did not result in a material provision for income taxes. As of March 31, 2021 and December 31, 2020, \$158 thousand of refundable AMT tax credits receivable was included as an asset on the consolidated balance sheets. The taxable subsidiaries have, in aggregate, approximately \$23.2 million of deferred tax assets (primarily due to net operating loss and capital loss carryovers) and no deferred tax liabilities. The Company has assessed the realizability of the deferred tax assets and recorded a full valuation allowance as of March 31, 2021. A portion of the taxable subsidiaries' net operating loss and capital loss carryovers are subject to an annual use limitation under the Code and related regulations.

ASC Topic 740 Accounting for Uncertainty in Income Taxes ("ASC 740") provides guidance for how uncertain tax positions should be recognized, measured, presented, and disclosed in the consolidated financial statements. ASC 740 requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Company's tax returns to determine whether the tax positions

are “more-likely-than-not” of being sustained by the applicable tax authority. The Company recognizes the tax benefits of uncertain tax positions only where the position is “more likely than not” to be sustained assuming examination by tax authorities. Management has analyzed the Company’s tax positions, and has concluded that no liability for unrecognized tax benefits should be recorded related to uncertain tax positions taken on returns filed for open tax years (the last three fiscal years) or expected to be taken in the Company’s current year tax return. The Company identifies its major tax jurisdictions as U.S. Federal and New York State, and the Company is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will change materially in the next 12 months. Management’s determinations regarding ASC 740 may be subject to review and adjustment at a later date based upon factors including, but not limited to, an ongoing analysis of tax laws, regulations and interpretations thereof.

8. COMMITMENTS AND CONTINGENCIES

From time-to-time the Company is a party to financial instruments with off-balance sheet risk in the normal course of business in order to meet the needs of the Company’s investment in portfolio companies. Such instruments include commitments to extend credit and may involve, in varying degrees, elements of credit risk in excess of amounts recognized on the Company’s balance sheet. Prior to extending such credit, the Company attempts to limit its credit risk by conducting extensive due diligence, obtaining collateral where necessary and negotiating appropriate financial covenants. As of March 31, 2021 and December 31, 2020, the Company had \$25.0 million and \$32.9 million outstanding unfunded commitments, respectively.

The Company has made an aggregate commitment to the BCP Great Lakes Partnership of \$50 million, subject to certain limitations (including that the Company is not obligated to fund capital calls if such funding would cause the Company to be out of compliance with certain provisions of the 1940 Act). As of March 31, 2021 and December 31, 2020, the Company had a \$13.8 million and \$20.0 million, respectively unfunded commitment to the BCP Great Lakes Partnership, subject to the limitations noted above.

The Company is involved in litigation in the normal course of its operations and does not expect that the outcome of those litigations to have a material adverse impact to the Company’s financial position or results of operations.

In the fourth quarter of 2018, the Company undertook the commitments under a lease obligation for its former office space. Such obligation was previously with Katonah Debt Advisors. During 2018, the Company and the Asset Manager Affiliates shared the cost of such lease pursuant to an Overhead Allocation agreement.

Effective January 1, 2019, the Company adopted ASU 2016-02, “Leases (Topic 842)”. The right-of-use asset and lease liability related to the Company’s office lease were recognized at lease commencement by calculating the present value of lease payments over the lease term. The discount rate used in determining the lease liability was the Company’s estimated incremental borrowing rate of 6.03%. In calculating the initial operating lease liability, the effect of the discounting was approximately \$626 thousand.

During the second quarter of 2019, the Company recognized an impairment to the operating lease right-of-use asset of approximately \$1.4 million to reduce the right-of-use asset to its estimated fair market value. The impairment charge was measured using a discounted cash flow analysis and recognized in the statement of operations during the second quarter of 2019 as a result of the Company’s estimated impact of entering into a sublease.

9. STOCKHOLDERS’ EQUITY

The following table details the components of Stockholders’ Equity for the three months ended March 31, 2021 and 2020:

	Three Months Ended March 31, 2021			
	Common Stock	Capital in Excess of Par Value	Total Distributable (loss) earnings	Total Stockholders' Equity
Balance, January 1, 2021	\$ 751,642	\$ 638,459,548	\$ (422,947,327)	\$ 216,263,863
Net investment income	—	—	8,212,517	8,212,517
Net realized (losses) from investment transactions and extinguishment of debt	—	—	(6,920,751)	(6,920,751)
Net change in unrealized appreciation on investments	—	—	6,745,349	6,745,349
Distributions to Stockholders	—	—	(4,509,854)	(4,509,854)
Reinvested Dividends	309	63,675	—	63,984
Balance at March 31, 2021	\$ 751,951	\$ 638,523,223	\$ (419,420,066)	\$ 219,855,108

	Three Months Ended March 31, 2020			
	Common Stock	Capital in Excess of Par Value	Total Distributable (loss) earnings	Total Stockholders' Equity
Balance, January 1, 2020	\$ 448,297	\$ 451,353,379	\$ (299,603,106)	\$ 152,198,570
Net investment income	—	—	2,765,790	2,765,790
Net realized (losses) from investment transactions and extinguishment of debt	—	—	(894,041)	(894,041)
Net change in unrealized appreciation on investments	—	—	(30,924,682)	(30,924,682)
Distributions to Stockholders	—	—	(2,689,779)	(2,689,779)
Reinvested Dividends	177	36,907	—	37,084
Stock-repurchase	(1,215)	(122,114)	—	(123,330)
Balance at March 31, 2020	<u>\$ 447,259</u>	<u>\$ 451,268,171</u>	<u>\$ (331,345,818)</u>	<u>\$ 120,369,612</u>

On March 5, 2020, the Board of Directors of the Company approved a \$10 million stock repurchase program (the “Stock Repurchase Program”). Under this repurchase program, shares may be repurchased from time to time in open market transactions, in privately negotiated transactions or otherwise subject to any agreement to which we are party including any restrictions in the indenture for our 6.125% Notes Due 2022. The timing and actual number of shares repurchased will depend on a variety of factors, including legal requirements, price, and economic and market conditions. This Stock Repurchase Program may be suspended or discontinued at any time. On March 11, 2021, the Board of Directors of the Company authorized a renewed stock repurchase program of up to \$10 million (the “Renewed Stock Repurchase Program”) for an approximately one-year period, effective March 11, 2021 and terminating on March 31, 2022. The terms and conditions of the Renewed Stock Repurchase Program are substantially similar to the prior Stock Repurchase Program. The Renewed Stock Repurchase Program may be suspended or discontinued at any time. Subject to these restrictions, we will selectively pursue opportunities to repurchase shares which are accretive to net asset value per share.

There were no share repurchases during the first quarter of 2021. During the three months ended March 31, 2020, the Company repurchased 121,548 of shares under the Stock Repurchase Program at an aggregate cost of approximately \$123 thousand.

During the three months ended March 31, 2021 and 2020, the Company issued 30,911 and 17,744 shares, respectively, of common stock under its dividend reinvestment plan. The total number of shares of the Company’s common stock outstanding as of March 31, 2021 and December 31, 2020 was 75,195,141 and 75,164,230, respectively.

10. EQUITY COMPENSATION PLANS

Prior to March 31, 2019, the Company had an equity incentive plan, established in 2006 and most recently amended, following approval by the Company’s Board and shareholders, on May 4, 2017 (the “Equity Incentive Plan”). The Company reserved 2,000,000 shares of common stock for issuance under the Equity Incentive Plan. In connection with the Closing, the Company terminated the Equity Incentive Plan and will no longer make grants pursuant to the plan. Prior to the Closing, restricted stock granted under the Equity Incentive Plan was granted at a price equal to the fair market value (market closing price) of the shares on the day such restricted stock is granted. Options granted under the Equity Incentive Plan were exercisable at a price equal to the fair market value (market closing price) of the shares on the day the option is granted.

Stock Options

The 2008 Non-Employee Director Plan was originally adopted by the Board and was approved by a vote of the Company’s shareholders at the 2008 Annual Shareholder Meeting (the “2008 Plan”). Effective June 10, 2011, the 2008 Plan was amended and restated in accordance with a resolution of the Board and approved by a vote of the Company’s shareholders at the 2011 Annual Shareholder Meeting (the “2011 Plan”). Effective May 4, 2017, the 2011 Plan was amended and restated in accordance with a resolution of the Board and approved by the Company’s shareholders at the 2017 Annual Shareholder Meeting (the “Non-Employee Director Plan”). In connection with the Closing, the Company terminated the 2008 Plan and will no longer make grants pursuant to the plan.

Immediately prior to the Closing, by virtue of the Externalization and subject to the execution of an option cancellation agreement, each option to purchase shares of the Company’s common stock granted under the 2008 Plan that was outstanding immediately prior to the Externalization was cancelled in exchange for a payment in cash to the holder thereof.

Information with respect to options granted, exercised and forfeited under the Equity Incentive Plan for the period January 1, 2019 through March 31, 2019 is as follows:

	Shares	Weighted Average Exercise Price per Share	Weighted Average Contractual Remaining Term (years)	Aggregate Intrinsic Value ¹
Options outstanding at January 1, 2019	30,000	\$ 4.88	0.9	\$ —
Granted	—	—		
Exercised	—	—		
Forfeited	—	—		
Cancelled	(30,000)	4.88	0.6	
Outstanding at March 31, 2019	—	\$ —	—	\$ —
Total vested at March 31, 2019	—	\$ —	—	

¹ Represents the difference between the market value of shares of the Company on March 31, 2019 and the exercise price of the options.

The Company uses a Binary Option Pricing Model (American, call option) to establish the expected value of all stock option grants. For the three months ended March 31, 2019, the Company did not recognize any non-cash compensation expense related to stock options. At March 31, 2021, the Company had no remaining compensation costs related to unvested stock based awards.

Restricted Stock

Awards of restricted stock granted under the Non-Employee Director Plan vest as follows: 50% of the shares vest on the grant date and the remaining 50% of the shares vest on the earlier of:

- (i) the first anniversary of such grant, or
- (ii) the date immediately preceding the next annual meeting of shareholders.

On May 3, 2018, 6,000 shares of restricted stock were awarded to the Company's Board.

Immediately prior to the Closing all restrictions with respect to 3,000 shares of restricted stock outstanding and not previously forfeited under the Non-Employee Director Plan lapsed, and the holders of such restricted stock became entitled to receive a pro rata share of the payment due to stockholders of the Company pursuant to the Externalization Agreement.

On June 16, 2015, the Company received exemptive relief to repurchase shares of its common stock from its employees in connection with certain equity compensation plan arrangements. During the year ended December 31, 2018, the Company repurchased 26,681 shares, of common stock at an aggregate cost of approximately \$86,000, in connection with the vesting of employee's restricted stock, which is reflected as a reduction in Stockholders' Equity at cost. These shares are not available to be reissued under the Company's Equity Incentive Plan.

Immediately prior to the Closing, 110,382 shares of restricted stock outstanding and not previously forfeited under the Equity Incentive Plan and the 2008 Plan (as defined below) became fully vested, all restrictions with respect to such restricted stock lapsed, and the holders of such restricted stock became entitled to receive a pro rata share of the payment due to stockholders of the Company pursuant to the Externalization Agreement.

11. OTHER EMPLOYEE COMPENSATION

The Company adopted a 401(k) plan ("401K Plan") effective January 1, 2007. The 401K Plan was open to all full-time employees. The 401K Plan permits an employee to defer a portion of their total annual compensation up to the Internal Revenue Service annual maximum based on age and eligibility. The Company made contributions to the 401K Plan of up to 2% of the Internal Revenue Service's annual maximum eligible compensation, which fully vests at the time of contribution. No expense was recognized during the three months ended March 31, 2020 related to the 401K Plan. This Plan was terminated effective March 31, 2019.

The Company also adopted a deferred compensation plan ("Profit-Sharing Plan") effective January 1, 2007. Employees are eligible for the Profit-Sharing Plan provided that they are employed and working with the Company to participate in at least 100 days during the year and remain employed as of the last day of the year. Employees do not make contributions to the Profit-Sharing Plan.

On behalf of the employee, the Company may contribute to the Profit-Sharing Plan 1) up to 8.0% of all compensation up to the Internal Revenue Service annual maximum and 2) up to 5.7% excess contributions on any incremental amounts above the social security wage base limitation and up to the Internal Revenue Service annual maximum. Employees vest 100% in the Profit-Sharing Plan after five years of service. This Plan was terminated effective March 31, 2019, and no expense was recognized during the three months ended March 31, 2020.

12. ACQUISITION OF OHA INVESTMENT CORPORATION AND GARRISON CAPITAL INC.

OHA acquisition

On December 18, 2019, we completed our acquisition of OHA Investment Corporation (“OHA”). In accordance with the terms of the merger agreement, each share of common stock, par value \$0.001 per share, of OHA (the “OHA Common Stock”) issued and outstanding was converted into the right to receive (i) an amount in cash, without interest, equal to approximately \$0.42, and (ii) 0.3688 shares of common stock, par value \$0.01 per share, of the Company (plus any applicable cash in lieu of fractional shares). Each share of OHA Common Stock issued and outstanding received, as additional consideration funded by the Adviser, an amount in cash, without interest, equal to approximately \$0.15. As a result of the Merger, the Company issued an aggregate of 7,439,559 shares of its common stock to former OHA stockholders (approximately 16.6% of the Company’s outstanding shares at December 31, 2019).

Pursuant to the merger agreement, if at any time within one year after the closing date of the transaction our common stock is trading at a price below 75% of its net asset value, we will initiate a share buyback program of up to \$10 million to support the trading price of the combined entity for up to one year from the date such program is announced.

The merger was accounted for in accordance with the asset acquisition method of accounting as detailed in ASC Topic 805-50. The fair value of the consideration paid, and transaction costs incurred to complete the merger by the Company, including \$3.0 million of cash payment (deemed capital contribution) paid at closing directly to shareholders of OHA from the Adviser, was allocated to the OHA investments acquired, based on their relative fair values as of the date of acquisition. The fair value of the purchase consideration paid by the Company below the fair value of net assets acquired is considered the purchase discount. Immediately following the acquisition of OHA, the Company recorded OHA’s net assets at their respective fair values and, as a result, the purchase discount was allocated to the cost basis of the OHA investments acquired and was immediately recognized as unrealized gain on the Company’s Consolidated Statement of Operations. The purchase discount was allocated to the acquired investments on a relative fair value basis and, for performing debt investments, will amortize over the life of the investments through interest income with a corresponding reversal of the unrealized appreciation on the OHA investments acquired through their maturity. Upon the sale of any of the OHA acquired investments, the Company will recognize a realized gain or a reduction in realized losses with a corresponding reversal of the unrealized losses.

Common stock issued by the Company (1)	\$	15,548,678
Cash consideration to OHA shareholders (2)		11,510,688
Transaction costs (excluding offering costs \$385,747)		851,807
Total purchase consideration		27,911,173
Assets acquired:		
Investments, at fair value (amortized cost of \$54,123,811)		60,547,193
Cash		232,708
Interest receivable		592,329
Other assets		482,454
Total assets acquired		61,854,684
Liabilities assumed:		
Debt		27,394,083
Other liabilities		126,046
Total liabilities assumed		27,520,129
Net assets acquired		34,334,555
Total purchase discount	\$	(6,423,382)

(1) Based on the market price at closing of \$2.09 as of December 18, 2019 and the 7,439,559 shares of common stock issued by the Company in conjunction with the merger.

(2) Approximately \$8.5 million cash consideration paid by the Company plus \$3.0 million cash payment paid at closing directly to shareholders of OHA from the Adviser.

GARS acquisition

On October 28, 2020, the Company completed the GARS Acquisition, pursuant to the terms and conditions of the GARS Merger Agreement. To effect the acquisition, a wholly owned merger subsidiary of the Company merged with and into GARS, with GARS surviving the merger as the Company's wholly owned subsidiary. Immediately thereafter and as a single integrated transaction, GARS consummated a second merger, whereby GARS merged with and into the Company, with the Company surviving the merger. Under the terms of the GARS Merger Agreement, each share of GARS Common Stock issued and outstanding was converted into the right to receive (i) an amount in cash, without interest, equal to approximately \$1.19 and (ii) approximately 1.917 shares of common stock, par value \$0.01 per share, of the Company (plus any applicable cash in lieu of fractional shares). Each share of GARS Common Stock issued and outstanding received, as additional consideration funded by the Adviser, an amount in cash, without interest, equal to approximately \$0.31.

The merger was accounted for in accordance with the asset acquisition method of accounting as detailed in ASC Topic 805-50. The fair value of the consideration paid, and transaction costs incurred to complete the merger by the Company, including \$5.0 million of cash payment (deemed capital contribution) paid at closing directly to shareholders of GARS from the Adviser, was allocated to the GARS investments acquired, based on their relative fair values as of the date of acquisition. The fair value of the purchase consideration paid by the Company below the fair value of net assets acquired is considered the purchase discount. Immediately following the acquisition of GARS, the Company recorded GARS net assets at their respective fair values and, as a result, the purchase discount was allocated to the cost basis of the GARS investments acquired and was immediately recognized as unrealized gain on the Company's Consolidated Statement of Operations. The purchase discount was allocated to the acquired investments on a relative fair value basis and, for performing debt investments, will amortize over the life of the investments through interest income with a corresponding reversal of the unrealized appreciation on the GARS investments acquired through their maturity. Upon the sale of any of the GARS acquired investments, the Company will recognize a realized gain or a reduction in realized losses with a corresponding reversal of the unrealized losses.

Common stock issued by the Company ⁽¹⁾	\$	38,764,706
Cash consideration to GARS shareholders		24,100,000
Transaction costs (excluding offering costs \$432,339)		1,167,661
Total purchase consideration		<u>64,032,367</u>
Assets acquired:		
Investments, at fair value (amortized cost of \$277,380,492)		317,802,548
Cash		35,360,820
Interest receivable		1,871,232
Other assets		2,087,550
Total assets acquired		<u>357,122,150</u>
Liabilities assumed:		
Debt		251,213,342
Other liabilities		1,454,384
Total liabilities assumed		<u>252,667,726</u>
Net assets acquired		<u>104,454,424</u>
Total purchase discount	\$	<u>(40,422,057)</u>

(1) Based on the market price at closing of \$1.26 as of October 28, 2020 and the 30,765,640 shares of common stock issued by the Company in conjunction with the merger.

13. SUBSEQUENT EVENTS

Notes Offering

On April 27, 2021, the Company priced an offering of \$80,000,000 in aggregate principal amount of unsecured 4.875% Notes due 2026 (the "4.875% Notes due 2026") in a private placement exempt from registration under the Section 4(a)(2) of the Securities Act. The private offering closed on April 30, 2021. The 4.875% Notes due 2026 have not been registered under the Securities Act or any state securities laws and may not be reoffered or resold in the United States absent registration or an applicable exemption from such registration requirements. The net proceeds to the Company were approximately \$77.7 million, after deducting estimated offering expenses. The Company intends to use the net proceeds of the offering to redeem in full its 6.125% Notes due 2022, make investments in portfolio companies in accordance with its investment objectives, and for general corporate purposes.

On April 30, 2021, the Company and U.S. Bank National Association (the “Trustee”) entered into a Supplemental Indenture (the “Third Supplemental Indenture”), which supplements that certain Base Indenture, dated as of October 10, 2012 (as may be further amended, supplemented or otherwise modified from time to time, the “Base Indenture” and, together with the Third Supplemental Indenture, the “Indenture”). The Third Supplemental Indenture relates to the Company’s issuance of the 4.875% Notes due 2026.

The 4.875% Notes due 2026 will mature on April 30, 2026 and may be redeemed in whole or in part at the Company’s option at any time or from time to time at the redemption prices set forth in the Indenture and bear interest at a rate of 4.875% per year payable semi-annually on March 16 and September 16 of each year, commencing on September 16, 2021. The 4.875% Notes due 2026 are general unsecured obligations of the Company that rank senior in right of payment to all of the Company’s existing and future indebtedness that is expressly subordinated in right of payment to the 4.875% Notes due 2026, rank pari passu with all existing and future unsecured unsubordinated indebtedness issued by the Company, rank effectively junior to any of the Company’s secured indebtedness (including unsecured indebtedness that the Company later secures) to the extent of the value of the assets securing such indebtedness, and rank structurally junior to all existing and future indebtedness (including trade payables) incurred by the Company’s subsidiaries, financing vehicles or similar facilities.

The Indenture contains certain covenants, including covenants requiring the Company to comply with the asset coverage requirements of Sections 18(a)(1)(A) and 18(a)(1)(B) as modified by Section 61(a)(2) of the 1940 Act, whether or not it is subject to those requirements, and to provide financial information to the holders of the Notes and the Trustee if the Company is no longer subject to the reporting requirements under the Exchange Act. Additionally, the Company has agreed to use its commercially reasonable efforts to maintain a rating of the 4.875% Notes due 2026 from a rating agency, as long as the notes are outstanding. These covenants are subject to important limitations and exceptions that are described in the Indenture.

In addition, on the occurrence of a “change of control repurchase event,” as defined in the Indenture, the Company will generally be required to make an offer to purchase the outstanding notes at a price equal to 100% of the principal amount of such notes plus accrued and unpaid interest to the repurchase date.

The foregoing description of the Indenture does not purport to be complete and is qualified in its entirety by reference to the full text of the Indenture, filed as an exhibit to the Company’s Form 8-K filed with the SEC on May 3, 2021.

Registration Rights Agreement

In connection with the offering of 4.875% Notes due 2026, the Company entered into a Registration Rights Agreement, dated as of April 30, 2021 (the “Registration Rights Agreement”), with the purchasers of the 4.875% Notes due 2026. Pursuant to the Registration Rights Agreement, the Company is obligated to file with the SEC a registration statement relating to an offer to exchange the 4.875% Notes due 2026 for new notes issued by the Company that are registered under the Securities Act and otherwise have terms substantially identical to those of the 4.875% Notes due 2026, and to use its commercially reasonable efforts to cause such registration statement to be declared effective. If the Company is not able to effect the exchange offer, the Company will be obligated to file a shelf registration statement covering the resale of the 4.875% Notes due 2026 and use its commercially reasonable efforts to cause such registration statement to be declared effective. If the Company fails to satisfy its registration obligations by certain dates specified in the Registration Rights Agreement, it will be required to pay additional interest to the holders of the 4.875% Notes due 2026.

The foregoing description of the Registration Rights Agreement does not purport to be complete and is qualified in its entirety by reference to the full text of the Registration Rights Agreement, filed as an exhibit to the Company’s Form 8-K filed with the SEC on May 3, 2021.

Redemption of 6.125% Notes due 2022

On April 30, 2021, Company notified the trustee for the Company’s 6.125% Notes due 2022 of the Company’s election to redeem the \$77.4 million aggregate principal amount of the 6.125% Notes due 2022 outstanding, and instructed the trustee to provide notice of such redemption to the holders of the 6.125% Notes due 2022 in accordance with the terms of the indenture governing the 6.125% Notes due 2022. The Company expects the redemption to be completed on May 30, 2021. Following the redemption, none of the 6.125% Notes due 2022 will remain outstanding, and they will be delisted from the NASDAQ Global Select Market.

Distribution

On May 6, 2021, our Board declared a cash distribution of \$0.06 per share of common stock. The distribution is payable on June 1, 2021 to stockholders of record at the close of business as of May 19, 2021.

The Company has evaluated events and transactions occurring subsequent to March 31, 2021 for items that should potentially be recognized or disclosed in these financial statements. Other than as described above, management has determined that there are no other material subsequent events that would require adjustment to, or disclosure in, these unaudited consolidated financial statements.

The following discussion and analysis should be read in conjunction with our condensed and consolidated financial statements and related notes included in this Quarterly Report on Form 10-Q. This discussion contains forward-looking statements and involves numerous risks and uncertainties, including but not limited to those described in Part I, Item 1A of our annual report on Form 10-K for the year ended December 31, 2020 and Part II, Item 1A of this Form 10-Q of this Quarterly Report. Our actual results could differ materially from those anticipated by such forward-looking statements due to factors discussed under the “Risk Factors” section included in our SEC filings and “Note About Forward-Looking Statements” appearing elsewhere in this Form 10-Q.

GENERAL

We are an externally managed, non-diversified closed-end investment company that has elected to be regulated as a business development company (“BDC”) under the Investment Company Act of 1940 (the “1940 Act”). Sierra Crest Investment Management LLC (the “Adviser”) is an affiliate of BC Partners LLP (“BC Partners”). Subject to the overall supervision of the Board, the Adviser is responsible for managing our business and activities, including sourcing investment opportunities, conducting research, performing diligence on potential investments, structuring our investments, and monitoring our portfolio companies on an ongoing basis through a team of investment professionals.

We originate, structure, and invest in secured term loans, bonds or notes and mezzanine debt primarily in privately-held middle market companies but may also invest in other investments such as loans to publicly-traded companies, high-yield bonds, and distressed debt securities (collectively the “Debt Securities Portfolio”). We also invest in joint ventures and debt and subordinated securities issued by collateralized loan obligation funds (“CLO Fund Securities”). In addition, from time to time we may invest in the equity securities of privately held middle market companies and may also receive warrants or options to purchase common stock in connection with our debt investments.

In our Debt Securities Portfolio, our investment objective is to generate current income and, to a lesser extent, capital appreciation from the investments in senior secured term loans, mezzanine debt and selected equity investments in privately-held middle market companies. We define the middle market as comprising companies with EBITDA of \$10 million to \$50 million and/or total debt of \$25 million to \$150 million. We primarily invest in first and second lien term loans which, because of their priority in a company’s capital structure, we expect will have lower default rates and higher rates of recovery of principal if there is a default and which we expect will create a stable stream of interest income. The first lien term loans may include traditional first lien senior secured loans or unitranche loans. Unitranche loans combine characteristics of traditional first lien senior secured loans as well as second lien and/or mezzanine debt (“Junior Debt”). Unitranche loans will expose us to the risks associated with first lien loans and Junior Debt. While there is no specific collateral associated with senior unsecured debt, such positions are senior in payment priority over subordinated debt investments. The investments in our Debt Securities Portfolio are all or predominantly below investment grade, and have speculative characteristics with respect to the issuer’s capacity to pay interest and repay principal.

Our investments in CLO Fund Securities are primarily managed by our formerly wholly-owned asset management subsidiaries Trimaran Advisors and Trimaran Advisors Management, L.L.C. From time-to-time we have also made investments in CLO Fund Securities managed by other asset managers. Our collateralized loan obligation funds (“CLO Funds”) typically invest in broadly syndicated loans, high-yield bonds and other credit instruments.

Our portfolio may include “covenant-lite” loans which generally refer to loans that do not have a complete set of financial maintenance covenants. Generally, “covenant-lite” loans provide borrower companies more freedom to negatively impact lenders because their covenants are incurrence-based, which means they are only tested and can only be breached following an affirmative action of the borrower, rather than by a deterioration in the borrower’s financial condition. Accordingly, to the extent we invest in “covenant-lite” loans, we may have fewer rights against a borrower and may have a greater risk of loss on such investments as compared to investments in or exposure to loans with financial maintenance covenants.

We have elected to be treated for U.S. federal income tax purposes as a RIC under the Code and intend to operate in a manner to maintain our RIC status. As a RIC, we intend to distribute to our stockholders substantially all of our net ordinary taxable income and the excess of realized net short-term capital gains over realized net long-term capital losses, if any, for each year. To qualify as a RIC, we must, among other things, meet certain source-of-income and asset diversification requirements. Pursuant to this election, we generally will not have to pay corporate-level U.S. federal income taxes on any income that we timely distribute to our stockholders. Depending on the duration of the novel coronavirus (also known as “COVID-19”) pandemic and the extent of its impact on our portfolio companies’ operations and our net investment income, any future distributions to our stockholders may be for amounts less than our historical distributions, may be made less frequently than historical practices, and may be made in part cash and part stock, subject to a limitation that the aggregate amount of cash to be distributed to all stockholders must be at least 20% of the aggregate declared distribution.

From time to time, we may seek to retire, repurchase, or exchange debt securities in open market purchases or by other means dependent on market conditions, liquidity, contractual obligations, and other matters. In addition, we evaluate strategic opportunities available to us, including mergers, divestitures, spin-offs, joint ventures and other similar transactions from time to time.

During the fourth quarter of 2020, LibreMax sold its minority stake in the Adviser to a wholly-owned subsidiary of Mount Logan. An affiliate of BC Partners serves as administrator to Mount Logan.

The Externalization

On April 1, 2019 (the “Closing”), we became externally managed (the “Externalization”) by the Adviser, pursuant to a stock purchase and transaction agreement (the “Externalization Agreement”) with BC Partners Advisors L.P. (“BCP”), an affiliate of BC Partners. In connection with the Externalization, our stockholders approved an investment advisory agreement (the “Advisory Agreement”) with the Adviser. See “-Advisory Agreement” below.

Pursuant to the Externalization Agreement with BCP, the Adviser became our investment adviser in exchange for a cash payment from BCP, or its affiliate, of \$25 million, or \$0.669672 per share of our common stock, directly to our stockholders. In addition, the Adviser (or its affiliate) will use up to \$10 million of the incentive fee actually paid to the Adviser prior to the second anniversary of the Closing to buy newly issued shares of our common stock at the most recently determined net asset value per share of our common stock at the time of such purchase, and in November 2020, the Adviser purchased approximately \$570 thousand newly issued shares of our common stock in connection therewith. For the period of one year from the first day of the first quarter following the quarter in which the Closing occurred, the Adviser will permanently forego up to the full amount of the incentive fees earned by the Adviser without recourse against or reimbursement by us, to the extent necessary in order to achieve aggregate net investment income per share of common stock for such one-year period to be at least equal to \$0.40 per share, subject to certain adjustments. BCP and the Adviser’s total financial commitment to the transactions contemplated by the Externalization Agreement was \$35.0 million.

OHAI Transaction

On December 18, 2019, we completed our acquisition of OHA Investment Corporation (“OHAI”). In accordance with the terms of the merger agreement, each share of common stock, par value \$0.001 per share, of OHAI (the “OHAI Common Stock”) issued and outstanding was converted into the right to receive (i) an amount in cash, without interest, equal to approximately \$0.42, and (ii) 0.3688 shares of common stock, par value \$0.01 per share, of the Company (plus any applicable cash in lieu of fractional shares). Each share of OHAI Common Stock issued and outstanding received, as additional consideration funded by the Adviser, an amount in cash, without interest, equal to approximately \$0.15.

GARS Transaction

On June 24, 2020, we entered into an Agreement and Plan of Merger (the “GARS Merger Agreement”) with Garrison Capital Inc., a publicly traded BDC (“GARS”), the Adviser and a wholly-owned merger subsidiary of the Company (such transaction, the “GARS Acquisition”), and on October 28, 2020 we completed the GARS Acquisition. To effect the acquisition, our wholly owned merger subsidiary merged with and into GARS, with GARS surviving the merger as our wholly owned subsidiary. Immediately thereafter and as a single integrated transaction, GARS consummated a second merger, whereby GARS merged with and into us, with the Company surviving the merger.

In accordance with the terms of the GARS Merger Agreement, each share of common stock, par value \$0.001 per share, of GARS (the “GARS Common Stock”) issued and outstanding was converted into the right to receive (i) an amount in cash, without interest, equal to approximately \$1.19 and (ii) approximately 1.917 shares of common stock, par value \$0.01 per share, of the Company (plus any applicable cash in lieu of fractional shares). Each share of GARS Common Stock issued and outstanding received, as additional consideration funded by the Adviser, an amount in cash, without interest, equal to approximately \$0.31. In connection with the closing of the GARS Acquisition, the Board approved an increase in the size of the Board from seven members to nine members, and appointed each of Matthew Westwood and Joseph Morea to serve on the Board.

Proposed HCAP Transaction

On December 23, 2020, we entered into an Agreement and Plan of Merger (the “HCAP Merger Agreement”) with Harvest Capital Credit Corporation, a publicly traded BDC (“HCAP”), the Adviser and a wholly-owned merger subsidiary of the Company (such transaction, the “HCAP Acquisition”). Under the terms of the HCAP Merger Agreement and in connection with the proposed HCAP Acquisition, our wholly owned merger subsidiary will merge with and into HCAP, with HCAP surviving the merger as our wholly owned subsidiary, and immediately thereafter and as a single integrated transaction, HCAP will consummate a second merger, whereby HCAP will merge with and into us, with the Company surviving the merger.

Under the terms of the proposed transaction, HCAP stockholders will receive a combination of (i) shares of the Company’s common stock valued at 100% of its net asset value per share at the time of closing of the transaction in an aggregate number equal to HCAP’s net asset value at closing, (ii) to the extent that the number of shares of the Company’s common stock exceeds 19.9% of the issued and outstanding shares of the Company’s common stock, a cash consideration in the amount of such excess, and (iii) an additional cash payment from the Adviser of \$2.15 million in the aggregate.

The exchange ratio for the stock component of the merger will be determined by the net asset value of HCAP and the Company as of the closing, calculated as of 5:00 p.m. New York City time two days prior to the closing of the transaction. In addition to approval by HCAP’s and the Company’s respective stockholders, the closing of the merger is subject to customary conditions. We currently expect the transaction to be completed in the second calendar quarter of 2021.

PORTFOLIO AND INVESTMENT ACTIVITY

Our primary investments are lending to and investing in middle-market businesses through investments in senior secured loans, junior secured loans, subordinated/mezzanine debt investments, and other equity investments, which may include warrants, investments in joint ventures, and investments in CLO Fund Securities.

Total portfolio investment activity (excluding activity in short-term investments) for the three months ended March 31, 2021 (unaudited) and for the year ended December 31, 2020 was as follows:

	Debt Securities	CLO Fund Securities	Equity Securities	Asset Manager Affiliates	Joint Ventures	Derivatives	Total Portfolio
Fair Value at December 31, 2019							
2020 Activity:	186,802,908	31,968,202	9,864,419	—	45,087,967	(33,437)	273,690,061
Purchases / originations / draws	380,765,492	—	4,937,711	—	14,098,055	—	399,801,258
Pay-downs / pay-offs / sales	(198,364,694)	(4,432,200)	(1,515,936)	—	(7,760,136)	(976,968)	(213,049,934)
Net accretion of interest	8,228,390	3,541,296	—	—	—	—	11,769,686
Net realized gains (losses)	7,616,860	—	(989,131)	—	—	976,968	7,604,698
Increase (decrease) in fair value	19,811,899	(11,494,743)	1,647,812	—	(2,076,723)	(1,075,182)	6,813,063
Fair Value at December 31, 2020							
2021 Activity (unaudited):	404,860,855	19,582,555	13,944,876	—	49,349,163	(1,108,618)	486,628,832
Purchases / originations / draws	41,592,545	—	—	—	15,876,995	—	57,469,540
Pay-downs / pay-offs / sales	(64,304,110)	(5,757,044)	(569,791)	—	(9,703,487)	(440,000)	(80,774,432)
Net accretion of interest	7,263,688	617,256	—	—	—	—	7,880,944
Net realized gains (losses)	(129,204)	(5,323,484)	(73,100)	—	—	440,000	(5,085,788)
Increase (decrease) in fair value	(2,239,786)	6,902,151	1,349,044	—	1,208,285	(474,345)	6,745,349
Fair Value at March 31, 2021	<u>\$ 387,043,989</u>	<u>\$ 16,021,434</u>	<u>\$ 14,651,029</u>	<u>\$ —</u>	<u>\$ 56,730,956</u>	<u>\$ (1,582,963)</u>	<u>\$ 472,864,445</u>

The level of investment activity for investments funded and principal repayments for our investments can vary substantially from period to period depending on the number and size of investments that we invest in or divest of, and many other factors, including the amount and competition for the debt and equity securities available to middle market companies, the level of merger and acquisition activity for such companies and the general economic environment.

The following table shows the Company's portfolio by security type at March 31, 2021 and December 31, 2020:

Security Type	March 31, 2021 (Unaudited)			December 31, 2020		
	Cost/Amortized		% ¹	Cost/Amortized		% ¹
	Cost	Fair Value		Cost	Fair Value	
Senior Secured Loan	302,205,721	322,362,553	68	304,539,184	328,845,612	68
Junior Secured Loan	74,733,439	64,639,644	14	87,977,057	75,807,477	16
Senior Unsecured Bond	416,170	41,792	0	416,170	207,766	0
CLO Fund Securities	35,264,540	16,021,434	3	45,727,813	19,582,555	4
Equity Securities	23,950,747	14,651,029	3	24,593,639	13,944,876	3
Asset Manager Affiliates ²	17,791,230	—	—	17,791,230	—	—
Joint Ventures	61,105,966	56,730,956	12	54,932,458	49,349,163	10
Derivatives	30,609	(1,582,963)	—	30,609	(1,108,618)	—
Total	\$ 515,498,423	\$ 472,864,445	100%	\$ 536,008,160	\$ 486,628,831	100%

- ¹ Represents percentage of total portfolio at fair value.
² Represents the equity investment in the Asset Manager Affiliates.

The industry concentrations, based on the fair value of the Company's investment portfolio as of March 31, 2021 and December 31, 2020, were as follows:

Industry Classification	March 31, 2021 (Unaudited)				December 31, 2020			
	Cost/Amortized		Fair Value	% ¹	Cost/Amortized		Fair Value	% ¹
	Cost				Cost			
Aerospace and Defense	\$ 11,344,661	\$ 11,271,373	2	\$ 11,342,227	\$ 11,218,193	2		
Asset Management Company ²	17,791,230	—	—	17,791,230	—	—		
Automotive	10,920,081	11,712,281	2	10,840,171	11,651,714	2		
Banking, Finance, Insurance & Real Estate	27,025,581	26,439,023	6	30,074,875	31,121,723	6		
Beverage, Food and Tobacco	9,188,383	9,322,475	2	9,196,359	9,100,107	2		
Capital Equipment	12,156,541	10,592,526	2	10,276,249	8,204,690	2		
Chemicals, Plastics & Rubber	6,639,770	7,268,734	2	6,608,887	7,230,131	1		
CLO Fund Securities	35,264,540	16,021,434	3	45,727,813	19,582,555	4		
Construction & Building	8,532,700	9,515,138	2	9,802,754	10,946,643	2		
Consumer goods: Durable	23,767,112	26,690,292	6	32,435,115	34,858,844	7		
Consumer goods: Non-durable	1,842,084	2,101,253	0	1,837,151	2,102,176	0		
Containers, Packaging and Glass	2,800,141	2,569,320	1	2,806,740	2,502,994	1		
Electronics	23,399,603	25,721,043	5	28,389,620	31,564,533	6		
Energy: Oil & Gas	12,238,205	5,622,264	1	13,501,691	6,878,115	1		
Environmental Industries	3,925,360	3,626,816	1	3,939,764	3,585,669	1		
Forest Products & Paper	1,578,115	1,294,720	0	1,576,633	1,270,880	0		
Healthcare, Education and Childcare	13,987,772	13,785,811	3	14,059,921	13,791,048	3		
Healthcare & Pharmaceuticals	82,430,475	76,982,364	16	83,481,401	78,823,040	16		
High Tech Industries	31,121,938	32,974,544	7	32,949,892	35,052,389	7		
Joint Ventures	61,105,966	56,730,956	12	54,932,458	49,349,163	10		
Machinery (Non-Agrclt/Constr/Electr)	6,847,776	7,679,248	2	6,712,460	7,227,441	1		
Media: Advertising, Printing & Publishing	2,846,137	3,270,481	1	2,830,592	3,170,254	1		
Media: Broadcasting & Subscription	4,745,481	4,710,306	1	3,955,772	3,901,188	1		
Media: Diversified & Production	2,585,014	2,628,413	1	2,658,914	2,612,250	1		
Metals & Mining	1,228,584	1,324,169	0	1,219,188	1,326,500	0		
Retail	5,817,066	6,661,808	1	5,790,208	6,597,338	1		
Services: Business	62,849,142	65,364,186	14	58,027,464	60,119,401	12		
Services: Consumer	4,173,235	4,162,275	1	4,241,127	4,198,243	1		
Telecommunications	7,197,248	7,082,621	1	8,930,322	9,023,109	2		
Textiles and Leather	12,421,470	10,992,030	2	12,415,194	10,860,696	2		
Transportation: Cargo	7,727,090	8,746,541	2	7,655,970	8,757,804	2		
Total	\$ 515,498,498	\$ 472,864,445	100%	\$ 536,008,160	\$ 486,628,831	100%		

- ¹ Calculated as a percentage of total portfolio at fair value.
² Represents the equity investment in the Asset Manager Affiliates.

Debt Securities Portfolio

At March 31, 2021 and December 31, 2020, the weighted average contractual interest rate on our loans and debt securities was approximately 7.6% and 7.8%, respectively. At March 31, 2021 and December 31, 2020, the weighted average contractual interest rate on our loans and debt securities, excluding non-accrual and partial non-accrual investments, and excluding CLO Fund Securities and Joint Ventures, was approximately 7.5% and 7.7%, respectively.

The investment portfolio (excluding our investments in the CLO Funds, Joint Ventures and short-term investments) at March 31, 2021 was spread across 28 different industries and 120 different entities with an average par balance per entity of approximately \$3.1

million. As of March 31, 2021, seven of our investments were on non-accrual status. As of December 31, 2020, eight of our investments were on non-accrual status.

We may invest up to 30% of our investment portfolio in “non-qualifying” opportunistic investments such as high-yield bonds, debt and equity securities of CLO Funds, foreign investments, joint ventures, managed funds, partnerships and distressed debt or equity securities of large cap public companies. At March 31, 2021 and December 31, 2020, the total amount of non-qualifying assets to total assets was approximately 13.4% and 13.8% of total assets, respectively. The majority of non-qualifying assets were the Company’s investments in joint ventures, in the aggregate representing approximately 9.5% and 8.2%, of the total assets as of March 31, 2021 and December 31, 2020, and our total assets including our investments in CLO Funds, which are typically domiciled outside the U.S. and represented approximately 2.7% and 3.3% of total assets on such dates, respectively.

Asset Manager Affiliates

The Disposed Manager Affiliates manage CLO Funds that invest in broadly syndicated loans, high yield bonds and other credit instruments. The CLO funds managed by the Disposed Asset Manager Affiliates consist primarily of credit instruments issued by corporations. In connection with the LibreMax Transaction, on December 31, 2018, our wholly-owned subsidiary Commodore Holdings, LLC sold the Disposed Manager Affiliates, which represented substantially all of our investment in the Asset Manager Affiliates, to LibreMax for a cash purchase price of approximately \$37.9 million. Accordingly, certain CLO fund investments were reclassified from CLO funds managed by affiliates to CLO funds managed by non-affiliates on December 31, 2018. Effective April 1, 2019, as a result of the Externalization and related transactions, CLO Fund investments managed by LibreMax were assigned to CLO Funds managed by affiliates. In the fourth quarter of 2020, Libremax disposed of its equity interest in the Adviser and as a result, CLO funds managed by Libremax or its affiliates were reclassified to CLO funds managed by non-affiliates. As of March 31, 2021, our Asset Manager Affiliates had approximately \$300 million of par value of assets under management, for which management fees were waived and thus were deemed to have no value.

In connection with the Externalization, during the first quarter of 2019, KCAP Management agreed to waive management fees it is otherwise entitled to receive for managing the Fund. In addition, the Joint Venture was restructured such that we are now entitled to receive a preferred distribution in an amount equal to the fees waived by KCAP Management. The impact of these transactions was a reduction in the fair value of the Asset Manager Affiliates (realized loss) and increase the fair value of our investment in the Joint Venture (unrealized gain) during the first quarter of 2019.

Although the investment in the Asset Manager Affiliates is deemed to have no value at March 31, 2020 and December 31, 2019, certain of these subsidiaries continue to exist as a legal matter and until such entities are formally dissolved, the Company will continue to report the cost basis of its investment in the Asset Manager Affiliates in its financial statements. Upon the final disposition of these entities, the Company expects to write off any remaining cost basis, which will result in a reclassification in the statement of operations between realized and unrealized gains and losses.

CLO Fund Securities

We have made minority investments in the subordinated securities or preferred shares of CLO Funds managed by the Disposed Manager Affiliates and may selectively invest in securities issued by CLO Funds managed by other asset management companies. As of March 31, 2021 and December 31, 2020, we had approximately \$16.0 million and \$19.6 million, respectively, invested in CLO Fund Securities, issued primarily by CLO Funds managed by the Disposed Manager Affiliates.

The CLO Funds invest primarily in broadly syndicated non-investment grade loans, high-yield bonds and other credit instruments of corporate issuers. The underlying assets in each of the CLO Fund Securities in which we have an investment are generally diversified secured or unsecured corporate debt.

The structure of CLO Funds, which are highly levered, is extremely complicated. Since we primarily invest in securities representing the residual interests of CLO Funds, our investments are much riskier than the risk profile of the loans by which such CLO Funds are collateralized. Our investments in CLO Funds may be riskier and less transparent to us and our stockholders than direct investments in the underlying loans. The CLO Funds in which we invest have debt that ranks senior to our investment. Our CLO Fund investments are generally thinly traded or have only a limited trading market. CLO Funds are typically privately offered and sold, even in the secondary market. As a result, investments in CLO Funds may be characterized as illiquid securities. In addition to the general risks associated with investing in debt securities, CLO Funds carry additional risks, including, but not limited to: (i) the possibility that distributions from collateral securities will not be adequate to make interest or other payments; (ii) the quality of the collateral may decline in value or default; (iii) the fact that the Company’s investments in CLO tranches will likely be subordinate to other senior classes of note tranches thereof; and (iv) the complex structure of the security may not be fully understood at the time of investment and may produce disputes with the CLO Fund or unexpected investment results. The Company’s net asset value may also decline over time if the Company’s principal recovery with respect to CLO subordinated note investments is less than the price that the Company paid for those investments. For a more detailed discussion of the risks related to our investments in CLO Funds, please

see “Risk Factors — Risks Related to Our Investments — Our investments may be risky, and you could lose all or part of your investment.” in Part I, “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2020.

Our CLO Fund Securities as of March 31, 2021 and December 31, 2020 are as follows:

CLO Fund Securities	Investment	% ¹	March 31, 2021		December 31, 2020 ²	
			Amortized Cost	Fair Value	Amortized Cost	Fair Value
Catamaran CLO 2013- 1 Ltd.	Subordinated Notes	23.3	5,930,441	2,541,098	6,219,310	2,611,423
Catamaran CLO 2014-1 Ltd.	Subordinated Notes	22.2	9,730,733	4,178,261	9,998,258	3,835,632
Dryden 30 Senior Loan Fund	Subordinated Notes	6.8	1,186,447	1,339,325	1,272,501	1,322,100
Catamaran CLO 2014-2 Ltd.	Subordinated Notes	24.9	6,065,598	—	6,065,598	—
Catamaran CLO 2015-1 Ltd.	Subordinated Notes	9.9	3,385,599	1,521,750	4,141,981	1,609,400
Catamaran CLO 2016-1 Ltd.	Subordinated Notes	24.9	—	—	8,872,484	3,549,000
Catamaran CLO 2018-1 Ltd.	Subordinated Notes	24.8	8,965,723	6,441,000	9,157,681	6,655,000
Total			<u>\$ 35,264,540</u>	<u>\$ 16,021,434</u>	<u>\$ 45,727,813</u>	<u>\$ 19,582,555</u>

¹ Represents percentage of class held at March 31, 2021.

² As of December 31, 2020, the CLO Funds managed by Libremax were assigned to CLO Funds managed by non-affiliates.

As a result of the severe economic consequences resulting from the COVID 19 pandemic, during the second quarter of 2020, the Company was notified that four of the Catamaran CLO Funds breached certain covenants contained in their respective indentures, and as a result, available cash within the CLO Fund will be diverted away from the subordinated notes owned by the Company and will be applied to more senior noteholders in the capital structure of the CLO Fund. It is also possible, based upon the severe economic consequences resulting from the COVID 19 pandemic, that additional CLO Fund Securities owned by the Company, and including the subordinated securities issued by Great Lakes KCAP F3C Senior LLC CLO, which are owned by the KCAP Freedom 3 Joint Venture, could also cease making distributions to the Company. As of March 31, 2021, three of the four CLO funds whose distributions to the Company had been temporarily interrupted in 2020 have resumed making distributions to the Company. The estimated timing and amount of future distributions, if any, from such other CLO Fund Securities is uncertain.

Investment in Joint Ventures

KCAP Freedom 3 LLC

During the third quarter of 2017, we and Freedom 3 Opportunities LLC (“Freedom 3 Opportunities”), an affiliate of Freedom 3 Capital LLC, entered into an agreement to create KCAP Freedom 3 LLC (the “Joint Venture”). We contributed approximately \$37 million and Freedom 3 Opportunities contributed approximately \$25 million, in assets to the Joint Venture, which in turn used the assets to capitalize a new fund, Great Lakes KCAP F3C Senior Funding L.L.C. (formerly known as KCAP F3C Senior Funding, L.L.C.) (the “Fund”) managed by KCAP Management, LLC, one of the Asset Manager Affiliates. In addition, the Fund used cash on hand and borrowings under a credit facility to purchase approximately \$184 million of primarily middle-market loans from us and we used the proceeds from such sale to redeem approximately \$147 million in debt issued by KCAP Senior Funding I, LLC (“KCAP Senior Funding”). The Fund invests primarily in middle-market loans and the Joint Venture partners may source middle-market loans from time-to-time for the Fund.

During the fourth quarter of 2017, the Fund was refinanced through the issuance of senior and subordinated notes. The Joint Venture purchased 100% of the subordinated notes issued by the Fund. In connection with the refinancing, the Joint Venture made a cash distribution to us of approximately \$12.6 million. \$11.8 million of this distribution was a return of capital, reducing the cost basis of our investment in the Joint Venture by that amount. The final determination of the tax attributes of distributions from the Joint Venture is made on an annual (full calendar year) basis at the end of the year, therefore, any estimate of tax attributes of distributions made on an interim basis may not be representative of the actual tax attributes of distributions for the full year.

In connection with the Externalization, during the first quarter of 2019, KCAP Management agreed to waive management fees it is otherwise entitled to receive for managing the Fund. In addition, the Joint Venture was restructured such that we are now entitled to receive a preferred distribution in an amount equal to the fees waived by KCAP Management. The impact of these transactions was a reduction in the fair value of the Asset Manager Affiliates (realized loss) and increase the fair value of our investment in the Joint Venture (unrealized gain) during the first quarter of 2019.

While we own a 60% interest in the Joint Venture, the Joint Venture is structured as an unconsolidated Delaware limited liability company. All portfolio and other material decisions regarding the Joint Venture must be submitted to its board of managers, which is comprised of four members, two of whom were selected by us and two of whom were selected by Freedom 3 Opportunities, and must be approved by at least one member appointed by us and one appointed by Freedom 3 Opportunities. In addition, certain matters may be approved by the Joint Venture's investment committee, which is comprised of one member appointed by us and one member appointed by Freedom 3 Opportunities.

We have determined that the Joint Venture is an investment company under Accounting Standards Codification ("ASC"), Financial Services — Investment Companies ("ASC 946"), however, in accordance with such guidance, we will generally not consolidate our investment in a company other than a wholly owned investment company subsidiary or a controlled operating company whose business consists of providing services to us. We do not consolidate its interest in the Joint Venture because we do not control the Joint Venture due to allocation of the voting rights among the Joint Venture partners.

KCAP Freedom 3 LLC
Summarized Statement of Financial Condition

	As of March 31, 2021 (unaudited)	As of December 31, 2020
Investment at fair value	\$ 32,800,691	\$ 31,404,100
Total Assets	<u>\$ 32,800,691</u>	<u>\$ 31,404,100</u>
Total Liabilities	\$ 182,389	\$ 167,389
Total Equity	32,618,302	31,236,711
Total Liabilities and Equity	<u>\$ 32,800,691</u>	<u>\$ 31,404,100</u>

KCAP Freedom 3 LLC
Summarized Statement of Operations
(unaudited)

	Three Months Ended March 31, 2021	2020
Investment income	\$ 1,534,839	\$ 1,217,413
Operating expenses	16,155	20,000
Net investment income	1,518,684	1,197,413
Unrealized appreciation on investments	1,766,005	(11,199,316)
Net income	<u>\$ 3,284,689</u>	<u>\$ (10,001,903)</u>

KCAP Freedom 3 LLC
Schedule of Investments
March 31, 2021
(unaudited)

Portfolio Company	Investment	Percentage Ownership by Joint Venture	Amortized Cost	Fair Value
Great Lakes KCAP F3C Senior, LLC ⁽¹⁾⁽²⁾	Subordinated Securities, effective interest 6.8%, 12/29 maturity	100.0%	\$ 38,616,799	\$ 32,800,691
Total Investments			\$ 38,616,799	\$ 32,800,691

- (1) CLO Subordinated Investments are entitled to periodic distributions which are generally equal to the remaining cash flow of the payments made by the underlying fund's investments less contractual payments to debt holders and fund expenses. The estimated annualized effective yield indicated is based upon a current projection of the amount and timing of these distributions. Such projections are updated on a quarterly basis and the estimated effective yield is adjusted prospectively.
- (2) Fair value of this investment was determined using significant unobservable inputs, including default rates, prepayment rates, spreads, and the discount rate by which to value the resulting cash flows.

KCAP Freedom 3 LLC
Schedule of Investments
December 31, 2020

Portfolio Company	Investment	Percentage Ownership by Joint Venture	Amortized Cost	Fair Value
Great Lakes KCAP F3C Senior, LLC ⁽¹⁾⁽²⁾	Subordinated Securities, effective interest 12.3%, 12/29 maturity	100.0%	\$ 38,986,212	\$ 31,404,100
Total Investments			\$ 38,986,212	\$ 31,404,100

- (1) CLO Subordinated Investments are entitled to periodic distributions which are generally equal to the remaining cash flow of the payments made by the underlying fund's investments less contractual payments to debt holders and fund expenses. The estimated annualized effective yield indicated is based upon a current projection of the amount and timing of these distributions. Such projections are updated on a quarterly basis and the estimated effective yield is adjusted prospectively.
- (2) Fair value of this investment was determined using significant unobservable inputs, including default rates, prepayment rates, spreads, and the discount rate by which to value the resulting cash flows.

As a result of the severe economic consequences resulting from the COVID 19 pandemic, it is possible that the subordinated securities issued by Great Lakes KCAP F3C Senior LLC CLO, which are owned by the KCAP Freedom 3 Joint Venture, could also cease making distributions to the KCAP Freedom 3 Joint Venture.

BCP Great Lakes Partnership

BCP Great Lakes Fund LP (the "BCP Great Lakes Partnership") has invested in BCP Great Lakes Holdings LP, a vehicle formed as a co-investment vehicle to facilitate the participation of certain co-investors to invest, directly or indirectly, in BCP Great Lakes Funding, LLC (the "Great Lakes Joint Venture" and together with the Joint Venture, the "Joint Ventures"). We are a limited partner in the BCP Great Lakes Partnership and do not have any direct or indirect voting interests in the Great Lakes Joint Venture, and treat the investment as a joint venture since an affiliate of our Adviser manages BCP Great Lakes Holdings LP and controls a 50% voting interest in the Great Lakes Joint Venture. The investment strategy of BCP Great Lakes Funding, LLC is to underwrite and hold senior, secured unitranche loans made to middle-market companies. We do not pay any advisory fees in connection with our investment in the BCP Great Lakes Partnership.

The fair value of our investment in the BCP Great Lakes Partnership at March 31, 2021 and December 31, 2020 was \$36.2 million and \$29.6 million. Fair value has been determined utilizing the practical expedient pursuant to ASC 820-10. Pursuant to the terms of the BCP Great Lakes Fund LP Amended and Restated Exempted Limited Partnership Agreement (the “BCP Great Lakes Partnership Agreement”), generally we may not sell, exchange, assign, pledge or otherwise transfer our interest, in whole or in part, without the prior written consent of the general partner of the Great Lakes Partnership (the “General Partner”) which consent may be given or withheld in the General Partner’s sole and absolute discretion, and may be conditioned upon repayment of our share of indebtedness incurred by BCP Great Lakes Partnership.

In March 2019, prior to the Externalization we increased our aggregate commitment to the BCP Great Lakes Partnership to \$50 million, subject to certain limitations (including that we are not obligated to fund capital calls if such funding would cause the Company to be out of compliance with certain provisions of the Investment Company Act of 1940). As of March 31, 2021 and December 31, 2020, we have a \$13.8 million and \$20.0 million, respectively unfunded commitment to the BCP Great Lakes Partnership.

RESULTS OF OPERATIONS

The principal measure of our financial performance is the net increase (decrease) in stockholders’ equity resulting from operations, which includes net investment income (loss) and net realized and unrealized appreciation (depreciation). Net investment income (loss) is the difference between our income from interest, distributions, fees, and other investment income and our operating expenses. Net realized gain (loss) on investments is the difference between the proceeds received from dispositions of portfolio investments and their amortized cost. Net change in unrealized appreciation (depreciation) on investments is the net change in the fair value of our investment portfolio.

Set forth below is a discussion of our results of operations for the three months ended March 31, 2021 and 2020.

Revenue

Revenues consist primarily of investment income from interest and dividends on our investment portfolio and various ancillary fees related to our investment holdings.

Interest from Investments in Debt Securities. We generate interest income from our investments in debt securities that consist primarily of senior and junior secured loans. Our Debt Securities Portfolio is spread across multiple industries and geographic locations, and as such, we are broadly exposed to market conditions and business environments. As a result, although our investments are exposed to market risks, we continuously seek to limit concentration of exposure in any particular sector or issuer.

Investment Income on Investments in CLO Fund Securities. We generate investment income from our investments in the securities (typically preferred shares or subordinated securities) of CLO Funds. We distinguish CLO Funds managed by our former Asset Manager Affiliates as “CLO Fund Securities Managed by Affiliates”, in our consolidated financial statements. Since the Asset Manager Affiliates were owned throughout 2018 and sold on December 31, 2018, investment income on these CLO Fund Securities is reflected on the statement of operations for the year of 2018 as “managed by affiliates”, while on the consolidated balance sheet at December 31, 2018 these investments were reflected as “managed by non-affiliates”. Effective April 1, 2019, as a result of the Externalization and related transactions, CLO Fund investments managed by LibreMax were assigned to CLO Funds Managed by Affiliates. During the fourth quarter of 2020, Libremax disposed of its interest in Sierra Crest and accordingly, the CLO Funds managed by Libremax or its affiliates were reclassified to CLO Funds Managed by Non-Affiliates as of December 31, 2020 and prospectively.

CLO Funds invest primarily in broadly syndicated non-investment grade loans, high-yield bonds and other credit instruments of corporate issuers. The underlying assets in each of the CLO Funds in which we have an investment are generally diversified secured or unsecured corporate debt. Our CLO Fund Securities that are subordinated securities or preferred shares (“junior securities”) are subordinated to senior note holders who typically receive a return on their investment at a fixed spread relative to the LIBOR index. The CLO Funds are leveraged funds and any excess cash flow or “excess spread” (interest earned by the underlying securities in the fund less payments made to senior bond holders and less fund expenses and management fees) is paid to the holders of the CLO Fund’s subordinated securities or preferred shares. The level of excess spread from CLO Fund Securities can be impacted by the timing and level of the resetting of the benchmark interest rate for the underlying assets (which reset at various times throughout the quarter) in the CLO Fund and the related CLO Fund note liabilities (which reset at each quarterly distribution date); in periods of short-term and volatile changes in the benchmark interest rate, the levels of excess spread and resulting cash distributions to us can vary significantly.

Interest income on investments in CLO equity investments is recorded using the effective interest method in accordance with the provisions of ASC 325-40, Beneficial Interests in Securitized Financial Assets (“ASC 325-40”), based on the anticipated yield and the estimated cash flows over the projected life of the investment. Yields are revised when there are changes in actual or estimated projected future cash flows due to changes in prepayments and/or re-investments, credit losses or asset pricing. Changes in estimated yield are recognized as an adjustment to the estimated yield prospectively over the remaining life of the investment from the date the

estimated yield was changed. Accordingly, investment income recognized on CLO equity securities in the U.S. generally accepted accounting principles (“GAAP”) statement of operations differs from both the tax-basis investment income and from the cash distributions actually received by us during the period. As a RIC, we anticipate a timely distribution of our tax-basis taxable income.

For non-junior class CLO Fund securities, interest is earned at a fixed spread relative to the LIBOR index.

Asset Manager Affiliates. Our Asset Manager Affiliates was deemed to have no value at March 31, 2021 and December 31, 2020. There were no distributions from the Asset Manager Affiliates during 2020 and the first quarter of 2021. The difference between cash distributions received and the tax-basis earnings and profits is recorded as an adjustment to the cost basis of the Asset Manager Affiliates investments. For interim periods, we estimate the tax attributes of any distributions as being either from tax-basis earnings and profits (i.e. dividend income) or return of capital (i.e. adjustment to our cost basis in the Asset Manager Affiliates). The final determination of the tax attributes of distributions from our Asset Manager Affiliates is made on an annual (full calendar year) basis at the end of the year based upon taxable income and distributions for the full-year. Therefore, any estimate of tax attributes of distributions made on a quarterly basis may not be representative of the actual tax attributes of distributions for a full year. The aggregate par value of assets under management by our Asset Manager Affiliates was \$300 million as of each of March 31, 2021 and December 31, 2020.

Investment in Joint Ventures. For the three months ended March 31, 2021 and 2020, we recognized \$2.0 million and \$1.6 million, respectively, in investment income from our investment in Joint Ventures. As of March 31, 2021 and December 31, 2020, the fair value of our investments in Joint Ventures was approximately \$56.7 million and \$49.3 million, respectively. For interim periods, we recognize investment income on its investment in the Joint Ventures based upon our share of estimated earnings and profits of the Joint Venture. The final determination of the tax attributes of distributions from Joint Ventures is made on an annual (full calendar year) basis at the end of the year based upon taxable income and distributions for the full year. Therefore, any estimate of tax attributes of distributions made on an interim basis may not be representative of the actual tax attributes of distributions for the full year.

Capital Structuring Service Fees. We may earn ancillary structuring and other fees related to the origination, investment, disposition or liquidation of debt and investment securities.

Investment Income

Investment income for the three months ended March 31, 2021 and 2020 was approximately \$18.3 million and \$7.8 million, respectively. Of these amounts, approximately \$15.2 million and \$4.9 million, respectively was attributable to interest income on our Debt Securities Portfolio.

At March 31, 2021 and December 31, 2020, the weighted average contractual interest rate on our loans and debt securities was approximately 7.6% and 7.8%, respectively. At March 31, 2021 and December 31, 2020, the weighted average contractual interest rate on our loans and debt securities, excluding non-accrual and partial non-accrual investments, was approximately 7.5% and 7.7%, respectively.

Investment income is primarily dependent on the composition and credit quality of our investment portfolio. Generally, our Debt Securities Portfolio is expected to generate predictable, recurring interest income in accordance with the contractual terms of each loan. Corporate equity securities may pay a dividend and may increase in value for which a gain may be recognized; generally, such dividend payments and gains are less predictable than interest income on our loan portfolio.

For the three months ended March 31, 2021 and 2020, approximately \$0.6 million and \$1.2 million, respectively, of investment income was attributable to investments in CLO Fund Securities. On a tax basis, the Company recognized \$1.5 million and \$1.8 million of taxable distributable income on distributions from our CLO Fund Securities during the three months ended March 31, 2021 and 2020, respectively. Distributions from CLO Fund Securities are dependent on the performance of the underlying assets in each CLO Fund; interest payments, principal amortization and prepayments of the underlying loans in each CLO Fund are primary factors which determine the level of distributions on our CLO Fund Securities. The level of excess spread from CLO Fund Securities can be impacted by the timing and level of the resetting of the benchmark interest rate for the underlying assets (which reset at various times throughout the quarter) in the CLO Fund and the related CLO Fund bond liabilities (which reset at each quarterly distribution date); in periods of short-term and volatile changes in the benchmark interest rate, the levels of excess spread and distributions to us can vary significantly.

Expenses

Through March 31, 2019 we were internally managed, and directly incurred the cost of management and operations. As a result, we paid no investment management fees or other fees to an external advisor. Our expenses consisted primarily of interest expense on outstanding borrowings, compensation expense and general and administrative expenses, including professional fees. Interest and compensation expense are typically our largest expenses each period. Since the Closing, we have been externally managed and no longer have any employees. However, in connection with the Advisory Agreement, we pay the Adviser certain investment advisory fees and reimburse the Adviser and Administrator for certain expenses incurred in connection with the services they provide. We bear our allocable portion of the compensation paid by the Adviser (or its affiliates) to our chief compliance officer and chief financial

officer and their respective staffs (based on a percentage of time such individuals devote, on an estimated basis, to our business affairs). We also bear all other costs and expenses of our operations, administration and transactions, including, but not limited to (i) investment advisory fees, including management fees and incentive fees, to the Adviser, pursuant to the Advisory Agreement; (ii) our allocable portion of overhead and other expenses incurred by the Adviser (or its affiliates) in performing its administrative obligations under the Advisory Agreement, and (iii) all other expenses of our operations and transactions including, without limitation, those relating to:

- the cost of calculating our net asset value, including the cost of any third-party valuation services;
- the cost of effecting any sales and repurchases of our common stock and other securities;
- fees and expenses payable under any dealer manager or placement agent agreements, if any;
- administration fees payable under the Administration Agreement and any sub-administration agreements, including related expenses;
- debt service and other costs of borrowings or other financing arrangements;
- costs of hedging;
- expenses, including travel expense, incurred by the Adviser, or members of the investment team, or payable to third parties, performing due diligence on prospective portfolio companies and, if necessary, enforcing our rights;
- transfer agent and custodial fees;
- fees and expenses associated with marketing efforts;
- federal and state registration fees, any stock exchange listing fees and fees payable to rating agencies;
- federal, state and local taxes;
- independent directors' fees and expenses including certain travel expenses;
- costs of preparing financial statements and maintaining books and records and filing reports or other documents with the SEC (or other regulatory bodies) and other reporting and compliance costs, including registration and listing fees, and the compensation of professionals responsible for the preparation of the foregoing;
- the costs of any reports, proxy statements or other notices to stockholders (including printing and mailing costs), the costs of any stockholder or director meetings and the compensation of personnel responsible for the preparation of the foregoing and related matters;
- commissions and other compensation payable to brokers or dealers;
- research and market data;
- fidelity bond, directors and officers errors and omissions liability insurance and other insurance premiums;
- direct costs and expenses of administration, including printing, mailing, long distance telephone and staff;
- fees and expenses associated with independent audits, outside legal and consulting costs;
- costs of winding up our affairs;
- costs incurred by either the Administrator or us in connection with administering our business, including payments under the Administration Agreement;
- extraordinary expenses (such as litigation or indemnification); and
- costs associated with reporting and compliance obligations under the 1940 Act and applicable federal and state securities laws.

Management Fees and Incentive Fees. Management fees for the three months ended March 31, 2021 and 2020, were approximately \$1.8 million and \$1.0 million, respectively. Incentive fees earned during the three months ended March 31, 2021 and 2020, were approximately \$2.1 million and \$102 thousand, respectively, \$0 and \$102 thousand, respectively, of which were waived pursuant to the Externalization Agreement.

Interest and Amortization of Debt Issuance Costs. Interest expense is dependent on the average outstanding balance on our borrowings and, the base index rate for the period. Debt issuance costs represent fees, and other direct costs incurred in connection with our borrowings. These amounts are capitalized and amortized ratably over the expected term of the borrowing. In anticipation of the refinancing of the 6.125% Notes due 2022, during the first quarter of 2021, approximately \$1.0 million of unamortized debt issuance costs related to these notes were written off and reflected in Realized Losses on Extinguishment of Debt in the Consolidated Statement of Operations.

Compensation Expense. Prior to the Closing of the Externalization on April 1, 2019, compensation expense included base salaries, bonuses, stock compensation, employee benefits and employer-related payroll costs. The largest components of total compensation costs are base salaries and bonuses; generally, base salaries are expensed as incurred and annual bonus expenses are estimated and accrued. Our compensation arrangements with our employees contained a profit sharing and/or performance-based bonus component. Following the Closing, we no longer have any employees and therefore do not have any related expenses.

Professional Fees, Administrative Services Expense and General Administrative Expenses. The balance of our expenses includes professional fees (primarily legal, accounting, director fees, valuation and other professional services), insurance costs, Administrative services expense under the Administration Agreement and general administrative and other costs.

Total expenses for the three months ended March 31, 2021 and 2020 were approximately \$10.1 million and \$5.0 million, respectively.

For the three months ended March 31, 2021 and 2020, interest expense and amortization on debt issuance costs for the period was approximately \$3.4 million and \$2.4 million, respectively, on average debt outstanding of \$344 million and \$149 million, respectively.

For the three months ended March 31, 2021 and 2020, respectively, professional fees and insurance expenses totaled approximately \$1.7 million and \$1.0 million. For the three months ended March 31, 2021 and 2020, Administrative services expenses incurred pursuant to the Administration Agreement was approximately \$0.6 million and \$0.5 million, respectively. Other general and administrative costs totaled approximately \$0.5 million and \$0.2 million for the three months ended March 31, 2021 and 2020, respectively.

Net Investment Income and Net Realized Gains (Losses)

Net investment income and net realized gains (losses) represents the change in stockholder's equity before net unrealized appreciation or depreciation on investments. For the three months ended March 31, 2021, net investment income and net realized losses were approximately \$3.1 million, or \$0.04 per share. For the three months ended March 31, 2020, net investment income and net realized gains were approximately \$1.7 million, or \$0.04 per share. Net investment income represents the income earned on our investments less operating and interest expense before net realized gains or losses and unrealized appreciation or depreciation on investments.

Investments are carried at fair value, with changes in fair value recorded as unrealized appreciation (depreciation) in the statement of operations. When an investment is sold or liquidated, any previously recognized unrealized appreciation/depreciation is reversed and a corresponding amount is recognized as realized gain (loss). For the three months ended March 31, 2021, GAAP-basis net investment income was approximately \$8.2 million or \$0.11 per share, while tax-basis distributable income was approximately \$3.6 million or \$0.05 per share. For the three months ended March 31, 2020, GAAP-basis net investment income was approximately \$2.8 million or \$0.06 per basic share, while tax-basis distributable income was approximately \$3.3 million or \$0.07 per share.

Net Unrealized (Depreciation) Appreciation on Investments

During the three months ended March 31, 2021, our total investments had net unrealized appreciation of approximately \$6.7 million. Included in the net unrealized appreciation are unrealized appreciation on CLO Fund Securities of approximately \$6.9 million unrealized appreciation and on equity securities of approximately \$1.3 million, an unrealized appreciation of \$1.2 million on our Joint Ventures investment, unrealized depreciation on our debt securities of \$2.2 million, and unrealized depreciation of \$0.5 million on our derivatives. During the three months ended March 31, 2020, our total investments had net unrealized depreciation of approximately \$30.9 million. Included in the net unrealized depreciation are unrealized depreciation on CLO Fund Securities of approximately \$11.7 million unrealized depreciation on equity securities of approximately \$0.3 million, an unrealized depreciation of \$8.1 million on our Joint Ventures investment, unrealized depreciation on our debt securities of \$10.8 million and unrealized depreciation of \$26 thousand on our derivatives.

Net Change in Stockholder's Equity Resulting From Operations

The net increase in stockholders' equity resulting from operations for the three months ended March 31, 2021 was \$8.0 million, or \$0.11 per basic share. Net decrease in stockholders' equity resulting from operations for the three months ended March 31, 2020 was (\$29.1) million, or \$(0.65) per share.

FINANCIAL CONDITION, LIQUIDITY, AND CAPITAL RESOURCES

Liquidity is a measure of our ability to meet potential cash requirements, including ongoing commitments to repay borrowings, fund and maintain investments, pay distributions to our stockholders and other general business needs. We recognize the need to have funds available for operating our business and to make investments. We seek to have adequate liquidity at all times to cover normal cyclical swings in funding availability and to allow us to meet irregular and unexpected funding requirements. We plan to satisfy our liquidity needs through normal operations with the goal of avoiding unplanned sales of assets or emergency borrowing of funds.

As of March 31, 2021 and December 31, 2020 the fair value of investments and cash were as follows:

Security Type	Investments at Fair Value	
	March 31, 2021	December 31, 2020
Cash and cash equivalents	\$ 30,843,590	\$ 6,990,008
Restricted Cash	28,452,560	75,913,411
Senior Secured Loan	322,362,553	328,845,612
Junior Secured Loan	64,639,644	75,807,477
Senior Unsecured Bond	41,792	207,766
CLO Fund Securities	16,021,434	19,582,555
Equity Securities	14,651,029	13,944,876
Joint Ventures	56,730,956	49,349,163
Derivatives	(1,582,963)	(1,108,618)
Total	\$ 532,160,594	\$ 569,532,250

Subject to market conditions, we intend to grow our portfolio of assets by raising additional capital, including through the prudent use of leverage available to us. As a BDC, we are limited in the amount of leverage we can incur under the 1940 Act. Effective March 29, 2019, we are allowed to borrow amounts such that our asset coverage, as defined in the 1940 Act, equals at least 150% after such borrowing. Because we also recognize the need to have funds available for operating our business and to make investments, we seek to have adequate liquidity at all times to cover normal cyclical swings in funding availability and to allow us to meet abnormal and unexpected funding requirements. As a result, we may hold varying amounts of cash and other short-term investments from time-to-time for liquidity purposes.

Borrowings

We use borrowed funds, known as "leverage," to make investments and to attempt to increase returns to our shareholders by reducing our overall cost of capital. As a BDC, we are limited in the amount of leverage we can incur under the 1940 Act. We are only allowed to borrow amounts such that our asset coverage, as defined in the 1940 Act, equals at least 150% after such borrowing. As of March 31, 2021, we had approximately \$310 million of par value of outstanding borrowings and our asset coverage ratio of total assets to total borrowings was 170%, compliant with the minimum asset coverage level of 150% generally required for a BDC by the 1940 Act. We may also borrow amounts of up to 5% of the value of our total assets for temporary purposes.

The Small Business Credit Availability Act (the "SBCA") has modified the 1940 Act by allowing a BDC to increase the maximum amount of leverage it may incur from an asset coverage ratio of 200% to an asset coverage ratio of 150%, if certain requirements are met. On March 29, 2018, the Board, including a "required majority" (as such term is defined in Section 57(o) of the

1940 Act) of its Board, approved the modified asset coverage requirements set forth in Section 61(a)(2) of the 1940 Act, as amended by the SBCA. As a result, our asset coverage requirements for senior securities changed from 200% to 150%, effective as of March 29, 2019.

Outstanding Notes

During the third quarter of 2017, we issued \$77.4 million aggregate principal amount of 6.125% Notes due 2022 (the “6.125% Notes Due 2022”). The net proceeds for the 6.125% Notes Due 2022, after the payment of underwriting expenses, were approximately \$74.6 million. Interest on the 6.125% Notes Due 2022 is paid quarterly in arrears on March 30, June 30, September 30 and December 30, at a rate of 6.125% commencing September 30, 2017. The 6.125% Notes Due 2022 mature on September 30, 2022 and are senior unsecured obligations. The indenture governing the 6.125% Notes Due 2022 contains certain restrictive covenants, including compliance with certain provisions of the 1940 Act relating to borrowing and dividends.

During the three months ended March 31, 2020, the Company repurchased approximately \$573 thousand of principal amount of the 6.125% Notes Due 2022 at a cost of approximately \$419 thousand, resulting in a realized gain on extinguishment of approximately \$154 thousand. The Company subsequently surrendered these notes to the Trustee for cancellation. At March 31, 2021, there was approximately \$76.7 million of aggregate principal amount outstanding, and we were in compliance with all of our debt covenants on the 6.125% Notes due 2022.

Revolving Credit Facilities

On March 1, 2018, Great Lakes KCAP Funding I, LLC (“Funding”), our wholly owned subsidiary, entered into a senior secured revolving credit facility (the “Prior Revolving Credit Facility”) with certain institutional lenders, State Bank and Trust Company, as the administrative agent, lead arranger and bookrunner, CIBC Bank USA, as documentation agent and us, as the servicer. The maximum commitment amount of the Prior Revolving Credit Facility was increased on March 27, 2019 to \$57.5 million, and on April 1, 2019 to \$67.5 million, subject to availability under the borrowing base. The Prior Revolving Credit Facility was fully repaid and the related agreements, including security interests in assets pledged as collateral, were terminated on December 23, 2019. Borrowings under the Prior Revolving Credit Facility bore interest at a rate per annum equal to (i) in the case of LIBOR rate loans, an adjusted LIBOR rate for the applicable interest period plus 3.25% or (ii) in the case of base rate loans, the prime rate plus 3.25%. Funding paid a fee on any undrawn amounts of 0.375% per annum; provided that if 50% or less of the Prior Revolving Credit Facility was drawn, the fee would be 0.50% per annum.

On December 18, 2019, Great Lakes Portman Ridge Funding LLC (“GLPRF LLC”), a wholly-owned subsidiary of the Company, entered into a senior secured revolving credit facility (the “Revolving Credit Facility”) with JPMorgan Chase Bank, National Association (“JPM”). JPM serves as administrative agent, U.S. Bank National Association serves as collateral agent, securities intermediary and collateral administrator, and the Company serves as portfolio manager under the Revolving Credit Facility.

Advances under the Revolving Credit Facility bear interest at a per annum rate equal to the three-month LIBOR in effect, plus the applicable margin of 2.85% per annum. GLPRF LLC is required to utilize a minimum of 80% of the commitments under the Revolving Credit Facility, after an initial six-month ramp-up period during which a lesser minimum utilization requirement applies. Unused amounts below such minimum utilization amount accrue interest as if such amounts are outstanding as borrowings under the Revolving Credit Facility. In addition, GLPRF LLC will pay a non-usage fee during the first three years after the closing date in an amount not to exceed 0.50% per annum on the average daily unborrowed portion of the financing commitments in excess of such minimum utilization amount.

The initial principal amount of the Revolving Credit Facility is \$115 million. The Revolving Credit Facility has an accordion feature, subject to the satisfaction of various conditions, which could bring total commitments under the Revolving Credit Facility to up to \$215 million. Proceeds from borrowings under the Revolving Credit Facility may be used to fund portfolio investments by GLPRF LLC and to make advances under delayed draw term loans where GLPRF LLC is a lender. All amounts outstanding under the Revolving Credit Facility must be repaid by the maturity date of December 18, 2023.

GLPRF LLC’s obligations to the lenders under the Revolving Credit Facility are secured by a first priority security interest in all of GLPRF LLC’s portfolio of investments and cash. The obligations of GLPRF LLC under the Revolving Credit Facility are non-recourse to the Company, and the Company’s exposure under the Revolving Credit Facility is limited to the value of the Company’s investment in GLPRF LLC.

In connection with the Revolving Credit Facility, GLPRF LLC has made certain customary representations and warranties and is required to comply with various covenants, reporting requirements and other customary requirements for similar facilities. The Revolving Credit Facility contains customary events of default for similar financing transactions, including if a change of control of GLPRF LLC occurs or if the Company is no longer the portfolio manager of GLPRF LLC. Upon the occurrence and during the continuation of an event of default, JPM may declare the outstanding advances and all other obligations under the Revolving Credit Facility immediately due and payable.

The occurrence of an event of default (as described above) or a market value event (as defined in the Revolving Credit Facility) triggers a requirement that GLPRF LLC obtain the consent of JPM prior to entering into certain sales or dispositions with respect to portfolio assets, and the occurrence of a market value event triggers the right of JPM to direct GLPRF LLC to enter into sales or dispositions with respect to any portfolio assets, in each case in JPM’s sole discretion.

At March 31, 2021, GLPRF LLC was in compliance with all of its debt covenants and \$69.1 million principal amount of borrowings was outstanding under the Revolving Credit Facility.

2018-2 Secured Notes

March 31, 2021	Amortized Carrying Value	Outstanding Principal at Par	Spread	Rating ⁽¹⁾	Stated Maturity ⁽²⁾
2018-2 Secured Notes:					
Class A-1R-R Notes	\$ —	# \$ —	LIBOR + 1.58% (3)	AAA(sf)	11/20/2029
Class A-1T-R Notes	89,543,115	90,512,698	LIBOR + 1.58%	AAA(sf)	11/20/2029
Class A-2-R Notes	54,681,332	55,100,000	LIBOR + 2.45%	AA (sf)	11/20/2029
Class B-R Notes	18,102,679	18,250,000	LIBOR + 3.17%	A (sf)	11/20/2029
	<u>\$ 162,327,125</u>	<u>\$ 163,862,698</u>			

- (1) Represents ratings from each of S&P and DBRS for the Class A-1R-R Notes and the Class A-1T-R Notes and from S&P for the Class A-2-R Notes and Class B-R Notes as of the closing of the CLO on October 18, 2018.
- (2) The indenture governing our CLO permits the repricing or refinancing of the secured notes after November 20, 2020, which may result in the redemption of the outstanding notes occurring prior to their stated maturity.
- (3) Interest may be indexed to either the CP Rate (as defined in the governing indenture) or three-month USD LIBOR.

October 28, 2020 the Company completed the GARS Acquisition, pursuant to the terms and conditions of the GARS Merger Agreement. In connection therewith, the Company now consolidates the financial statements the 2018-2 CLO a \$420.0 million par value CLO facility. On the date of the transaction the debt assumed was recognized at fair value, resulting in a \$2.4 million discount which is amortized over the remaining term of the borrowings.

The CLO was executed by GF 2018-2 (the "Issuer") and Garrison Funding 2018-2 LLC (together with the Issuer, the "Co-Issuers") who issued \$312.0 million of senior secured notes (collectively referred to as the "2018-2 Secured Notes" individually defined above in the table) and \$108.0 million of subordinated notes (the "2018-2 Subordinated Notes" and, together with the 2018-2 Secured Notes, the "2018-2 Notes") backed by a diversified portfolio of primarily senior secured loans. The Company owns all \$108.0 million of the 2018-2 Subordinated Notes and \$18.3 million of the Class B-R Notes and serves as collateral manager for the Co-Issuers. The Company is entitled to receive interest from the Class B-R Notes, distributions from the 2018-2 Subordinated Notes and fees for serving as collateral manager in accordance with the CLO's governing documents and to the extent funds are available for such purposes. However, as a result of retaining all of the 2018-2 Subordinated Notes, the Company consolidates the accounts of the Co-Issuers into its financial statements and all transactions between the Company and the Co-Issuers are eliminated on consolidation. As a result of this consolidation, the 2018-2 Secured Notes issued by the CLO is treated as the Company's indebtedness, except any 2018-2 Secured Notes owned by the Company, which are eliminated in consolidation. The 2018-2 Notes are scheduled to mature on November 20, 2029, however the Co-Issuers may redeem the 2018-2 Notes on any business day after November 20, 2020. The indenture governing the 2018-2 Notes provides that, to the extent cash is available from cash collections, the holders of the 2018-2 Notes are to receive quarterly interest payments on the 20th day or, if not a business day, the next succeeding business day of February, May, August and November of each year until the stated maturity or earlier redemption. On July 18, 2019, \$25.0 million outstanding of the aggregate \$50.0 million Class A-1R-R Notes available under the CLO converted to Class A-1T-R Notes. The remaining \$25.0 million of Class A-1R-R Notes, to the extent drawn, will convert to term notes on or before November 20, 2022.

During the first quarter of 2021, the Company redeemed approximately \$88 million of the 2018-2 Secured Notes. In connection therewith, the Company recognized a realized loss on extinguishment of debt of approximately \$0.9 million.

Stockholder Distributions

We intend to continue to make quarterly distributions to our stockholders. To avoid certain excise taxes imposed on RICs, we generally endeavor to distribute during each calendar year an amount at least equal to the sum of:

- 98% of our ordinary net taxable income for the calendar year;
- 98.2% of our capital gains, if any, in excess of capital losses for the one-year period ending on October 31 of the calendar year; and
- any net ordinary income and net capital gains for the preceding year that were not distributed during such year and on which we do not pay corporate tax.

We may choose to carry forward taxable income in excess of current year distributions into the next tax year and pay a 4% excise tax on such income, to the extent required.

The amount of our declared distributions, as evaluated by management and approved by our Board, is based primarily on our evaluation of our net investment income and distributable taxable income.

We may distribute taxable dividends that are payable in cash or shares of our common stock at the election of each stockholder. Under certain applicable provisions of the Code and the Treasury regulations, distributions payable in cash or in shares of stock at the election of stockholders are treated as taxable dividends. The Internal Revenue Service has published guidance indicating that this rule will apply even where the total amount of cash that may be distributed is limited to no more than 20% of the total distribution. Under this guidance, if too many stockholders elect to receive their distributions in cash, the cash available for distribution must be allocated among the stockholders electing to receive cash (with the balance of the distribution paid in stock). If we decide to make any distributions consistent with this guidance that are payable in part in our stock, taxable stockholders receiving such dividends will be required to include the full amount of the dividend (whether received in cash, shares of our stock, or a combination thereof) as ordinary income (or as long-term capital gain to the extent such distribution is properly reported as a capital gain dividend) to the extent of our current and accumulated earnings and profits for U.S. federal income tax purposes. As a result, a U.S. stockholder may be required to pay tax with respect to such dividends in excess of any cash received. If a U.S. stockholder sells the stock it receives in order to pay this tax, the sales proceeds may be less than the amount included in income with respect to the dividend, depending on the market price of our stock at the time of the sale. Furthermore, with respect to non-U.S. stockholders, we may be required to withhold U.S. tax with respect to such dividends, including in respect of all or a portion of such dividend that is payable in stock. In addition, if a significant number of our stockholders determine to sell shares of our stock in order to pay taxes owed on dividends, it may put downward pressure on the trading price of our stock.

On May 6, 2021, our Board declared a cash distribution of \$0.06 per share of common stock, consistent with the current dividend policy. The distribution is payable on June 1, 2021 to shareholders of record at the close of business as of May 19, 2021.

We are also prohibited by the 1940 Act and the indenture governing our 6.125% Notes Due 2022 from making distributions on our common stock if, at the time of declaration, our asset coverage, as defined in the 1940 Act, is below 150% (subject to any exemptive relief granted to us by the SEC and (ii) no-action relief granted by the SEC to another BDC (or to the Company if it determines to seek such similar no-action or other relief) permitting the BDC to declare any cash dividend or distribution notwithstanding the prohibition contained in Section 18(a)(1)(B) as modified by Section 61(a)(1) of the 1940 Act in order to maintain its status as a RIC under the Code). In any such event, we would be prohibited from making distributions required in order to maintain our status as a RIC unless made in accordance with any such exemptive or no-action relief granted by the SEC.

The following table sets forth the quarterly distributions paid by us since 2019.

	Distribution	Declaration Date	Record Date	Pay Date
2021:				
Second quarter	\$ 0.06	5/6/2021	5/19/2021	6/1/2021
First quarter	0.06	2/12/2021	2/22/2021	3/2/2021
Total declared in 2021	\$ 0.12			
2020:				
Fourth quarter	\$ 0.06	10/16/2020	10/26/2020	11/27/2020
Third quarter	0.06	8/5/2020	8/17/2020	8/28/2020
Second quarter	0.06	3/17/2020	5/7/2020	5/27/2020
First quarter	0.06	2/5/2020	2/18/2020	2/28/2020
Total declared in 2020	\$ 0.24			
2019:				
Fourth quarter	\$ 0.06	11/5/2019	11/15/2019	11/29/2019
Third quarter	0.06	8/5/2019	8/12/2019	8/29/2019
Second quarter	0.10	3/20/2019	4/5/2019	4/26/2019
First quarter	0.10	12/12/2018 ¹	1/7/2019	1/31/2019
Total declared in 2019	\$ 0.32			

1 Since the record date of this distribution is subsequent to year-end, it is a subsequent year tax event.

Stock Repurchase Program

On March 5, 2020, the Board of Directors of the Company approved a \$10 million stock repurchase program (the “Stock Repurchase Program”). Under this repurchase program, shares may be repurchased from time to time in open market transactions, in privately negotiated transactions or otherwise subject to any law or agreement to which we are party including any restrictions under the 1940 Act and in the indenture for our 6.125% Notes Due 2022. The timing and actual number of shares repurchased will depend on a variety of factors, including legal requirements, price, and economic and market conditions. This Stock Repurchase Program may be suspended or discontinued at any time. On March 11, 2021, the Board of Directors of the Company authorized a renewed stock repurchase program of up to \$10 million (the “Renewed Stock Repurchase Program”) for an approximately one-year period, effective March 11, 2021 and terminating on March 31, 2022. The terms and conditions of the Renewed Stock Repurchase Program are substantially similar to the prior Stock Repurchase Program. The Renewed Stock Repurchase Program may be suspended or discontinued at any time. Subject to these restrictions, we will selectively pursue opportunities to repurchase shares which are accretive to net asset value per share.

There were no share repurchases during the first quarter of 2021. During the three months ended March 31, 2020, the Company repurchased 121,548 of shares under the Stock Repurchase Program at an aggregate cost of approximately \$123 thousand.

OFF-BALANCE SHEET ARRANGEMENTS

From time-to-time we are a party to financial instruments with off-balance sheet risk in the normal course of business in order to meet the needs of our investment in portfolio companies. Such instruments include commitments to extend credit and may involve, in varying degrees, elements of credit risk in excess of amounts recognized on our balance sheet. Prior to extending such credit, we attempt to limit our credit risk by conducting extensive due diligence, obtaining collateral where necessary and negotiating appropriate financial covenants. As of March 31, 2021 and December 31, 2020, we had approximately \$25.0 million and \$32.9 million commitments to fund investments, respectively. We may also enter into derivative contracts with off-balance sheet risk in connection with its investing activities.

We have made an aggregate commitment to the BCP Great Lakes Partnership of \$50 million, subject to certain limitations (including that we are not obligated to fund capital calls if such funding would cause us to be out of compliance with certain provisions of the 1940 Act). As of March 31, 2021 and December 31, 2020, we had a \$13.8 million and \$20.0 million, respectively unfunded commitment to the BCP Great Lakes Partnership, subject to the limitations noted above.

CONTRACTUAL OBLIGATIONS

The following table summarizes our contractual cash obligations and other commercial commitments as of March 31, 2021:

Contractual Obligations	Payments Due by Period				
	Total	Less than one year	2 - 3 years	4 - 5 years	More than 5 years
Long-term debt obligations	\$ 309,659,572	\$ —	\$ 145,796,874	\$ —	\$ 163,862,698

CRITICAL ACCOUNTING POLICIES

The consolidated financial statements are based on the selection and application of critical accounting policies, which require management to make significant estimates and assumptions. Critical accounting policies are those that are both important to the presentation of our financial condition and results of operations and require management’s most difficult, complex, or subjective judgments. Our critical accounting policies are those applicable to the basis of presentation, valuation of investments, and certain revenue recognition matters as discussed below. See Note 2 to our consolidated financial statements, “Significant Accounting Policies — Investments” contained elsewhere herein.

Valuation of Portfolio Investments

The most significant estimate inherent in the preparation of our consolidated financial statements is the valuation of investments and the related amounts of unrealized appreciation and depreciation of investments recorded.

Value, as defined in Section 2(a)(41) of 1940 Act, is (1) the market price for those securities for which a market quotation is readily available and (2) for all other securities and assets, fair value as determined in good faith by our Board pursuant to procedures approved by our Board. Our valuation policy is intended to provide a consistent basis for determining the fair value of the portfolio based on the nature of the security, the market for the security and other considerations including the financial performance and enterprise value of the portfolio company. Because of the inherent uncertainty of valuation, the Board determined values may differ significantly from the values that would have been used had a ready market existed for the investments, and the differences could be material.

Pursuant to ASC 946: Financial Services — Investment Companies (“ASC 946”), we reflect our investments on our balance sheet at their determined fair value with unrealized gains and losses resulting from changes in fair value reflected as a component of

unrealized gains or losses on our statements of operations. Fair value is the amount that would be received to sell the investments in an orderly transaction between market participants at the measurement date (i.e., the exit price).

See Note 4 to the consolidated financial statements for the additional information about the level of market observability associated with investments carried at fair value.

We follow the provisions of ASC 820: Fair Value Measurements and Disclosures (“ASC 820: Fair Value”), which among other matters, requires enhanced disclosures about investments that are measured and reported at fair value. This standard defines fair value and establishes a hierarchical disclosure framework which prioritizes and ranks the level of market price observability used in measuring investments at fair value and expands disclosures about assets and liabilities measured at fair value. ASC 820: Fair Value defines “fair value” as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This fair value definition focuses on an exit price in the principle, or most advantageous market, and prioritizes, within a measurement of fair value, the use of market-based inputs (which may be weighted or adjusted for relevance, reliability and specific attributes relative to the subject investment) over entity-specific inputs. Market price observability is affected by a number of factors, including the type of investment and the characteristics specific to the investment. Investments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. Subsequent to the adoption of ASC 820: Fair Value, the FASB has issued various staff positions clarifying the initial standard (see Note 2 to the consolidated financial statements: “Significant Accounting Policies — Investments”).

ASC 820: Fair Value establishes the following three-level hierarchy, based upon the transparency of inputs to the fair value measurement of an asset or liability as of the measurement date:

- Level I – Unadjusted quoted prices are available in active markets for identical investments as of the reporting date. The type of investments included in Level I include listed equities and listed securities. As required by ASC 820: Fair Value, we do not adjust the quoted price for these investments, even in situations where we hold a large position and a sale could reasonably affect the quoted price.
- Level II – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date. Such inputs may be quoted prices for similar assets or liabilities, quoted markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full character of the financial instrument, or inputs that are derived principally from, or corroborated by, observable market information. Investments which are generally included in this category include illiquid debt securities and less liquid, privately held or restricted equity securities, for which some level of recent trading activity has been observed.
- Level III – Pricing inputs are unobservable for the investment and includes situations where there is little, if any, market activity for the investment. The inputs may be based on our own assumptions about how market participants would price the asset or liability or may use Level II inputs, as adjusted, to reflect specific investment attributes relative to a broader market assumption. These inputs into the determination of fair value may require significant management judgment or estimation. Even if observable market data for comparable performance or valuation measures (earnings multiples, discount rates, other financial/valuation ratios, etc.) are available, such investments are grouped as Level III if any significant data point that is not also market observable (private company earnings, cash flows, etc.) is used in the valuation methodology.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment’s level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. We assess of the significance of a particular input to the fair value measurement in its entirety requires judgment, and we consider factors specific to the investment. The majority of our investments are classified as Level III. We evaluate the source of inputs, including any markets in which its investments are trading, in determining fair value. Inputs that are backed by actual transactions, those that are highly correlated to the specific investment being valued and those derived from reliable or knowledgeable sources will tend to have a higher weighting in determining fair value. Our fair value determinations may include factors such as an assessment of each underlying investment, its current and prospective operating and financial performance, consideration of financing and sale transactions with third parties, expected cash flows and market-based information, including comparable transactions, performance factors, and other investment or industry specific market data, among other factors.

We have valued our investments, in the absence of observable market prices, using the valuation methodologies described below applied on a consistent basis. For some investments, little market activity may exist; management’s determination of fair value is then based on the best information available in the circumstances, and may incorporate management’s own assumptions and involves a significant degree of management’s judgment.

Our investments in CLO Fund Securities are carried at fair value, which is based either on (i) the present value of the net expected cash inflows for interest income and principal repayments from underlying assets and the cash outflows for interest expense, debt paydown and other fund costs for the CLO Funds which are approaching or past the end of their reinvestment period and therefore are

selling assets and/or using principal repayments to pay-down CLO Fund debt, and for which there continue to be net cash distributions to the class of securities we own, or (ii) a discounted cash flow model that utilizes prepayment and loss assumptions based on historical experience and projected performance, economic factors, the characteristics of the underlying cash flow and comparable yields for similar securities or preferred shares to those in which we have invested, or (iii) indicative prices provided by the underwriters or brokers who arrange CLO Funds. We recognize unrealized appreciation or depreciation on our investments in CLO Fund Securities as comparable yields in the market change and/or based on changes in net asset values or estimated cash flows resulting from changes in prepayment or loss assumptions in the underlying collateral pool. As each investment in CLO Fund Securities ages, the expected amount of losses and the expected timing of recognition of such losses in the underlying collateral pool are updated and the revised cash flows are used in determining the fair value of the CLO Fund Securities. We determine the fair value of our investments in CLO Fund Securities on a security-by-security basis.

Our investments in our wholly-owned Asset Manager Affiliates are carried at fair value, which is primarily determined utilizing a discounted cash flow model which incorporates different levels of discount rates depending on the hierarchy of fees earned (including the likelihood of realization of senior, subordinate and incentive fees) and prospective modeled performance (“Discounted Cash Flow”). Such valuation takes into consideration an analysis of comparable asset management companies and a percentage of assets under management. The Asset Manager Affiliates are classified as a Level III investment (as described above). Any change in value from period to period is recognized as net change in unrealized appreciation or depreciation.

We carry investments in joint ventures at fair value based upon the fair value of the investments held by the joint venture.

Fair values of other investments for which market prices are not observable are determined by reference to public market or private transactions or valuations for comparable companies or assets in the relevant asset class and/or industry when such amounts are available. Generally, these valuations are derived by multiplying a key performance metric of the investee company or asset (e.g., EBITDA) by the relevant valuation multiple observed for comparable companies or transactions, adjusted by management for differences between the investment and the referenced comparable. Such investments may also be valued at cost for a period of time after an acquisition as the best indicator of fair value. If the fair value of such investments cannot be valued by reference to observable valuation measures for comparable companies, then the primary analytical method used to estimate the fair value is a discounted cash flow method and/or cap rate analysis. A sensitivity analysis is applied to the estimated future cash flows using various factors depending on the investment, including assumed growth rates (in cash flows), capitalization rates (for determining terminal values) and appropriate discount rates to determine a range of reasonable values or to compute projected return on investment.

For bond rated note tranches of CLO Fund securities (those above the junior class) without transactions to support a fair value for the specific CLO Fund and tranche, fair value is based on discounting estimated bond payments at current market yields, which may reflect the adjusted yield on the leveraged loan index for similarly rated tranches, as well as prices for similar tranches for other CLO Funds and also other factors such as indicative prices provided by underwriters or brokers who arrange CLO Funds, and the default and recovery rates of underlying assets in the CLO Fund, as may be applicable. Such model assumptions may vary and incorporate adjustments for risk premiums and CLO Fund specific attributes.

We derive fair value for our illiquid loan investments that do not have indicative fair values based upon active trades primarily by using the Income Approach, and also consider recent loan amendments or other activity specific to the subject asset as described above. Other significant assumptions, such as coupon and maturity, are asset-specific and are noted for each investment in the Schedules of Investments.

The determination of fair value using this methodology takes into consideration a range of factors, including but not limited to the price at which the investment was acquired, the nature of the investment, local market conditions, trading values on public exchanges for comparable securities, current and projected operating performance and financing transactions subsequent to the acquisition of the investment. This valuation methodology involves a significant degree of our judgment.

Our Board may consider other methods of valuation to determine the fair value of investments as appropriate in conformity with GAAP.

Interest Income

Interest income, including amortization of premium and accretion of discount and accrual payment-in-kind (“PIK”) interest, is recorded on the accrual basis to the extent that such amounts are expected to be collected. We generally place a loan on non-accrual status and cease recognizing interest income on such loan or security when a loan or security becomes 90 days or more past due or if we otherwise do not expect the debtor to be able to service its debt obligations. For investments with PIK interest, which represents contractual interest accrued and added to the principal balance that generally becomes due at maturity, we will not accrue PIK interest if the portfolio company valuation indicates that the PIK interest is not collectible (i.e. via a partial or full non-accrual). Loans which are on partial or full non-accrual remain in such status until the borrower has demonstrated the ability and intent to pay contractual amounts due or such loans become current. As of March 31, 2021, seven of our investments were on non-accrual status.

Investment Income on CLO Fund Securities

We receive distributions from our investments in the most junior class of securities of CLO Funds (typically preferred shares or subordinated securities). Our CLO Fund junior class securities are subordinated to senior note holders who typically receive a return on their investment at a fixed spread relative to the LIBOR index. The CLO Funds are leveraged funds and any excess cash flow or “excess spread” (interest earned by the underlying securities in the fund less payments made to senior note holders and less fund expenses and management fees) is paid to the holders of the CLO Fund’s subordinated securities or preferred shares. The level of excess spread from CLO Fund Securities can be impacted from the timing and level of the resetting of the benchmark interest rate for the underlying assets (which reset at various times throughout the quarter) in the CLO Fund and the related CLO Fund note liabilities (which reset at each quarterly distribution date); in periods of short-term and volatile changes in the benchmark interest rate, the levels of excess spread and distributions to us can vary significantly. In addition, the failure of CLO Funds in which we invest to comply with certain financial covenants may lead to the temporary suspension or deferral of cash distributions to us.

GAAP-basis investment income on CLO equity investments is recorded using the effective interest method in accordance with the provisions of ASC 325-40, based on the anticipated yield and the estimated cash flows over the projected life of the investment. Yields are revised when there are changes in actual or estimated projected future cash flows due to changes in prepayments and/or re-investments, credit losses or asset pricing. Changes in estimated yield are recognized as an adjustment to the estimated yield prospectively over the remaining life of the investment from the date the estimated yield was changed. Accordingly, investment income recognized on CLO equity securities in the GAAP statement of operations differs from both the tax-basis investment income and from the cash distributions actually received by us during the period.

For non-junior class CLO Fund Securities interest is earned at a fixed spread relative to the LIBOR index.

Payment in Kind Interest

We may have loans in our portfolio that contain a PIK provision. PIK interest, computed at the contractual rate specified in each loan agreement, is added to the principal balance of the loan and recorded as interest income. To maintain our RIC status, this non-cash source of income must be distributed to stockholders in the form of cash dividends, even though we have not yet collected any cash.

Fee Income

Fee income includes fees, if any, for due diligence, structuring, commitment and facility fees, and fees, if any, for transaction services and management services rendered by us to portfolio companies and other third parties. Commitment and facility fees are generally recognized as income over the life of the underlying loan, whereas due diligence, structuring, transaction service and management service fees are generally recognized as income when the services are rendered.

Management Compensation

As a result of the Closing we will no longer issue stock options or restricted stock under the Company’s Equity Incentive Plan or the 2008 Non-Employee Director Plan. The 1940 Act does not permit externally managed investment companies and BDCs to issue or have outstanding options or restricted stock granted to directors and employees. Immediately prior to the Closing, by virtue of the Externalization and subject to the execution of an option cancellation agreement, each option to purchase shares of our common stock granted under our Non-Employee Director Plan that was outstanding immediately prior to the Externalization (each, a “Company Stock Option”) was cancelled in exchange for the payment in cash to the holder thereof.

Immediately prior to the Closing, each restricted share of our (the “Company Restricted Share”) outstanding and not previously forfeited under the Company’s Equity Incentive Plan and the Company’s Non-Employee Director Plan became fully vested, all restrictions with respect to such Company Restricted Shares lapsed, and the holders of such Company Restricted Shares became entitled to receive a pro rata share of the payment made to stockholders in connection with the Externalization.

United States Federal Income Taxes

We have elected to be treated as a RIC and intend to continue to qualify for the tax treatment applicable to RICs under Subchapter M of the Code and, among other things, intends to make the required distributions to our stockholders as specified therein. In order to qualify for tax treatment as a RIC, the Company is required to timely distribute to its stockholders at least 90% of investment company taxable income, as defined by the Code, for each year. Depending on the level of taxable income earned in a tax year, we may choose to carry forward taxable income in excess of current year distributions into the next tax year and pay a 4% excise tax on such income, to the extent required.

Distributions to Shareholders

The amount of our declared distributions, as evaluated by management and approved by our Board, is based primarily on our evaluation of net investment income and distributable taxable income.

On May 6, 2021, our Board declared a cash distribution of \$0.06 per share of common stock. The distribution is payable on June 1, 2021 to stockholders of record at the close of business as of May 19, 2021.

The following table sets forth the quarterly distributions paid by us for the 2021, 2020 and 2019 calendar years.

	Distribution	Declaration Date	Record Date	Pay Date
2021:				
Second quarter	\$ 0.06	5/6/2021	5/19/2021	6/1/2021
First quarter	0.06	2/12/2021	2/22/2021	3/2/2021
Total declared in 2021	<u>\$ 0.12</u>			
2020:				
Fourth quarter	\$ 0.06	10/16/2020	10/26/2020	11/27/2020
Third quarter	0.06	8/5/2020	8/17/2020	8/28/2020
Second quarter	0.06	3/17/2020	5/7/2020	5/27/2020
First quarter	0.06	2/5/2020	2/18/2020	2/28/2020
Total declared in 2020	<u>\$ 0.24</u>			
2019:				
Fourth quarter	\$ 0.06	11/5/2019	11/15/2019	11/29/2019
Third quarter	0.06	8/5/2019	8/12/2019	8/29/2019
Second quarter	0.10	3/20/2019	4/5/2019	4/26/2019
First quarter	0.10	12/12/2018 ¹	1/7/2019	1/31/2019
Total declared in 2019	<u>\$ 0.32</u>			

1 Since the record date of this distribution is subsequent to year-end, it is a subsequent year tax event.

RECENT DEVELOPMENTS

Notes Offering

On April 27, 2021, we priced an offering of \$80,000,000 in aggregate principal amount of unsecured 4.875% Notes due 2026 (the “4.875% Notes due 2026”) in a private placement exempt from registration under the Section 4(a)(2) of the Securities Act. The private offering closed on April 30, 2021. The 4.875% Notes due 2026 have not been registered under the Securities Act or any state securities laws and may not be reoffered or resold in the United States absent registration or an applicable exemption from such registration requirements. The net proceeds to us were approximately \$77.7 million, after deducting estimated offering expenses. We intend to use the net proceeds of the offering to redeem in full our 6.125% Notes due 2022, make investments in portfolio companies in accordance with our investment objectives, and for general corporate purposes.

On April 30, 2021, the Company and U.S. Bank National Association (the “Trustee”) entered into a Supplemental Indenture (the “Third Supplemental Indenture”), which supplements that certain Base Indenture, dated as of October 10, 2012 (as may be further amended, supplemented or otherwise modified from time to time, the “Base Indenture” and, together with the Third Supplemental Indenture, the “Indenture”). The Third Supplemental Indenture relates to the Company’s issuance of the 4.875% Notes due 2026.

The 4.875% Notes due 2026 will mature on April 30, 2026 and may be redeemed in whole or in part at our option at any time or from time to time at the redemption prices set forth in the Indenture and bear interest at a rate of 4.875% per year payable semi-annually on March 16 and September 16 of each year, commencing on September 16, 2021. The 4.875% Notes due 2026 are general unsecured obligations of the Company that rank senior in right of payment to all of the Company’s existing and future indebtedness that is expressly subordinated in right of payment to the 4.875% Notes due 2026, rank pari passu with all existing and future unsecured unsubordinated indebtedness issued by us, rank effectively junior to any of our secured indebtedness (including unsecured indebtedness that we later secure) to the extent of the value of the assets securing such indebtedness, and rank structurally junior to all existing and future indebtedness (including trade payables) incurred by our subsidiaries, financing vehicles or similar facilities.

The Indenture contains certain covenants, including covenants requiring us to comply with the asset coverage requirements of Sections 18(a)(1)(A) and 18(a)(1)(B) as modified by Section 61(a)(2) of the 1940 Act, whether or not we are subject to those

requirements, and to provide financial information to the holders of the 4.875% Notes due 2026 and the Trustee if the Company is no longer subject to the reporting requirements under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Additionally, we have agreed to use its commercially reasonable efforts to maintain a rating of the 4.875% Notes due 2026 from a rating agency, as long as the notes are outstanding. These covenants are subject to important limitations and exceptions that are described in the Indenture.

In addition, on the occurrence of a “change of control repurchase event,” as defined in the Indenture, we will generally be required to make an offer to purchase the outstanding notes at a price equal to 100% of the principal amount of such notes plus accrued and unpaid interest to the repurchase date.

The foregoing description of the Indenture does not purport to be complete and is qualified in its entirety by reference to the full text of the Indenture, filed as an exhibit to the Company’s Form 8-K filed with the SEC on May 3, 2021.

Registration Rights Agreement

In connection with the offering of 4.875% Notes due 2026, we entered into a Registration Rights Agreement, dated as of April 30, 2021 (the “Registration Rights Agreement”), with the purchasers of the 4.875% Notes due 2026. Pursuant to the Registration Rights Agreement, we are obligated to file with the SEC a registration statement relating to an offer to exchange the 4.875% Notes due 2026 for new notes issued by us that are registered under the Securities Act and otherwise have terms substantially identical to those of the 4.875% Notes due 2026, and to use our commercially reasonable efforts to cause such registration statement to be declared effective. If we are not able to effect the exchange offer, we will be obligated to file a shelf registration statement covering the resale of the 4.875% Notes due 2026 and use our commercially reasonable efforts to cause such registration statement to be declared effective. If we fail to satisfy its registration obligations by certain dates specified in the Registration Rights Agreement, we will be required to pay additional interest to the holders of the 4.875% Notes due 2026.

The foregoing description of the Registration Rights Agreement does not purport to be complete and is qualified in its entirety by reference to the full text of the Registration Rights Agreement, filed as an exhibit to the Company’s Form 8-K filed with the SEC on May 3, 2021.

Redemption of 6.125% Notes due 2022

On April 30, 2021, we notified the trustee for the Company’s 6.125% Notes due 2022 of our election to redeem the \$77.4 million aggregate principal amount of the 6.125% Notes due 2022 outstanding, and instructed the trustee to provide notice of such redemption to the holders of the 6.125% Notes due 2022 in accordance with the terms of the indenture governing the 6.125% Notes due 2022. We expect the redemption to be completed on May 30, 2021. Following the redemption, none of the 6.125% Notes due 2022 will remain outstanding, and they will be delisted from the NASDAQ Global Select Market.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Our business activities contain elements of market risks. We consider our principal market risks to be fluctuations in interest rates and the valuations of our investment portfolio. Managing these risks is essential to our business. Accordingly, we have systems and procedures designed to identify and analyze our risks, to establish appropriate policies and thresholds and to continually monitor these risks and thresholds by means of administrative and information technology systems and other policies and processes.

Interest Rate Risk

Interest rate risk is defined as the sensitivity of our current and future earnings to interest rate volatility, variability of spread relationships, the difference in re-pricing intervals between our assets and liabilities and the effect that interest rates may have on our cash flows. Changes in the general level of interest rates can affect our net interest income, which is the difference between the interest income earned on interest earning assets and our interest expense incurred in connection with our interest-bearing debt and liabilities. Changes in interest rates can also affect, among other things, our ability to acquire and originate loans and securities and the value of our investment portfolio.

Our investment income is affected by fluctuations in various interest rates, including LIBOR and prime rates. As of March 31, 2021, approximately 75% of our Debt Securities Portfolio were either floating rate with a spread to an interest rate index such as LIBOR or the prime rate. 71% of these floating rate loans contain LIBOR floors ranging between 1.00% and 1.50%. We generally expect that future portfolio investments will predominately be floating rate investments. As of March 31, 2021, we had \$309.7 million (par value) of borrowings outstanding at a current weighted average rate of 3.4%, of which \$76.7 million par value had a fixed rate and \$232.9 million par value has a floating rate.

Because we borrow money to make investments, our net investment income is dependent upon the difference between our borrowing rate and the rate we earn on the invested proceeds borrowed. In periods of rising or lowering interest rates, the cost of the portion of our debt associated with our fixed rate borrowings would remain the same, while the interest rate on borrowings under the Revolving Credit Facility would fluctuate with changes in interest rates.

Generally, we would expect that an increase in the base rate index for our floating rate investment assets would increase our gross investment income and that a decrease in the base rate index for such assets would decrease our gross investment income (in either case, such increase/decrease may be limited by interest rate floors/minimums for certain investment assets).

We have analyzed the potential impact of changes in interest rates on interest income net of interest expense. Assuming that our balance sheet at March 31, 2021 was to remain constant and no actions were taken to alter the existing interest rate sensitivity, the table below illustrates the impact on net investment income on our Debt Securities Portfolio for various hypothetical increases in interest rates:

	Impact on net investment income from a change in interest rates at:		
	1%	2%	3%
Increase in interest rate	\$ (1,034,258)	\$ 192,373	\$ 1,508,087
Decrease in interest rate	\$ 350,646	\$ 350,646	\$ 350,646

As shown above, net investment income assuming a 1% increase in interest rates would decrease by approximately \$1.0 million on an annualized basis. If the increase in rates was more significant, such as 2% or 3%, the net effect on net investment income would be an increase of approximately \$0.2 million and \$1.5 million, respectively.

On an annualized basis, a decrease in interest rates of 1%, 2% and 3% would result in an increase in net investment income of approximately \$0.4 million, \$0.4 million and \$0.4 million, respectively. The effect on net investment income from declines in interest rates impacted by interest rate floors on certain of our floating rate investments, as there is no floor on our floating rate debt facility and the 2018-2 Secured Notes.

Although management believes that this measure is indicative of sensitivity to interest rate changes on our Debt Securities Portfolio, it does not adjust for potential changes in credit quality, size and composition of the assets on the balance sheet and other business developments that could affect a net change in assets resulting from operations or net income. Accordingly, no assurances can be given that actual results would not materially differ from the potential outcome simulated by this estimate.

Portfolio Valuation

We carry our investments at fair value, as determined in good faith by our Board pursuant to a valuation methodology approved by our Board. Investments for which market quotations are generally readily available are generally valued at such market quotations. Investments for which there is not a readily available market value are valued at fair value as determined in good faith by our Board under a valuation policy and consistently applied valuation process. However, due to the inherent uncertainty of determining the fair

value of investments that cannot be marked to market, the fair value of our investments may differ materially from the values that would have been used had a ready market existed for such investments. In addition, changes in the market environment and other events that may occur over the life of the investments may cause the value realized on these investments to be different than the valuations that are assigned. The types of factors that we may take into account in fair value pricing of our investments include, as relevant, the nature and realizable value of any collateral, third party valuations, the portfolio company's ability to make payments and its earnings and discounted cash flow, the markets in which the portfolio company does business, comparison to publicly-traded securities, recent sales of or offers to buy comparable companies, and other relevant factors.

The Company has engaged an independent valuation firm to provide third party valuation consulting services to the Board. Each quarter, the independent valuation firm will perform third party valuations on the Company's material investments in illiquid securities such that they are reviewed at least once during a trailing 12-month period. These third-party valuation estimates were considered as one of the relevant data inputs in the Company's determination of fair value. The Company intends to continue to engage an independent valuation firm in the future to provide certain valuation services, including the review of certain portfolio assets, as part of the quarterly and annual year-end valuation process.

Item 4. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 5. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The Company's management, under the supervision and with the participation of various members of management, including its Chief Executive Officer ("CEO") and its Chief Financial Officer ("CFO"), has evaluated the effectiveness of its disclosure controls and procedures (as defined in Rule 13a-15(e) or Rule 15d-15(e) of the Exchange Act) as of the end of the period covered by this report. Based upon that evaluation, the Company's CEO and CFO have concluded that the Company's disclosure controls and procedures are effective to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Acts 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 CEO and CFO, as appropriate to allow timely decisions regarding required disclosures as of the end of the period covered by this report.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting during the period ended March 31, 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 1. Legal Proceedings

The Company is not currently a party to any material legal proceedings except as set forth below.

Between September 22, 2020 and September 29, 2020 various GARS stockholders filed complaints (collectively referred to as the “Merger Litigation”) in connection with the GARS Acquisition. The Merger Litigation alleged breach of fiduciary duty claims against the board of directors of GARS and/or violations of sections 14(a) and 20(a) of the Exchange Act against GARS and/or the board of directors of GARS and, with respect to one lawsuit, us and our wholly owned merger subsidiary, in connection with the solicitation of stockholder approval of the GARS Acquisition. The claims against us were made as a purported “control person” of GARS under Section 20(a) of the Exchange Act. The Merger Litigation alleged, among other things, that the proxy statement GARS issued seeking approval of the GARS Acquisition omitted certain information that the plaintiffs claimed is material. The plaintiffs in the Merger Litigation sought to enjoin the merger or, in the alternative, an award of recessionary damages, as well as costs and fees.

During the fourth quarter of 2020, all of the lawsuits in the Merger Litigation were voluntarily dismissed by the applicable plaintiffs. On January 4, 2021, the parties to the complaint filed by Kenneth Bachmeier on behalf of himself and all others similarly situated in the Delaware Court of Chancery, captioned *Bachmeier v. Tansey, et al.*, No. 2020-0812-SG (Del. Ch.) informed the court that, while denying any and all liability, GARS had agreed to pay a settlement amount to the plaintiff’s counsel for attorneys’ fees and expenses, and on January 21, 2021, the *Bachmeier* case was closed as a result. The amount of the settlement payment to the plaintiff’s counsel in the *Bachmeier* case was not material to the financial position or results of operations of the Company. As of March 31, 2021, all of the lawsuits in the Merger Litigation have been dismissed, and there have not been any other developments with respect to the Merger Litigation that have been material to the financial position or results of operations of the Company during the first quarter of 2021.

Item 1A. Risk Factors

Other than the items noted below, there have been no material changes during fiscal 2021 to the risk factors that were included in our Annual Report on Form 10-K for the year ended December 31, 2020.

Risks Relating to the 4.875% Notes due 2026

The 4.875% Notes due 2026 are unsecured and therefore are effectively subordinated to any secured indebtedness we may incur.

The 4.875% Notes due 2026 are not secured by any of our assets or any of the assets of our subsidiaries. As a result, the 4.875% Notes due 2026 are effectively subordinated to any secured indebtedness we or our subsidiaries have currently incurred or that we or our subsidiaries may incur in the future (or any indebtedness that is initially unsecured in respect of which we subsequently grant security) to the extent of the value of the assets securing such indebtedness. In any liquidation, dissolution, bankruptcy or other similar proceeding, the holders of any of our existing or future secured indebtedness and the secured indebtedness of our subsidiaries may assert rights against the assets pledged to secure that indebtedness in order to receive full payment of their indebtedness before the assets may be used to pay other creditors, including the holders of the 4.875% Notes due 2026.

The 4.875% Notes due 2026 will be subordinated structurally to the indebtedness and other liabilities of our subsidiaries.

The 4.875% Notes due 2026 are obligations exclusively of Portman Ridge Finance Corporation and not of any of our subsidiaries. None of our subsidiaries are guarantors of the 4.875% Notes due 2026, and the 4.875% Notes due 2026 will not be guaranteed by any subsidiaries we may acquire or create in the future. Except to the extent we are a creditor with recognized claims against our subsidiaries, all claims of creditors, including trade creditors, of our subsidiaries will have priority over our claims (and therefore the claims of our creditors, including holders of the 4.875% Notes due 2026) with respect to the assets of such subsidiaries. Even if we were recognized as a creditor of one or more of our subsidiaries, our claims would still be effectively subordinated to any security interests in the assets of any such subsidiary and to any indebtedness or other liabilities of any such subsidiary senior to our claims. Consequently, the 4.875% Notes due 2026 are subordinated structurally to all indebtedness and other liabilities of any of our subsidiaries and any subsidiaries that we may in the future acquire or establish as financing vehicles or otherwise. All of the existing indebtedness of our subsidiaries is structurally senior to the 4.875% Notes due 2026. In addition, our subsidiaries may incur substantial additional indebtedness in the future, all of which would be structurally senior to the 4.875% Notes due 2026.

There is currently no public market for the 4.875% Notes due 2026. If an active trading market for the 4.875% Notes due 2026 does not develop or is not maintained, holders of the 4.875% Notes due 2026 may not be able to sell them.

The 4.875% Notes due 2026 are a new issue of debt securities for which there currently is no trading market. We do not currently intend to apply for listing of the 4.875% Notes due 2026 on any securities exchange or for quotation of the 4.875% Notes due 2026 on any automated dealer quotation system. If no active trading market develops, you may not be able to resell your 4.875% Notes due 2026 at their fair market value or at all. If the 4.875% Notes due 2026 are traded after their initial issuance, they may trade at a discount from their initial offering price depending on prevailing interest rates, the market for similar securities, our credit ratings, general economic conditions, our financial condition, performance and prospects and other factors. Accordingly, we cannot assure you that an active and liquid trading market will develop or continue for the 4.875% Notes due 2026, that you will be able to sell your 4.875% Notes due 2026 at a particular time or that the price you receive when you sell will be favorable. To the extent an active trading market does not develop, the liquidity and trading price for the 4.875% Notes due 2026 may be harmed. Accordingly, you may be required to bear the financial risk of an investment in the 4.875% Notes due 2026 for an indefinite period of time.

There are significant restrictions on the ability to transfer or resell the 4.875% Notes due 2026.

The 4.875% Notes due 2026 have not been registered under the Securities Act of 1933, as amended (the “Securities Act”). Accordingly, the 4.875% Notes due 2026 may only be offered or sold in transactions that are not subject to, or that are otherwise exempt from, the registration requirements of the Securities Act and applicable state securities laws or pursuant to an effective registration statement. Therefore, you may transfer or resell the 4.875% Notes due 2026 in the U.S. only in a transaction exempt from the registration requirements of Securities Act and applicable state securities laws or pursuant to an effective registration statement, and you may be required to bear the risk of your investment until the maturity of the 4.875% Notes due 2026.

Although under the registration rights agreement we are required to consummate an offer to exchange the 4.875% Notes due 2026 for substantially equivalent registered securities or to register the resale of the 4.875% Notes due 2026, until the exchange offer is consummated or such a registration statement has been declared effective, as the case may be, holders of the 4.875% Notes due 2026 may not offer or sell the 4.875% Notes due 2026 except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws or pursuant to an effective registration statement. The SEC, however, has broad discretion to determine whether any registration statement will be declared effective and may delay or deny effectiveness of any such registration statement filed by us for a variety of reasons. Our ability to have declared effective by the SEC a registration statement pertaining to the registered exchange offer on a timely basis will depend upon our ability to resolve any issues that may be raised by the SEC. No assurance can be given as to when a registration statement with respect to the 4.875% Notes due 2026 will become effective. Failure to have the registration statement become effective could adversely affect the liquidity and price of the 4.875% Notes due 2026.

Our current indebtedness could adversely affect our business, financial condition and results of operations and our ability to meet our payment obligations under the 4.875% Notes due 2026 and our other debt.

The use of debt could have significant consequences on our future operations, including:

- making it more difficult for us to meet our payment and other obligations under the 4.875% Notes due 2026 and our other outstanding debt;
- resulting in an event of default if we fail to comply with the financial and other restrictive covenants contained in our financing arrangements, which event of default could result in substantially all of our debt becoming immediately due and payable;
- reducing the availability of our cash flow to fund investments, acquisitions and other general corporate purposes, and limiting our ability to obtain additional financing for these purposes;
- subjecting us to the risk of increased sensitivity to interest rate increases on our indebtedness with variable interest rates, including borrowings under our financing arrangements; and
- limiting our flexibility in planning for, or reacting to, and increasing our vulnerability to, changes in our business, the industry in which we operate and the general economy.

Any of the above-listed factors could have an adverse effect on our business, financial condition and results of operations and our ability to meet our payment obligations under the 4.875% Notes due 2026 and our other debt.

Our ability to meet our payment and other obligations under our financing arrangements depends on our ability to generate significant cash flow in the future. This, to some extent, is subject to general economic, financial, competitive, legislative and regulatory factors as well as other factors that are beyond our control. We cannot assure you that our business will generate cash flow from operations, or that future borrowings will be available to us under our financing arrangements or otherwise, in an amount sufficient to enable us to meet our payment obligations under the 4.875% Notes due 2026 and our other debt and to fund other liquidity needs. If we are not able to generate sufficient cash flow to service our debt obligations, we may need to refinance or restructure our debt, including the 4.875% Notes due 2026, sell assets, reduce or delay capital investments, or seek to raise additional

capital. If we are unable to implement one or more of these alternatives, we may not be able to meet our payment obligations under the 4.875% Notes due 2026 and our other debt.

A downgrade, suspension or withdrawal of the credit rating assigned by a rating agency to us or the 4.875% Notes due 2026 could cause the liquidity or market value of the 4.875% Notes due 2026 to decline significantly.

Our credit ratings are an assessment by rating agencies of our ability to pay our debts when due. Consequently, real or anticipated changes in our credit ratings will generally affect the market value of the 4.875% Notes due 2026. These credit ratings may not reflect the potential impact of risks relating to the structure or marketing of the 4.875% Notes due 2026. Credit ratings are not a recommendation to buy, sell or hold any security, and may be revised or withdrawn at any time by the issuing organization in its sole discretion.

The 4.875% Notes due 2026 are rated by Egan-Jones Ratings Company (“EJR”). There can be no assurance that EJR’s credit rating will remain for any given period of time or that such credit rating will not be lowered or withdrawn entirely by EJR if in its judgment future circumstances relating to the basis of the credit rating, such as adverse changes in our business, financial condition and results of operations, so warrant.

The indenture governing the 4.875% Notes due 2026 contains limited protection for holders of the 4.875% Notes due 2026.

The indenture governing the 4.875% Notes due 2026 offers limited protection to holders of the 4.875% Notes due 2026. The terms of the indenture and the 4.875% Notes due 2026 do not restrict our or any of our subsidiaries’ ability to engage in, or otherwise be a party to, a variety of corporate transactions, circumstances or events that could have an adverse impact on your investment in the 4.875% Notes due 2026. In particular, the terms of the indenture and the 4.875% Notes due 2026 do not place any restrictions on our or our subsidiaries’ ability to:

- issue securities or otherwise incur additional indebtedness or other obligations, including (1) any indebtedness or other obligations that would be equal in right of payment to the 4.875% Notes due 2026, (2) any indebtedness or other obligations that would be secured and therefore rank effectively senior in right of payment to the 4.875% Notes due 2026 to the extent of the values of the assets securing such debt, (3) indebtedness of ours that is guaranteed by one or more of our subsidiaries and which therefore is structurally senior to the 4.875% Notes due 2026 and (4) securities, indebtedness or obligations issued or incurred by our subsidiaries that would be senior to our equity interests in our subsidiaries and therefore rank structurally senior to the 4.875% Notes due 2026 with respect to the assets of our subsidiaries, in each case other than an incurrence of indebtedness that would cause a violation of Section 18(a)(1)(A) of the 1940 Act as modified by Section 61(a)(2) of the 1940 Act;
- pay dividends on, or purchase or redeem or make any payments in respect of, capital stock or other securities ranking junior in right of payment to the 4.875% Notes due 2026, including preferred stock or subordinated indebtedness, in each case other than dividends, purchases, redemptions or payments that would cause a violation of Section 18(a)(1)(B) as modified by Section 61(a)(2) of the 1940 Act or any successor provisions, giving effect to any no-action relief granted by the SEC to another BDC and upon which we may reasonably rely (or to us if we determine to seek such similar SEC no-action or other relief) permitting the BDC to declare any cash dividend or distribution notwithstanding the prohibition contained in Section 18(a)(1)(B) as modified by Section 61(a)(2) of the 1940 Act in order to maintain the BDC’s status as a RIC under Subchapter M of the Code;
- sell assets (other than certain limited restrictions on our ability to consolidate, merge or sell all or substantially all of our assets);
- enter into transactions with affiliates;
- create liens (including liens on the shares of our subsidiaries) or enter into sale and leaseback transactions;
- make investments; or
- create restrictions on the payment of dividends or other amounts to us from our subsidiaries.

In addition, the terms of the indenture and the 4.875% Notes due 2026 do not protect holders of the 4.875% Notes due 2026 in the event that we experience changes (including significant adverse changes) in our financial condition, results of operations or credit ratings, as they will not require that we or our subsidiaries adhere to any financial tests or ratios or specified levels of net worth, revenues, income, cash flow or liquidity other than as described above.

Our ability to recapitalize, incur additional debt and take a number of other actions will not be limited by the terms of the 4.875% Notes due 2026 and may have important consequences for you as a holder of the 4.875% Notes due 2026, including making it more difficult for us to satisfy our obligations with respect to the 4.875% Notes due 2026 or negatively affecting the trading value of the 4.875% Notes due 2026.

Other debt we issue or incur in the future could contain more protections for its holders than the indenture and the 4.875% Notes due 2026, including additional covenants and events of default. The issuance or incurrence of any such debt with incremental protections could affect the market for and trading levels and prices of the 4.875% Notes due 2026.

We may not be able to repurchase the 4.875% Notes due 2026 upon a Change of Control Repurchase Event.

We may not be able to repurchase the 4.875% Notes due 2026 upon a Change of Control Repurchase Event (as defined in the indenture governing the 4.875% Notes due 2026) because we may not have sufficient funds. Upon a Change of Control Repurchase Event, holders of the 4.875% Notes due 2026 may require us to repurchase for cash some or all of the 4.875% Notes due 2026 at a repurchase price equal to 100% of the aggregate principal amount of the 4.875% Notes due 2026 being repurchased, plus accrued and unpaid interest to, but not including, the repurchase date. Our failure to purchase such tendered 4.875% Notes due 2026 upon the occurrence of such Change of Control Repurchase Event would cause an event of default under the indenture governing the 4.875% Notes due 2026 and may cause a cross-default under the agreements governing certain of our other indebtedness, which may result in the acceleration of such indebtedness requiring us to repay that indebtedness immediately. If a Change of Control Repurchase Event were to occur, we may not have sufficient funds to repay any such accelerated indebtedness and/or to make the required repurchase of the 4.875% Notes due 2026.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

While we did not engage in any sales of unregistered securities during the three months ended March 31, 2021, we issued a total of 30,911 shares of common stock under our dividend reinvestment plan (“DRIP”). This issuance was not subject to the registration requirements of the Securities Act. For the three months ended March 31, 2021, the aggregate value of the shares of our common stock issued under our DRIP was approximately \$64 thousand.

The following table sets forth information regarding recent repurchases of shares of our common stock. We did not repurchase any shares of our common stock during the three months ended March 31, 2021.

	Total Number of Shares Purchased	Average Price per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (a)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program (Dollars in Thousands) (a)
March 1-March 31, 2020	121,548	\$ 1.01	121,548	\$ 9,877
April 1-June 30, 2020	253,896	\$ 1.12	253,896	\$ 9,593
July 1-September 30, 2020	358,959	\$ 1.27	358,959	\$ 9,137
October 1-December 31, 2020	—		—	\$ 9,137
Total, December 31, 2020	734,403		734,403	

(a) On March 5, 2020, the Board of Directors of the Company approved a \$10 million stock repurchase program (the “Stock Repurchase Program”). Under this repurchase program, shares may be repurchased from time to time in open market transactions, in privately negotiated transactions or otherwise subject to any law or agreement to which we are party including any restrictions in the 1940 Act or the indenture for our 6.125% Notes Due 2022. The timing and actual number of shares repurchased will depend on a variety of factors, including legal requirements, price, and economic and market conditions. This Stock Repurchase Program may be suspended or discontinued at any time. Subject to these restrictions, we will selectively pursue opportunities to repurchase shares which are accretive to net asset value per share.

On March 11, 2021, our Board of Directors authorized a renewed stock repurchase program of up to \$10 million (the “Renewed Stock Repurchase Program”) for an approximately one-year period, effective March 11, 2021 and terminating on March 31, 2022. The terms and conditions of the Renewed Stock Repurchase Program are substantially similar to the prior Stock Repurchase Program. The Renewed Stock Repurchase Program may be suspended or discontinued at any time. Subject to these restrictions, we will selectively pursue opportunities to repurchase shares which are accretive to net asset value per share. There were no share repurchases during the first quarter of 2021 under the Renewed Stock Repurchase Program.

As permitted by our policies and procedures governing transactions in our securities by our directors, executive officers and other employees, from time to time some of these persons may establish plans or arrangements complying with Rule 10b5-1 under the Exchange Act, and similar plans and arrangements relating to our common stock

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not Applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Reference is made to the Exhibit List filed as a part of this report beginning on page E-1. Each of such exhibits is incorporated by reference herein.

Exhibit Index

Exhibit Number	Description of Document
3.1	Form of Certificate of Incorporation of Company (incorporated by reference to the exhibit included in Pre-Effective Amendment No. 1 on Form N-2, as filed on October 6, 2006).
3.1.1	Certificate of Amendment to Certificate of Incorporation of Portman Ridge Finance Corporation (incorporated by reference to Exhibit 3.1 of the Current Report on Form 8-K, as filed on April 2, 2019).
3.2	Second Amended and Restated Bylaws of KCAP Financial, Inc., dated as of December 12, 2018 (incorporated by reference to Exhibit 3.1 of the Current Report on Form 8-K, as filed on December 14, 2018).
3.2.1	Amendment No. 1 to the Second Amended and Restated Bylaws of Portman Ridge Finance Corporation (incorporated by reference to Exhibit 3.2 of the Current Report on Form 8-K, as filed on April 2, 2019).
4.1	Form of Base Indenture between the Company and U.S. Bank National Association (incorporated by reference to Exhibit D.2 of the Registration Statement in Form N-2 filed on October 3, 2012).
4.2	Third Supplemental Indenture between the Company and U.S. Bank National Association relating to the 4.875% Notes due 2026 (incorporated by reference to Exhibit 4.1 of the Current Report on Form 8-K filed on May 3, 2021).
4.3	Form of 4.875% Notes due 2026 (incorporated by reference to Exhibit 4.2).
4.4	Registration Rights Agreement, dated as of April 30, 2021, by and among the Company and the Purchasers (as defined therein) (incorporated by reference to Exhibit 4.3 of the Current Report on Form 8-K filed on May 3, 2021).
31.1**	Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2**	Certification of Chief Financial Officer Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Chief Executive Officer Pursuant to 18 U. S. C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Chief Financial Officer Pursuant to 18 U. S. C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

** Submitted herewith.

**CERTIFICATION PURSUANT TO
RULE 13a-14(a) and 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS AMENDED**

I, Edward Goldthorpe, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended March 31, 2021 of Portman Ridge Finance Corporation (the “registrant”);
2. Based on my knowledge, this Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the consolidated financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s Board of Directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: May 6, 2021

By: _____ / S / EDWARD GOLDTHORPE
Edward Goldthorpe
President and Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION PURSUANT TO
RULE 13a-14(a) and 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS AMENDED**

I, Jason Roos, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended March 31, 2021 of Portman Ridge Finance Corporation (the “registrant”);
2. Based on my knowledge, this Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s Board of Directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: May 6, 2021

By: _____ /s/ JASON ROOS
Jason Roos
Chief Financial Officer

**CERTIFICATION PURSUANT TO
SECTION 1350, CHAPTER 63 OF TITLE 18, UNITED STATES CODE,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the accompanying Quarterly Report of Portman Ridge Finance Corporation the “Company”) on Form 10-Q for the quarter ended March 31, 2021 (the “Report”), I, Jason Roos, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 6, 2021

By: _____
/s/ JASON ROOS
Jason Roos
Chief Financial Officer