UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2017

OR

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

For the transition period from _________ to _________

Commission file number 814-00789

THL CREDIT, INC.
(Exact Name of Registrant as Specified in Its Charter)

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

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

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

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

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

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

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

The number of shares of the registrant's common stock, $0.001 par value per share, outstanding at August 3, 2017 was 32,775,671.

THL CREDIT, INC.
FORM 10-Q FOR THE QUARTER ENDED June 30, 2017
Table of Contents

THL Credit, Inc. and Subsidiaries

Consolidated Statements of Assets and Liabilities
(in thousands, except per share data)
(unaudited)

	June 30, 2017	December 31, 2016
Assets:		
Investments at fair value:		
Non-controlled, non-affiliated investments (cost of $515,029 and $519,837, respectively)	$496,073	$ 501,992
Controlled investments (cost of $163,582 and $150,765, respectively)	178,255	167,207
Non-controlled, affiliated investments (cost of $4 and $4, respectively)	4	4
Total investments at fair value (cost of $678,615 and $670,606, respectively)	$674,332	$ 669,203
Cash	3,924	6,376
Interest, dividends, and fees receivable	8,729	9,041
Deferred financing costs	2,182	2,527
Deferred tax assets	3,909	2,442
Prepaid expenses and other assets	1,116	1,225
Due from affiliate	524	590
Total assets	$694,716	$ 691,404
Liabilities:		
Loans payable ($200,241 and $182,862 face amounts, respectively, reported net of deferred financing costs of $1,078 and $1,207, respectively. See Note 7)	$199,163	$ 181,655
Notes payable ($110,000 and $110,000 face amounts, respectively, reported net of deferred financing costs of $3,322 and $3,653, respectively. See Note 7)	106,678	106,347
Deferred tax liability	3,932	4,518
Accrued incentive fees	2,239	3,243
Base management fees payable	2,658	2,608
Accrued expenses and other payables	1,745	1,701
Income taxes payable	876	—
Accrued interest and fees	55	961
Other deferred liabilities	272	501
Interest rate derivative	—	50
Total liabilities	317,618	301,584
Commitments and contingencies (Note 9)		
Net Assets:		
Common stock, par value $.001 per share, 100,000 common shares authorized, 32,776 and 32,925 shares issued and outstanding at June 30, 2017 and December 31, 2016, respectively	33	33
Paid-in capital in excess of par	435,865	437,623
Net unrealized depreciation on investments, net of provision for taxes of $3,932 and $3,656, respectively	(6,815)	(5,197)
Net unrealized depreciation on interest rate derivative	—	(50)
Accumulated net realized losses	(63,749)	(51,732)
Accumulated undistributed net investment income	10,934	8,428
Total net assets attributable to THL Credit, Inc.	376,268	389,105
Net assets attributable to non-controlling interest	830	715
Total net assets	$377,098	$ 389,820
Total liabilities and net assets	$694,716	$ 691,404
Net asset value per share attributable to THL Credit, Inc.	$ 11.48	$ 11.82

See accompanying notes to these consolidated financial statements.

Table of Contents

THL Credit, Inc. and Subsidiaries

Consolidated Statements of Operations
(in thousands, except per share data)
(unaudited)

	For the three months ended June 30, 2017	For the three months ended June 30, 2016	For the six months ended June 30, 2017	For the six months ended June 30, 2016
Investment Income:				
From non-controlled, non-affiliated investments:				
Interest income	$ 13,802	$ 15,845	$ 27,735	$ 34,852
Dividend income	139	74	139	74
Other income	1,030	765	1,495	1,057
From non-controlled, affiliated investments:				
Other income	284	380	540	865
From controlled investments:				
Interest income	1,768	839	3,647	1,172
Dividend income	3,111	2,539	6,241	4,956
Other income	141	38	282	75
Total investment income	20,275	20,480	40,079	43,051
Expenses:				
Interest and fees on borrowings	3,941	3,489	7,813	7,004
Base management fees	2,658	2,809	5,212	5,712
Incentive fees	1,151	—	2,465	30
Administrator expenses	711	893	1,537	1,820
Other general and administrative expenses	541	606	1,046	1,179
Amortization of deferred financing costs	405	384	805	769
Professional fees	429	372	704	830
Directors' fees	169	200	349	410
Total expenses	10,005	8,753	19,931	17,754
Income tax provision, excise and other taxes	116	65	305	236
Net investment income	10,154	11,662	19,843	25,061
Realized Gain and Change in Unrealized Appreciation on Investments:				
Net realized (loss) gain on investments:				
Non-controlled, non-affiliated investments	(10,040)	3,655	(10,905)	(1,964)
Controlled investments	—	26	—	(10,887)
Foreign currency transactions	(1)	—	(74)	—
Net realized (loss) gain on investments	(10,041)	3,681	(10,979)	(12,851)
Net change in unrealized (depreciation) appreciation on investments:				
Non-controlled, non-affiliated investments	333	(19,057)	(2,974)	(26,786)
Controlled investments	457	3,206	(19)	14,330
Translation of assets and liabilities in foreign currencies	(593)	—	(519)	—
Net change in unrealized (depreciation) appreciation on investments	197	(15,851)	(3,512)	(12,456)
Net change in unrealized appreciation (depreciation) attributable to non-controlling interests	54	—	113	—
Net realized and unrealized loss from investments	(9,790)	(12,170)	(14,378)	(25,307)
Provision for taxes on realized gain on investments	(835)	—	(835)	—
Benefit (provision) for taxes on unrealized gain on investments	1,744	(99)	1,896	(207)
Benefit (provision) for taxes on realized and unrealized gain on investments	909	(99)	1,061	(207)
Interest rate derivative periodic interest payments, net	(13)	(65)	(46)	(167)
Net change in unrealized appreciation (depreciation) on interest rate derivative	13	12	50	(40)
Net increase (decrease) in net assets resulting from operations	$ 1,273	$ (660)	$ 6,530	$ (660)
Net investment income per common share:				
Basic and diluted	$ 0.31	$ 0.35	$ 0.60	$ 0.75
Net increase (decrease) in net assets resulting from operations per common share:				
Basic and diluted	$ 0.04	$ (0.02)	$ 0.20	$ (0.02)
Dividends declared and paid	$ 0.27	$ 0.34	$ 0.54	$ 0.68
Weighted average shares of common stock outstanding:				
Basic and diluted	32,873	33,234	32,899	33,290

See accompanying notes to these consolidated financial statements.

Table of Contents

THL Credit, Inc. and Subsidiaries

Consolidated Statements of Changes in Net Assets
(in thousands)
(unaudited)

	For the six months ended June 30, 2017	For the six months ended June 30, 2016
Increase in net assets from operations:		
Net investment income	$ 19,843	$ 25,061
Net realized loss on investments	(10,979)	(12,851)
Net change in unrealized (depreciation) appreciation on investments	(3,512)	(12,456)
Income tax provision, realized gain	(835)	—
Net change in unrealized (depreciation) appreciation attributable to non-controlling interests	113	—
Benefit (provision) for taxes on unrealized (gain) loss on investments	1,896	(207)
Interest rate derivative periodic interest payments, net	(46)	(167)
Net change in unrealized appreciation (depreciation) on interest rate derivative	50	(40)
Net increase (decrease) in net assets resulting from operations	6,530	(660)
Distributions to stockholders:		
Distributions to stockholders from net investment income	(17,753)	(22,599)
Total distributions to stockholders	(17,753)	(22,599)
Capital share transactions:		
Issuance of common stock from reinvestment of dividend	3	—
Repurchase of common stock	(1,502)	(1,537)
Net decrease in net assets from capital share transactions	(1,499)	(1,537)
Total decrease in net assets	(12,722)	(24,796)
Net assets at beginning of period	389,820	418,899
Net assets at end of period	$377,098	$394,103
Common shares outstanding at end of period	32,776	33,169
Capital share activity:		
Shares issued from reinvestment of dividend	—	—
Shares repurchased	150	142

See accompanying notes to these consolidated financial statements.

Table of Contents

THL Credit, Inc. and Subsidiaries

Consolidated Statements of Cash Flows
(in thousands)
(unaudited)

	For the six months ended June 30,	
	2017	2016
Cash flows from operating activities:		
Net increase (decrease) in net assets resulting from operations	$ 6,530	$ (660)
Adjustments to reconcile net increase in net assets resulting from operations to net cash (used in) provided by operating activities:		
Net change in unrealized (appreciation) depreciation on investments	2,880	12,456
Net change in unrealized (appreciation) depreciation on interest rate derivative	(50)	40
Net realized loss on investments	11,494	12,877
Net realized loss on foreign exchange currency transactions	1	—
Increase in investments due to PIK	(1,587)	(1,032)
Amortization of deferred financing costs	805	769
Accretion of discounts on investments and other fees	(2,233)	(1,793)
Changes in operating assets and liabilities:		
Purchases of investments	(61,707)	(70,057)
Proceeds from sale and paydown of investments	46,123	110,131
Decrease in interest, dividends and fees receivable	312	40
Decrease in income tax receivable	—	235
Decrease in due from affiliate	66	74
Decrease in prepaid expenses and other assets	109	54
Increase in income taxes payable	876	—
Increase in deferred tax asset	(1,467)	(139)
Increase (decrease) in accrued expenses and other payables	44	(137)
Decrease in accrued credit facility fees and interest	(906)	(110)
(Decrease) increase in deferred tax liability	(586)	118
Increase (decrease) in base management fees payable	50	(135)
Decrease in other deferred liabilities	(229)	(133)
Decrease in accrued incentive fees payable	(1,004)	(2,949)
Net cash (used in) provided by operating activities	(479)	59,649
Cash flows from financing activities:		
Repurchase of common stock	(1,502)	(1,537)
Borrowings under credit facility	57,879	65,000
Repayments under credit facility	(40,500)	(100,250)
Issuance of shares of common stock from dividend reinvestment	3	—
Distributions paid to stockholders	(17,753)	(22,599)
Financing and offering costs paid	(100)	(100)
Net cash used in financing activities	(1,973)	(59,486)
Net (decrease) increase in cash	(2,452)	163
Cash, beginning of period	6,376	3,850
Cash, end of period	$ 3,924	$ 4,013
Supplemental Disclosure of Cash Flow Information:		
Cash interest paid	7,486	6,691
Income taxes paid	25	1
PIK income earned	1,101	1,089

Non-cash Operating Activities:

For the three months ended June 30, 2017 and 2016, 0.3 shares and 0 shares of common stock were issued in connection with dividend reinvestments of $3 and $0, respectively. For the six months ended June 30, 2017 and 2016, 0.3 shares and 0 shares of common stock were issued in connection with dividend reinvestments of $3 and $0, respectively.

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

See accompanying notes to these consolidated financial statements.

THL Credit, Inc. and Subsidiaries

Consolidated Schedules of Investments
June 30, 2017
(dollar amounts in thousands)
(unaudited)

Type of Investment/Portfolio company [1][2][3]	Industry	Interest Rate[4]	Initial Acquisition Date	Maturity/ Dissolution Date	Principal[5] No. of Shares / No. of Units	Amortized Cost	Fair Value
Non-controlled/non-affiliated investments — 131.55% of net asset value							
First lien senior secured debt							
Aerogroup International Inc.	Consumer products	9.8% (LIBOR + 8.5%)	6/9/2014	12/9/2019	$ 13,170	$ 13,046	$ 12,512
Alex Toys, LLC	Consumer products	11.8% (LIBOR + 10.5%)	6/30/2014	8/15/2019	30,201	29,893	30,201
Allied Wireline Services, LLC	Energy / utilities	11.0% (LIBOR + 9.5%) (5.5% Cash and 5.5% PIK) [11]	2/28/2014	2/28/2019	10,499	10,499	10,289
BeneSys Inc.	Business services	11.6% (LIBOR + 10.3%)	3/31/2014	3/31/2019	10,911	10,839	10,883
BeneSys Inc. [8]	Business services	11.6% (LIBOR + 10.3%)	8/1/2014	3/31/2019	436	432	435
Charming Charlie, LLC.	Retail & grocery	9.3% (LIBOR + 8%)	12/18/2013	12/24/2019	23,542	22,392	19,704
Constructive Media, LLC	Media, entertainment and leisure	11.2% (LIBOR + 10%)	11/23/2015	11/23/2020	12,638	12,464	12,006
CRS Reprocessing, LLC [25]	Industrials and manufacturing	8.0%	6/16/2011	6/30/2017	15,084	15,084	7,021
Dodge Data & Analytics LLC	IT services	10.1% (LIBOR + 8.8%)	11/20/2014	10/31/2019	10,846	10,741	10,792
Duff & Phelps Corporation [10]	Financial services	4.9% (LIBOR + 3.8%)	5/15/2013	4/23/2020	240	241	242
Fairstone Financial Inc. [6][29]	Financial services	12% (CDOR + 11%)	3/31/2017	3/31/2023	23,100	22,063	22,657
Food Processing Holdings, LLC	Food & beverage	10.8% (LIBOR + 9.5%)	10/31/2013	10/31/2018	19,001	18,891	19,001
Hart InterCivic, Inc.	IT services	11.8% (LIBOR + 10.5%)	3/31/2016	3/31/2019	25,600	25,299	25,856
HealthDrive Corporation	Healthcare	9.3% (LIBOR + 8.1%)	11/21/2016	11/21/2021	9,950	9,797	9,851
HealthDrive Corporation [8] [9]	Healthcare	9.3% (LIBOR + 8.1%)	11/21/2016	11/21/2021	900	877	900
Holland Intermediate Acquisition Corp.	Energy / utilities	10.3% (LIBOR + 9%)	5/29/2013	5/29/2018	21,880	21,784	20,403
Holland Intermediate Acquisition Corp. [8]	Energy / utilities	10.3% (LIBOR + 9%)	5/29/2013	5/29/2018	—	—	—
Home Partners of America, Inc.	Consumer services	8.2% (LIBOR + 7%)	10/13/2016	10/13/2022	13,669	13,427	13,737
Igloo Products Corp.	Consumer products	11.8% (LIBOR + 10.3%)	3/28/2014	3/28/2020	24,636	24,352	24,082
It’s Just Lunch International LLC	Media, entertainment and leisure	9.7% (LIBOR + 8.5%)	7/28/2016	7/28/2021	5,500	5,410	5,473
The John Gore Organization, Inc. [23]	Media, entertainment and leisure	9.2% (LIBOR + 8%)	8/8/2013	6/28/2021	14,734	14,513	14,881
The John Gore Organization, Inc. [8] [9] [23]	Media, entertainment and leisure	9.2% (LIBOR + 8%)	8/8/2013	6/28/2021	—	(12)	—
LAI International, Inc.	Industrials and manufacturing	10.7% [7]	10/22/2014	10/22/2019	21,885	21,621	21,885
LAI International, Inc. [8]	Industrials and manufacturing	8.4% [7]	10/22/2014	10/22/2019	4,502	4,502	4,502
LAI International, Inc. [8]	Industrials and manufacturing	8.3% [7]	4/24/2017	10/22/2019	494	487	494
Matilda Jane Holdings, Inc.	Consumer products	9.7% (LIBOR + 8.5%)	5/1/2017	5/1/2022	12,548	12,275	12,275

MeriCal, LLC	Consumer products	10.2% (LIBOR + 9%)	9/30/2016	9/30/2021	12,700	12,419	12,541
RealD Inc.	Media, entertainment and leisure	8.7% (LIBOR + 7.5%)	3/22/2016	3/22/2021	14,794	14,684	14,794
Sciens Building Solutions, LLC	Business services	8.4% (LIBOR + 7.3%)	2/2/2017	2/2/2022	5,721	5,616	5,621
Sciens Building Solutions, LLC (8)	Business services	8.4% (LIBOR + 7.3%)	2/2/2017	2/2/2022	245	214	245
Togetherwork Holdings, LLC (8)	Business services	8.1% (LIBOR + 7%)	4/18/2017	12/2/2020	232	226	232
Togetherwork Holdings, LLC	Business services	8.1% (LIBOR + 7%)	4/18/2017	12/2/2020	4,758	4,674	4,674
Virtus Pharmaceuticals, LLC	Healthcare	10.7% (7)	7/17/2014	7/17/2019	24,013	23,731	23,653
Wheels Up Partners, LLC	Transportation	9.9% (LIBOR + 8.6%)	1/31/2014	10/15/2021	7,587	7,531	7,587
Wheels Up Partners, LLC	Transportation	9.9% (LIBOR + 8.6%)	8/27/2014	7/15/2022	8,527	8,527	8,527
Subtotal first lien senior secured debt					$404,543	$398,539	$387,956

See accompanying notes to these consolidated financial statements.

THL Credit, Inc. and Subsidiaries

Consolidated Schedules of Investments
June 30, 2017
(dollar amounts in thousands)
(unaudited)

Type of Investment/ Portfolio company (1)(2)(3)	Industry	Interest Rate(4)	Initial Acquisition Date	Maturity/ Dissolution Date	Principal(5) No. of Shares / No. of Units	Amortized Cost	Fair Value
Second lien debt							
Gold, Inc.	Consumer products	10.0%	12/31/2012	6/30/2022	$ 9,666	$ 9,666	$ 9,183
Merchants Capital Access, LLC	Financial services	11.8% (LIBOR + 10.5%)	4/20/2015	4/20/2021	12,500	12,339	12,250
MB Medical Operations LLC	Healthcare	10.2% (LIBOR + 9%)	12/7/2016	6/7/2022	9,131	8,967	9,131
Specialty Brands Holdings, LLC (25)	Restaurants	10.7% PIK (11)	7/16/2013	12/1/2017	22,131	21,462	15,491
Subtotal second lien debt					$ 53,428	$52,434	$46,055
Subordinated debt							
A10 Capital, LLC (8)	Financial services	12.0%	8/25/2014	2/25/2021	$ 12,302	$12,219	$12,425
Aerogroup International Inc.	Consumer products	12.0% PIK	8/5/2015	3/9/2020	296	296	—
Aerogroup International Inc.	Consumer products	10.0% PIK (11)	1/27/2016	3/9/2020	839	839	—
Martex Fiber Southern Corp.	Industrials and manufacturing	16.5% (12.0% Cash and 4.5% PIK) (11)	4/30/2012	12/31/2017	8,664	8,664	8,057
Subtotal subordinated debt					$ 22,101	$22,018	$20,482
Equity investments							
A10 Capital, LLC (12)(14)(21)	Financial services		8/25/2014		4,183.47	$15,167	$15,246
Aerogroup International Inc. (22)	Consumer products		6/9/2014		253,616	11	—
Aerogroup International Inc. (21)	Consumer products		6/9/2014		28,180	1,108	—
Alex Toys, LLC (12)(13)(15)(22)	Consumer products		5/22/2015		153.85	1,000	464
Alex Toys, LLC (12)(13)(15)(21)(24)	Consumer products		6/22/2016		121.18	888	888
Allied Wireline Services, LLC (12)(15)(22)	Energy / utilities		2/28/2014		618,867.92	619	73
Constructive Media, LLC (12)	Media, entertainment and leisure		11/23/2015		750,000	750	79
Dimont & Associates, Inc. (22)	Financial services		3/14/2016		312.51	129	75
Firebirds International, LLC (12)(22)	Restaurants		5/17/2011		1,906	191	375
Food Processing Holdings, LLC (12)(22)	Food & beverage		4/20/2010		162.44	163	294
Food Processing Holdings, LLC (12)(22)	Food & beverage		4/20/2010		406.09	408	923
Hostway Corporation (22)	IT services		12/27/2013		20,000	200	—
Hostway Corporation (21)	IT services		12/27/2013		1,800	1,800	196
Igloo Products Corp. (22)	Consumer products		4/30/2014		1,902.04	1,716	1,212
Matilda Jane Holdings, Inc. (13)(21)	Consumer products		5/1/2017		488,896	489	495
MeriCal, LLC (12)(13)(22)	Consumer products		9/30/2016		5,000	5	7
MeriCal, LLC (12)(13)(21)	Consumer products		9/30/2016		495	495	525
Virtus Pharmaceuticals, LLC (12)(15)(22)	Healthcare		3/31/2015		7,720.86	127	—
Virtus Pharmaceuticals, LLC (12)(15)(22)	Healthcare		3/31/2015		231.82	244	337
Virtus Pharmaceuticals, LLC (12)(15)(22)	Healthcare		3/31/2015		589.76	590	295
Wheels Up Partners, LLC (12)(15)(22)	Transportation		1/31/2014		1,000,000	1,000	3,124
Subtotal equity						$27,100	$24,608
Warrants							
Allied Wireline Services, LLC (15)	Energy / utilities		2/28/2014		501,159.24	$ 175	$ 59

Subtotal warrants				$ 175	$ 59
Investment in payment rights					
Duff & Phelps Corporation (10) (16)	Financial services	18.3%	6/1/2012	$10,979	$13,273
Subtotal investment in payment rights				$10,979	$13,273
Investments in funds (17)					

See accompanying notes to these consolidated financial statements.

THL Credit, Inc. and Subsidiaries

Consolidated Schedules of Investments
June 30, 2017
(dollar amounts in thousands)
(unaudited)

Type of Investment/Portfolio company [1][2][3]	Industry	Interest Rate[4]	Initial Acquisition Date	Maturity/ Dissolution Date	Principal[5] No. of Shares / No. of Units	Amortized Cost	Fair Value
Freeport Financial SBIC Fund LP	Financial services		6/14/2013			$ 2,957	$ 2,779
Gryphon Partners 3.5, L.P.	Financial services		11/20/2012			827	861
Subtotal investments in funds						$ 3,784	$ 3,640
Total non-controlled/non-affiliated investments							
—131.55% of net asset value						$515,029	$496,073
Controlled investments							
—47.27% of net asset value							
First lien senior secured debt							
Loadmaster Derrick & Equipment, Inc. [18][25]	Energy / utilities	11.3% (LIBOR + 10.3%) (5.65% Cash and 5.65% PIK)	7/1/2016	12/31/2020	$ 7,412	$ 7,307	$ 4,817
Loadmaster Derrick & Equipment, Inc. [18][25]	Energy / utilities	13% PIK (LIBOR + 12% PIK)	7/1/2016	12/31/2020	1,550	1,053	—
Loadmaster Derrick & Equipment, Inc. [18]	Energy / utilities	11.5% (LIBOR + 10.3%)	1/17/2017	12/31/2020	2,550	2,550	2,550
OEM Group, LLC [18]	Industrials and manufacturing	10.7% (LIBOR + 9.5%)	3/16/2016	2/15/2019	18,703	18,703	18,703
OEM Group, LLC [18]	Industrials and manufacturing	10.7% (LIBOR + 9.5%)	3/16/2016	2/15/2019	6,910	6,910	6,910
Thibaut, Inc [18]	Consumer products	14.0%	6/20/2014	6/19/2019	6,359	6,327	6,359
Tri Starr Management Services, Inc. [18][26]	Business services	8% (ABR + 3.8%)	7/22/2016	9/30/2017	150	150	150
Tri Starr Management Services, Inc. [18][27]	Business services	6% (LIBOR + 4.8%)	7/22/2016	9/30/2017	669	501	669
Tri Starr Management Services, Inc. [18]	Business services	6% (LIBOR + 4.8%)	7/22/2016	9/30/2017	291	203	291
Tri Starr Management Services, Inc. [18]	Business services	6% (LIBOR + 4.8%)	7/22/2016	9/30/2017	2,545	1,775	2,545
Tri Starr Management Services, Inc. [18]	Business services	10.0% PIK	7/22/2016	9/30/2017	1,497	882	1,497
Tri Starr Management Services, Inc. [18][25]	Business services	10.0% PIK	7/22/2016	9/30/2017	998	320	50
Tri Starr Management Services, Inc. [18][25]	Business services	5.0% PIK	7/22/2016	9/30/2017	3,161	1,062	—
Subtotal first lien senior secured debt					$ 52,795	$ 47,743	$ 44,541
Second lien debt							
Copperweld Bimetallics LLC [18]	Industrials and manufacturing	12.0%	10/5/2016	10/5/2021	$ 5,415	$ 5,415	$ 5,415
Subtotal second lien debt					$ 5,415	$ 5,415	$ 5,415
Equity investments							
C&K Market, Inc. [18][22]	Retail & grocery		11/3/2010		1,992,365	$ 2,270	$ 12,018
C&K Market, Inc. [18][21]	Retail & grocery		11/3/2010		1,992,365	10,956	9,962
Copperweld Bimetallics LLC [18][21]	Industrials and manufacturing		10/5/2016		676.93	3,385	3,693
Copperweld Bimetallics LLC [18][22]	Industrials and manufacturing		10/5/2016		609,230	8,950	10,132
Loadmaster Derrick & Equipment, Inc. [18][21]	Energy / utilities		7/1/2016		12,130.510	1,114	—
Loadmaster Derrick & Equipment, Inc. [18][22]	Energy / utilities		12/21/2016		2,955.600	—	—
OEM Group, LLC [12][13][18][21][28]	Industrials and manufacturing		3/16/2016		10,000	8,890	12,796

Thibaut, Inc (13) (18) (19) (21)	Consumer products	6/20/2014	4,747	4,723	5,865
Thibaut, Inc (13)(18)(22)	Consumer products	6/20/2014	20,639	—	1,792
Tri Starr Management Services, Inc. (18)(22)	Business services	7/22/2016	0.720	3,136	5,233
Subtotal equity				$ 43,424	$ 61,491

Investments in funds

See accompanying notes to these consolidated financial statements.

Table of Contents

THL Credit, Inc. and Subsidiaries

Consolidated Schedules of Investments
June 30, 2017
(dollar amounts in thousands)
(unaudited)

Type of Investment/ Portfolio company (1)(2)(3)	Industry	Interest Rate(4)	Initial Acquisition Date	Maturity/ Dissolution Date	Principal(5) No. of Shares / No. of Units	Amortized Cost	Fair Value
THL Credit Logan JV LLC (12)(17)(18)(20)(22)	Investment funds and vehicles		12/3/2014		—	$ 67,000	$ 66,808
Subtotal investments in funds						$ 67,000	$ 66,808
Total controlled investments							
—47.27% of net asset value						$163,582	$178,255
Non-controlled/affiliated investments							
—0.00% of net asset value							
Investments in funds							
THL Credit Greenway Fund LLC (12)(17)(22)	Financial services		1/27/2011			$ 1	$ 1
THL Credit Greenway Fund II LLC (12)(17)(22)	Financial services		3/1/2013			3	3
Subtotal investments in funds						$ 4	$ 4
Total non-controlled/affiliated investments							
—0.00% of net asset value						$ 4	$ 4
Total investments—178.82% of net asset value						$678,615	$674,332

(1) All debt investments are income-producing, unless otherwise noted. Equity and member interests are non-income-producing unless otherwise noted.
(2) All investments are pledged as collateral under the Revolving Facility and Term Loan Facility.
(3) As of June 30, 2017, 23.1% and 23.7% of the Company's total investments on a cost and fair value basis, respectively, are in non-qualifying assets. The Company may not acquire any non-qualifying assets unless, at the time of the acquisition, qualifying assets represent at least 70% of the Company's total assets.
(4) Variable interest rate investments bear interest in reference to London Interbank offer rate, or LIBOR, Canadian Dollar offer rate, or CDOR, or Alternate Base Rate, or ABR, which are effective as of June 30, 2017. LIBOR loans and CDOR loans are typically indexed to 30-day, 60-day, 90-day or 180-day LIBOR or CDOR rates, at the borrower's option, and ABR rates are typically indexed to the current prime rate or federal funds rate. Each of LIBOR, CDOR and ABR rates may be subject to interest floors.
(5) Principal includes accumulated PIK, or paid-in-kind, interest and is net of repayments.
(6) Foreign company at the time of investment and, as a result, is not a qualifying asset under Section 55(a) of the 1940 Act.
(7) Unitranche investment; interest rate reflected represents the implied interest rate earned on the investment for the most recent quarter.
(8) Issuer pays 0.50% unfunded commitment fee on delayed draw term loan and/or revolving loan facilities.
(9) The negative cost is the result of the capitalized discount being greater than the principal amount outstanding on the loan.
(10) Publicly-traded company with a market capitalization in excess of $250 million at the time of investment and, as a result, is not a qualifying asset under Section 55(a) of the Investment Company Act of 1940.
(11) At the option of the issuer, interest can be paid in cash or cash and PIK. The percentage of PIK shown is the maximum PIK that can be elected by the company.
(12) Member interests of limited liability companies are the equity equivalents of the stock of corporations.
(13) Equity ownership may be held in shares or units of companies related to the portfolio company.
(14) Preferred stock investment return is income-producing with a stated rate of 12.8% cash and 2% PIK due on a monthly basis.
(15) Interest held by a substantially owned subsidiary of THL Credit, Inc.
(16) Income-producing security with no stated coupon; interest rate reflects an estimation of the effective yield to expected maturity as of June 30, 2017.
(17) Non-registered investment company at the time of investment and, as a result, is not a qualifying asset under Section 55(a) of the 1940 Act.
(18) As defined in Section 2(a)(9) of the 1940 Act, the Company is deemed to control this portfolio company because it owns more than 25% of the portfolio company's outstanding voting securities. See Schedule 12-14 in the accompanying notes to the consolidated financial statements for transactions for the quarter ended June 30, 2017 in which the issuer was a portfolio company that the Company is deemed to control.
(19) Part of the Company's preferred stock return is income-producing with a stated rate of 3% due on a quarterly basis.
(20) On December 3, 2014, the Company entered into an agreement with Perspecta to create THL Credit Logan JV LLC, or Logan JV, a joint venture, which invests primarily in senior secured first lien term loans. All Logan JV investment decisions must be unanimously approved by the Logan JV investment committee consisting of one representative from each of the Company and Perspecta. Although the Company owns more than 25% of the voting securities of Logan JV, the Company does not believe that it has control over Logan JV (other than for purposes of the 1940 Act or otherwise).

See accompanying notes to these consolidated financial statements.

(21) Preferred stock
(22) Common stock and member interest.
(23) Investment formerly known as Key Brand Entertainment, Inc. The name change was effective May 16, 2016.
(24) Preferred stock investment return is income-producing with a stated rate of 12.5% PIK capitalized annually.
(25) Loan was on non-accrual as of June 30, 2017.
(26) Issuer pays 3.0% weighted average unfunded commitment fee on the revolving loan facility.
(27) Issuer pays 4.75% unfunded commitment fee on the revolving loan facility.
(28) Includes $577 of cost and $830 of fair value related to a non-controlling interest as a result of consolidating a blocker corporation that holds equity in OEM Group, LLC as of June 30, 2017.
(29) Canadian denominated investment with a par and fair market value of CAD $30,000 and CAD $29,425, respectively.

See accompanying notes to these consolidated financial statements.

THL Credit, Inc. and Subsidiaries

Consolidated Schedules of Investments
December 31, 2016
(dollar amounts in thousands)
(unaudited)

Type of Investment/ Portfolio company (1)(2)(3)	Industry (29)	Interest Rate(4)	Initial Acquisition Date	Maturity/ Dissolution Date	Principal(5) No. of Shares / No. of Units	Amortized Cost	Fair Value
Non-controlled/non-affiliated investments — 128.78% of net asset value							
First lien senior secured debt							
Aerogroup International Inc.	Consumer products	9.5% (LIBOR + 8.5%)	6/9/2014	12/9/2019	$ 13,308	$ 13,159	$ 12,773
Allied Wireline Services, LLC	Energy / utilities	11.0% (LIBOR + 9.5%) (5.5% Cash and 5.5% PIK) (11)	2/28/2014	2/28/2019	10,214	10,213	9,191
BeneSys Inc.	Business services	11.3% (LIBOR + 10.3%)	3/31/2014	3/31/2019	11,023	10,931	10,831
BeneSys Inc. (8)	Business services	11.3% (LIBOR + 10.3%)	8/1/2014	3/31/2019	436	431	429
Charming Charlie, LLC.	Retail & grocery	9.0% (LIBOR + 8.0%)	12/18/2013	12/24/2019	23,541	22,186	17,950
Constructive Media, LLC	Media, entertainment and leisure	11.0% (LIBOR + 10.0%)	11/23/2015	11/23/2020	13,954	13,735	13,779
CRS Reprocessing, LLC	Industrials and manufacturing	8.0%	6/16/2011	6/30/2017	15,185	15,185	12,831
Dodge Data & Analytics LLC	IT services	9.8% (LIBOR + 8.8%)	11/20/2014	10/31/2019	11,171	11,040	11,116
Duff & Phelps Corporation (10)	Financial services	4.8% (LIBOR + 3.8%)	5/15/2013	4/23/2020	241	243	244
Food Processing Holdings, LLC	Food & beverage	10.5% (LIBOR + 9.5%)	10/31/2013	10/31/2018	20,179	20,019	20,179
Hart InterCivic, Inc.	IT services	11.3% (LIBOR + 10.5%)	3/31/2016	3/31/2019	25,600	25,215	25,664
HEALTHCAREfirst, Inc.	Healthcare	13.6% (7)	8/31/2012	8/30/2017	8,460	8,417	8,334
HealthDrive Corporation	Healthcare	9.1% (LIBOR + 8.1%)	11/21/2016	11/21/2021	10,000	9,828	9,828
HealthDrive Corporation (8) (9)	Healthcare	9.1% (LIBOR + 8.1%)	11/21/2016	11/21/2021	—	(26)	—
Holland Intermediate Acquisition Corp.	Energy / utilities	10.0% (LIBOR + 9.0%)	5/29/2013	5/29/2018	21,880	21,732	19,145
Holland Intermediate Acquisition Corp. (8)	Energy / utilities	10.0% (LIBOR + 9.0%)	5/29/2013	5/29/2018	—	—	—
Home Partners of America, Inc.	Consumer services	8.0% (LIBOR + 7.0%)	10/13/2016	10/13/2022	13,668	13,405	13,531
Igloo Products Corp.	Consumer products	11.5% (ABR+ 7.8%)	3/28/2014	3/28/2020	24,636	24,301	24,144
It's Just Lunch International LLC	Media, entertainment and leisure	9.5% (LIBOR + 8.5%)	7/28/2016	7/28/2021	5,500	5,399	5,445
The John Gore Organization, Inc. (23)	Media, entertainment and leisure	9.0% (LIBOR + 8.0%)	8/8/2013	6/28/2021	14,734	14,486	14,734
The John Gore Organization, Inc. (8) (9) (23)	Media, entertainment and leisure	9.0% (LIBOR + 8.0%)	8/8/2013	6/28/2021	—	(14)	—
LAI International, Inc.	Industrials and manufacturing	10.4% (7)	10/22/2014	10/22/2019	21,976	21,680	21,976
LAI International, Inc. (8)	Industrials and manufacturing	8.2% (7)	10/22/2014	10/22/2019	4,526	4,526	4,526
MeriCal, LLC	Consumer products	10.0% (LIBOR + 9.0%)	9/30/2016	9/30/2021	14,950	14,582	14,614
RealD Inc.	Media, entertainment and leisure	8.5% (LIBOR + 7.5%)	3/22/2016	3/22/2021	14,888	14,762	14,888
Virtus Pharmaceuticals, LLC	Healthcare	10.8% (7)	7/17/2014	7/17/2019	24,013	23,663	24,013
Wheels Up Partners, LLC	Transportation	9.6% (LIBOR + 8.6%)	1/31/2014	10/15/2021	8,069	8,000	8,149
Wheels Up Partners, LLC	Transportation	9.6% (LIBOR + 8.6%)	8/27/2014	7/15/2022	8,934	8,934	9,023
Subtotal first lien senior secured debt					$341,086	$336,032	$327,337

See accompanying notes to these consolidated financial statements.

Table of Contents

THL Credit, Inc. and Subsidiaries

Consolidated Schedules of Investments
December 31, 2016
(dollar amounts in thousands)
(unaudited)

Type of Investment/ Portfolio company [1][2][3]	Industry	Interest Rate[4]	Initial Acquisition Date	Maturity/ Dissolution Date	Principal[5] No. of Shares / No. of Units	Amortized Cost	Fair Value
Second lien debt							
Alex Toys, LLC	Consumer products	11.5% (LIBOR + 10.5%)	6/30/2014	12/30/2019	$ 30,202	$ 29,834	$29,068
Hostway Corporation	IT services	10.0% (LIBOR + 8.8%)	12/27/2013	12/13/2020	17,500	17,317	13,825
Merchants Capital Access, LLC	Financial services	11.5% (LIBOR + 10.5%)	4/20/2015	4/20/2021	12,500	12,319	12,438
MB Medical Operations LLC	Healthcare	10.0% (LIBOR + 9.0%)	12/7/2016	6/7/2022	9,131	8,951	8,951
Specialty Brands Holdings, LLC	Restaurants	10.5% (LIBOR + 8.8%) (9.5% Cash and 1.0% PIK)	7/16/2013	12/1/2017	21,153	21,048	20,307
Washington Inventory Service [25]	Business services	13.8% (ABR + 10.0%)	12/27/2012	6/20/2019	11,000	10,928	5,280
Subtotal second lien debt					$ 101,486	$100,397	$89,869
Subordinated debt							
A10 Capital, LLC [8]	Financial services	12.0%	8/25/2014	2/25/2021	$ 10,636	$ 10,556	$10,635
Aerogroup International Inc.	Consumer products	12.0% PIK	8/5/2015	3/9/2020	296	296	—
Aerogroup International Inc.	Consumer products	10.0% PIK [11]	1/27/2016	3/9/2020	839	839	579
Gold, Inc.	Consumer products	10.0%	12/31/2012	6/30/2019	9,666	9,666	8,700
Martex Fiber Southern Corp.	Industrials and manufacturing	15.5% (12.0% Cash and 3.5% PIK) [11]	4/30/2012	9/30/2017	8,345	8,294	8,178
Subtotal subordinated debt					$ 29,782	$ 29,651	$28,092
Equity investments							
A10 Capital, LLC [12][14][21]	Financial services		8/25/2014		5,109.53	$ 18,395	$18,519
Aerogroup International Inc. [22]	Consumer products		6/9/2014		253,616	11	—
Aerogroup International Inc. [21]	Consumer products		6/9/2014		28,180	1,108	—
Alex Toys, LLC [12][13][15][22]	Consumer products		5/22/2015		153.85	1,000	634
Alex Toys, LLC [12][13][15][21][24]	Consumer products		6/22/2016		121.18	788	838
Allied Wireline Services, LLC [12][15][22]	Energy / utilities		2/28/2014		618,867.92	619	—
Constructive Media, LLC [12]	Media, entertainment and leisure		11/23/2015		750,000	750	436
Dimont & Associates, Inc. [22]	Financial services		3/14/2016		312.51	129	90
Firebirds International, LLC [12][22]	Restaurants		5/17/2011		1,906	191	344
Food Processing Holdings, LLC [12][22]	Food & beverage		4/20/2010		162.44	163	264
Food Processing Holdings, LLC [12][22]	Food & beverage		4/20/2010		406.09	408	772
Hostway Corporation [22]	IT services		12/27/2013		20,000	200	—
Hostway Corporation [21]	IT services		12/27/2013		1,800	1,800	—
Igloo Products Corp. [22]	Consumer products		4/30/2014		1,902.04	1,716	1,670
MeriCal, LLC [12][13][22]	Consumer products		9/30/2016		5,000	5	5
MeriCal, LLC [12][13][21]	Consumer products		9/30/2016		495	495	505
Virtus Pharmaceuticals, LLC [12][15][22]	Healthcare		3/31/2015		7,720.86	127	—
Virtus Pharmaceuticals, LLC [12][15][22]	Healthcare		3/31/2015		231.82	244	306
Virtus Pharmaceuticals, LLC [12][15][22]	Healthcare		3/31/2015		589.76	590	411

Wheels Up Partners, LLC (12)(15)(22)	Transportation	1/31/2014	1,000,000	1,000	2,840
Subtotal equity				$ 29,739	$27,634

See accompanying notes to these consolidated financial statements.

Table of Contents

THL Credit, Inc. and Subsidiaries

Consolidated Schedules of Investments
December 31, 2016
(dollar amounts in thousands)
(unaudited)

Type of Investment/ Portfolio company (1)(2)(3)	Industry	Interest Rate(4)	Initial Acquisition Date	Maturity/ Dissolution Date	Principal(5) No. of Shares / No. of Units	Amortized Cost	Fair Value
Warrants							
Allied Wireline Services, LLC (15)	Energy / utilities		2/28/2014		501,159.24	$ 175	$ —
YP Equity Investors, LLC (15)	Media, entertainment and leisure		5/8/2012		—	—	4,151
Subtotal warrants						$ 175	$ 4,151
CLO residual interests							
Flagship VII, Ltd.(6)(16)	Structured products	12.8%	12/18/2013			$ 2,961	$ 2,154
Flagship VIII, Ltd.(6)(16)	Structured products	14.8%	10/3/2014			5,720	5,071
Subtotal CLO residual interests						$ 8,681	$ 7,225
Investment in payment rights							
Duff & Phelps Corporation (10) (16)	Financial services	18.3%	6/1/2012			$ 10,979	$ 13,289
Subtotal investment in payment rights						$ 10,979	$ 13,289
Investments in funds (17)							
Freeport Financial SBIC Fund LP	Financial services		6/14/2013			$ 2,957	$ 2,837
Gryphon Partners 3.5, L.P.	Financial services		11/20/2012			1,226	1,558
Subtotal investments in funds						$ 4,183	$ 4,395
Total non-controlled/non-affiliated investments							
—128.78% of net asset value						$519,837	$501,992
Controlled investments							
—42.89% of net asset value							
First lien senior secured debt							
Loadmaster Derrick & Equipment, Inc. (18)	Energy / utilities	11.3% (LIBOR + 10.3%) (5.65% Cash and 5.65% PIK)	7/1/2016	12/31/2020	$ 7,208	$ 7,103	$ 7,208
Loadmaster Derrick & Equipment, Inc. (25) (18)	Energy / utilities	13% PIK	7/1/2016	12/31/2020	1,550	1,054	249
OEM Group, LLC (18)	Industrials and manufacturing	10.3% (LIBOR + 9.5%)	3/16/2016	2/15/2019	18,703	18,703	18,703
OEM Group, LLC (18)	Industrials and manufacturing	10.3% (LIBOR + 9.5%)	3/16/2016	6/30/2017	6,010	6,010	6,010
Thibaut, Inc (18)	Consumer products	14.0%	6/20/2014	6/19/2019	6,391	6,349	6,391
Tri Starr Management Services, Inc. (18)(26)	Business services	7.5% (ABR + 3.8%)	7/22/2016	9/30/2017	98	98	98
Tri Starr Management Services, Inc. (18)(27)	Business services	5.8% (LIBOR + 4.8%)	7/22/2016	9/30/2017	667	372	667
Tri Starr Management Services, Inc. (18)	Business services	5.8% (LIBOR + 4.8%)	7/22/2016	9/30/2017	291	142	291
Tri Starr Management Services, Inc. (18)	Business services	5.8% (LIBOR + 4.8%)	7/22/2016	9/30/2017	2,545	1,238	2,545
Tri Starr Management Services, Inc. (18)(25)	Business services	10.0% PIK	7/22/2016	9/30/2017	1,364	480	1,364
Tri Starr Management Services, Inc. (18)(25)	Business services	10.0% PIK	7/22/2016	9/30/2017	909	320	—
Tri Starr Management Services, Inc. (18)(25)	Business services	5.0% PIK	7/22/2016	9/30/2017	3,016	1,062	—
Subtotal first lien senior secured debt					$ 48,752	$ 42,931	$ 43,526
Second lien debt							
Copperweld Bimetallics LLC (18)	Industrials and manufacturing	12.0%	10/5/2016	10/5/2021	$ 5,415	$ 5,415	$ 5,415
Subtotal second lien debt					$ 5,415	$ 5,415	$ 5,415

See accompanying notes to these consolidated financial statements.

THL Credit, Inc. and Subsidiaries

Consolidated Schedules of Investments
December 31, 2016
(dollar amounts in thousands)
(unaudited)

Type of Investment/ Portfolio company (1)(2)(3)	Industry	Interest Rate(4)	Initial Acquisition Date	Maturity/ Dissolution Date	Principal(5) No. of Shares / No. of Units	Amortized Cost	Fair Value
Equity investments							
C&K Market, Inc. (18)(22)	Retail & grocery		11/3/2010		1,992,365	$ 2,271	$ 12,480
C&K Market, Inc. (18)(21)	Retail & grocery		11/3/2010		1,992,365	10,956	9,962
Copperweld Bimetallics LLC (18)(21)	Industrials and manufacturing		10/5/2016		676.93	3,385	3,385
Copperweld Bimetallics LLC (18)(22)	Industrials and manufacturing		10/5/2016		609,230	8,950	10,104
Loadmaster Derrick & Equipment, Inc. (18)(21)	Energy / utilities		7/1/2016		2,702.434	1,114	—
Loadmaster Derrick & Equipment, Inc. (18)(22)	Energy / utilities		12/21/2016		10,930.508	—	—
OEM Group, LLC (12)(13)(18)(21)(28)	Industrials and manufacturing		3/16/2016		10,000	8,890	11,046
Thibaut, Inc (13) (18) (19) (21)	Consumer products		6/20/2014		4,747	4,717	5,644
Thibaut, Inc (13)(18)(22)	Consumer products		6/20/2014		20,639	—	1,472
Tri Starr Management Services, Inc. (18)(22)	Business services		7/22/2016		716.772	3,136	4,436
Subtotal equity						$ 43,419	$ 58,529
Investments in funds							
THL Credit Logan JV LLC (12)(17)(18)(20)(22)	Investment funds and vehicles		12/3/2014		—	$ 59,000	$ 59,737
Subtotal investments in funds						$ 59,000	$ 59,737
Total controlled investments —42.89% of net asset value						$150,765	$167,207
Non-controlled/affiliated investments —0.00% of net asset value							
Investments in funds							
THL Credit Greenway Fund LLC (12)(17)(22)	Financial services		1/27/2011			$ 1	$ 1
THL Credit Greenway Fund II LLC (12)(17)(22)	Financial services		3/1/2013			3	3
Subtotal investments in funds						$ 4	$ 4
Total non-controlled/affiliated investments—0.00% of net asset value						$ 4	$ 4
Total investments—171.67% of net asset value						$670,606	$669,203

Derivative Instruments

Counterparty	Instrument	Interest Rate	Expiration Date	# of Contracts	Notional	Cost	Fair Value
ING Capital Markets, LLC	Interest Rate Swap – Pay Fixed/Receive Floating	1.1425%/LIBOR	05/10/17	1	$ 50,000	$ —	$ (50)
Total derivative instruments—0.01 % of net asset value					$ 50,000	$ —	$ (50)

(1) All debt investments are income-producing, unless otherwise noted. Equity and member interests are non-income-producing unless otherwise noted.
(2) All investments are pledged as collateral under the Revolving Facility and Term Loan Facility.
(3) As of December 31 2016, 12.4% and 12.7% of the Company's total investments on a cost and fair value basis, respectively, are in non-qualifying assets.
(4) Variable interest rate investments bear interest in reference to London Interbank offer rate, or LIBOR, or ABR, which are effective as of December 31, 2016. LIBOR loans are typically indexed to 30-day, 60-day, 90-day or 180-day LIBOR rates, at the borrower's option, and ABR rates are typically indexed to the current prime rate or federal funds rate. Both LIBOR and ABR rates may be subject to interest floors.

See accompanying notes to these consolidated financial statements.

(5) Principal includes accumulated PIK, or paid-in-kind, interest and is net of repayments.
(6) Foreign company at the time of investment and, as a result, is not a qualifying asset under Section 55(a) of the 1940 Act.
(7) Unitranche investment; interest rate reflected represents the implied interest rate earned on the investment for the most recent quarter.
(8) Issuer pays 0.50% unfunded commitment fee on delayed draw term loan and/or revolving loan facilities.
(9) The negative cost is the result of the capitalized discount being greater than the principal amount outstanding on the loan.
(10) Publicly-traded company with a market capitalization in excess of $250 million at the time of investment and, as a result, is not a qualifying asset under Section 55(a) of the Investment Company Act of 1940.
(11) At the option of the issuer, interest can be paid in cash or cash and PIK. The percentage of PIK shown is the maximum PIK that can be elected by the company.
(12) Member interests of limited liability companies are the equity equivalents of the stock of corporations.
(13) Equity ownership may be held in shares or units of companies related to the portfolio company.
(14) Preferred stock investment return is income-producing with a stated rate of 12.8% cash and 2% PIK due on a monthly basis
(15) Interest held by a substantially owned subsidiary of THL Credit, Inc.
(16) Income-producing security with no stated coupon; interest rate reflects an estimation of the effective yield to expected maturity as of December 31, 2016.
(17) Non-registered investment company at the time of investment and, as a result, is not a qualifying asset under Section 55(a) of the 1940 Act.
(18) As defined in Section 2(a)(9) of the 1940 Act, the Company is deemed to control this portfolio company because it owns more than 25% of the portfolio company's outstanding voting securities. See Schedule 12-14 in the accompanying notes to the consolidated financial statements for transactions for the quarter ended December 31, 2016 in which the issuer was a portfolio company that the Company is deemed to control.
(19) Part of our preferred stock return is income-producing with a stated rate of 3% due on a quarterly basis.
(20) On December 3, 2014, the Company entered into an agreement with Perspecta to create THL Credit Logan JV LLC, or Logan JV, a joint venture, which invests primarily in senior secured first lien term loans. All Logan JV investment decisions must be unanimously approved by the Logan JV investment committee consisting of one representative from each of the Company and Perspecta. Although the Company owns more than 25% of the voting securities of Logan JV, the Company does not believe that it has control over Logan JV (other than for purposes of the 1940 Act or otherwise).
(21) Preferred stock
(22) Common stock and member interest.
(23) Investment formerly known as Key Brand Entertainment, Inc. The name change was effective May 16, 2016.
(24) Preferred stock investment return is income-producing with a stated rate of 12.5% PIK capitalized annually.
(25) Loan was on non-accrual as of December 31, 2016.
(26) Issuer pays 3.0% weighted average unfunded commitment fee on the revolving loan facility.
(27) Issuer pays 4.75% unfunded commitment fee on the revolving loan facility.
(28) Includes $577 of cost and $716 of fair value related to a non-controlling interest as a result of consolidating a blocker corporation that holds equity in OEM Group, LLC.
(29) Certain portfolio companies were reclassified to conform to current year presentation.

See accompanying notes to these consolidated financial statements.

THL Credit, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2017
(in thousands, except per share data)
(unaudited)

1. Organization

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

In December 2015 and November 2016, the Company completed public debt offerings selling $35,000 and $25,000, respectively, of 6.75% Notes due 2022, or the 2022 Notes, including the exercise of the overallotment option, through a group of underwriters, less an underwriting discount, and received net proceeds of $33,950 and $24,250, respectively.

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

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

2. Significant Accounting Policies and Recent Accounting Updates

Basis of Presentation

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

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

The accompanying consolidated financial statements of the Company have been presented in accordance with accounting principles generally accepted in the United States of America ("GAAP") and pursuant to the requirements for reporting on Form 10-Q and Article 10 of Regulation S-X. Accordingly, certain disclosures accompanying annual financial statements prepared in accordance with GAAP are omitted. In the opinion of management, the unaudited financial results included herein contain all adjustments, consisting solely of normal accruals, considered necessary for the fair statement of financial statements for the interim period included herein. The current period's results of operations are not necessarily indicative of the operating results to be expected for the period ending December 31, 2017.

The information included in this Form 10-Q should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and the audited consolidated financial statements and notes thereto included in our annual report on Form 10-K for the year ended December 31, 2016 filed with the SEC on March 9, 2017. The financial results of the Company's portfolio companies are not consolidated in the financial statements.

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

Consolidation

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

Use of Estimates

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

Cash

Cash consists of funds held in demand deposit accounts at several financial institutions and, at certain times, balances may exceed the Federal Deposit Insurance Corporation insured limit and is therefore subject to credit risk. There were no cash equivalents as of June 30, 2017 and December 31, 2016.

Deferred Financing Costs

Deferred financing costs consist of fees and expenses paid in connection with the closing of the Credit Facilities (as defined in Note 7 hereto) and public debt offering of Notes (as defined in Note 7 hereto). These costs are capitalized at the time of payment and are amortized using the straight line and effective yield methods over the term of the Credit Facilities and Notes, respectively. Capitalized deferred financing costs related to the Term Loan Facility (as defined in Note 7 hereto) and Notes are presented net against the respective balances outstanding on the Consolidated Statement of Assets and Liabilities. Capitalized deferred financing costs related to the Revolving Facility are presented separately on the Company's Consolidated Statement of Assets and Liabilities. See also the disclosure in Note 7, Borrowings.

Deferred Offering Costs

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

Deferred Revenue

Deferred revenues consist of proceeds received for interest and other fees for which the earnings process is not yet complete. Such amounts will be recognized into income over such time that the income is earned.

Interest Rate Derivative

The Company recognizes derivatives as either interest rate derivative assets or liabilities at fair value on its Consolidated Statements of Assets and Liabilities with valuation changes and interest rate payments recorded as net change in unrealized appreciation (depreciation) on interest rate derivative and interest rate derivative periodic interest payments, net, respectively, on the Consolidated Statements of Operations. See also the disclosure in Note 8, Interest Rate Derivative.

Fair Value of Financial Instruments

The carrying amounts of the Company's financial instruments, including cash, accounts payable and accrued expenses, approximate fair value due to their short-term nature. The carrying amounts and fair values of the Company's long-term obligations are disclosed in Note 7, Borrowings.

Valuation of Investments

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

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

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

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

Debt Investments

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

Interest Rate Derivative

The Company values its interest rate derivative agreement using an income approach that analyzes the discounted cash flows associated with the interest rate derivative agreement. Significant inputs to the discounted cash flows methodology include the forward interest rate yield curves in effect as of the end of the measurement period and an evaluation of the counterparty's credit risk.

Collateralized Loan Obligations

The Company values its residual interest investments in collateralized loan obligations, or CLOs, using an income approach that analyzes the discounted cash flows of its residual interest. The discounted cash flows model utilizes prepayment, re-investment and loss assumptions based on historical experience and projected performance, economic factors, the characteristics of the underlying cash flow, and comparable yields for similar collateralized loan obligation fund subordinated notes or equity, when available. Specifically, the Company uses Intex cash flow models, or an appropriate substitute to form the basis for the valuation of the Company's residual interest. The models use a set of assumptions including projected default rates, recovery rates, re-investment rates and prepayment rates in order to arrive at estimated cash flows. The assumptions are based on available market data and projections provided by third parties as well as management estimates.

Payment Rights

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

Equity

The Company generally uses the market approach to value its equity investments. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities (including a business). The measurement is based on the value indicated by current market expectations about those future amounts. In following these approaches, the types of factors that the Company may take into account in fair value pricing the Company's investments include, as relevant: available current market data, including relevant and applicable market trading and transaction comparables, applicable market yields and multiples, the current investment performance rating, security covenants, call protection provisions, information rights, the nature and realizable value of any collateral, the portfolio company's ability to make payments, its earnings and discounted cash flows, the markets in which the portfolio company does business, comparisons of financial ratios of peer companies that are public, transaction comparables, the Company's principal market as the reporting entity and enterprise values, among other factors.

Investment in Funds

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

Investment Risk

The value of investments will generally fluctuate with, among other things, changes in prevailing interest rates, federal tax rates, counterparty risk, general economic conditions, the condition of certain financial markets, developments or trends in any particular industry and the financial condition of the issuer. During periods of limited liquidity and higher price volatility, the Company's ability to dispose of investments at a price and time that the Company deems advantageous may be impaired. The extent of this exposure is reflected in the carrying value of these financial assets and recorded in the Consolidated Statements of Assets and Liabilities.

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

Foreign Currency

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

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

Although net assets and fair values are presented based on the applicable foreign exchange rates described above, the Company does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in fair values of investments held. Such fluctuations are included with the net realized and unrealized gain or loss from investments. Fluctuations arising from the translation of foreign currency borrowings are included with the net change in unrealized gains (losses) on translation of assets and liabilities in foreign currencies on the consolidated statements of operations.

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

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

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

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

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

Loans are placed on non-accrual status when principal or interest payments are past due 30 days or more and/or when it is no longer probable that principal or interest will be collected. However, the Company may make exceptions to this policy if the loan has sufficient collateral value and is in the process of collection. The Company records the reversal of any previously accrued income against the same income category reflected in the Consolidated Statement of Operations. As of June 30, 2017, the Company had loans on non-accrual status with an amortized cost basis of $46,288 and fair value of $27,380. As of June 30, 2016, the Company had loans on non-accrual status with an amortized cost basis of $54,511 and fair value of $30,105.

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

The following shows a rollforward of PIK income activity for the three and six months ended June 30, 2017 and 2016:

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
Accumulated PIK balance, beginning of period	$4,003	$9,531	$3,086	$9,302
PIK income capitalized/receivable	441	466	1,358	1,092
PIK received in cash from repayments	(32)	—	(32)	(256)
PIK reduced through restructurings	—	—	—	(141)
Accumulated PIK balance, end of period	$4,412	$9,997	$4,412	$9,997

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

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

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

In certain investment transactions, the Company may provide advisory services. For services that are separately identifiable and external evidence exists to substantiate fair value, income is recognized as earned. The Company had no income from advisory services related to portfolio companies for the three and six months ended June 30, 2017 and 2016.

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

U.S. Federal Income Taxes, Including Excise Tax

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

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

The annual effective excise tax rate is determined by dividing the estimated annual excise tax by the estimated annual taxable income. See also the disclosure in Note 10, Distributions, for a summary of the dividends paid. For the three months ended June 30, 2017 and 2016, the Company incurred U.S. federal excise tax and other tax expenses of $157 and $134, respectively. For the six months ended June 30, 2017 and 2016, the Company incurred U.S. federal excise tax and other tax expenses of $291 and $226, respectively.

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

The following shows the breakdown of current and deferred income tax provisions for the three and six months ended June 30, 2017 and 2016:

	For the three months ended June 30,		For the six months ended June 30,	
	2017	2016	2017	2016
Current income tax provision:				
Current income tax provision	$ (70)	$ (74)	$ (174)	$ (236)
Current tax provision on realized gain on investments	(835)	—	(835)	—
Deferred income tax benefit:				
Deferred income tax benefit	111	143	160	226
Benefit (provision) for taxes on unrealized gain on investments	1,744	(99)	1,896	(207)

These current and deferred income taxes are determined from taxable income estimates provided by portfolio companies where the Company holds equity or equity-like investments organized as pass-through entities in its corporate subsidiaries. These tax estimates may be subject to further change once tax information is finalized for the year. As of June 30, 2017 and December 31, 2016, $4 and $112, respectively, of income tax receivable was included in prepaid expenses and other assets on the Consolidated Statements of Assets and Liabilities. As of June 30, 2017 and December 31, 2016, $876 and $0, respectively, of income taxes payable were included in income taxes payable on the Consolidated Statements of Assets and Liabilities relating to a current tax provision for taxable ordinary income and realized gains for a consolidated blocker corporation. As of June 30, 2017 and December 31, 2016, $3,932 and $4,518, respectively, were included in deferred tax liability on the Consolidated Statements of Assets and Liabilities primarily relating to deferred taxes on unrealized gains on investments and other temporary book to tax differences held in its corporate subsidiaries. As of June 30, 2017 and December 31, 2016, $3,909 (net of $1,411 allowance) and $2,442 (net of $2,115 allowance), respectively of deferred tax assets were included in deferred tax assets on the Consolidated Statements of Assets and Liabilities relating to net operating loss carryforwards and unrealized losses on investments and other temporary book to tax differences that are expected to be used in future periods.

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

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

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

Dividends

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

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

Recent Accounting Pronouncements

In January 2016, the FASB issued ASU 2016-01, "Financial Instruments—Overall", which makes limited amendments to the guidance in U.S. GAAP on the classification and measurement of financial instruments. The new standard significantly revises an entity's accounting related to (1) the classification and measurement of investments in equity securities and (2) the presentation of certain fair value changes for financial liabilities measured at fair value. It also amends certain disclosure requirements associated with the fair value of financial instruments. ASU 2016-01 is effective for fiscal years beginning after December 15, 2017, including interim periods therein. Early adoption is permitted specifically for the amendments pertaining to the presentation of certain fair value changes for financial liabilities measured at fair value. Early adoption of all other amendments is not permitted. The Company is currently assessing the impact of adopting this standard on its consolidated financial statements.

In April 2016, the FASB issued ASU 2016-10, "Revenue from Contracts with Customers (Topic 606)," which amends the criteria for revenue recognition where an entity enters into contracts with customers to transfer goods or services or where there is a transfer of nonfinancial assets. Under ASU 2016-10, an entity should recognize revenue in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. ASU 2016-10 will be effective for annual and interim reporting periods beginning after December 15, 2017. The Company is currently assessing the impact of adopting this standard on its consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, "Statement of Cash Flows (Topic 230)", which seeks to reduce diversity in how certain cash payments are presented in the Statement of Cash Flows. Under ASU 2016-15, an entity will need to conform to the presentation as prescribed for eight specific cash flow issues. ASU 2016-15 will be effective for annual and interim reporting periods after December 15, 2017. The Company is currently assessing the impact of adopting this standard on its consolidated financial statements.

In December 2016, the FASB issued ASU 2016-19, "Technical Corrections and Improvements (Topic 820)", which includes minor corrections and clarifications that affect a wide variety of topics in the Accounting Standards Codification, including an amendment to Topic 820, "Fair Value Measurement", which clarifies the difference between a valuation approach and a valuation technique when applying the guidance of that Topic. The amendment also requires an entity to disclose when there has been a change in either or both a valuation approach and/or a valuation technique. The transition guidance for the Topic 820 amendment must be applied prospectively because it could potentially involve the use of hindsight that includes fair value measurements. The guidance is effective for fiscal years, and interim periods within those fiscal years, for all entities beginning after December 15, 2016. The Company adopted this standard effective January 1, 2017, and any further required disclosures surrounding changes to valuation approach and/or a valuation technique will be disclosed in the Company's consolidated financial statements.

3. Investments

The following is a summary of the levels within the fair value hierarchy in which the Company invests as of June 30, 2017:

Description	Fair Value	Level 1	Level 2	Level 3
First lien senior secured debt	$432,497	$ —	$ —	$432,497
Second lien debt	51,470	—	—	51,470
Subordinated debt	20,482	—	—	20,482
Equity investments	86,099	—	—	86,099
Warrants	59	—	—	59
Investment in Logan JV (1)	66,808	—	—	—
Investment in payment rights	13,273	—	—	13,273
Investments in funds (1)	3,644	—	—	—
Total investments	$674,332	$ —	$ —	$603,880

The following is a summary of the levels within the fair value hierarchy in which the Company invests as of December 31, 2016:

Description	Fair Value	Level 1	Level 2	Level 3
First lien senior secured debt	$370,863	$ —	$ —	$370,863
Second lien debt	95,284	—	—	95,284
Subordinated debt	28,092	—	—	28,092
Equity investments	86,163	—	—	86,163
Warrants	4,151	—	—	4,151
CLO residual interests	7,225	—	—	7,225
Investment in Logan JV (1)	59,737	—	—	—
Investment in payment rights	13,289	—	—	13,289
Investments in funds (1)	4,399	—	—	—
Total investments	$669,203	$ —	$ —	$605,067
Interest rate derivative	(50)	—	(50)	—
Total liability at fair value	$ (50)	$ —	$ (50)	$ —

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

Table of Contents

The following is a summary of the industry classification in which the Company invests as of June 30, 2017:

Industry	Amortized Cost	Fair Value	% of Total Portfolio
Consumer products	$119,548	$118,401	17.56%
Industrials and manufacturing	102,611	99,608	14.78%
Financial services	76,925	79,812	11.84%
Investment funds and vehicles	67,000	66,808	9.91%
Media, entertainment and leisure	47,809	47,233	7.00%
Healthcare	44,333	44,167	6.55%
Retail & grocery	35,618	41,684	6.18%
Energy / utilities	45,101	38,191	5.66%
IT Services	38,040	36,844	5.46%
Business services	30,030	32,525	4.82%
Food & beverage	19,462	20,218	3.00%
Transportation	17,058	19,238	2.85%
Restaurants	21,653	15,866	2.35%
Consumer services	13,427	13,737	2.04%
Total Investments	$678,615	$674,332	100.00%

The following is a summary of the industry classification in which the Company invests as of December 31, 2016(1):

Industry	Amortized Cost	Fair Value	% of Total Portfolio
Consumer products	$108,866	$107,037	15.99%
Industrials and manufacturing	101,038	102,174	15.26%
Investment funds and vehicles	59,000	59,737	8.93%
Financial services	56,808	59,614	8.91%
Media, entertainment and leisure	49,118	53,433	7.98%
Healthcare	51,794	51,843	7.75%
IT services	55,572	50,605	7.56%
Retail & grocery	35,413	40,392	6.04%
Energy / utilities	42,010	35,793	5.35%
Business services	29,138	25,941	3.88%
Food & beverage	20,590	21,215	3.17%
Restaurants	21,239	20,651	3.09%
Transportation	17,934	20,012	2.99%
Consumer services	13,405	13,531	2.02%
Structured products	8,681	7,225	1.08%
Total Investments	$670,606	$669,203	100.00%

(1) Certain portfolio companies were reclassified to conform to current year presentation.

The following is a summary of the geographical concentration of our investment portfolio as of June 30, 2017:

Region	Amortized Cost	Fair Value	% of Total Portfolio
United States			
Northeast	$253,038	$252,390	37.43%
Southwest	182,761	181,836	26.97%
Southeast	93,815	91,388	13.55%
Northwest	40,613	49,649	7.36%
Midwest	57,503	47,822	7.09%
West	28,822	28,590	4.24%
Canada	22,063	22,657	3.36%
Total Investments	$678,615	$674,332	100.00%

The following is a summary of the geographical concentration of our investment portfolio as of December 31, 2016:

Region	Amortized Cost	Fair Value	% of Total Portfolio
Northeast	$253,249	$258,128	38.57%
Southwest	180,857	175,003	26.15%
Southeast	81,377	85,752	12.81%
Midwest	70,643	62,618	9.36%
Northwest	42,178	51,596	7.71%
West	42,302	36,106	5.40%
Total Investments	$670,606	$669,203	100.00%

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

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

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

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

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

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

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

Table of Contents

The following provides quantitative information about Level 3 fair value measurements as of June 30, 2017:

Description	Fair Value (2)	Valuation Technique	Unobservable Inputs	Range (Average) (1)		
First lien senior secured debt	$368,422	Discounted cash flows (income approach)	Weighted average cost of capital (WACC)	11%-	12%	(12%)
	44,542	Market comparable companies (market approach)	EBITDA Multiple	5.3x-	6.2x	(5.8x)
	12,512	Collateral Analysis	Recovery Rate	95%		
Second lien debt	30,564	Discounted cash flows (income approach)	Weighted average cost of capital (WACC)	12%-	13%	(13%)
	20,906	Market comparable companies (market approach)	EBITDA Multiple	1.6x-	1.8x	(1.7x)
Subordinated debt	20,482	Discounted cash flows (income approach)	Weighted average cost of capital (WACC)	16%-	19%	(18%)
Equity investments	70,853	Market comparable companies (market approach)	EBITDA Multiple	5.2x-	5.9x	(5.5x)
	15,246	Discounted cash flows (income approach)	Weighted average cost of capital (WACC)	14%-	15%	(15%)
Warrants	59	Market comparable companies (market approach)	EBITDA Multiple	5.0x-	6.0x	(5.5x)
Investment in payment rights	13,273	Discounted cash flows (income approach)	Weighted average cost of capital (WACC)	14%-	15%	15%
			Federal Tax Rates	35%-	40%	(38%)
Total Level 3 Investments	$596,859					

The following provides quantitative information about Level 3 fair value measurements as of December 31, 2016:

Description	Fair Value	Valuation Technique	Unobservable Inputs	Range (Average) [1]		
First lien senior secured debt	$301,101	Discounted cash flows (income approach)	Weighted average cost of capital (WACC)	12%-	14%	(13%)
	69,762	Market comparable companies (market approach)	EBITDA Multiple	5.5x-	6.7x	(6.1x)
Second lien debt	89,869	Discounted cash flows (income approach)	Weighted average cost of capital (WACC)	14%-	16%	(15%)
	5,415	Market comparable companies (market approach)	EBITDA Multiple	5.8x-	6.3x	(6.0x)
Subordinated debt	28,092	Discounted cash flows (income approach)	Weighted average cost of capital (WACC)	15%-	17%	(16%)
Equity investments	67,644	Market comparable companies (market approach)	EBITDA Multiple	4.9x-	5.8x	(5.4x)
	18,519	Discounted cash flows (income approach)	Weighted average cost of capital (WACC)	14%-	15%	(15%)
Warrants	4,151	Market comparable companies (market approach)	EBITDA Multiple	3.8x-	4.3x	(4.0x)
Investment in payment rights	13,289	Discounted cash flows (income approach)	Weighted average cost of capital (WACC)	14%-	15%	15%
			Federal Tax Rates	35%-	40%	(38%)
CLO residual interests	7,225	Discounted cash flows (income approach)	Weighted average cost of capital (WACC)	18%-	23%	20%
			Weighted average prepayment rate	25%		
			Weighted average default rate	2%		
Total Level 3 Investments	$605,067					

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

(2) Included within Level 3 assets of $603,880 is an amount of $7,021 in which the Investment Advisor did not develop the unobservable inputs as the valuation is based upon an expected exit amount.

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

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

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

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

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

The following table rolls forward the changes in fair value during the six months ended June 30, 2016 for investments classified within Level 3:

	First lien secured debt	Second lien debt	Subordinated debt	Equity investments	Warrants	Investment in payment rights	CLO residual interests	Totals
Beginning balance, January 1, 2016	$ 366,487	$177,086	$ 63,781	$ 59,314	$ 5,000	$ 13,307	$ 15,002	$ 699,977
Purchases	74,877	—	2,418	10,205	—	—	—	87,500
Sales and repayments	(83,482)	(38,789)	(8,303)	(1,632)	—	—	(1,174)	(133,380)
Unrealized appreciation (depreciation)(1)	(4,612)	(4,117)	(6,235)	6,632	423	4	(869)	(8,774)
Realized loss	(6,227)	—	(4,474)	(5,983)	—	—	—	(16,684)
Net amortization of premiums, discounts and fees	1,190	526	58	20	—	—	—	1,794
PIK	468	69	317	177	—	—	—	1,031
Ending balance, June 30, 2016	$ 348,701	$134,775	$ 47,562	$ 68,733	$ 5,423	$ 13,311	$ 12,959	$ 631,464
Net change in unrealized appreciation (depreciation) from investments still held as of the reporting date	$ (9,831)	$ (4,166)	$ (10,444)	$ 892	$ 423	$ 3	$ (869)	$ (23,992)

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

Significant Unconsolidated Subsidiaries

In accordance with the SEC's Regulation S-X and GAAP, the Company is not permitted to consolidate any subsidiary or other entity that is not an investment company or a controlled operating company whose business consists of providing services to the company, including those in which the Company has a controlling interest. The Company had certain unconsolidated subsidiaries for the six months ended June 30, 2017 and 2016 that met at least one of the significance conditions under the SEC's Regulation S-X. Accordingly, pursuant to Rule 4-08 of Regulation S-X, summarized, comparative financial information is presented below for our significant unconsolidated subsidiaries, which include C&K Market, Inc., Copperweld Bimetallics, LLC, Loadmaster Derrick & Equipment, Inc., OEM Group, LLC, Thibaut, Inc., THL Credit Logan JV, LLC and Tri-Starr Management Services, Inc. for the six months ended June 30, 2017 and C&K Market, Inc., OEM Group, LLC, THL Credit Logan JV, LLC, and Thibaut, Inc. for the six months ended June 30, 2016.

Income Statement	For the six months ended June 30, 2017	2016
Net Sales	$305,501	$300,418
Gross Profit	79,163	68,885
Net income (loss)	(11,156)	(15,941)

THL Credit Logan JV LLC

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

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

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

As of June 30, 2017 and December 31, 2016, Logan JV had the following commitments, contributions and unfunded commitments from its Members.

Member	As of June 30, 2017 Total Commitments	Contributed Capital	Unfunded Commitments
THL Credit, Inc.	$ 200,000	$ 67,000	$ 133,000
Perspecta Trident LLC	50,000	16,750	33,250
Total Investments	$ 250,000	$ 83,750	$ 166,250

Member	As of December 31, 2016 Total Commitments	Contributed Capital	Unfunded Commitments
THL Credit, Inc.	$ 200,000	$ 59,000	$ 141,000
Perspecta Trident LLC	50,000	14,750	35,250
Total Investments	$ 250,000	$ 73,750	$ 176,250

On December 17, 2014, Logan JV entered into a senior credit facility, or the Logan JV Credit Facility, with Deutsche Bank AG which allows Logan JV to borrow up to $50,000 subject to leverage and borrowing base restrictions. Throughout the course of 2016 and 2017, in accordance with the terms of the Logan JV Credit Facility, Deutsche Bank AG and other banks increased the commitment amount to $150,000. The amended revolving loan period ends on February 18, 2018 and the final maturity date is February 18, 2021. As of June 30, 2017 and December 31, 2016, Logan JV had $137,551 and $129,257 outstanding debt under the credit facility, respectively. The Logan JV Credit Facility bears interest at three month LIBOR (with no LIBOR floor) plus 2.50%. As of June 30, 2017, the effective interest rate on the Logan JV Credit Facility was 3.71% per annum.

As of June 30, 2017 and December 31, 2016, Logan JV had total investments at fair value of $219,948 and $200,190, respectively. As of June 30, 2017 and December 31, 2016, Logan JV's portfolio was comprised of senior secured first lien loans and second lien loans to 107 and 91 different borrowers, respectively. As of June 30, 2017 and December 31, 2016, there were no loans on non-accrual status. As of June 30, 2017 and December 31, 2016, Logan JV had unfunded commitments to fund revolver and delayed draw loans to its portfolio companies totaling $392 and $392, respectively. The portfolio companies in Logan JV are in industries similar to those in which the Company may invest directly.

Below is a summary of Logan JV's portfolio, followed by a listing of the individual loans in Logan JV's portfolio as of June 30, 2017 and December 31, 2016:

	As of June 30, 2017	As of December 31, 2016
First lien secured debt (1)	$ 197,381	$ 180,385
Second lien debt (1)	27,042	23,564
Total debt investments	$ 224,423	$ 203,949
Weighted average yield on first lien secured loans (2)	6.1%	6.4%
Weighted average yield on second lien loans (2)	9.1%	9.4%
Weighted average yield on all loans (2)	6.5%	6.7%
Number of borrowers in Logan JV	107	91
Largest loan to a single borrower (1)	$ 4,950	$ 4,975
Total of five largest loans to borrowers (1)	$ 23,047	$ 23,918

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

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

For three months ended June 30, 2017 and 2016, the Company's share of income from distributions related to its Logan JV LLC equity interest was $2,080 and $1,760, respectively, which amounts are included in dividend income from controlled investments in the Consolidated Statement of Operations. For six months ended June 30, 2017 and 2016, the Company's share of income from distributions related to its Logan JV LLC equity interest was $4,180 and $3,334, respectively, which amounts are included in dividend income from controlled investments and net realized gain (loss) from controlled investments in the Consolidated Statement of Operations. As of June 30, 2017 and December 31, 2016, $2,224 and $3,356, respectively, of income related to the Logan JV was included in interest, dividends and fees receivable on the Consolidated Statements of Assets and Liabilities. As of June 30, 2017, the dividend declared and earned of $2,080 for the quarter ended June 30, 2017, represented a dividend yield to the Company of 12.7% based upon average capital invested during the quarter. As of December 31, 2016, dividend income declared and earned of $2,080 for the quarter ended December 31, 2016, represented a dividend yield to the Company of 14.1% based upon average capital invested during the quarter.

Table of Contents

Logan JV Loan Portfolio as of June 30, 2017
(dollar amounts in thousands)

Type of Investment/ Portfolio company	Industry	Interest Rate [(1)]	Initial Acquisition Date	Maturity Date	Principal	Amortized Cost	Fair Value [(2)]
Senior Secured First Lien Term Loans Canada							
Can Am Construction Inc	Construction & Building	6.5% (LIBOR +5.5%)	06/29/2017	06/28/2024	$ 1,200	$ 1,164	$1,176
Parq Holdings LP	Hotel, Gaming & Leisure	8.5% (LIBOR +7.5%)	12/05/2014	12/17/2020	1,000	990	997
Total Canada						$ 2,154	$2,173
Cayman Islands							
Lindblad Maritime	Hotel, Gaming & Leisure	5.5% (LIBOR +4.5%)	06/23/2015	05/08/2021	$ 336	$ 337	$ 338
Total Cayman Islands						$ 337	$ 338
Denmark							
Rhodia Acetow	Construction & Building	6.5% (LIBOR +5.5%)	04/21/2017	05/31/2023	$ 1,000	$ 985	$1,006
Total Denmark						$ 985	$1,006
Luxembourg							
Travelport Finance (Luxembourg) S.à r.l.	Services: Business	4.25% (LIBOR +3.25%)	09/04/2015	09/02/2021	$ 2,883	$ 2,896	$2,893
Total Luxembourg						$ 2,896	$2,893
United States of America							
1A Smart Start LLC	Services: Consumer	5.5% (LIBOR +4.5%)	03/20/2017	02/21/2022	$ 998	$ 993	$ 992
1A Smart Start LLC	Services: Consumer	5.75% (LIBOR +4.75%)	08/28/2015	02/21/2022	2,463	2,445	2,462
Ability Networks Inc.	High Tech Industries	6% (LIBOR +5%)	03/17/2015	05/14/2021	1,462	1,472	1,467
Advanced Integration Technology LP	Aerospace & Defense	6.5% (LIBOR +5.5%)	07/15/2016	04/03/2023	1,985	1,966	1,997
AgroFresh Inc.	Services: Business	5.75% (LIBOR +4.75%)	12/01/2015	07/31/2021	1,965	1,954	1,945
Alpha Media LLC	Media: Broadcasting & Subscription	7% (LIBOR +6%)	02/24/2016	02/25/2022	1,845	1,773	1,766
American Sportsman Holdings Co	Retail	5.75% (LIBOR +5%)	11/22/2016	12/15/2023	3,000	2,982	2,922
AMS FinCo SARL	Services: Business	6.5% (LIBOR +5.5%)	05/17/2017	05/11/2024	2,500	2,475	2,513
Ansira Holdings, Inc.[(3)]	Media: Advertising, Printing & Publishing	1% (LIBOR +0%)	12/20/2016	12/20/2022	255	(2)	(2)
Ansira Holdings, Inc.	Media: Advertising, Printing & Publishing	7.5% (LIBOR +6.5%)	12/20/2016	12/20/2022	1,737	1,721	1,724
AP Gaming I LLC	Hotel, Gaming & Leisure	6.5% (LIBOR +5.5%)	06/06/2017	02/15/2024	2,500	2,494	2,525
APC Aftermarket	Automotive	6% (LIBOR +5%)	05/09/2017	05/10/2024	500	490	492
Aptean, Inc.	Services: Business	5.25% (LIBOR +4.25%)	12/15/2016	12/20/2022	1,995	1,975	2,006
Arbor Pharmaceuticals, LLC	Healthcare & Pharmaceuticals	6% (LIBOR +5%)	07/12/2016	07/05/2023	2,453	2,356	2,482
Avaya Inc [(5)]	Telecommunications	6.5% (LIBOR +5.5%)	12/18/2014	03/31/2018	986	989	788
Avaya Inc [(5)]	Telecommunications	6.25% (LIBOR +5.25%)	04/30/2015	05/29/2020	979	974	786
Avaya Inc	Telecommunications	8.5% (LIBOR +7.5%)	01/23/2017	01/24/2018	439	436	454
BBB Industries US Holdings, Inc.	Automotive	6% (LIBOR +5%)	02/16/2017	11/03/2021	997	995	1,006
Beasley Broadcast Group Inc.	Media: Broadcasting & Subscription	7% (LIBOR +6%)	10/06/2016	11/01/2023	1,634	1,604	1,655
Birch Communications, Inc.	Telecommunications	8.25% (LIBOR +7.25%)	12/05/2014	07/17/2020	1,326	1,315	972
Blount International, Inc.	Capital Equipment	6% (LIBOR +5%)	04/05/2016	04/12/2023	1,687	1,645	1,719

Blucora, Inc.	Services: Business	4.75% (LIBOR +3.75%)	04/21/2017	05/22/2024	960	955	970
Brand Energy & Infrastructure Services, Inc.	Services: Business	5.25% (LIBOR +4.25%)	06/16/2017	06/15/2024	3,000	2,970	3,001
Caesars Entertainment Resort Properties, LLC	Hotel, Gaming & Leisure	4.5% (LIBOR +3.5%)	01/15/2015	10/11/2020	2,900	2,784	2,920
Casablanca US Holdings Inc.	Hotel, Gaming & Leisure	5.75% (LIBOR +4.75%)	02/21/2017	03/29/2024	1,995	1,947	1,997
Clear Balance Holdings, LLC	Banking, Finance, Insurance & Real Estate	6.75% (LIBOR +5.75%)	07/07/2015	06/30/2020	4,570	4,561	4,570

Table of Contents

Logan JV Loan Portfolio as of June 30, 2017
(dollar amounts in thousands)

Type of Investment/ Portfolio company	Industry	Interest Rate (1)	Initial Acquisition Date	Maturity Date	Principal	Amortized Cost	Fair Value (2)
Commercial Barge Line Co	Transportation: Cargo	9.75% (LIBOR +8.75%)	11/06/2015	11/12/2020	1,406	1,359	1,226
Constellis Holdings, LLC	Aerospace & Defense	6% (LIBOR +5%)	04/18/2017	04/21/2024	2,000	1,980	1,980
ConvergeOne Holdings Corp.	Telecommunications	5.75% (LIBOR +4.75%)	06/15/2017	06/02/2024	2,000	1,980	1,992
Conyers Park Parent Merger Sub Inc	Retail	5.25% (LIBOR +4.25%)	06/21/2017	06/16/2024	2,000	1,990	2,010
Cortes NP Acquisition Corp	Capital Equipment	5% (LIBOR +4%)	09/30/2016	11/30/2023	1,935	1,880	1,946
CPI Acquisition, Inc.	Services: Consumer	5.5% (LIBOR +4.5%)	08/14/2015	08/17/2022	3,875	3,849	3,332
CT Technologies Intermediate Holdings, Inc	Healthcare & Pharmaceuticals	5.25% (LIBOR +4.25%)	02/11/2015	12/01/2021	1,950	1,957	1,948
Cvent, Inc.	Hotel, Gaming & Leisure	5% (LIBOR +4%)	06/16/2016	11/29/2023	1,995	1,976	1,999
CWGS Group, LLC	Automotive	4.5% (LIBOR +3.75%)	11/03/2016	11/08/2023	995	990	1,002
Cypress Semiconductor Corporation	High Tech Industries	3.75% (LIBOR +3.75%)	06/03/2016	07/05/2021	1,906	1,882	1,928
Eastman Kodak Company	High Tech Industries	7.25% (LIBOR +6.25%)	09/09/2015	09/03/2019	1,953	1,920	1,950
EmployBridge Holding Co.	Services: Business	7.5% (LIBOR +6.5%)	02/04/2015	05/15/2020	2,927	2,921	2,748
EnergySolutions, LLC	Environmental Industries	6.75% (LIBOR +5.75%)	03/16/2015	05/29/2020	4,543	4,469	4,583
Epic Health Services	Healthcare & Pharmaceuticals	5.25% (LIBOR +4.25%)	03/13/2017	03/16/2024	1,197	1,186	1,203
Everi Payments Inc.	Services: Consumer	5.5% (LIBOR +4.5%)	05/01/2017	05/09/2024	1,500	1,493	1,512
Evo Payments International, LLC	Services: Business	6% (LIBOR +5%)	12/08/2016	12/22/2023	2,633	2,609	2,667
Freedom Mortgage Corporation	Banking, Finance, Insurance & Real Estate	6.5% (LIBOR +5.5%)	02/17/2017	02/23/2022	2,981	2,967	3,026
FullBeauty Brands LP / OSP Group Inc.	Retail	5.75% (LIBOR +4.75%)	03/08/2016	10/14/2022	3,950	3,727	2,469
Gold Standard Baking, Inc.	Wholesale	5.5% (LIBOR +4.5%)	05/19/2015	04/23/2021	2,940	2,931	2,911
Green Plains Renewable Energy Inc	Energy: Oil & Gas	6.5% (LIBOR +5.5%)	06/09/2015	06/30/2020	3,399	3,287	3,421
Gruden Acquisition Inc.	Transportation: Cargo	5.75% (LIBOR +4.75%)	06/21/2017	08/18/2022	1,995	1,945	1,948
GTCR Valor Companies, Inc.	Services: Business	7% (LIBOR +6%)	05/17/2016	06/16/2023	3,960	3,828	3,988
Gulf Finance, LLC	Energy: Oil & Gas	6.25% (LIBOR +5.25%)	08/17/2016	08/25/2023	1,955	1,904	1,833
Idera Inc	High Tech Industries	5.75% (LIBOR +4.75%)	06/27/2017	06/26/2024	2,800	2,772	2,800
Infoblox Inc.	High Tech Industries	6% (LIBOR +5%)	11/03/2016	11/07/2023	2,216	2,176	2,234
Insurance Technologies	High Tech Industries	7.5% (LIBOR +6.5%)	03/26/2015	12/15/2021	3,494	3,461	3,477
Insurance Technologies(4)	High Tech Industries	0.5% (LIBOR +0.5%)	03/26/2015	12/15/2021	137	(1)	(1)
Jackson Hewitt Tax Service Inc	Services: Consumer	8% (LIBOR +7%)	07/24/2015	07/30/2020	960	948	922
Kemet Corporation	High Tech Industries	7% (LIBOR +6%)	04/21/2017	04/26/2024	1,000	971	1,005
Kestra Financial, Inc.	Banking, Finance, Insurance & Real Estate	6.25% (LIBOR +5.25%)	06/10/2016	06/24/2022	3,960	3,911	3,940
KMG Chemicals Inc	Chemicals, Plastics & Rubber	5.25% (LIBOR +4.25%)	06/13/2017	06/09/2024	1,250	1,244	1,265
Kraton Polymers LLC	Chemicals, Plastics & Rubber	5% (LIBOR +4%)	02/18/2016	01/06/2022	1,387	1,261	1,402

Lannett Company Inc	Healthcare & Pharmaceuticals	6.375% (LIBOR +5.375%)	11/20/2015	11/25/2022	1,388	1,280	1,384
Lindblad Expeditions Inc	Hotel, Gaming & Leisure	5.5% (LIBOR +4.5%)	06/23/2015	05/08/2021	2,604	2,615	2,624
Margaritaville Holdings LLC	Beverage, Food & Tobacco	7% (LIBOR +6%)	03/12/2015	03/12/2021	4,424	4,397	4,424
Match Group Inc	Media: Broadcasting & Subscription	4% (LIBOR +3.25%)	11/06/2015	11/16/2022	656	663	660
MCS Group Holdings LLC	Services: Business	5.75% (LIBOR +4.75%)	05/12/2017	05/20/2024	2,000	1,990	2,035
Merrill Communications LLC	Media: Advertising, Printing & Publishing	6.25% (LIBOR +5.25%)	05/29/2015	06/01/2022	1,964	1,955	1,973
Meter Readings Holding, LLC	Utilities: Electric	6.75% (LIBOR +5.75%)	08/17/2016	08/29/2023	2,982	2,954	3,012
MND Holdings III Corp	Retail	5.5% (LIBOR +4.5%)	06/19/2017	06/06/2024	2,000	1,990	2,018
Moran Foods LLC	Retail	7% (LIBOR +6%)	12/02/2016	12/05/2023	2,985	2,902	2,951
Morphe, LLC	Retail	7% (LIBOR +6%)	02/21/2017	02/10/2023	2,963	2,921	2,925
Nasco Healthcare, Inc.	Healthcare & Pharmaceuticals	5.5% (LIBOR +4.5%)	07/13/2015	06/30/2021	4,559	4,544	4,536
NextCare, Inc.	Healthcare & Pharmaceuticals	7% (LIBOR +6%)	08/21/2015	07/31/2018	2,940	2,935	2,940
Petrochoice Holdings Inc	Chemicals, Plastics & Rubber	6% (LIBOR +5%)	09/02/2015	08/19/2022	983	964	991
Pre-Paid Legal Services, Inc	Services: Business	6.5% (LIBOR +5.25%)	05/21/2015	07/01/2019	836	834	844
Project Leopard Holdings Inc	High Tech Industries	6.5% (LIBOR +5.5%)	06/21/2017	06/20/2023	1,750	1,746	1,757
Quincy Newspapers Inc	Media: Broadcasting & Subscription	4.25% (LIBOR +3.25%)	11/23/2015	11/02/2022	2,715	2,735	2,741
Redbox Automated Retail LLC	Services: Consumer	8.5% (LIBOR +7.5%)	09/26/2016	09/27/2021	1,488	1,449	1,496
Riverbed Technology, Inc.	High Tech Industries	4.25% (LIBOR +3.25%)	02/25/2015	04/25/2022	966	962	953
SCS Holdings Inc	Services: Business	5.25% (LIBOR +4.25%)	11/20/2015	10/30/2022	1,852	1,840	1,871

[Table of Contents](#)

Logan JV Loan Portfolio as of June 30, 2017
(dollar amounts in thousands)

Type of Investment/ Portfolio company	Industry	Interest Rate (1)	Initial Acquisition Date	Maturity Date	Principal	Amortized Cost	Fair Value (2)
Seahawk Holding Cayman Ltd	High Tech Industries	7% (LIBOR +6%)	09/27/2016	10/31/2022	2,736	2,713	2,783
Sirva Worldwide, Inc.	Transportation: Cargo	7.5% (LIBOR +6.5%)	11/18/2016	11/22/2022	2,985	2,917	3,000
SMS Systems Maintenance Services Inc	Services: Business	6% (LIBOR +5%)	02/09/2017	10/30/2023	2,985	2,971	2,983
SolarWinds Inc	High Tech Industries	4.5% (LIBOR +3.5%)	02/21/2017	02/03/2023	4,950	4,965	4,967
SourceHOV LLC	Services: Business	7.75% (LIBOR +6.75%)	03/17/2015	10/31/2019	3,682	3,367	3,667
Sterling Midco Holdings Inc	Services: Business	5.25% (LIBOR +4.25%)	06/27/2017	06/09/2024	1,000	1,000	1,001
TerraForm AP Acquisition Holdings LLC	Energy: Electricity	5.5% (LIBOR +4.5%)	10/11/2016	06/27/2022	978	978	986
TKC Holdings Inc	Consumer goods: Durable	5.25% (LIBOR +4.25%)	06/08/2017	02/01/2023	299	298	299
TOMS Shoes LLC	Retail	6.5% (LIBOR +5.5%)	12/18/2014	10/31/2020	1,955	1,870	1,092
TV Borrower US LLC	High Tech Industries	5.75% (LIBOR +4.75%)	02/16/2017	02/22/2024	998	993	1,005
US Renal Care Inc	Healthcare & Pharmaceuticals	5.25% (LIBOR +4.25%)	11/17/2015	12/30/2022	1,970	1,954	1,910
US Shipping Corp	Utilities: Oil & Gas	5.25% (LIBOR +4.25%)	03/09/2016	06/26/2021	211	202	197
Utility One Source L.P.	Construction & Building	6.5% (LIBOR +5.5%)	04/07/2017	04/18/2023	1,000	990	1,019
Verdesian Life Sciences LLC	Chemicals, Plastics & Rubber	6% (LIBOR +5%)	12/09/2014	07/01/2020	833	833	702
Zest Holdings LLC	Healthcare & Pharmaceuticals	5.25% (LIBOR +4.25%)	04/13/2017	08/16/2023	1,995	1,990	2,017
Total United States of America						$187,759	$186,558
Total Senior Secured First Lien Term Loans						$194,131	$192,968
Second Lien Term Loans Luxembourg							
Lully Finance S.a.r.l.	Telecommunications	9.5% (LIBOR +8.5%)	07/31/2015	10/16/2023	$1,000	$ 992	$ 995
Total Luxembourg						$ 992	$ 995
United States of America							
ABG Intermediate Holdings 2 LLC	Consumer goods: Durable	9.5% (LIBOR +8.5%)	06/19/2015	05/27/2022	$2,828	$ 2,768	$ 2,863
AssuredPartners Inc	Banking, Finance, Insurance & Real Estate	10% (LIBOR +9%)	10/16/2015	10/20/2023	1,000	968	1,023
Avantor Performance Materials Holdings, Inc.	Chemicals, Plastics & Rubber	9.25% (LIBOR +8.25%)	03/09/2017	03/10/2025	1,000	990	1,016
BJ’s Wholesale Club, Inc.	Beverage, Food & Tobacco	8.5% (LIBOR +7.5%)	01/27/2017	02/03/2025	3,000	2,986	2,915
CH Hold Corp	Automotive	8.25% (LIBOR +7.25%)	01/26/2017	02/03/2025	1,000	995	1,028
Cirque Du Soleil	Hotel, Gaming & Leisure	9.25% (LIBOR +8.25%)	06/25/2015	07/10/2023	1,000	989	1,007
Constellis Holdings, LLC	Aerospace & Defense	10% (LIBOR +9%)	04/18/2017	04/21/2025	1,000	985	989
DiversiTech Holdings Inc	Capital Equipment	8.5% (LIBOR +7.5%)	05/18/2017	06/02/2025	2,000	1,980	2,043
EagleView Technology Corporation	Services: Business	9.25% (LIBOR +8.25%)	07/29/2015	07/14/2023	2,885	2,890	2,880
GENEX Services, Inc.	Services: Business	8.75% (LIBOR +7.75%)	06/26/2015	05/30/2022	427	423	424
Gruden Acquisition Inc.	Transportation: Cargo	9.5% (LIBOR +8.5%)	07/31/2015	08/18/2023	500	481	459
Infoblox Inc.	High Tech Industries	9.75% (LIBOR +8.75%)	11/03/2016	11/07/2024	2,000	1,963	2,000
Optiv Security Inc	Services: Business	8.25% (LIBOR +7.25%)	01/19/2017	01/31/2025	1,500	1,493	1,472

RentPath, Inc.	Media: Diversified & Production	10% (LIBOR +9%)	12/11/2014	12/17/2022	1,000	938	963
Royal Adhesives and Sealants LLC	Chemicals, Plastics & Rubber	8.5% (LIBOR +7.5%)	06/12/2015	06/19/2023	552	549	551
SESAC Holdco II LLC	Media: Diversified & Production	8.25% (LIBOR +7.25%)	02/13/2017	02/24/2025	1,000	990	1,002
TKC Holdings Inc	Consumer goods: Durable	9% (LIBOR +8%)	01/31/2017	02/01/2024	1,850	1,835	1,858
TV Borrower US LLC	High Tech Industries	9.25% (LIBOR +8.25%)	02/16/2017	02/22/2025	1,000	985	992
Wash Multifamily Laundry Systems, LLC.	Services: Consumer	8% (LIBOR +7%)	05/04/2015	05/15/2023	425	423	425
Wash Multifamily Laundry Systems, LLC.	Services: Consumer	8% (LIBOR +7%)	05/04/2015	05/12/2023	75	74	75
Total United States of America						$ 25,705	$ 25,985
Total Second Lien Term Loans						$ 26,697	$ 26,980

Logan JV Loan Portfolio as of June 30, 2017
(dollar amounts in thousands)

Type of Investment/ Portfolio company	Industry	Interest Rate (1)	Initial Acquisition Date	Maturity Date	Principal	Amortized Cost	Fair Value (2)
Total Investments						$220,828	$219,948
Cash and cash equivalents							
Dreyfus Government Cash Management Fund						9,625	9,625
Other cash accounts						395	395
Total Cash and cash equivalents						$ 10,020	$ 10,020

(1) Variable interest rates indexed to 30-day, 60-day, 90-day or 180-day LIBOR rates, at the borrower's option. LIBOR rates may be subject to interest rate floors.
(2) Represents fair value in accordance with ASC Topic 820. The determination of such fair value is not included in our board of director's valuation process described elsewhere herein.
(3) Represents a delayed draw commitment of $255, which was unfunded as of June 30, 2017.
(4) Represents a delayed draw commitment of $137, which was unfunded as of June 30, 2017.
(5) On January 19, 2017, the company filed for bankruptcy protection. The first lien lenders continue to receive payments under the court order in an aggregate amount equal to the stated coupon rate and are being recorded by the Logan JV as income. The timing and amounts of such payments will vary pending the exit from bankruptcy.

Logan JV Loan Portfolio as of December 31, 2016
(dollar amounts in thousands)

Type of Investment/ Portfolio company	Industry	Interest Rate (1)	Initial Acquisition Date	Maturity Date	Principal	Amortized Cost	Fair Value (2)
Senior Secured First Lien Term Loans							
Canada							
Mood Media Corporation	Media	7% (LIBOR +6%)	12/05/2014	05/01/2019	$ 2,957	$ 2,857	$2,858
Parq Holdings LP	Hotel, Gaming & Leisure	8.5% (LIBOR +7.5%)	12/05/2014	12/17/2020	1,000	989	985
Total Canada						$ 3,846	$3,843
Cayman Islands							
Lindblad Maritime	Hotel, Gaming & Leisure	5.8% (LIBOR +4.5%)	06/23/2015	05/08/2021	$ 338	$ 339	$ 339
Total Cayman Islands						$ 339	$ 339
Luxembourg							
Travelport Finance Luxembourg Sarl	Services	5% (LIBOR +4%)	09/04/2015	09/02/2021	$ 2,898	$ 2,911	$2,932
Total Luxembourg						$ 2,911	$2,932
United States							
Ability Networks Inc.	High Tech Industries	6% (LIBOR +5%)	03/17/2015	05/14/2021	$ 1,470	$ 1,480	$1,477
Advanced Integration Technology LP	Aerospace & Defense	6.5% (LIBOR +5.5%)	07/15/2016	07/22/2021	1,995	1,977	2,005
AgroFresh Inc.	Services	5.75% (LIBOR +4.75%)	12/01/2015	07/31/2021	1,975	1,963	1,832
Alpha Media LLC	Media	7% (LIBOR +6%)	02/24/2016	02/25/2022	1,925	1,842	1,848
American Sportsman Holdings Co	Retail	5.75% (LIBOR +5%)	11/22/2016	12/18/2023	3,000	2,981	2,976
AP Gaming I LLC	Hotel, Gaming & Leisure	9.25% (LIBOR +8.25%)	05/27/2015	12/21/2020	4,942	4,845	4,931
Aptean, Inc.	Services	6% (LIBOR +5%)	12/15/2016	12/20/2022	2,000	1,980	2,020
Arbor Pharmaceuticals, LLC	Healthcare & Pharmaceuticals	6% (LIBOR +5%)	07/12/2016	02/01/2023	2,484	2,378	2,519
Arctic Glacier U.S.A., Inc	Beverage, Food & Tobacco	6% (LIBOR +5%)	02/12/2015	05/10/2019	2,015	1,984	2,012
Aristotle Corporation	Healthcare & Pharmaceuticals	5.50% (LIBOR +4.5%) 7.25% (Prime + 3.5%)	07/13/2015	6/30/2021	4,582	4,565	4,559
Avaya Inc	Telecommunications	6.25% (LIBOR +5.25%)	04/30/2015	05/29/2020	979	972	854
Avaya Inc	Telecommunications	6.5% (LIBOR +5.5%)	12/18/2014	03/31/2018	986	991	864
Beasley Broadcast Group Inc.	Media	7% (LIBOR +6%)	10/06/2016	11/01/2023	1,950	1,912	1,955
Bioplan USA	Services	5.75% (LIBOR +4.75%)	05/13/2015	09/23/2021	983	873	951
BioScrip, Inc.	Healthcare & Pharmaceuticals	6.5% (LIBOR +5.25%)	12/22/2014	07/31/2020	885	844	845
BioScrip, Inc.	Healthcare & Pharmaceuticals	6.5% (LIBOR +5.25%)	12/22/2014	07/31/2020	1,474	1,407	1,408
Birch Communications, Inc.	Telecommunications	8.25% (LIBOR +7.25%)	12/05/2014	07/17/2020	1,363	1,349	1,227
Blount International, Inc.	Capital Equipment	7.25% (LIBOR +6.25%) 9.00% (Prime + 5.25%)	04/05/2016	04/12/2023	1,696	1,650	1,719
Blue Star Acquisition, Inc.(3)	Media	1.00%	12/20/2016	12/20/2022	255	(3)	(2)
Blue Star Acquisition, Inc.	Media	7.5% (LIBOR +6.5%)	12/20/2016	12/20/2022	1,745	1,728	1,732
Cabi	Retail	5.75% (LIBOR +4.75%)	06/19/2015	06/12/2019	1,156	1,149	1,156
Caesars Entertainment Resort Properties, LLC	Hotel, Gaming & Leisure	7% (LIBOR +6%)	01/15/2015	10/11/2020	2,915	2,781	2,947
Cengage Learning Acquisitions, Inc.	Media	5.25% (LIBOR +4.25%)	12/15/2014	06/07/2023	2,648	2,624	2,583

Clear Balance Holdings, LLC	Banking, Finance, Insurance & Real Estate	6.75% (LIBOR +5.75%)	07/07/2015	06/30/2020	4,692	4,679	4,692
Commercial Barge Line Co	Transportation: Cargo	9.75% (LIBOR +8.75%)	11/06/2015	11/12/2020	1,444	1,388	1,367
Cortes NP Acquisition Corp	Capital Equipment	6% (LIBOR +5%)	09/30/2016	11/30/2023	2,000	1,941	2,030
CPI Acquisition, Inc.	Services	5.5% (LIBOR +4.5%)	08/14/2015	08/17/2022	3,875	3,847	3,545
Creative Artists	Media	5% (LIBOR +4%)	03/16/2015	12/17/2021	2,450	2,477	2,486

[Table of Contents](#)

Logan JV Loan Portfolio as of December 31, 2016
(dollar amounts in thousands)

Type of Investment/ Portfolio company	Industry	Interest Rate (1)	Initial Acquisition Date	Maturity Date	Principal	Amortized Cost	Fair Value (2)
CT Technologies Intermediate Holdings	Healthcare & Pharmaceuticals	5.25% (LIBOR +4.25%)	02/11/2015	12/01/2021	1,960	1,968	1,879
Cvent Inc	Hotel, Gaming & Leisure	6% (LIBOR +5%)	06/16/2016	11/29/2023	2,000	1,980	2,025
CWGS Group, LLC	Automotive	4.5% (LIBOR +3.75%)	11/03/2016	11/08/2023	1,000	995	1,017
Cypress Semiconductor Corporation	High Tech Industries	6.5% (LIBOR +5.5%)	06/03/2016	07/05/2021	2,469	2,434	2,530
Eastman Kodak Company	High Tech Industries	7.25% (LIBOR +6.25%)	09/09/2015	09/03/2019	1,953	1,913	1,965
EmployBridge Holding Co.	Services	7.5% (LIBOR +6.5%)	02/04/2015	05/15/2020	2,942	2,935	2,667
EnergySolutions, LLC	Environmental Industries	6.75% (LIBOR +5.75%)	03/16/2015	05/29/2020	4,543	4,457	4,588
EVO Payments International LLC	Services	6% (LIBOR +5%)	12/08/2016	12/22/2023	2,640	2,614	2,660
FullBeauty Brands LP	Retail	5.75% (LIBOR +4.75%)	03/08/2016	10/14/2022	3,970	3,726	3,573
Global Healthcare Exchange LLC	Services	5.25% (LIBOR +4.25%)	08/12/2015	08/15/2022	988	984	997
Gold Standard Baking Inc	Wholesale	5.25% (LIBOR +4.25%) 7.00% (Prime + 3.25%)	05/19/2015	04/23/2021	2,955	2,944	2,925
Green Plains Renewable Energy Inc	Energy	6.5% (LIBOR +5.5%)	06/09/2015	06/30/2020	3,783	3,637	3,769
GTCR Valor Companies, Inc.	Services	7% (LIBOR +6%)	05/17/2016	06/16/2023	3,980	3,836	3,953
Gulf Finance, LLC	Energy	6.25% (LIBOR +5.25%)	08/17/2016	08/25/2023	1,995	1,938	2,010
IMG LLC	Media	5.25% (LIBOR +4.25%)	12/31/2014	05/06/2021	1,466	1,442	1,484
Infoblox Inc	High Tech Industries	6% (LIBOR +5%)	11/03/2016	11/07/2023	2,216	2,172	2,209
Insurance Technologies	High Tech Industries	7.5% (LIBOR +6.5%)	03/26/2015	12/15/2021	3,538	3,503	3,485
Insurance Technologies(4)	High Tech Industries	0.50%	03/26/2015	12/15/2021	137	(1)	(2)
J Jill	Retail	6% (LIBOR +5%)	05/08/2015	05/09/2022	1,037	1,033	1,038
Jackson Hewitt Tax Service Inc	Services	8% (LIBOR +7%)	07/24/2015	07/30/2020	980	966	947
Kestra Financial, Inc.	Banking, Finance, Insurance & Real Estate	6.25% (LIBOR +5.25%)	06/10/2016	06/24/2022	3,980	3,925	3,940
Kraton Polymers LLC	Chemicals, Plastics & Rubber	6% (LIBOR +5%)	02/18/2016	01/06/2022	2,000	1,828	2,027
Lannett Company Inc	Healthcare & Pharmaceuticals	5.75% (LIBOR +4.75%)	11/20/2015	11/25/2020	1,425	1,341	1,386
Lannett Company Inc	Healthcare & Pharmaceuticals	6.375% (LIBOR +5.375%)	11/20/2015	11/25/2022	1,425	1,304	1,398
Lindblad Expeditions Inc	Hotel, Gaming & Leisure	5.81767% (LIBOR +4.5%)	06/23/2015	05/08/2021	2,617	2,630	2,630
Margaritaville Holdings LLC	Beverage, Food & Tobacco	7.26% (LIBOR +6%)	03/12/2015	03/12/2021	4,727	4,694	4,562
Match Group Inc	Media	4.20083% (LIBOR +3.25%)	11/06/2015	11/16/2022	656	664	667
Mediware Information Systems Inc	High Tech Industries	5.75% (LIBOR +4.75%)	09/26/2016	09/28/2023	1,995	1,976	2,013
Merrill Communications LLC	Media	6.25% (LIBOR +5.25%)	05/29/2015	06/01/2022	1,974	1,964	1,969
Meter Readings Holding, LLC	Utilities	6.75% (LIBOR +5.75%)	08/17/2016	08/29/2023	1,995	1,966	2,037
Moran Foods LLC	Retail	7% (LIBOR +6%)	12/02/2016	12/05/2023	3,000	2,911	3,000
NextCare, Inc.	Healthcare & Pharmaceuticals	8.5% (LIBOR +7.5%)	08/21/2015	07/31/2018	2,959	2,951	2,959

Petrochoice Holdings Inc	Chemicals, Plastics & Rubber	6% (LIBOR +5%)	09/02/2015	08/19/2022	988	967	997
Pre-Paid Legal Services, Inc	Services	6.5% (LIBOR +5.25%)	05/21/2015	07/01/2019	897	894	901
Quincy Newspapers Inc	Media	5% (LIBOR +4%) 6.75% (Prime +3%)	11/23/2015	11/02/2022	2,809	2,832	2,832
Redbox Automated Retail LLC	Services	8.5% (LIBOR +7.5%)	09/26/2016	09/27/2021	1,913	1,858	1,865
RentPath, Inc.	Media	6.25% (LIBOR +5.25%)	12/11/2014	12/17/2021	2,450	2,430	2,413
Riverbed Technology, Inc.	High Tech Industries	4.25% (LIBOR +3.25%)	02/25/2015	4/25/2022	975	971	984
SCS Holdings Inc.	Services	5.25% (LIBOR +4.25%)	11/20/2015	10/30/2022	1,973	1,958	2,004
Seahawk Holding Cayman Ltd	High Tech Industries	7% (LIBOR +6%)	09/27/2016	10/31/2022	2,750	2,724	2,791
Sirva Worldwide, Inc.	Transportation: Cargo	7.5% (LIBOR +6.5%)	11/18/2016	11/22/2022	3,000	2,926	2,948
Smart Start, Inc.	Services	5.75% (LIBOR +4.75%)	08/28/2015	02/20/2022	2,475	2,455	2,469
SolarWinds Inc	High Tech Industries	5.5% (LIBOR +4.5%)	02/01/2016	02/05/2023	4,975	4,852	5,045
SourceHOV LLC	Services	7.75% (LIBOR +6.75%)	03/17/2015	10/31/2019	3,785	3,393	3,433
TerraForm AP Acquisition Holdings LLC	Energy	5.5% (LIBOR +4.5%)	10/11/2016	06/27/2022	997	997	1,003
TOMS Shoes LLC	Retail	6.5% (LIBOR +5.5%)	12/18/2014	10/31/2020	1,965	1,867	1,454
US Renal Care Inc	Healthcare & Pharmaceuticals	5.25% (LIBOR +4.25%)	11/17/2015	12/30/2022	1,980	1,963	1,864
US Shipping Corp	Utilities	5.25% (LIBOR +4.25%)	03/09/2016	06/26/2021	232	221	225
Verdesian Life Sciences LLC	Chemicals, Plastics & Rubber	6% (LIBOR +5%)	12/09/2014	07/01/2020	886	885	793

Logan JV Loan Portfolio as of December 31, 2016
(dollar amounts in thousands)

Type of Investment/ Portfolio company	Industry	Interest Rate (1)	Initial Acquisition Date	Maturity Date	Principal	Amortized Cost	Fair Value (2)
Zep Inc	Chemicals, Plastics & Rubber	5% (LIBOR +4%)	09/14/2015	06/27/2022	2,955	2,962	2,981
Total United States						$169,389	$169,847
Total Senior Secured First Lien Term Loans						$176,485	$176,961
Second Lien Term Loans France							
Linxens France SA	Telecommunications	9.5% (LIBOR +8.5%)	07/31/2015	10/16/2023	$ 1,000	$ 991	$ 1,000
Total France						$ 991	$ 1,000
United States of America							
ABG Intermediate Holdings 2 LLC	Consumer goods	9.5% (LIBOR +8.5%)	06/19/2015	05/27/2022	$ 2,855	$ 2,789	$ 2,883
AssuredPartners Inc	Banking, Finance, Insurance & Real Estate	10% (LIBOR +9%)	10/16/2015	10/20/2023	1,000	966	1,008
Cirque Du Soleil	Hotel, Gaming & Leisure	9.25% (LIBOR +8.25%)	06/25/2015	07/08/2023	1,000	988	982
Confie Seguros Holding II Co.	Banking, Finance, Insurance & Real Estate	10.25% (LIBOR +9%)	06/29/2015	05/09/2019	500	497	497
Duke Finance LLC	Chemicals, Plastics & Rubber	10.75% (LIBOR +9.75%)	05/17/2016	10/28/2022	2,000	1,726	1,910
EagleView Technology Corporation	Services	9.25% (LIBOR +8.25%)	07/29/2015	07/14/2023	2,885	2,891	2,880
GENEX Services, Inc.	Services	8.75% (LIBOR +7.75%)	06/26/2015	05/30/2022	1,000	990	965
Gruden Acquisition Inc.	Transportation: Cargo	9.5% (LIBOR +8.5%)	07/31/2015	08/18/2023	500	479	396
Hyland Software, Inc.	High Tech Industries	8.25% (LIBOR +7.25%)	06/12/2015	07/03/2023	2,825	2,729	2,881
Infoblox Inc	High Tech Industries	9.75% (LIBOR +8.75%)	11/03/2016	11/07/2024	2,000	1,961	1,968
MRI Software LLC	Services	9% (LIBOR +8%)	06/19/2015	06/23/2022	1,000	988	970
ProAmpac LLC	Containers, Packaging & Glass	9.5% (LIBOR +8.5%)	11/18/2016	11/18/2024	2,500	2,463	2,513
RentPath, Inc.	Media	10% (LIBOR +9%)	12/11/2014	12/17/2022	1,000	932	882
Royal Adhesives and Sealants LLC	Chemicals, Plastics & Rubber	8.5% (LIBOR +7.5%)	06/12/2015	06/19/2023	1,000	994	995
Wash Multifamily Laundry Systems, LLC.	Services	8% (LIBOR +7%)	05/04/2015	05/12/2023	75	74	74
Wash Multifamily Laundry Systems, LLC.	Services	8% (LIBOR +7%)	05/04/2015	05/15/2023	425	423	425
Total United States of America						$ 21,890	$ 22,229
Total Second Lien Term Loans						$ 22,881	$ 23,229
Total Investments						$199,366	$200,190
Cash and cash equivalents							
Dreyfus Government Cash Management Fund						$ 9,064	$ 9,064
Other cash accounts						784	784
Total Cash and cash equivalents						$ 9,848	$ 9,848

(1) Variable interest rates indexed to 30-day, 60-day, 90-day or 180-day LIBOR rates, at the borrower's option. LIBOR rates are subject to interest rate floors.
(2) Represents fair value in accordance with ASC Topic 820. The determination of such fair value is not included in our board of director's valuation process described elsewhere herein.
(3) Represents a delayed draw commitment of $255, which was unfunded as of December 31, 2016.
(4) Represents a delayed draw commitment of $137, which was unfunded as of December 31, 2016.

Below is certain summarized financial information for Logan JV as of June 30, 2017 and December 31, 2016 and for the three and six months ended June 30, 2017 and 2016:

Selected Balance Sheet Information:

	As of June 30, 2017 (Dollars in thousands)	As of December 31, 2016 (Dollars in thousands)
Assets:		
Investments at fair value (cost of $220,828 and $199,366, respectively)	$ 219,948	$ 200,190
Cash	10,020	9,848
Other assets	9,202	677
Total assets	$ 239,170	$ 210,715
Liabilities:		
Loans payable reported net of unamortized debt issuance costs	$ 135,845	$ 127,502
Payable for investments purchased	15,569	2,981
Distribution payable	2,780	4,195
Other liabilities	1,466	1,366
Total liabilities	$ 155,660	$ 136,044
Members' capital	$ 83,510	$ 74,671
Total liabilities and members' capital	$ 239,170	$ 210,715

Selected Statement of Operations Information:

	For the three months ended June, 30 2017 (Dollars in thousands)	For the three months ended June, 30 2016 (Dollars in thousands)	For the six months ended June, 30 2017 (Dollars in thousands)	For the six months ended June, 30 2016 (Dollars in thousands)
Interest income	$ 4,067	$ 3,470	$ 8,159	$ 6,660
Fee income	97	47	224	78
Total revenues	4,164	3,517	8,383	6,738
Credit facility expenses (1)	1,479	1,183	2,854	2,281
Other fees and expenses	115	147	191	238
Total expenses	1,594	1,330	3,045	2,519
Net investment income	2,570	2,187	5,338	4,219
Net realized gains	204	—	431	14
Net change in unrealized appreciation (depreciation) on investments	(1,851)	1,833	(1,704)	1,634
Net increase in members' capital from operations	$ 923	$ 4,020	$ 4,065	$ 5,867

(1) As of June 30, 2017, Logan JV had $137,551 of outstanding debt under the credit facility with an effective interest rate of 3.71% per annum. As of December 31, 2016, Logan JV had $129,257 of outstanding debt under the credit facility with an effective interest rate of 3.42% per annum.

Investment in Tax Receivable Agreement Payment Rights

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

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

The projected annual tax benefit payment will be accrued on a quarterly basis and paid annually. The payment will be allocated between a reduction in the cost basis of the investment and interest income based upon an amortization schedule. Based upon the characteristics of the investment, the Company has chosen to categorize the investment in the TRA payment rights as investment in payment rights in the fair value hierarchy. For the three months ended June 30, 2017 and 2016, the Company recognized interest income totaling $500 and $504, respectively, related to the TRA. For the six months ended June 30, 2017 and 2016, the Company recognized interest income totaling $994 and $1,000, respectively, related to the TRA.

Managed Funds

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

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

Greenway

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

Greenway had $150,000 of capital committed by affiliates of a single institutional investor and is managed by the Company. The Company's capital commitment to Greenway is $15. As of June 30, 2017, Greenway's committed capital had been fully called. The Company's nominal investment in Greenway is reflected in the June 30, 2017 and December 31, 2016 Consolidated Schedules of Investments.

The Company acts as the investment adviser to Greenway and is entitled to receive certain fees relating to its investment management services provided, including a base management fee, a performance fee and a portion of the closing fees on each investment transaction. As a result, Greenway is classified as an affiliate of the Company. For the three and six months ended June 30, 2017, the Company recorded a net reduction of fees of $4 and $39 related primarily to the reduction of the unrealized incentive fee related to Greenway's portfolio performance, which is included in other income from non-controlled, affiliated investments in the Consolidated Statements of Operations. For the three and six months ended June 30, 2016, the Company earned $39 and $156, respectively, in fees related to Greenway, which is included in other income from non-controlled, affiliated investments in the Consolidated Statements of Operations. As of June 30, 2017 and December 31, 2016, $37 and $154 of fees and expenses related to Greenway, respectively, were included in due from affiliate on the Consolidated Statements of Assets and Liabilities.

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

Greenway II

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

As contemplated in the Greenway II LLC Agreement, the Company has established a related investment vehicle and entered into an investment management agreement with an account set up by an unaffiliated third party investor to invest alongside Greenway II LLC pursuant to similar economic terms. The account is also managed by the Company. References to "Greenway II" herein include Greenway II LLC and the account of the related investment vehicle. Greenway II had $186,500 of capital commitments primarily from institutional investors. As of June 30, 2017, Greenway II's committed capital had been fully called. The Company's nominal investment in Greenway II is reflected in the June 30, 2017 and December 31, 2016 Consolidated Schedules of Investments.

The Company acts as the investment adviser to Greenway II and is entitled to receive certain fees relating to its investment management services provided, including a base management fee, a performance fee and a portion of the closing fees on each investment transaction. As a result, Greenway II is classified as an affiliate of the Company. For the three and six months ended June 30, 2017, the Company earned $289 and $579, respectively, in fees related to Greenway II, which are included in other income from non-controlled, affiliated investments in the Consolidated Statements of Operations. For the three and six months ended June 30, 2016, the Company earned $340 and $709, respectively, in fees related to Greenway II, which are included in other income from non-controlled, affiliated investments in the Consolidated Statements of Operations. As of June 30, 2017 and December 31, 2016, $318 and $366, respectively, of fees related to Greenway II were included in due from affiliate on the Consolidated Statements of Assets and Liabilities.

Other deferred assets consist of placement agent expenses incurred in connection with the offer and sale of partnership interests in Greenway II. These amounts are capitalized when the partner signs the Greenway II subscription agreement and are recognized as an expense over the period when the Company expects to collect management fees from Greenway II. For the three and six months ended June 30, 2017, the Company recognized $50 and $100, respectively, in expenses related to placement agent expenses, which are included in other general and administrative expenses in the Consolidated Statements of Operations. For the three and six months ended June 30, 2016, the Company recognized $56 and $113, respectively, in expenses related to placement agent expenses, which are included in other general and administrative expenses in the Consolidated Statements of Operations. As of June 30, 2017 and December 31, 2016, $50 and $150, respectively, was included in other deferred costs on the Consolidated Statements of Assets and Liabilities.

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

CLO Residual Interests

As of June 30, 2017 and December 31, 2016, the Company had investments in CLO residual interests, or subordinated notes, based upon fair market value, totaling $0 and $8,681, respectively. The subordinated notes are subordinated to the secured notes issued in connection with each CLO. The secured notes in each structure are collateralized by portfolios consisting primarily of broadly syndicated senior secured bank loans.

The subordinated notes do not have a stated rate of interest, but are entitled to receive distributions on quarterly payment dates subject to the priority of payments to secured note holders in the structures if and to the extent funds are available for such purpose. The payments on the subordinated notes and income notes are subordinated not only to the interest and principal claims of all secured notes issued, but to certain administrative expenses, taxes, and the base and subordinated fees paid to the collateral manager. Payments to the subordinated notes and income notes may vary significantly quarter to quarter for a variety of reasons and may be subject to 100% loss. Investments in subordinated notes and income notes, due to the structure of the CLO, can be significantly impacted by change in the market value of the assets, the distributions on the assets, defaults and recoveries on the assets, capital gains and losses on the assets along with prices, interest rates and other risks associated with the assets.

For the three and six months ended June 30, 2017, the Company recognized interest income totaling $33 and $33, respectively, related to CLO residual interests. For the three and six months ended June 30, 2016, the Company recognized interest income totaling $571 and $1,192, respectively, related to CLO residual interests.

Revolving and Unfunded Delayed Draw Loans

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

4. Related Party Transactions

Investment Management Agreement

On March 7, 2017, the Company's investment management agreement was re-approved by its board of directors, including a majority of our directors who are not interested persons of the Company. Under the investment management agreement, the Advisor, subject to the overall supervision of the Company's board of directors, manages the day-to-day operations of, and provides investment advisory services to the Company.

The Advisor receives a fee for investment advisory and management services consisting of a base management fee and a two-part incentive fee.

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

For the three and six months ended June 30, 2017, the Company incurred base management fees of $2,658 and $5,212, respectively. For the three and six months ended June 30, 2016, the Company incurred base management fees of $2,809 and $5,712, respectively. As of June 30, 2017 and December 31, 2016, $2,658 and $2,608, respectively, was payable to the Advisor.

The incentive fee has two components, ordinary income and capital gains, as follows:

The ordinary income component is calculated, and payable, quarterly in arrears based on the Company's preincentive fee net investment income for the immediately preceding calendar quarter, subject to a cumulative total return requirement and to deferral of non-cash amounts. The preincentive fee net investment income, which is expressed as a rate of return on the value of the Company's net assets attributable to the Company's common stock, for the immediately preceding calendar quarter, will have a 2.0% (which is 8.0% annualized) hurdle rate (also referred to as "minimum income level"). Preincentive fee net investment income means interest income, amortization of original issue discount, commitment and origination fees, dividend income and any other income (including any other fees, such as, structuring, diligence, managerial assistance and consulting fees or other fees that we receive from portfolio companies) accrued during the calendar quarter, minus the Company's operating expenses for the quarter (including the base management fee, expenses payable under the Company's administration agreement (discussed below), and any interest expense and any dividends paid on any issued and outstanding preferred stock, but excluding the incentive fee and any offering expenses and other expenses not charged to operations but excluding certain reversals to the extent such reversals have the effect of reducing previously accrued incentive fees based on the deferral of non-cash interest. Preincentive fee net investment income includes, in the case of investments with a deferred interest feature (such as original issue discount, debt instruments with PIK interest and zero coupon securities), accrued income that we have not yet received in cash. The Advisor receives no incentive fee for any calendar quarter in which the Company's preincentive fee net investment income does not exceed the minimum income level. Subject to the cumulative total return requirement described below, the Advisor receives 100% of the Company's preincentive fee net investment income for any calendar quarter with respect to that portion of the preincentive net investment income for such quarter, if any, that exceeds the minimum income level but is less than 2.5% (which is 10.0% annualized) of net assets (also referred to as the "catch-up" provision) and 20.0% of the Company's preincentive fee net investment income for such calendar quarter, if any, greater than 2.5% (10.0% annualized) of net assets. The foregoing incentive fee is subject to a total return requirement, which provides that no incentive fee in respect of the Company's preincentive fee net investment income is payable except to the extent 20.0% of the cumulative net increase in net assets resulting from operations over the then current and 11 preceding calendar quarters exceeds the cumulative incentive fees accrued and/or paid for the 11 preceding quarters. In other words, any ordinary income incentive fee that is payable in a calendar quarter is limited to the lesser of (i) 20% of the amount by which the Company's preincentive fee net investment income for such calendar quarter exceeds the 2.0% hurdle, subject to the "catch- up" provision, and (ii) (x) 20% of the cumulative net increase in net assets resulting from operations for the then current and 11 preceding quarters minus (y) the cumulative incentive fees accrued and/or paid for the 11 preceding calendar quarters. For the foregoing purpose, the "cumulative net increase in net assets resulting from operations" is the amount, if positive, of the sum of the Company's preincentive fee net investment income, base management fees, realized gains and losses and unrealized appreciation and depreciation for the then current and 11 preceding calendar quarters. In addition, the portion of such incentive fee that is attributable to deferred interest (sometimes referred to as payment-in-kind interest, or PIK, or original issue discount, or OID) will be paid to THL Credit Advisors, together with interest thereon from the date of deferral to the date of payment, only if and to the extent we actually receive such interest in cash, and any accrual thereof will be reversed if and to the extent such interest is reversed in connection with any write-off or similar treatment of the investment giving rise to any deferred interest accrual. There is no accumulation of amounts on the hurdle rate from quarter to quarter and accordingly there is no clawback of amounts previously paid if subsequent quarters are below the quarterly hurdle rate and there is no delay of payment if prior quarters are below the quarterly hurdle rate.

For the three and six months ended June 30, 2017, the Company incurred $1,151 and $2,465, respectively, of incentive fees related to ordinary income. For the three and six months ended June 30, 2016, the Company incurred $0 and $30, respectively, of incentive fees related to ordinary income. As of June 30, 2017 and December 31, 2016, $1,083 and $2,249, respectively, of such incentive fees are currently payable to the Advisor. As of June 30, 2017 and December 31, 2016, $1,156 and $994, respectively of incentive fees incurred by the Company were generated from deferred interest (i.e. PIK, certain discount accretion and deferred interest) and are not payable until such amounts are received in cash.

The second component of the incentive fee (capital gains incentive fee) is determined and payable in arrears as of the end of each calendar year (or upon termination of the investment management agreement, as of the termination date). This component is equal to 20.0% of the cumulative aggregate realized capital gains from inception through the end of that calendar year, computed net of the cumulative aggregate realized capital losses and cumulative aggregate unrealized capital depreciation through the end of such year. The aggregate amount of any previously paid capital gains incentive fees is subtracted from such capital gains incentive fee calculated. There was no capital gains incentive fee payable to our Advisor under the investment management agreement as of June 30, 2017 and December 31, 2016.

GAAP requires that the incentive fee accrual considers the cumulative aggregate realized gains and losses and unrealized capital appreciation or depreciation of investments or other financial instruments, such as an interest rate derivative, in the calculation, as an incentive fee would be payable if such realized gains and losses or unrealized capital appreciation or depreciation were realized, even though such realized gains and losses and unrealized capital appreciation or depreciation is not permitted to be considered in calculating the fee actually payable under the investment management agreement ("GAAP Incentive Fee"). There can be no assurance that such unrealized appreciation or depreciation will be realized in the future. Accordingly, such fee, as calculated and accrued, would not necessarily be payable under the investment management agreement, and may never be paid based upon the computation of incentive fees in subsequent periods. For the three and six months ended June 30, 2017 and 2016, the Company incurred no incentive fees related to the GAAP incentive fee.

Administration Agreement

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

For the three and six months ended June 30, 2017, the Company incurred administrator expenses of $711 and $1,537, respectively. For the three and six months ended June 30, 2016, the Company incurred administrator expenses of $893 and $1,820, respectively. As of June 30, 2017, $170 of administrator expenses was due from the Advisor, which was included in Due from affiliate on the Consolidated Statement of Assets and Liabilities. As of December 31, 2016, $67 of administrator expenses was payable to the Advisor, which was included in Accrued expenses and other payables on the Consolidated Statement of Assets and Liabilities.

License Agreement

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

Due To and From Affiliates

The Advisor paid certain other general and administrative expenses on behalf of the Company. As of June 30, 2017 and December 31, 2016, there were $28 and $67, respectively, due to affiliate, which was included in accrued expenses and other payables on the Consolidated Statements of Assets and Liabilities.

As of June 30, 2017, the Advisor owed $170 of administrator expenses as a reimbursement to the Company, which was included in due from affiliate on the Consolidated Statements of Assets and Liabilities. As of December 31, 2016, the Company owed $67 of administrator expenses to the Advisor, which was included in accrued expenses and other payables on the Consolidated Statements of Assets and Liabilities.

The Company acts as the investment adviser to Greenway and Greenway II and is entitled to receive certain fees. As a result, Greenway and Greenway II are classified as affiliates of the Company. As of June 30, 2017 and December 31, 2016, $355 and $520 of total fees and expenses related to Greenway and Greenway II, respectively, were included in due from affiliate on the Consolidated Statements of Assets and Liabilities.

For the Company's controlled equity investments, as of June 30, 2017, it had $3,255 of dividends receivable from Logan JV and C&K Market, Inc. and $457 of fees from OEM Group, LLC included in interest, dividends, and fees receivable and $500 of fees from Tri Starr Management Services, Inc. in prepaid expenses and other assets, which was offset by $200 of deferred revenue in other deferred liabilities, on the Consolidated Statements of Assets and Liabilities. As of December 31, 2016, the Company had $4,473 of dividends receivable from Logan JV and C&K Market, Inc. and $640 of fees from OEM Group, LLC included in interest, dividends, and fees receivable and $500 of fees from Tri Starr Management Services, Inc. in prepaid expenses and other assets, which was offset by $400 of deferred revenue in other deferred liabilities, on the Consolidated Statements of Assets and Liabilities.

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

The following shows the breakdown of net realized gains and losses for the three and six months ended June 30, 2017 and 2016:

	For the three months ended June 30,		For the six month ended June 30,	
	2017	2016	2017	2016
AIM Media Texas Operating, LLC	$ —	$ —	$ —	$ (78)
Airborne Tactical Advantage Company, LLC	—	—	—	685
Flagship VII, Ltd.	—	—	(808)	—
Flagship VIII, Ltd.	—	—	(649)	—
Dimont & Associates, Inc. (1)	—	—	—	(10,914)
Gryphon Partners 3.5, L.P.	—	—	589	—
Hostway Corporation	(951)	—	(951)	—
OEM Group, LLC (2)	—	—	—	(6,226)
Surgery Center Holdings, Inc.	—	3,655	—	3,655
Washington Inventory Service (3)	(10,378)	—	(10,378)	—
YP Equity Investors, LLC	1,263	—	1,263	—
Other	26	26	29	27
Net realized (losses)/gains	$ (10,040)	$ 3,681	$(10,905)	$(12,851)

(1) On March 14, 2016, as part of a further restructuring of the business, the cost basis of the Company's equity interest totaling $6,569 and subordinated term loan totaling $4,474 was converted to an equity interest in an affiliated entity valued at $129. In connection with the restructuring, the Company recognized a realized loss in the amount of $10,914, which was offset by a $10,777 change in unrealized appreciation.

(2) On March 17, 2016, as part of a restructuring of the business, the cost basis of the Company's first lien loans totaling $33,242 was converted to a new first lien senior secured term loan of $18,703 and a controlled equity interest in an affiliated entity valued at $8,313. In connection with the restructuring, the Company recognized a realized loss of $6,226, which was offset by a $5,575 change in unrealized appreciation.

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

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

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

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

	For the three months ended June 30,		For the six month ended June 30,	
	2017	2016	2017	2016
Numerator—net increase in net assets resulting from operations:	$ 1,273	$ (660)	$ 6,530	$ (660)
Denominator—basic and diluted weighted average common shares:	32,873	33,234	32,899	33,290
Basic and diluted net increase in net assets per common share resulting from operations:	$ 0.04	$ (0.02)	$ 0.20	$ (0.02)

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

Table of Contents

7. Borrowings

The following shows a summary of the Company's borrowings as of June 30, 2017 and December 31, 2016:

	As of							
	June 30, 2017				December 31, 2016			
Facility	Commitments	Borrowings Outstanding (1)	Weighted Average Borrowings Outstanding	Weighted Average Interest Rate	Commitments	Borrowings Outstanding (2)	Weighted Average Borrowings Outstanding	Weighted Average Interest Rate
Revolving Facility (3)	$ 303,500	$ 125,241	$ 115,114	3.58%	$ 303,500	$ 107,861	$ 116,544	3.13%
Term Loan Facility	75,000	75,000	75,000	3.88%	75,000	75,000	102,489	3.38%
2021 Notes	50,000	50,000	50,000	6.75%	50,000	50,000	50,000	6.75%
2022 Notes	60,000	60,000	60,000	6.75%	60,000	60,000	37,761	6.75%
Total	$ 488,500	$ 310,241	$ 300,114	4.77%	$ 488,500	$ 292,861	$ 306,794	4.55%

(1) As of June 30, 2017, excludes deferred financing costs of $1,078 for the Term Loan Facility, $1,330 for the 2021 Notes and $1,992 for the 2022 Notes presented as a reduction to the respective balances outstanding in the Consolidated Statements of Assets and Liabilities.

(2) As of December 31, 2016, excludes deferred financing costs of $1,207 for the Term Loan Facility, $1,480 for the 2021 Notes and $2,173 for the 2022 Notes presented as a reduction to the respective balances outstanding in the Consolidated Statements of Assets and Liabilities.

(3) The Company may borrow amounts in U.S. dollars or certain other permitted currencies. As of June 30, 2017, the Company had outstanding debt denominated in Canadian Dollars (CAD) of CAD $29,389 on its Revolving Credit Facility. The CAD was converted into USD at a spot exchange rate of $0.77 CAD to $1.00 USD as of June 30, 2017. The Company had no foreign borrowings as of December 31, 2016.

Credit Facility

On August 19, 2015, the Company entered into an amendment, or the Revolving Amendment, to its existing revolving credit agreement, or Revolving Facility, and entered into an amendment, or the Term Loan Amendment, to its Term Loan Facility. The Revolving Facility and Term Loan Facility are collectively referred to as the Facilities.

The Revolving Amendment revised the Facility dated April 30, 2014 to, among other things, extend the maturity date from April 2018 to August 2020 (with a one year term out period beginning in August 2019). The one year term out period is the one year anniversary between the revolver termination date, or the end of the availability period, and the maturity date. During this time, the Company is required to make mandatory prepayments on its loans from the proceeds it receives from the sale of assets, extraordinary receipts, returns of capital or the issuances of equity or debt. The Revolving Facility, denominated in US dollars, has an interest rate of LIBOR plus 2.5% (with no LIBOR floor). The Revolving Facility, denominated in Canadian dollars, has an interest rate of Canadian Dollar Offered Rate, or CDOR, plus 2.5% (with no floor). The non-use fee is 1.0% annually if the Company uses 35% or less of the Revolving Facility and 0.50% annually if the Company uses more than 35% of the Revolving Facility. The Company elects the LIBOR or CDOR rates on the loans outstanding on its Revolving Facility, which can have a LIBOR or CDOR period that is one, two, three or nine months. The LIBOR rate on the US dollar borrowings outstanding on its Revolving Facility had a one month LIBOR period as of June 30, 2017. The CDOR rate on the Canadian dollar borrowings outstanding on its Revolving Facility had a one month CDOR period as of June 30, 2017.

As of June 30, 2017, the Company had United States dollar borrowings of $102,611 outstanding under the Revolving Facility with a weighted average interest rate of 3.63% and non-United States dollar borrowings denominated in Canadian dollars of CAD $29,389 ($22,629 in United States dollars) outstanding under the Revolving Facility with a weighted average interest rate of 3.36%. The impact resulting from changes in foreign exchange rates on the Revolving Facility borrowings is included in unrealized appreciation (depreciation) on foreign currency borrowings in our Consolidated Statements of Operations. The borrowings denominated in Canadian dollars may be positively or negatively affected by movements in the rate of exchange between the United States dollar and the Canadian dollar. This movement is beyond our control and cannot be predicted.

The Term Loan Amendment revised the Term Loan Facility dated April 30, 2014 to, among other things, extend the maturity date from April 2019 to August 2021. The Term Loan Amendment also changes the interest rate of the Term Loan Facility to LIBOR plus 2.75% (with no LIBOR Floor) and has substantially similar terms to the existing Revolving Facility (as amended by the Revolving Amendment). The Company elects the LIBOR rate on its Term Loan, which can have a LIBOR period that is one, two, three or nine months. The LIBOR rate on its Term Loan had a one month LIBOR period as of June 30, 2017.

Each of the Facilities includes an accordion feature permitting the Company to expand the Facilities if certain conditions are satisfied; provided, however, that the aggregate amount of the Facilities, collectively, is capped at $600,000.

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

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

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

For the six months ended June 30, 2017, the Company borrowed $57,879 (includes CAD $29,389 converted to USD $22,629) and repaid $40,500 under the Facilities. For the six months ended June 30, 2016, the Company borrowed $65,000 and repaid $100,250 under the Facilities.

As of June 30, 2017 and December 31, 2016, the carrying amount of the Company's outstanding Facilities approximated fair value. The fair values of the Company's Facilities are determined in accordance with ASC 820, which defines fair value in terms of the price that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. The fair value of the Company's Facilities is estimated based upon market interest rates and entities with similar credit risk. As of June 30, 2017 and December 31, 2016, the Facilities would be deemed to be Level 3 of the fair value hierarchy.

Interest expense and related fees, excluding amortization of deferred financing costs, of $2,085 and $2,055, respectively, were incurred in connection with the Facilities for the three months ended June 30, 2017 and 2016. Interest expense and related fees, excluding amortization of deferred financing costs, of $4,100 and $4,148, respectively, were incurred in connection with the Facilities for the six months ended June 30, 2017 and 2016. Amortization of deferred financing costs of $238 and $257, respectively, were incurred in connection with the Facilities for the three months ended June 30, 2017 and 2016. Amortization of deferred financing costs of $474 and $515, respectively, were incurred in connection with the Facilities for the six months ended June 30, 2017 and 2016. As of June 30, 2017, the Company had $2,182 of deferred financing costs related to the Revolving Facility, which is presented as an asset and $1,078 of deferred financing costs related to the Term Loan Facility presented as a reduction to loans payable on the Consolidated Statement of Assets and Liabilities. As of December 31, 2016, the Company had $2,527 of deferred financing costs related to the Revolving Facility, which is presented as an asset and $1,207 of deferred financing costs related to the Term Loan Facility presented as a reduction to loans payable on the Consolidated Statement of Assets and Liabilities.

In accordance with the 1940 Act, with certain exceptions, the Company is only allowed to borrow amounts such that its asset coverage, as defined in the 1940 Act, is at least 200% after such borrowing. The asset coverage as of June 30, 2017 was in excess of 200%.

Notes

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

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

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

As of June 30, 2017, the carrying amount and fair value of our Notes was $110,000 and $114,020, respectively. As of December 31, 2016, the carrying amount and fair value of our Notes was $110,000 and $111,596, respectively. The fair value of our Notes are determined in accordance with ASC 820, which defines fair value in terms of the price that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. The fair value of the Notes is based on the closing price of the security, which is a Level 2 input under ASC 820 due to the trading volume.

In connection with the issuance of the Notes, the Company incurred $4,682 of fees and expenses. Any of these deferred financing costs are presented as a reduction to the Notes payable balance and are being amortized using the effective yield method over the term of the Notes. For the three months ended June 30, 2017 and 2016, the Company amortized approximately $167 and $127 of deferred financing costs, respectively, which is reflected in amortization of deferred financing costs on the Consolidated Statements of Operations. For the six months ended June 30, 2017 and 2016, the Company amortized approximately $331 and $254 of deferred financing costs, respectively, which is reflected in amortization of deferred financing costs on the Consolidated Statements of Operations. As of June 30, 2017 and December 31, 2016, the Company had $3,322 and $3,653 remaining deferred financing costs on the Notes, which reduced the notes payable balance on the Consolidated Statements of Assets and Liabilities.

For the three and six months ended June 30, 2017, the Company incurred interest expense on the Notes of $1,856 and $3,713, respectively. For the three and six months ended June 30, 2016, the Company incurred interest expense on the Notes of $1,434 and $2,856, respectively.

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

8. Interest Rate Derivative

On May 10, 2012, the Company entered into a five-year interest rate swap agreement, or swap agreement, with ING Capital Markets, LLC that expired on May 10, 2017. Under the swap agreement, with a notional value of $50,000, the Company paid a fixed rate of 1.1425% and received a floating rate based upon the current three-month LIBOR rate. The Company entered into the swap agreement to manage interest rate risk and not for speculative purposes.

The Company recorded the change in valuation of the swap agreement in unrealized appreciation (depreciation) as of each measurement period. When the quarterly interest rate swap amounts were paid or received under the swap agreement, the amounts were recorded as a realized gain (loss) through interest rate derivative periodic interest payments, net on the Consolidated Statement of Operations.

The Company recognized a realized loss for the three and six months ended June 30, 2017 of $13 and $46, respectively, which is reflected as interest rate derivative periodic interest payments, net on the Consolidated Statements of Operations. The Company recognized a realized loss for the three and six months ended June 30, 2016 of $65 and $167, respectively, which is reflected as interest rate derivative periodic interest payments, net on the Consolidated Statements of Operations.

For the three and six months ended June 30, 2017, the Company recognized $13 and $50, respectively, of net change in unrealized depreciation from the swap agreement, which is presented under net change in unrealized appreciation (depreciation) on interest rate derivative in the Consolidated Statements of Operations. For the three and six months ended June 30, 2016, the Company recognized $12 and ($40), respectively, of net change in unrealized depreciation from the swap agreement, which is presented under net change in unrealized appreciation (depreciation) on interest rate derivative in the Consolidated Statements of Operations. As December 31, 2016, the Company's fair value of its swap agreement was $(50), which is listed as an interest rate derivative liability on the Consolidated Statements of Assets and Liabilities.

9. Contractual Obligations and Off-Balance Sheet Arrangements

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

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

As of June 30, 2017 and December 31, 2016, the Company has the following unfunded commitments to portfolio companies:

	As of	
	June 30, 2017	December 31, 2016
Unfunded delayed draw facilities		
A10 Capital, LLC	$ —	$ 2,500
LAI International, Inc.	3,700	—
	$ 3,700	$ 2,500
Unfunded revolving commitments		
HealthDrive Corporation	$ 600	$ 1,500
Holland Intermediate Acquisition Corp.	3,000	3,000
The John Gore Organization, Inc.	800	800
OEM Group, LLC	90	990
Togetherwork Holdings, LLC	116	—
Tri Starr Management Services, Inc.	444	499
Sciens Building Solutions, LLC	1,459	—
	$ 6,509	$ 6,789
Unfunded commitments to investments in funds		
Freeport Financial SBIC Fund LP	$ 680	$ 680
Gryphon Partners 3.5, L.P.	341	341
	$ 1,021	$ 1,021
Total unfunded commitments	$ 11,230	$ 10,310

The changes in fair value of the Company's unfunded commitments are considered to be immaterial as the yield determined at the time of underwriting is expected to be materially consistent with the yield upon funding.

10. Distributions

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

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

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

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

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

The Company maintains an "opt in" dividend reinvestment plan for our common stockholders. As a result, unless stockholders specifically elect to have their dividends automatically reinvested in additional shares of common stock, stockholders will receive all such dividends in cash. There were $3 of dividends reinvested for the three and six months ended June 30, 2017. There were no dividends reinvested for the three and six months ended June 30, 2016 under the dividend reinvestment plan.

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

Distributions in excess of our current and accumulated profits and earnings would be treated first as a return of capital to the extent of the stockholder's tax basis, and any remaining distributions would be treated as a capital gain. The determination of the tax attributes of our distributions will be made annually as of the end of our fiscal year based upon our taxable income for the full year and distributions paid for the full year. Therefore, a determination made on a quarterly basis may not be representative of the actual tax attributes of our distributions for a full year. If the Company had determined the tax attributes of its 2017 distributions as of June 30, 2017, 100% would be from ordinary income, 0% would be from capital gains and 0% would be a return of capital. Each year, a statement on Form 1099-DIV identifying the source of the distribution will be mailed to the Company's stockholders.

11. Financial Highlights

	For the three months ended June 30,		For the six months ended June 30,	
	2017	2016	2017	2016
Per Share Data(1):				
Net asset value attributable to THL Credit, Inc., beginning of period	$ 11.71	$ 12.24	$ 11.82	$ 12.58
Net investment income, after taxes(2)	0.31	0.35	0.60	0.75
Net realized loss on investments(2)	(0.31)	0.11	(0.34)	(0.39)
Income tax provision, realized gain(2)	(0.02)	—	(0.02)	—
Net change in unrealized appreciation (depreciation) on investments, net of taxes(2)(7)	0.06	(0.48)	(0.04)	(0.38)
Net increase in net assets resulting from operations	0.04	(0.02)	0.20	(0.02)
Distributions to stockholders from net investment income	(0.27)	(0.34)	(0.54)	(0.68)
Net asset value attributable to THL Credit, Inc., end of period	$ 11.48	$ 11.88	$ 11.48	$ 11.88
Per share market value at end of period	$ 9.95	$ 11.13	$ 9.95	$ 11.13
Total return(3)(5)	5.47%	5.91%	4.94%	10.56%
Shares outstanding at end of period	32,776	33,169	32,776	33,169
Ratio/Supplemental Data:				
Net assets at end of period, attributable to THL Credit Inc.	$376,268	$394,103	$376,268	$394,103
Ratio of total expenses to average net assets, attributable to THL Credit Inc.(4)(6)	10.41%	8.81%	10.26%	8.88%
Ratio of net investment income to average net assets, attributable to THL Credit Inc.	10.71%	11.71%	10.44%	12.40%
Portfolio turnover, attributable to THL Credit, Inc.	3.37%	2.42%	6.80%	9.65%

(1) Includes the cumulative effect of rounding.
(2) Calculated based on weighted average common shares outstanding.
(3) Total return is based on the change in market price per share during the period. Total return takes into account dividends and distributions, if any, reinvested in accordance with the Company's dividend reinvestment plan.
(4) For the three months ended June 30, 2017 and 2016, the ratio components included 2.80% and 2.81% of base management fee, 1.27% and 0.00% of incentive fee, 4.58% and 3.88% of the cost of borrowing, 1.95% and 2.07% of other operating expenses, and (0.19%) and 0.05% of the impact of all taxes, respectively. For the six months ended June 30, 2017 and 2016, the ratio components included 2.73% and 2.82% of base management fee, 1.30% and 0.02% of incentive fee, 4.51% and 3.83% of the cost of borrowing, 1.90% and 2.09% of other operating expenses, and (0.18%) and 0.12% of the impact of all taxes, respectively.
(5) Not annualized
(6) Annualized, except for incentive fee expense related to non-recurring income or expenses, and taxes.
(7) Includes the net change in unrealized appreciation (depreciation) on foreign currency transactions.

12. Stock Repurchase Program

On March 7, 2017 our board of directors authorized a $20,000 stock repurchase program. Unless extended by our board of directors, the stock repurchase program will terminate on March 7, 2018 and may be modified or terminated at any time for any reason without prior notice. We have provided our stockholders with notice of our intention to repurchase shares of our common stock in accordance with 1940 Act requirements. We will retire immediately all such shares of common stock that we purchase in connection with the stock repurchase program.

The following table summarizes our share repurchases under our stock repurchase program for the three and six months ended June 30, 2017 and 2016:

	For the three months ended June 30,		For the six months ended June 30,	
	2017	2016	2017	2016
Dollar amount repurchased	$ 1,502	$ 1,000	$ 1,502	$ 1,537
Shares repurchased	150	91	150	142
Average price per share (including commission)	$ 10.01	$ 10.99	$ 10.01	$ 10.86
Weighted average discount to net asset value	14.68%	10.34%	14.68%	12.22%

13. Subsequent Events

From July 1, 2017 through August 4, 2017, the Company closed one new first lien senior secured debt investment totaling $17,611 in the IT Services industry and two follow-on first lien senior secured debt investments totaling $4,459. The new and follow-on floating rate investments have a combined weighted average yield based upon cost at the time of investment of 8.6%.

On July 17, 2017, the Company received proceeds of $19,001 from the repayment of its senior secured term loan in Food Processing Holdings, LLC, at par, and $1,216 of proceeds from the realization of its common equity interest.

On August 1, 2017, the Company's board of directors declared a dividend of $0.27 per share payable on September 29, 2017 to stockholders of record at the close of business on September 15, 2017.

Schedule 12-14

THL Credit, Inc. and Subsidiaries

Schedule of Investments in and Advances to Affiliates
(dollar amounts in thousands)
(unaudited)

Type of Investment/Portfolio company (1)	Amount of interest, dividends or fees credited in income (2)	Fair Value at December 31, 2016	Gross Additions (3)	Gross Reductions (4)	Fair Value at June 30, 2017
Control Investments					
C&K Market, Inc.					
1,992,365 shares of common stock	2,137	$ 12,480	$ —	$ (462)	$ 12,018
1,992,365 shares of preferred stock	—	9,962	—	—	9,962
Copperweld Bimetallics LLC					
Second lien term loan 12% cash due 10/5/2021	327	5,415	—	—	5,415
676.93 shares of preferred stock	—	3,385	308	—	3,693
609,230 shares of common stock	—	10,104	104	(76)	10,132
Loadmaster Derrick & Equipment, Inc.					
Senior secured revolving term loan 11.3% (LIBOR+10.3%) cash due 12/31/2020	102	—	2,550	—	2,550
Senior secured term loan 11.3% (LIBOR + 10.3%) (5.65% cash and 5.65% PIK) due 12/31/2020	207	7,208	204	(2,595)	4,817
Senior secured last-out term loan 13% PIK due 12/31/2020	—	249	—	(249)	—
2,702.434 shares of preferred stock	—	—	—	—	—
10,930.508 shares of common stock	—	—	—	—	—
OEM Group, LLC					
Senior secured term loan 10.3% (LIBOR+9.5%) cash due 2/15/2019	973	18,703	—	—	18,703
Senior secured revolving term loan 10.3% (LIBOR+9.5%) cash due 6/30/2017	336	6,010	900	—	6,910
93.51 shares of common stock	—	11,046	1,750	—	12,796
Thibaut, Inc					
Senior secured term loan 14.0% cash due 6/19/19	455	6,391	8	(40)	6,359
4,747 shares of series A preferred stock	13	5,644	221	—	5,865
20,639 shares of common stock	—	1,472	320	—	1,792
THL Credit Logan JV LLC (5)					
80% economic interest	4,180	59,737	8,413	(1,342)	66,808
Tri Starr Management Services, Inc.					
LIFO revolving loan 7.5% (ABR+3.8%) due 9/30/2017	211	98	443	(391)	150
Non LIFO revolving loan 5.8% (LIBOR + 4.8%) cash due 9/30/2017	146	667	129	(127)	669
Tranche 1-A term loan 5.8% (LIBOR + 4.8%) cash due 9/30/2017	70	291	61	(61)	291
Tranche 1-B term loan 5.8% (LIBOR + 4.8%) cash due 9/30/2017	611	2,545	537	(537)	2,545
Tranche 2 term loan 10% PIK due 9/30/2017	402	1,364	402	(269)	1,497
Tranche 3 term loan 10% PIK due 9/30/2017	—	—	50	—	50
Tranche 4 term loan 5% PIK due 9/30/2017	—	—	—	—	—
716.772 shares of common stock	—	4,436	797	—	5,233
Total Control Investments	**$ 10,170**	**$ 167,207**	**$17,197**	**$ (6,149)**	**$ 178,255**
Affiliate Investments					
THL Credit Greenway Fund LLC (6)					

Investment in fund	(39)	1	—	—	1
THL Credit Greenway Fund II LLC (6)					
Investment in fund	579	3	—	—	3
Total Affiliate Investments	**$ 540**	**$ 4**	**$ —**	**$ —**	**$ 4**
Total Control and Affiliate Investments	**$ 10,710**	**$ 167,211**	**$ 17,197**	**$ (6,149)**	**$ 178,259**

(1) The principal amount and ownership detail as shown in the Consolidated Schedule of Investments as of June 30, 2017 and December 31, 2016. Common stock and preferred stock, in some cases, are generally non-income producing.

(2) Represents the total amount of interest and fees credited to income for the portion of the year an investment was included in the Control and Affiliate categories.

(3) Gross additions include increases in the cost basis of investments resulting from new portfolio investments, follow-on investments, accrued PIK interest and the exchange of one or more existing securities for one or more new securities. Gross additions also include net increases in unrealized appreciation.

(4) Gross reductions include decreases in the cost basis of investments resulting from principal payments or sales and exchanges of one or more existing securities for one or more new securities. Gross reductions also include net increases in unrealized depreciation.

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

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

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

The information contained in this section should be read in conjunction with the consolidated financial statements and notes thereto appearing elsewhere in this report.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

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

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

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

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

Overview

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

As of June 30, 2017, we, together with our credit-focused affiliates, collectively had $10.3 billion of assets under management. This amount included our assets, assets of the managed funds and a separate account managed by us, and assets of the collateralized loan obligations (CLOs), separate accounts and various fund formats, including any uncalled commitments of private funds, as managed by the investment professionals of the Advisor or its consolidated subsidiary.

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

We are an externally managed, non-diversified, closed-end investment company that has elected to be regulated as a business development company, or BDC, under the Investment Company Act of 1940 Act, as amended, or the 1940 Act. As a BDC, we are required to comply with certain regulatory requirements. For instance, we generally have to invest at least 70% of our total assets in "qualifying assets," including securities of private or thinly traded public U.S. companies, cash, cash equivalents, U.S. Government securities and high-quality debt investments that mature in one year or less.

As a BDC, we must not acquire any assets other than "qualifying assets" specified in the 1940 Act unless, at the time the acquisition is made, at least 70% of our total assets are qualifying assets (with certain limited exceptions). Qualifying assets include investments in "eligible portfolio companies." Under the relevant U.S. Securities and Exchange Commission, or SEC, rules the term "eligible portfolio company" includes all private companies, companies whose securities are not listed on a national securities exchange, and certain public companies that have listed their securities on a national securities exchange and have a market capitalization of less than $250 million, in each case organized in the United States.

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

Since April 2010, after we completed our initial public offering and commenced principal operations, through June 30, 2017, we have been responsible for making, on behalf of ourselves, managed funds and separately managed account, over approximately $1,900 million in aggregate commitments into 95 separate portfolio companies through a combination of both initial and follow-on investments. Since April 2010 through June 30, 2017, we, along with our managed funds and separately managed account, have received $1,199 million of gross proceeds from the realization of investments. The Company alone has received $991 million of gross proceeds from the realization of its investments during this same time period.

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

Portfolio Composition and Investment Activity

Portfolio Composition

As of June 30, 2017, we had $674.3 million of portfolio investments (at fair value), which represents a $5.1 million, or 0.8% increase from the $669.2 million (at fair value) as of December 31, 2016. Our portfolio consisted of 46 investments, including THL Credit Greenway Fund LLC, or Greenway, and THL Credit Greenway Fund II LLC, or Greenway II, as of June 30, 2017, compared to 47 portfolio investments, including Greenway and Greenway II, as of December 31, 2016. As of June 30, 2017, we had $178.3 million of controlled portfolio investments (at fair value) in 7 portfolio companies, which represents an $11.1 million, or 6.6% increase from $167.2 million (at fair value) as of December 31, 2016. The increase was the result of follow-on investments and changes in performance of certain investments. Our average controlling equity position at June 30, 2017 was approximately $23.4 and $25.5 at cost and fair value, respectively.

At June 30, 2017, our average portfolio company investment, excluding Greenway, Greenway II, Logan JV and portfolio investments where we only have an equity or fund investment and restructured investments where we converted debt to a controlling equity interest, at amortized cost and fair value, was approximately $14.9 million and $14.5 million, respectively. Including investments in funds, investments where we hold equity only positions or investments where we converted debt to a controlling equity position would not be representative of our typical portfolio investment size and were therefore excluded from the calculation. Our largest portfolio company investment, excluding the Logan JV and investments where we hold equity only positions or investments where we converted debt to a controlling equity position, by cost was approximately $31.8 million and by fair value was $31.6 million. Including such investments, our largest portfolio company investment at June 30, 2017 was our investment in the Logan JV, which totaled $67.0 and $66.8 at cost and fair value, respectively. At December 31, 2016, our average portfolio company investment at both amortized cost and fair value was approximately $16.0 million and $15.4 million, respectively, and our largest portfolio company investment by both amortized cost and fair value was approximately $31.6 million and $30.5 million, respectively.

At June 30, 2017, based upon fair value, 90.1% of our debt investments bore interest based on floating rates, which may be subject to interest rate floors, such as the London Interbank offer rate, or LIBOR, and Canadian Dollar Offered Rate, or CDOR, and 9.9% bore interest at fixed rates. At December 31, 2016, 89.1% of our debt investments bore interest based on floating rates, which may be subject to interest rate floors, such as LIBOR, and 10.9% bore interest at fixed rates.

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

Description:	As of June 30, 2017	As of December 31, 2016
First lien senior secured debt (1)	10.6%	10.6%
Second lien debt	7.0%	10.2%
Subordinated debt	13.9%	12.4%
Investments in payment rights (2)	18.3%	18.3%
CLO residual interests (2)	—	14.1%
Income-producing equity securities	11.5%	12.0%
Debt and income-producing investments (3)	10.6%	10.9%
Logan JV (4)	12.7%	14.1%
Debt and income-producing investments including Logan JV (1)(4)	11.0%	11.2%

(1) Includes all loans on non-accrual status.

(2) Yields from investments in payment rights and CLO residual interests represent an effective yield expected from anticipated cash flows. Our two remaining investments in CLO residual interests as of December 31, 2016 were sold in January 2017.

(3) Includes yields on controlled investments, but excludes the yield on the Logan JV.

(4) As of June 30, 2017 and December 31, 2016, the dividends declared and earned of $2.1 million and $2.1 million for the three months ended June 30, 2017 and December 31, 2016 respectively, represented a yield to us of 12.7% and 14.1%, respectively, based on average capital invested. We expect the dividend yield to fluctuate as a result of the timing of additional capital invested, the changes in asset yields in the underlying portfolio and the overall performance of the Logan JV investment portfolio.

The weighted average yield of our debt investments is not the same as a return on investment for our stockholders but, rather, relates to a portion of our investment portfolio and is calculated before the payment of our fees and expenses. The weighted average yield was computed using the effective interest rates as of June 30, 2017, including accretion of original issue discount and loan origination fees. This weighted average yield reflects the impact of loans on non-accrual status. There can be no assurance that the weighted average yield will remain at its current level.

As of June 30, 2017 and December 31, 2016, portfolio investments, in which we have debt investments, had a median earnings before interest, taxes, depreciation and amortization, or EBITDA, of approximately $12 million and $12 million, respectively, based on the latest available financial information provided by the portfolio companies for each of these periods. As of June 30, 2017 and December 31, 2016, our median attachment point in the capital structure of our debt investments in portfolio companies is approximately 4.1 times and 4.3 times the portfolio company's EBITDA, respectively, based on our latest available financial information for each of these periods.

We expect the percent of our portfolio investments in unsponsored investments to decrease significantly over time as we work through restructurings, which may include providing additional liquidity through revolving loans, and ultimately exit our unsponsored investments. Going forward we expect unsponsored investments we make, if any, would only be in first lien senior secured investments. As of June 30, 2017, our portfolio of unsponsored investments included seven investments. Five are performing at or above our expectations and have an Investment Score of 1 or 2. Two other unsponsored investments have Investment Scores ranging from 3 to 5, one, Tri Starr Management Services, Inc., was restructured into a controlled equity investment.

As of June 30, 2017, we have closed portfolio investments with 60 different sponsors since inception. As of December 31, 2016, we had closed portfolio investments with 56 different sponsors since inception.

Table of Contents

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

	As of June 30, 2017				As of December 31, 2016			
	Amortized Cost	Amortized Cost as % of Total	Fair Value	Fair Value as % of Total	Amortized Cost	Amortized Cost as % of Total	Fair Value	Fair Value as % of Total
Sponsored Investments (1)	$ 496.9	81.2%	$474.2	78.0%	$ 498.1	81.4%	$479.5	79.0%
Unsponsored Investments (1)	114.7	18.8%	133.4	22.0%	113.5	18.6%	130.0	21.0%
Total	$ 611.6	100.0%	$607.6	100.0%	$ 611.6	100.0%	$609.5	100.0%

(1) Excludes THL Credit Greenway Fund I LLC, THL Credit Greenway Fund II LLC, and THL Credit Logan JV LLC.

The following table summarizes the amortized cost and fair value of investments as of June 30, 2017 (in millions).

Description	Amortized Cost	Percentage of Total	Fair Value (1)	Percentage of Total
First lien senior secured debt	$ 446.2	65.8%	$ 432.4	64.2%
Second lien debt	57.9	8.5%	51.5	7.6%
Equity investments (2)	70.5	10.4%	86.1	12.8%
Investment in Logan JV	67.0	9.9%	66.8	9.9%
Subordinated debt	22.0	3.2%	20.5	3.0%
Investment in payment rights	11.0	1.6%	13.3	2.0%
Investments in funds	3.8	0.6%	3.6	0.5%
Warrants	0.2	0.0%	0.1	0.0%
Total investments	$ 678.6	100.0%	$ 674.3	100.0%

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

(2) Includes our holdings in C&K Market, Inc., which declared a quarterly dividend of $1.0 million for the three months ended June 30, 2017. This investment has paid a quarterly dividend since the quarter ended December 31, 2015.

The following table summarizes the amortized cost and fair value of investments as of December 31, 2016 (in millions).

Description	Amortized Cost	Percentage of Total	Fair Value (1)	Percentage of Total
First lien senior secured debt	$ 378.9	56.6%	$ 370.8	55.4%
Second lien debt	105.7	15.8%	95.3	14.2%
Equity investments	73.2	10.9%	86.2	12.9%
Investment in Logan JV	59.0	8.8%	59.7	8.9%
Subordinated debt	29.7	4.4%	28.1	4.2%
Investment in payment rights	11.0	1.6%	13.3	2.0%
CLO residual interests	8.7	1.3%	7.2	1.1%
Investments in funds	4.2	0.6%	4.4	0.7%
Warrants	0.2	0.0%	4.2	0.6%
Total investments	$ 670.6	100.0%	$ 669.2	100.0%

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

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

Table of Contents

The following is a summary of the industry classification in which the Company invests as of June 30, 2017 (in millions).

Industry	Amortized Cost	Fair Value	% of Total Portfolio
Consumer products	$ 119.6	$ 118.5	17.56%
Industrials and manufacturing	102.6	99.6	14.78%
Financial services	76.9	79.8	11.84%
Investment funds and vehicles	67.0	66.8	9.91%
Media, entertainment and leisure	47.8	47.2	7.00%
Healthcare	44.3	44.2	6.55%
Retail & grocery	35.6	41.7	6.18%
Energy / utilities	45.1	38.2	5.66%
IT Services	38.0	36.8	5.46%
Business services	30.0	32.5	4.82%
Food & beverage	19.5	20.2	3.00%
Transportation	17.1	19.2	2.85%
Restaurants	21.7	15.9	2.35%
Consumer services	13.4	13.7	2.04%
Total Investments	$ 678.6	$ 674.3	100.00%

The following is a summary of the industry classification in which the Company invests as of December 31, 2016 (in millions) [(1)].

Industry	Amortized Cost	Fair Value	% of Total Portfolio
Consumer products	$ 109.0	$ 107.2	15.99%
Industrials and manufacturing	101.0	102.2	15.26%
Investment funds and vehicles	59.0	59.7	8.93%
Financial services	56.8	59.6	8.91%
Media, entertainment and leisure	49.1	53.4	7.98%
Healthcare	51.8	51.8	7.75%
IT services	55.6	50.6	7.56%
Retail & grocery	35.4	40.4	6.04%
Energy / utilities	42.0	35.8	5.35%
Business services	29.1	25.9	3.88%
Food & beverage	20.6	21.2	3.17%
Restaurants	21.2	20.7	3.09%
Transportation	17.9	20.0	2.99%
Consumer services	13.4	13.5	2.02%
Structured products	8.7	7.2	1.08%
Total Investments	$ 670.6	$ 669.2	100.00%

(1) Certain portfolio companies were reclassified to conform to current year presentation.

Table of Contents

Investment Activity

The following is a summary of our investment activity, presented on a cost basis, for the three and six months ended June 30, 2017 and 2016 (in millions).

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
New portfolio investments	$ 17.4	$ —	$45.4	$40.0
Existing portfolio investments:				
Follow-on investments [1]	4.5	15.3	9.7	23.6
Delayed draw and revolver investments [1]	1.1	1.9	6.7	6.5
Total existing portfolio investments	5.6	17.2	16.4	30.1
Total portfolio investment activity	$ 23.0	$ 17.2	$61.8	$70.1
Number of new portfolio investments	2	—	4	2
Number of existing portfolio investments	5	6	8	9
First lien senior secured debt	$ 18.5	$ 8.3	$50.4	$56.2
Investment in Logan JV	4.0	5.6	8.0	9.6
Subordinated debt	—	1.7	1.7	2.4
Equity investments	0.5	1.6	1.7	1.8
Investments in funds	—	—	—	0.1
Total portfolio investments	$ 23.0	$ 17.2	$61.8	$70.1
Weighted average yield of new debt investments	9.8%	10.5%	10.9%	10.6%
Weighted average yield, including all new income-producing investments	9.8%	10.8%	11.0%	10.7%

(1) Includes follow-on investments in controlled investments.

For the three and six months ended June 30, 2017, we received proceeds from prepayments and sales of our investments, including any prepayment premiums, totaling $32.7 million and $44.5 million, respectively. For the three and six months ended June 30, 2016, we received proceeds from prepayments and sales of our investments, including any prepayment premiums, totaling $46.1 million and $110.1 million, respectively. Please refer to "Results of Operations—Net Realized Gains and Losses on Investments, net of income tax provision" for additional details surrounding certain investments that were sold.

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

For the six months ended June 30, 2017

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

For the six months ended June 30, 2016

- Repayment of a first lien senior secured debt investment in 20-20 Technologies Inc. at par, which resulted in proceeds of $29.0 million;
- Repayment of a second lien term loan in Connecture, Inc., which resulted in proceeds of $22.3 million, including a prepayment premium and other fees of $0.4 million;

- Repayment of a first lien senior secured term loan and revolving loan in Hart Intercivic, Inc at par, which resulted in proceeds of $14.7 million. A new investment of $25.6 million was made in the first lien senior secured term loan in connection with a refinancing of the business;
- Repayment of a second lien term loan Vision Solutions, Inc. at par, which resulted in proceeds of $9.6 million;
- Repayment of a second lien term loan in Allen Edmonds Corporation at par, which resulted in proceeds of $7.3 million;
- Sale of a common equity position in Surgery Center Holdings, Inc., which resulted in proceeds of $3.7 million, all of which was recognized as a realized gain;
- Repayment of a first lien senior secured term loan at par and sale of our equity investment in Airborne Tactical Advantage Company, LLC, which resulted in proceeds of $5.2 million. These proceeds included a realized gain of $0.7 million and a $0.2 million escrow related to the sale of the business; and
- Sale of an equity position in AIM Media Texas Operating, LLC, which resulted in proceeds of $0.7 million.

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

Aggregate Cash Flow Realized Gross Internal Rate of Return

Since April 2010, after we completed our initial public offering and commenced principal operations, through June 30, 2017, our fully exited investments have resulted in an aggregate cash flow realized gross internal rate of return to us of 14.8% (based on cash invested of $852.5 million and total proceeds from these exited investments of $1,064.8 million). 87.5% of these exited investments resulted in an aggregate cash flow realized gross internal rate of return to us of 10% or greater. Internal rate of return, or IRR, is a measure of our discounted cash flows (inflows and outflows). Specifically, IRR is the discount rate at which the net present value of all cash flows is equal to zero. That is, IRR is the discount rate at which the present value of total cash invested in our investments is equal to the present value of all realized returns from the investments. Our IRR calculations are unaudited.

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

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

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

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

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

Investment Risk

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

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

THL Credit Logan JV LLC

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

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

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

As of June 30, 2017 and December 31, 2016, Logan JV had the following commitments, contributions and unfunded commitments from its members.

	As of June 30, 2017		
Member	Total Commitments	Contributed Capital	Unfunded Commitments
THL Credit, Inc.	$ 200.0	$ 67.0	$ 133.0
Perspecta Trident LLC	50.0	16.8	33.2
Total Investments	$ 250.0	$ 83.8	$ 166.2

	As of December 31, 2016		
Member	Total Commitments	Contributed Capital	Unfunded Commitments
THL Credit, Inc.	$ 200.0	$ 59.0	$ 141.0
Perspecta Trident LLC	50.0	14.7	35.3
Total Investments	$ 250.0	$ 73.7	$ 176.3

On December 17, 2014, Logan JV entered into a senior credit facility, or the Logan JV Credit Facility, with Deutsche Bank AG which allows Logan JV to borrow up to $50.0 million subject to leverage and borrowing base restrictions. Throughout the course of 2016 and 2017, in accordance with the terms of the Logan JV Credit Facility, Deutsche Bank AG and other banks increased the commitment amount to $150.0 million. The amended revolving loan period ends on February 15, 2018 and the final maturity date is February 15, 2021. As of June 30, 2017 and December 31, 2016, Logan JV had $137.6 million and $129.3 million of outstanding borrowings under the credit facility, respectively. The Logan JV Credit Facility bears interest at three month LIBOR (with no LIBOR floor) plus 2.50%. At June 30, 2017, the effective interest rate on the Logan JV Credit Facility was 3.71% per annum.

As of June 30, 2017 and December 31, 2016, Logan JV had total investments at fair value of $219.9 million and $200.2 million, respectively. As of June 30, 2017 and December 31, 2016, Logan JV's portfolio was comprised of senior secured first lien and second lien loans to 107 and 91 different borrowers, respectively. As of June 30, 2017 and December 31, 2016, there were no loans on non-accrual status. As of June 30, 2017 and December 31, 2016, Logan JV had unfunded commitments to fund revolver and delayed draw loans to its portfolio companies totaling $0.4 million and $0.4 million, respectively. The portfolio companies in Logan JV are in industries similar to those in which we may invest directly.

Below is a summary of Logan JV's portfolio, followed by a listing of the individual loans in Logan JV's portfolio as of June 30, 2017 and December 31, 2016 (dollar amounts in thousands):

	As of June 30, 2017	As of December 31, 2016
First lien secured debt (1)	$ 197,381	$ 180,385
Second lien debt (1)	27,042	23,564
Total debt investments	$ 224,423	$ 203,949
Weighted average yield on first lien secured loans (2)	6.1%	6.4%
Weighted average yield on second lien loans (2)	9.1%	9.4%
Weighted average yield on all loans (2)	6.5%	6.7%
Number of borrowers in Logan JV	107	91
Largest loan to a single borrower (1)	$ 4,950	$ 4,975
Total of five largest loans to borrowers (1)	$ 23,047	$ 23,918

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

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

For the three and six months ended June 30, 2017, our share of income from distributions declared related to our Logan JV LLC equity interest was $2.1 million and $4.2 million, respectively, which amounts are included in dividend income from controlled investments in the Consolidated Statement of Operations. For the three and six months ended June 30, 2016, our share of income from distributions declared related to our Logan JV LLC equity interest was $1.8 million and $3.3 million, respectively, which amounts are included in dividend income from controlled investments in the Consolidated Statement of Operations. As of June 30, 2017 and December 31, 2016, $2.2 million and $3.4 million, respectively, of income related to the Logan JV was included in Interest, dividends and fees receivable on the Consolidated Statements of Assets and Liabilities. As of June 30, 2017, the dividends declared and earned of $2.1 million for the quarter ended June 30, 2017, represented a dividend yield to the Company of 12.7% based upon average capital invested during the quarter. As of December 31, 2016, dividends declared and earned of $2.1 million for the quarter ended December 31, 2016, represented a dividend yield to the Company of 14.1% based upon average equity invested during the quarter. We expect the dividend yield to fluctuate as a result of the timing of additional capital invested, the changes in asset yields in the underlying portfolio and the overall performance of the Logan JV investment portfolio.

Logan JV Loan Portfolio as of June 30, 2017
(dollar amounts in thousands)

Type of Investment/ Portfolio company	Industry	Interest Rate [1]	Initial Acquisition Date	Maturity Date	Principal	Amortized Cost	Fair Value [2]
Senior Secured First Lien Term Loans Canada							
Can Am Construction Inc	Construction & Building	6.5% (LIBOR +5.5%)	06/29/2017	06/28/2024	$ 1,200	$ 1,164	$1,176
Parq Holdings LP	Hotel, Gaming & Leisure	8.5% (LIBOR +7.5%)	12/05/2014	12/17/2020	1,000	990	997
Total Canada						$ 2,154	$2,173
Cayman Islands							
Lindblad Maritime	Hotel, Gaming & Leisure	5.5% (LIBOR +4.5%)	06/23/2015	05/08/2021	$ 336	$ 337	$ 338
Total Cayman Islands						$ 337	$ 338
Denmark							
Rhodia Acetow	Construction & Building	6.5% (LIBOR +5.5%)	04/21/2017	05/31/2023	$ 1,000	$ 985	$1,006
Total Denmark						$ 985	$1,006
Luxembourg							
Travelport Finance (Luxembourg) S.à r.l.	Services: Business	4.25% (LIBOR +3.25%)	09/04/2015	09/02/2021	$ 2,883	$ 2,896	$2,893
Total Luxembourg						$ 2,896	$2,893
United States of America							
1A Smart Start LLC	Services: Consumer	5.5% (LIBOR +4.5%)	03/20/2017	02/21/2022	$ 998	$ 993	$ 992
1A Smart Start LLC	Services: Consumer	5.75% (LIBOR +4.75%)	08/28/2015	02/21/2022	2,463	2,445	2,462
Ability Networks Inc.	High Tech Industries	6% (LIBOR +5%)	03/17/2015	05/14/2021	1,462	1,472	1,467
Advanced Integration Technology LP	Aerospace & Defense	6.5% (LIBOR +5.5%)	07/15/2016	04/03/2023	1,985	1,966	1,997
AgroFresh Inc.	Services: Business	5.75% (LIBOR +4.75%)	12/01/2015	07/31/2021	1,965	1,954	1,945
Alpha Media LLC	Media: Broadcasting & Subscription	7% (LIBOR +6%)	02/24/2016	02/25/2022	1,845	1,773	1,766
American Sportsman Holdings Co	Retail	5.75% (LIBOR +5%)	11/22/2016	12/15/2023	3,000	2,982	2,922
AMS FinCo SARL	Services: Business	6.5% (LIBOR +5.5%)	05/17/2017	05/11/2024	2,500	2,475	2,513
Ansira Holdings, Inc.[3]	Media: Advertising, Printing & Publishing	1% (LIBOR +0%)	12/20/2016	12/20/2022	255	(2)	(2)
Ansira Holdings, Inc.	Media: Advertising, Printing & Publishing	7.5% (LIBOR +6.5%)	12/20/2016	12/20/2022	1,737	1,721	1,724
AP Gaming I LLC	Hotel, Gaming & Leisure	6.5% (LIBOR +5.5%)	06/06/2017	02/15/2024	2,500	2,494	2,525
APC Aftermarket	Automotive	6% (LIBOR +5%)	05/09/2017	05/10/2024	500	490	492
Aptean, Inc.	Services: Business	5.25% (LIBOR +4.25%)	12/15/2016	12/20/2022	1,995	1,975	2,006
Arbor Pharmaceuticals, LLC	Healthcare & Pharmaceuticals	6% (LIBOR +5%)	07/12/2016	07/05/2023	2,453	2,356	2,482
Avaya Inc [5]	Telecommunications	6.5% (LIBOR +5.5%)	12/18/2014	03/31/2018	986	989	788
Avaya Inc [5]	Telecommunications	6.25% (LIBOR +5.25%)	04/30/2015	05/29/2020	979	974	786
Avaya Inc	Telecommunications	8.5% (LIBOR +7.5%)	01/23/2017	01/24/2018	439	436	454
BBB Industries US Holdings, Inc.	Automotive	6% (LIBOR +5%)	02/16/2017	11/03/2021	997	995	1,006
Beasley Broadcast Group Inc.	Media: Broadcasting & Subscription	7% (LIBOR +6%)	10/06/2016	11/01/2023	1,634	1,604	1,655
Birch Communications, Inc.	Telecommunications	8.25% (LIBOR +7.25%)	12/05/2014	07/17/2020	1,326	1,315	972
Blount International, Inc.	Capital Equipment	6% (LIBOR +5%)	04/05/2016	04/12/2023	1,687	1,645	1,719
Blucora, Inc.	Services: Business	4.75% (LIBOR +3.75%)	04/21/2017	05/22/2024	960	955	970
Brand Energy & Infrastructure Services, Inc.	Services: Business	5.25% (LIBOR +4.25%)	06/16/2017	06/15/2024	3,000	2,970	3,001

Caesars Entertainment Resort Properties, LLC	Hotel, Gaming & Leisure	4.5% (LIBOR +3.5%)	01/15/2015	10/11/2020	2,900	2,784	2,920
Casablanca US Holdings Inc.	Hotel, Gaming & Leisure	5.75% (LIBOR +4.75%)	02/21/2017	03/29/2024	1,995	1,947	1,997
Clear Balance Holdings, LLC	Banking, Finance, Insurance & Real Estate	6.75% (LIBOR +5.75%)	07/07/2015	06/30/2020	4,570	4,561	4,570

Table of Contents

Logan JV Loan Portfolio as of June 30, 2017
(dollar amounts in thousands)

Type of Investment/ Portfolio company	Industry	Interest Rate (1)	Initial Acquisition Date	Maturity Date	Principal	Amortized Cost	Fair Value (2)
Commercial Barge Line Co	Transportation: Cargo	9.75% (LIBOR +8.75%)	11/06/2015	11/12/2020	1,406	1,359	1,226
Constellis Holdings, LLC	Aerospace & Defense	6% (LIBOR +5%)	04/18/2017	04/21/2024	2,000	1,980	1,980
ConvergeOne Holdings Corp.	Telecommunications	5.75% (LIBOR +4.75%)	06/15/2017	06/02/2024	2,000	1,980	1,992
Conyers Park Parent Merger Sub Inc	Retail	5.25% (LIBOR +4.25%)	06/21/2017	06/16/2024	2,000	1,990	2,010
Cortes NP Acquisition Corp	Capital Equipment	5% (LIBOR +4%)	09/30/2016	11/30/2023	1,935	1,880	1,946
CPI Acquisition, Inc.	Services: Consumer	5.5% (LIBOR +4.5%)	08/14/2015	08/17/2022	3,875	3,849	3,332
CT Technologies Intermediate Holdings, Inc	Healthcare & Pharmaceuticals	5.25% (LIBOR +4.25%)	02/11/2015	12/01/2021	1,950	1,957	1,948
Cvent, Inc.	Hotel, Gaming & Leisure	5% (LIBOR +4%)	06/16/2016	11/29/2023	1,995	1,976	1,999
CWGS Group, LLC	Automotive	4.5% (LIBOR +3.75%)	11/03/2016	11/08/2023	995	990	1,002
Cypress Semiconductor Corporation	High Tech Industries	3.75% (LIBOR +3.75%)	06/03/2016	07/05/2021	1,906	1,882	1,928
Eastman Kodak Company	High Tech Industries	7.25% (LIBOR +6.25%)	09/09/2015	09/03/2019	1,953	1,920	1,950
EmployBridge Holding Co.	Services: Business	7.5% (LIBOR +6.5%)	02/04/2015	05/15/2020	2,927	2,921	2,748
EnergySolutions, LLC	Environmental Industries	6.75% (LIBOR +5.75%)	03/16/2015	05/29/2020	4,543	4,469	4,583
Epic Health Services	Healthcare & Pharmaceuticals	5.25% (LIBOR +4.25%)	03/13/2017	03/16/2024	1,197	1,186	1,203
Everi Payments Inc.	Services: Consumer	5.5% (LIBOR +4.5%)	05/01/2017	05/09/2024	1,500	1,493	1,512
Evo Payments International, LLC	Services: Business	6% (LIBOR +5%)	12/08/2016	12/22/2023	2,633	2,609	2,667
Freedom Mortgage Corporation	Banking, Finance, Insurance & Real Estate	6.5% (LIBOR +5.5%)	02/17/2017	02/23/2022	2,981	2,967	3,026
FullBeauty Brands LP / OSP Group Inc.	Retail	5.75% (LIBOR +4.75%)	03/08/2016	10/14/2022	3,950	3,727	2,469
Gold Standard Baking, Inc.	Wholesale	5.5% (LIBOR +4.5%)	05/19/2015	04/23/2021	2,940	2,931	2,911
Green Plains Renewable Energy Inc	Energy: Oil & Gas	6.5% (LIBOR +5.5%)	06/09/2015	06/30/2020	3,399	3,287	3,421
Gruden Acquisition Inc.	Transportation: Cargo	5.75% (LIBOR +4.75%)	06/21/2017	08/18/2022	1,995	1,945	1,948
GTCR Valor Companies, Inc.	Services: Business	7% (LIBOR +6%)	05/17/2016	06/16/2023	3,960	3,828	3,988
Gulf Finance, LLC	Energy: Oil & Gas	6.25% (LIBOR +5.25%)	08/17/2016	08/25/2023	1,955	1,904	1,833
Idera Inc	High Tech Industries	5.75% (LIBOR +4.75%)	06/27/2017	06/26/2024	2,800	2,772	2,800
Infoblox Inc.	High Tech Industries	6% (LIBOR +5%)	11/03/2016	11/07/2023	2,216	2,176	2,234
Insurance Technologies	High Tech Industries	7.5% (LIBOR +6.5%)	03/26/2015	12/15/2021	3,494	3,461	3,477
Insurance Technologies(4)	High Tech Industries	0.5% (LIBOR +0.5%)	03/26/2015	12/15/2021	137	(1)	(1)
Jackson Hewitt Tax Service Inc	Services: Consumer	8% (LIBOR +7%)	07/24/2015	07/30/2020	960	948	922
Kemet Corporation	High Tech Industries	7% (LIBOR +6%)	04/21/2017	04/26/2024	1,000	971	1,005
Kestra Financial, Inc.	Banking, Finance, Insurance & Real Estate	6.25% (LIBOR +5.25%)	06/10/2016	06/24/2022	3,960	3,911	3,940
KMG Chemicals Inc	Chemicals, Plastics & Rubber	5.25% (LIBOR +4.25%)	06/13/2017	06/09/2024	1,250	1,244	1,265
Kraton Polymers LLC	Chemicals, Plastics & Rubber	5% (LIBOR +4%)	02/18/2016	01/06/2022	1,387	1,261	1,402
Lannett Company Inc	Healthcare & Pharmaceuticals	6.375% (LIBOR +5.375%)	11/20/2015	11/25/2022	1,388	1,280	1,384
Lindblad Expeditions Inc	Hotel, Gaming & Leisure	5.5% (LIBOR +4.5%)	06/23/2015	05/08/2021	2,604	2,615	2,624

Margaritaville Holdings LLC	Beverage, Food & Tobacco	7% (LIBOR +6%)	03/12/2015	03/12/2021	4,424	4,397	4,424
Match Group Inc	Media: Broadcasting & Subscription	4% (LIBOR +3.25%)	11/06/2015	11/16/2022	656	663	660
MCS Group Holdings LLC	Services: Business	5.75% (LIBOR +4.75%)	05/12/2017	05/20/2024	2,000	1,990	2,035
Merrill Communications LLC	Media: Advertising, Printing & Publishing	6.25% (LIBOR +5.25%)	05/29/2015	06/01/2022	1,964	1,955	1,973
Meter Readings Holding, LLC	Utilities: Electric	6.75% (LIBOR +5.75%)	08/17/2016	08/29/2023	2,982	2,954	3,012
MND Holdings III Corp	Retail	5.5% (LIBOR +4.5%)	06/19/2017	06/06/2024	2,000	1,990	2,018
Moran Foods LLC	Retail	7% (LIBOR +6%)	12/02/2016	12/05/2023	2,985	2,902	2,951
Morphe, LLC	Retail	7% (LIBOR +6%)	02/21/2017	02/10/2023	2,963	2,921	2,925
Nasco Healthcare, Inc.	Healthcare & Pharmaceuticals	5.5% (LIBOR +4.5%)	07/13/2015	06/30/2021	4,559	4,544	4,536
NextCare, Inc.	Healthcare & Pharmaceuticals	7% (LIBOR +6%)	08/21/2015	07/31/2018	2,940	2,935	2,940
Petrochoice Holdings Inc	Chemicals, Plastics & Rubber	6% (LIBOR +5%)	09/02/2015	08/19/2022	983	964	991
Pre-Paid Legal Services, Inc	Services: Business	6.5% (LIBOR +5.25%)	05/21/2015	07/01/2019	836	834	844
Project Leopard Holdings Inc	High Tech Industries	6.5% (LIBOR +5.5%)	06/21/2017	06/20/2023	1,750	1,746	1,757
Quincy Newspapers Inc	Media: Broadcasting & Subscription	4.25% (LIBOR +3.25%)	11/23/2015	11/02/2022	2,715	2,735	2,741
Redbox Automated Retail LLC	Services: Consumer	8.5% (LIBOR +7.5%)	09/26/2016	09/27/2021	1,488	1,449	1,496
Riverbed Technology, Inc.	High Tech Industries	4.25% (LIBOR +3.25%)	02/25/2015	04/25/2022	966	962	953
SCS Holdings Inc	Services: Business	5.25% (LIBOR +4.25%)	11/20/2015	10/30/2022	1,852	1,840	1,871

Table of Contents

Logan JV Loan Portfolio as of June 30, 2017
(dollar amounts in thousands)

Type of Investment/ Portfolio company	Industry	Interest Rate [(1)]	Initial Acquisition Date	Maturity Date	Principal	Amortized Cost	Fair Value [(2)]
Seahawk Holding Cayman Ltd	High Tech Industries	7% (LIBOR +6%)	09/27/2016	10/31/2022	2,736	2,713	2,783
Sirva Worldwide, Inc.	Transportation: Cargo	7.5% (LIBOR +6.5%)	11/18/2016	11/22/2022	2,985	2,917	3,000
SMS Systems Maintenance Services Inc	Services: Business	6% (LIBOR +5%)	02/09/2017	10/30/2023	2,985	2,971	2,983
SolarWinds Inc	High Tech Industries	4.5% (LIBOR +3.5%)	02/21/2017	02/03/2023	4,950	4,965	4,967
SourceHOV LLC	Services: Business	7.75% (LIBOR +6.75%)	03/17/2015	10/31/2019	3,682	3,367	3,667
Sterling Midco Holdings Inc	Services: Business	5.25% (LIBOR +4.25%)	06/27/2017	06/09/2024	1,000	1,000	1,001
TerraForm AP Acquisition Holdings LLC	Energy: Electricity	5.5% (LIBOR +4.5%)	10/11/2016	06/27/2022	978	978	986
TKC Holdings Inc	Consumer goods: Durable	5.25% (LIBOR +4.25%)	06/08/2017	02/01/2023	299	298	299
TOMS Shoes LLC	Retail	6.5% (LIBOR +5.5%)	12/18/2014	10/31/2020	1,955	1,870	1,092
TV Borrower US LLC	High Tech Industries	5.75% (LIBOR +4.75%)	02/16/2017	02/22/2024	998	993	1,005
US Renal Care Inc	Healthcare & Pharmaceuticals	5.25% (LIBOR +4.25%)	11/17/2015	12/30/2022	1,970	1,954	1,910
US Shipping Corp	Utilities: Oil & Gas	5.25% (LIBOR +4.25%)	03/09/2016	06/26/2021	211	202	197
Utility One Source L.P.	Construction & Building	6.5% (LIBOR +5.5%)	04/07/2017	04/18/2023	1,000	990	1,019
Verdesian Life Sciences LLC	Chemicals, Plastics & Rubber	6% (LIBOR +5%)	12/09/2014	07/01/2020	833	833	702
Zest Holdings LLC	Healthcare & Pharmaceuticals	5.25% (LIBOR +4.25%)	04/13/2017	08/16/2023	1,995	1,990	2,017
Total United States of America						$187,759	$186,558
Total Senior Secured First Lien Term Loans						$194,131	$192,968
Second Lien Term Loans Luxembourg							
Lully Finance S.a.r.l.	Telecommunications	9.5% (LIBOR +8.5%)	07/31/2015	10/16/2023	$ 1,000	$ 992	$ 995
Total Luxembourg						$ 992	$ 995
United States of America							
ABG Intermediate Holdings 2 LLC	Consumer goods: Durable	9.5% (LIBOR +8.5%)	06/19/2015	05/27/2022	$ 2,828	$ 2,768	$ 2,863
AssuredPartners Inc	Banking, Finance, Insurance & Real Estate	10% (LIBOR +9%)	10/16/2015	10/20/2023	1,000	968	1,023
Avantor Performance Materials Holdings, Inc.	Chemicals, Plastics & Rubber	9.25% (LIBOR +8.25%)	03/09/2017	03/10/2025	1,000	990	1,016
BJ’s Wholesale Club, Inc.	Beverage, Food & Tobacco	8.5% (LIBOR +7.5%)	01/27/2017	02/03/2025	3,000	2,986	2,915
CH Hold Corp	Automotive	8.25% (LIBOR +7.25%)	01/26/2017	02/03/2025	1,000	995	1,028
Cirque Du Soleil	Hotel, Gaming & Leisure	9.25% (LIBOR +8.25%)	06/25/2015	07/10/2023	1,000	989	1,007
Constellis Holdings, LLC	Aerospace & Defense	10% (LIBOR +9%)	04/18/2017	04/21/2025	1,000	985	989
DiversiTech Holdings Inc	Capital Equipment	8.5% (LIBOR +7.5%)	05/18/2017	06/02/2025	2,000	1,980	2,043
EagleView Technology Corporation	Services: Business	9.25% (LIBOR +8.25%)	07/29/2015	07/14/2023	2,885	2,890	2,880
GENEX Services, Inc.	Services: Business	8.75% (LIBOR +7.75%)	06/26/2015	05/30/2022	427	423	424
Gruden Acquisition Inc.	Transportation: Cargo	9.5% (LIBOR +8.5%)	07/31/2015	08/18/2023	500	481	459
Infoblox Inc.	High Tech Industries	9.75% (LIBOR +8.75%)	11/03/2016	11/07/2024	2,000	1,963	2,000
Optiv Security Inc	Services: Business	8.25% (LIBOR +7.25%)	01/19/2017	01/31/2025	1,500	1,493	1,472
RentPath, Inc.	Media: Diversified & Production	10% (LIBOR +9%)	12/11/2014	12/17/2022	1,000	938	963

Royal Adhesives and Sealants LLC	Chemicals, Plastics & Rubber	8.5% (LIBOR +7.5%)	06/12/2015	06/19/2023	552	549	551
SESAC Holdco II LLC	Media: Diversified & Production	8.25% (LIBOR +7.25%)	02/13/2017	02/24/2025	1,000	990	1,002
TKC Holdings Inc	Consumer goods: Durable	9% (LIBOR +8%)	01/31/2017	02/01/2024	1,850	1,835	1,858
TV Borrower US LLC	High Tech Industries	9.25% (LIBOR +8.25%)	02/16/2017	02/22/2025	1,000	985	992
Wash Multifamily Laundry Systems, LLC.	Services: Consumer	8% (LIBOR +7%)	05/04/2015	05/15/2023	425	423	425
Wash Multifamily Laundry Systems, LLC.	Services: Consumer	8% (LIBOR +7%)	05/04/2015	05/12/2023	75	74	75
Total United States of America						$ 25,705	$ 25,985
Total Second Lien Term Loans						$ 26,697	$ 26,980

Table of Contents

Logan JV Loan Portfolio as of June 30, 2017
(dollar amounts in thousands)

Total Investments	$ 220,828	$ 219,948
Cash and cash equivalents		
Dreyfus Government Cash Management Fund	9,625	9,625
Other cash accounts	395	395
Total Cash and cash equivalents	$ 10,020	$ 10,020

(1) Variable interest rates indexed to 30-day, 60-day, 90-day or 180-day LIBOR rates, at the borrower's option. LIBOR rates may be subject to interest rate floors.
(2) Represents fair value in accordance with ASC Topic 820. The determination of such fair value is not included in our board of director's valuation process described elsewhere herein.
(3) Represents a delayed draw commitment of $255, which was unfunded as of June 30, 2017.
(4) Represents a delayed draw commitment of $137, which was unfunded as of June 30, 2017.
(5) On January 19, 2017, the company filed for bankruptcy protection. The first lien lenders continue to receive payments under the court order in an aggregate amount equal to the stated coupon rate and are being recorded by the Logan JV as income. The timing and amounts of such payments will vary pending the exit from bankruptcy.

Table of Contents

Logan JV Loan Portfolio as of December 31, 2016
(dollar amounts in thousands)

Type of Investment/ Portfolio company	Industry	Interest Rate [1]	Initial Acquisition Date	Maturity Date	Principal	Amortized Cost	Fair Value [2]
Senior Secured First Lien Term Loans Canada							
Mood Media Corporation	Media	7% (LIBOR + 6%)	12/05/2014	05/01/2019	$ 2,957	$ 2,857	$2,858
Parq Holdings LP	Hotel, Gaming & Leisure	8.5% (LIBOR +7.5%)	12/05/2014	12/17/2020	1,000	989	985
Total Canada						$ 3,846	$3,843
Cayman Islands							
Lindblad Maritime	Hotel, Gaming & Leisure	5.8% (LIBOR +4.5%)	06/23/2015	05/08/2021	$ 338	$ 339	$ 339
Total Cayman Islands						$ 339	$ 339
Luxembourg							
Travelport Finance Luxembourg Sarl	Services	5% (LIBOR +4%)	09/04/2015	09/02/2021	$ 2,898	$ 2,911	$2,932
Total Luxembourg						$ 2,911	$2,932
United States							
Ability Networks Inc.	High Tech Industries	6% (LIBOR +5%)	03/17/2015	05/14/2021	$ 1,470	$ 1,480	$1,477
Advanced Integration Technology LP	Aerospace & Defense	6.5% (LIBOR +5.5%)	07/15/2016	07/22/2021	1,995	1,977	2,005
AgroFresh Inc.	Services	5.75% (LIBOR +4.75%)	12/01/2015	07/31/2021	1,975	1,963	1,832
Alpha Media LLC	Media	7% (LIBOR +6%)	02/24/2016	02/25/2022	1,925	1,842	1,848
American Sportsman Holdings Co	Retail	5.75% (LIBOR +5%)	11/22/2016	12/18/2023	3,000	2,981	2,976
AP Gaming I LLC	Hotel, Gaming & Leisure	9.25% (LIBOR +8.25%)	05/27/2015	12/21/2020	4,942	4,845	4,931
Aptean, Inc.	Services	6% (LIBOR +5%)	12/15/2016	12/20/2022	2,000	1,980	2,020
Arbor Pharmaceuticals, LLC	Healthcare & Pharmaceuticals	6% (LIBOR +5%)	07/12/2016	02/01/2023	2,484	2,378	2,519
Arctic Glacier U.S.A., Inc	Beverage, Food & Tobacco	6% (LIBOR +5%)	02/12/2015	05/10/2019	2,015	1,984	2,012
Aristotle Corporation	Healthcare & Pharmaceuticals	5.50% (LIBOR +4.5%) 7.25% (Prime + 3.5%)	07/13/2015	6/30/2021	4,582	4,565	4,559
Avaya Inc	Telecommunications	6.25% (LIBOR +5.25%)	04/30/2015	05/29/2020	979	972	854
Avaya Inc	Telecommunications	6.5% (LIBOR +5.5%)	12/18/2014	03/31/2018	986	991	864
Beasley Broadcast Group Inc.	Media	7% (LIBOR +6%)	10/06/2016	11/01/2023	1,950	1,912	1,955
Bioplan USA	Services	5.75% (LIBOR +4.75%)	05/13/2015	09/23/2021	983	873	951
BioScrip, Inc.	Healthcare & Pharmaceuticals	6.5% (LIBOR +5.25%)	12/22/2014	07/31/2020	885	844	845
BioScrip, Inc.	Healthcare & Pharmaceuticals	6.5% (LIBOR +5.25%)	12/22/2014	07/31/2020	1,474	1,407	1,408
Birch Communications, Inc.	Telecommunications	8.25% (LIBOR +7.25%)	12/05/2014	07/17/2020	1,363	1,349	1,227
Blount International, Inc.	Capital Equipment	7.25% (LIBOR +6.25%) 9.00% (Prime + 5.25%)	04/05/2016	04/12/2023	1,696	1,650	1,719
Blue Star Acquisition, Inc.[3]	Media	1.00%	12/20/2016	12/20/2022	255	(3)	(2)
Blue Star Acquisition, Inc.	Media	7.5% (LIBOR +6.5%)	12/20/2016	12/20/2022	1,745	1,728	1,732
Cabi	Retail	5.75% (LIBOR +4.75%)	06/19/2015	06/12/2019	1,156	1,149	1,156
Caesars Entertainment Resort Properties, LLC	Hotel, Gaming & Leisure	7% (LIBOR +6%)	01/15/2015	10/11/2020	2,915	2,781	2,947
Cengage Learning Acquisitions, Inc.	Media	5.25% (LIBOR +4.25%)	12/15/2014	06/07/2023	2,648	2,624	2,583

Clear Balance Holdings, LLC	Banking, Finance, Insurance & Real Estate	6.75% (LIBOR +5.75%)	07/07/2015	06/30/2020	4,692	4,679	4,692
Commercial Barge Line Co	Transportation: Cargo	9.75% (LIBOR +8.75%)	11/06/2015	11/12/2020	1,444	1,388	1,367
Cortes NP Acquisition Corp	Capital Equipment	6% (LIBOR +5%)	09/30/2016	11/30/2023	2,000	1,941	2,030
CPI Acquisition, Inc.	Services	5.5% (LIBOR +4.5%)	08/14/2015	08/17/2022	3,875	3,847	3,545
Creative Artists	Media	5% (LIBOR +4%)	03/16/2015	12/17/2021	2,450	2,477	2,486

Logan JV Loan Portfolio as of December 31, 2016
(dollar amounts in thousands)

Type of Investment/ Portfolio company	Industry	Interest Rate (1)	Initial Acquisition Date	Maturity Date	Principal	Amortized Cost	Fair Value (2)
CT Technologies Intermediate Holdings	Healthcare & Pharmaceuticals	5.25% (LIBOR +4.25%)	02/11/2015	12/01/2021	1,960	1,968	1,879
Cvent Inc	Hotel, Gaming & Leisure	6% (LIBOR +5%)	06/16/2016	11/29/2023	2,000	1,980	2,025
CWGS Group, LLC	Automotive	4.5% (LIBOR +3.75%)	11/03/2016	11/08/2023	1,000	995	1,017
Cypress Semiconductor Corporation	High Tech Industries	6.5% (LIBOR +5.5%)	06/03/2016	07/05/2021	2,469	2,434	2,530
Eastman Kodak Company	High Tech Industries	7.25% (LIBOR +6.25%)	09/09/2015	09/03/2019	1,953	1,913	1,965
EmployBridge Holding Co.	Services	7.5% (LIBOR +6.5%)	02/04/2015	05/15/2020	2,942	2,935	2,667
EnergySolutions, LLC	Environmental Industries	6.75% (LIBOR +5.75%)	03/16/2015	05/29/2020	4,543	4,457	4,588
EVO Payments International LLC	Services	6% (LIBOR +5%)	12/08/2016	12/22/2023	2,640	2,614	2,660
FullBeauty Brands LP	Retail	5.75% (LIBOR +4.75%)	03/08/2016	10/14/2022	3,970	3,726	3,573
Global Healthcare Exchange LLC	Services	5.25% (LIBOR +4.25%)	08/12/2015	08/15/2022	988	984	997
Gold Standard Baking Inc	Wholesale	5.25% (LIBOR +4.25%) 7.00% (Prime + 3.25%)	05/19/2015	04/23/2021	2,955	2,944	2,925
Green Plains Renewable Energy Inc	Energy	6.5% (LIBOR +5.5%)	06/09/2015	06/30/2020	3,783	3,637	3,769
GTCR Valor Companies, Inc.	Services	7% (LIBOR +6%)	05/17/2016	06/16/2023	3,980	3,836	3,953
Gulf Finance, LLC	Energy	6.25% (LIBOR +5.25%)	08/17/2016	08/25/2023	1,995	1,938	2,010
IMG LLC	Media	5.25% (LIBOR +4.25%)	12/31/2014	05/06/2021	1,466	1,442	1,484
Infoblox Inc	High Tech Industries	6% (LIBOR +5%)	11/03/2016	11/07/2023	2,216	2,172	2,209
Insurance Technologies	High Tech Industries	7.5% (LIBOR +6.5%)	03/26/2015	12/15/2021	3,538	3,503	3,485
Insurance Technologies(4)	High Tech Industries	0.50%	03/26/2015	12/15/2021	137	(1)	(2)
J Jill	Retail	6% (LIBOR +5%)	05/08/2015	05/09/2022	1,037	1,033	1,038
Jackson Hewitt Tax Service Inc	Services	8% (LIBOR +7%)	07/24/2015	07/30/2020	980	966	947
Kestra Financial, Inc.	Banking, Finance, Insurance & Real Estate	6.25% (LIBOR +5.25%)	06/10/2016	06/24/2022	3,980	3,925	3,940
Kraton Polymers LLC	Chemicals, Plastics & Rubber	6% (LIBOR +5%)	02/18/2016	01/06/2022	2,000	1,828	2,027
Lannett Company Inc	Healthcare & Pharmaceuticals	5.75% (LIBOR +4.75%)	11/20/2015	11/25/2020	1,425	1,341	1,386
Lannett Company Inc	Healthcare & Pharmaceuticals	6.375% (LIBOR +5.375%)	11/20/2015	11/25/2022	1,425	1,304	1,398
Lindblad Expeditions Inc	Hotel, Gaming & Leisure	5.81767% (LIBOR +4.5%)	06/23/2015	05/08/2021	2,617	2,630	2,630
Margaritaville Holdings LLC	Beverage, Food & Tobacco	7.26% (LIBOR +6%)	03/12/2015	03/12/2021	4,727	4,694	4,562
Match Group Inc	Media	4.20083% (LIBOR +3.25%)	11/06/2015	11/16/2022	656	664	667
Mediware Information Systems Inc	High Tech Industries	5.75% (LIBOR +4.75%)	09/26/2016	09/28/2023	1,995	1,976	2,013
Merrill Communications LLC	Media	6.25% (LIBOR +5.25%)	05/29/2015	06/01/2022	1,974	1,964	1,969
Meter Readings Holding, LLC	Utilities	6.75% (LIBOR +5.75%)	08/17/2016	08/29/2023	1,995	1,966	2,037
Moran Foods LLC	Retail	7% (LIBOR +6%)	12/02/2016	12/05/2023	3,000	2,911	3,000
NextCare, Inc.	Healthcare & Pharmaceuticals	8.5% (LIBOR +7.5%)	08/21/2015	07/31/2018	2,959	2,951	2,959
Petrochoice Holdings Inc	Chemicals, Plastics & Rubber	6% (LIBOR +5%)	09/02/2015	08/19/2022	988	967	997
Pre-Paid Legal Services, Inc	Services	6.5% (LIBOR +5.25%)	05/21/2015	07/01/2019	897	894	901

Quincy Newspapers Inc	Media	5% (LIBOR +4%) 6.75% (Prime +3%)	11/23/2015	11/02/2022	2,809	2,832	2,832
Redbox Automated Retail LLC	Services	8.5% (LIBOR +7.5%)	09/26/2016	09/27/2021	1,913	1,858	1,865
RentPath, Inc.	Media	6.25% (LIBOR +5.25%)	12/11/2014	12/17/2021	2,450	2,430	2,413
Riverbed Technology, Inc.	High Tech Industries	4.25% (LIBOR +3.25%)	02/25/2015	4/25/2022	975	971	984
SCS Holdings Inc.	Services	5.25% (LIBOR +4.25%)	11/20/2015	10/30/2022	1,973	1,958	2,004
Seahawk Holding Cayman Ltd	High Tech Industries	7% (LIBOR +6%)	09/27/2016	10/31/2022	2,750	2,724	2,791
Sirva Worldwide, Inc.	Transportation: Cargo	7.5% (LIBOR +6.5%)	11/18/2016	11/22/2022	3,000	2,926	2,948
Smart Start, Inc.	Services	5.75% (LIBOR +4.75%)	08/28/2015	02/20/2022	2,475	2,455	2,469
SolarWinds Inc	High Tech Industries	5.5% (LIBOR +4.5%)	02/01/2016	02/05/2023	4,975	4,852	5,045
SourceHOV LLC	Services	7.75% (LIBOR +6.75%)	03/17/2015	10/31/2019	3,785	3,393	3,433
TerraForm AP Acquisition Holdings LLC	Energy	5.5% (LIBOR +4.5%)	10/11/2016	06/27/2022	997	997	1,003
TOMS Shoes LLC	Retail	6.5% (LIBOR +5.5%)	12/18/2014	10/31/2020	1,965	1,867	1,454
US Renal Care Inc	Healthcare & Pharmaceuticals	5.25% (LIBOR +4.25%)	11/17/2015	12/30/2022	1,980	1,963	1,864
US Shipping Corp	Utilities	5.25% (LIBOR +4.25%)	03/09/2016	06/26/2021	232	221	225
Verdesian Life Sciences LLC	Chemicals, Plastics & Rubber	6% (LIBOR +5%)	12/09/2014	07/01/2020	886	885	793

Logan JV Loan Portfolio as of December 31, 2016
(dollar amounts in thousands)

Type of Investment/ Portfolio company	Industry	Interest Rate (1)	Initial Acquisition Date	Maturity Date	Principal	Amortized Cost	Fair Value (2)
Zep Inc	Chemicals, Plastics & Rubber	5% (LIBOR +4%)	09/14/2015	06/27/2022	2,955	2,962	2,981
Total United States						$169,389	$169,847
Total Senior Secured First Lien Term Loans						$176,485	$176,961
Second Lien Term Loans France							
Linxens France SA	Telecommunications	9.5% (LIBOR +8.5%)	07/31/2015	10/16/2023	$ 1,000	$ 991	$ 1,000
Total France						$ 991	$ 1,000
United States of America							
ABG Intermediate Holdings 2 LLC	Consumer goods	9.5% (LIBOR +8.5%)	06/19/2015	05/27/2022	$ 2,855	$ 2,789	$ 2,883
AssuredPartners Inc	Banking, Finance, Insurance & Real Estate	10% (LIBOR +9%)	10/16/2015	10/20/2023	1,000	966	1,008
Cirque Du Soleil	Hotel, Gaming & Leisure	9.25% (LIBOR +8.25%)	06/25/2015	07/08/2023	1,000	988	982
Confie Seguros Holding II Co.	Banking, Finance, Insurance & Real Estate	10.25% (LIBOR +9%)	06/29/2015	05/09/2019	500	497	497
Duke Finance LLC	Chemicals, Plastics & Rubber	10.75% (LIBOR +9.75%)	05/17/2016	10/28/2022	2,000	1,726	1,910
EagleView Technology Corporation	Services	9.25% (LIBOR +8.25%)	07/29/2015	07/14/2023	2,885	2,891	2,880
GENEX Services, Inc.	Services	8.75% (LIBOR +7.75%)	06/26/2015	05/30/2022	1,000	990	965
Gruden Acquisition Inc.	Transportation: Cargo	9.5% (LIBOR +8.5%)	07/31/2015	08/18/2023	500	479	396
Hyland Software, Inc.	High Tech Industries	8.25% (LIBOR +7.25%)	06/12/2015	07/03/2023	2,825	2,729	2,881
Infoblox Inc	High Tech Industries	9.75% (LIBOR +8.75%)	11/03/2016	11/07/2024	2,000	1,961	1,968
MRI Software LLC	Services	9% (LIBOR +8%)	06/19/2015	06/23/2022	1,000	988	970
ProAmpac LLC	Containers, Packaging & Glass	9.5% (LIBOR +8.5%)	11/18/2016	11/18/2024	2,500	2,463	2,513
RentPath, Inc.	Media	10% (LIBOR +9%)	12/11/2014	12/17/2022	1,000	932	882
Royal Adhesives and Sealants LLC	Chemicals, Plastics & Rubber	8.5% (LIBOR +7.5%)	06/12/2015	06/19/2023	1,000	994	995
Wash Multifamily Laundry Systems, LLC.	Services	8% (LIBOR +7%)	05/04/2015	05/12/2023	75	74	74
Wash Multifamily Laundry Systems, LLC.	Services	8% (LIBOR +7%)	05/04/2015	05/15/2023	425	423	425
Total United States of America						$ 21,890	$ 22,229
Total Second Lien Term Loans						$ 22,881	$ 23,229
Total Investments						$199,366	$200,190
Cash and cash equivalents							
Dreyfus Government Cash Management Fund						$ 9,064	$ 9,064
Other cash accounts						784	784
Total Cash and cash equivalents						$ 9,848	$ 9,848

(1) Variable interest rates indexed to 30-day, 60-day, 90-day or 180-day LIBOR rates, at the borrower's option. LIBOR rates are subject to interest rate floors.
(2) Represents fair value in accordance with ASC Topic 820. The determination of such fair value is not included in our board of director's valuation process described elsewhere herein.
(3) Represents a delayed draw commitment of $255, which was unfunded as of December 31, 2016.
(4) Represents a delayed draw commitment of $137, which was unfunded as of December 31, 2016.

Below is certain summarized financial information for Logan JV as of June 30, 2017 and December 31, 2016 and for the three and six months ended June 30, 2017 and 2016:

Selected Balance Sheet Information

	As of June 30, 2017 (Dollars in thousands)	As of December 31, 2016 (Dollars in thousands)
Assets:		
Investments at fair value (cost of $220,828 and $199,366, respectively)	$ 219,948	$ 200,190
Cash	10,020	9,848
Other assets	9,202	677
Total assets	$ 239,170	$ 210,715
Liabilities:		
Loans payable reported net of unamortized debt issuance costs	$ 135,845	$ 127,502
Payable for investments purchased	15,569	2,981
Distribution payable	2,780	4,195
Other liabilities	1,466	1,366
Total liabilities	$ 155,660	$ 136,044
Members' capital	$ 83,510	$ 74,671
Total liabilities and members' capital	$ 239,170	$ 210,715

Selected Statement of Operations Information

	For the three months ended June, 30 2017 (Dollars in thousands)	For the three months ended June, 30 2016 (Dollars in thousands)	For the six months ended June, 30 2017 (Dollars in thousands)	For the six months ended June, 30 2016 (Dollars in thousands)
Interest income	$ 4,067	$ 3,470	$ 8,159	$ 6,660
Fee income	97	47	224	78
Total revenues	4,164	3,517	8,383	6,738
Credit facility expenses (1)	1,479	1,183	2,854	2,281
Other fees and expenses	115	147	191	238
Total expenses	1,594	1,330	3,045	2,519
Net investment income	2,570	2,187	5,338	4,219
Net realized gains	204	—	431	14
Net change in unrealized appreciation (depreciation) on investments	(1,851)	1,833	(1,704)	1,634
Net increase in members' capital from operations	$ 923	$ 4,020	$ 4,065	$ 5,867

(1) As of June 30, 2017, Logan JV had $137,551 of outstanding debt under its credit facility with an effective interest rate of 3.71% per annum. As of December 31, 2016, Logan JV had $129,257 of outstanding debt under its credit facility with an effective interest rate of 3.42% per annum.

Managed Funds

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

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

Greenway

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

Greenway had $150 million of capital committed by affiliates of a single institutional investor, and is managed by us. Our capital commitment to Greenway is $0.02 million. As of June 30, 2017, all commitments have been called. Our nominal investment in Greenway is reflected in the June 30, 2017 and December 31, 2016 Consolidated Schedules of Investments. As of June 30, 2017, distributions representing 125.0% of the committed capital of the investor have been made from Greenway. Distributions from Greenway, including return of capital and earnings, to its members from inception through June 30, 2017 totaled $187.5 million.

We act as the investment adviser to Greenway and are entitled to receive certain fees relating to our investment management services provided, including a base management fee, a performance fee and a portion of the closing fees on each investment transaction. As a result, Greenway is classified as an affiliate of ours. For the three and six months ended June 30, 2017, we recorded a net reduction of fees of $0.0 million and $0.0 million, respectively, related primarily to the reduction of the unrealized incentive fee related to Greenway's portfolio performance, which is included in other income from non-controlled, affiliated investments in the Consolidated Statements of Operations. For the three and six months ended June 30, 2016, we earned $0.04 million and $0.2 million, respectively, in fees related to Greenway which was included in other income from non-controlled, affiliated investment in the Consolidated Statements of Operations. As of June 30, 2017 and December 31, 2016, $0.04 million and $0.2 million of fees and expenses related to Greenway, respectively, were included in due from affiliate on the Consolidated Statements of Assets and Liabilities.

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

Greenway II

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

As contemplated in the Greenway II LLC Agreement, we have established a related investment vehicle and entered into an investment management agreement with an account set up by an unaffiliated third party investor to invest alongside Greenway II LLC pursuant to similar economic terms. The account is also managed by us. References to "Greenway II" herein include Greenway II LLC and the account of the related investment vehicle. Greenway II has $187.0 million of commitments primarily from institutional investors. As of June 30, 2017, all commitments have been called. Our nominal investment in Greenway II is reflected in the June 30, 2017 and December 31, 2016 Consolidated Schedules of Investments. As of June 30, 2017, distributions representing 56.6% of the committed capital of the Greenway II investors have been made from Greenway II. Distributions from Greenway II to its members and investors, including return of capital and earnings, from inception through June 30, 2017 totaled $105.8 million.

We act as the investment adviser to Greenway II and are entitled to receive certain fees relating to our investment management services provided, including a base management fee, a performance fee and a portion of the closing fees on each investment transaction. As a result, Greenway II is classified as an affiliate of the Company. For the three months ended June 30, 2017 and 2016, we earned $0.3 million and $0.3 million, respectively, in fees related to Greenway II, which are included in other income from non-controlled, affiliated investment in the Consolidated Statements of Operations. For the six months ended June 30, 2017 and 2016, we earned $0.6 million and $0.7 million, respectively, in fees related to Greenway II, which are included in other income from non-controlled, affiliated investment in the Consolidated Statements of Operations. As of June 30, 2017 and December 31, 2016, $0.3 million and $0.4 million of fees related to Greenway II were included in due from affiliate on the Consolidated Statements of Assets and Liabilities.

Other deferred assets consist of placement agent expenses incurred in connection with the offer and sale of partnership interests in Greenway II. These amounts are capitalized when commitments close and are recognized as an expense over the period when the Company expects to collect management fees from Greenway II. For the three months ended June 30, 2017 and 2016, we recognized $0.1 million and $0.1 million, respectively, in expenses related to placement agent expenses, which are included in other general and administrative expenses in the Consolidated Statements of Operations. For the six months ended June 30, 2017 and 2016, we recognized $0.1 million and $0.1 million, respectively, in expenses related to placement agent expenses, which are included in other general and administrative expenses in the Consolidated Statements of Operations. As of June 30, 2017 and December 31, 2016, $0.1 million and $0.2 million, respectively, were included in other deferred assets on the Consolidated Statements of Assets and Liabilities.

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

CLO Residual Interests

As of June 30, 2017 and December 31, 2016, we had investments in CLO residual interests, or subordinated notes, based upon fair market value, totaling $0 and $8.7 million, respectively. The subordinated notes are subordinated to the secured notes issued in connection with each CLO. The secured notes in each structure are collateralized by portfolios consisting primarily of broadly syndicated senior secured bank loans.

The subordinated notes do not have a stated rate of interest, but are entitled to receive distributions on quarterly payment dates subject to the priority of payments to secured note holders in the structures if and to the extent funds are available for such purpose. The payments on the subordinated notes and income notes are subordinated not only to the interest and principal claims of all secured notes issued, but to certain administrative expenses, taxes, and the base and subordinated fees paid to the collateral manager. Payments to the subordinated notes and income notes may vary significantly quarter to quarter for a variety of reasons and may be subject to 100% loss. Investments in subordinated notes and income notes, due to the structure of the CLO, can be significantly impacted by change in the market value of the assets, the distributions on the assets, defaults and recoveries on the assets, capital gains and losses on the assets along with prices, interest rates and other risks associated with the assets.

For the three months ended June 30, 2017 and 2016, we recognized interest income totaling $0.0 million and $0.6 million, respectively, related to CLO residual interests. For the six months ended June 30, 2017 and 2016, we recognized interest income totaling $0.0 million and $1.2 million, respectively, related to CLO residual interests.

Investment in Tax Receivable Agreement Payment Rights

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

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

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

For the three months ended June 30, 2017 and 2016, we recognized interest income totaling $0.5 million and $0.5 million, respectively, related to the TRA. For the six months ended June 30, 2017 and 2016, we recognized interest income totaling $1.0 million and $1.0 million, respectively, related to the TRA.

Asset Quality

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

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

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

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

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

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

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

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

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

The Advisor monitors and, when appropriate, changes the investment scores assigned to each investment in our portfolio. In connection with our investment valuation process, the Advisor and board of directors review these investment scores on a quarterly basis. Our average investment score was 2.22 and 2.36 at June 30, 2017 and December 31, 2016, respectively. The following is a distribution of the investment scores of our portfolio companies at June 30, 2017 and December 31, 2016 (in millions):

	June 30, 2017			December 31, 2016		
Investment Score	Amortized Cost	Fair Value	% of Total Portfolio based on FV	Amortized Cost	Fair Value	% of Total Portfolio based on FV
1(a)	$ 83.9	$ 96.8	14.4%	$ 48.5	$ 62.9	9.4%
2(b)	468.9	475.7	70.5%	358.1	364.6	54.5%
3(c)	69.2	61.5	9.1%	237.0	219.6	32.8%
4(d)	21.5	15.5	2.3%	—	—	0.0%
5(e)	35.1	24.8	3.7%	27.0	22.1	3.3%
Total	$ 678.6	$ 674.3	100.0%	$ 670.6	$ 669.2	100.0%

(a) As of June 30, 2017 and December 31, 2016, Investment Score “1” included $19.0 million and $20.2 million, respectively, of loans to companies in which we also hold equity securities.
(b) As of June 30, 2017 and December 31, 2016, Investment Score “2” included $179.0 million and $110.7 million, respectively, of loans to companies in which we also hold equity securities.
(c) As of June 30, 2017 and December 31, 2016, Investment Score “3” included $24.5 million and $95.6 million, respectively, of loans to companies in which we also hold equity securities.
(d) As of June 30, 2017 and December 31, 2016, Investment Score “4” included no loans to companies in which we also hold equity securities.
(e) As of June 30, 2017 and December 31, 2016, Investment Score “5” included $12.6 million and $12.4, respectively, of loans to companies in which we also hold equity securities.

Loans are placed on non-accrual status when principal or interest payments are past due 30 days or more and/or when it is no longer probable that principal or interest will be collected. However, we may make exceptions to this policy if the loan has sufficient collateral value and is in the process of collection. As of June 30, 2017, we had loans on non-accrual status with an amortized cost basis of $46.3 million and fair value of $27.4 million. As of December 31, 2016, we had loans on non-accrual status with an amortized cost basis of $13.8 million and fair value of $6.9 million. During the six months ended June 30, 2017, two additional loans were put on non-accrual status with an existing loan coming off non-accrual status as part of a realization of the investment. For additional information, please refer to the Consolidated Schedules of Investments as of June 30, 2017 and December 31, 2016. We record the reversal of any previously accrued income against the same income category reflected in the Consolidated Statement of Operations.

The decrease in Investment Score “3” from December 31, 2016 is due largely to improved performance of certain investments, including a controlled equity position, certain energy-related investments and a consumer products investment that completed a refinancing this quarter where we now hold a first lien loan instead of a previously held second lien loan. Additionally, contributing to the decrease were two investments previously with a Score “3” that were put on non-accrual status this quarter and therefore moved to Investment Scores of “4” and “5”.

Results of Operations

Comparison of the Three and Six Months Ended June 30, 2017 and 2016

Investment Income

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

The following shows the breakdown of investment income for the three and six months ended June 30, 2017 and 2016 (in millions):

	Three months ended June 30, 2017	Three months ended June 30, 2016	Six months ended June 30, 2017	Six months ended June 30, 2016
Interest income on debt securities				
Cash interest	$ 13.0	$ 13.4	$ 25.5	$ 29.4
PIK interest	0.4	0.5	1.2	1.0
Prepayment premiums	—	0.3	0.1	0.3
Net accretion of discounts and other fees	1.1	0.8	2.2	1.8
Total interest on debt securities	14.5	15.0	29.0	32.5
Dividend income	3.3	2.6	6.4	5.0
Interest income on other income-producing securities	1.1	1.7	2.4	3.6
Fees related to Greenway and Greenway II	0.3	0.4	0.5	0.9
Other income (1)	1.1	0.8	1.8	1.1
Total investment income	$ 20.3	$ 20.5	$ 40.1	$ 43.1

(1) For the three months ended June 30, 2017 and 2016, we recognized $0.4 million and $0, respectively, of non-recurring fees from portfolio companies. For the six months ended June 30, 2017 and 2016, we recognized $0.5 million and $0, respectively, of non-recurring fees from portfolio companies.

The decrease in investment income between the three and six month periods was primarily due to the contraction in overall investment portfolio since June 30, 2016, which led to lower interest income. This decrease was offset primarily by an increase in dividend income related to the Logan JV and an increase in other income and fees.

The following shows a rollforward of PIK income activity for the three and six months ended June 30, 2017 and 2016 (in millions):

	Three months ended June 30, 2017	Three months ended June 30, 2016	Six months ended June 30, 2017	Six months ended June 30, 2016
Accumulated PIK balance, beginning of period	$ 4.0	$ 9.5	$ 3.1	$ 9.3
PIK income capitalized/receivable	0.4	0.5	1.3	1.1
PIK received in cash from repayments	—	—	—	(0.3)
PIK reduced through restructuring	—	—	—	(0.1)
Accumulated PIK balance, end of period	$ 4.4	$ 10.0	$ 4.4	$ 10.0

In certain investment transactions, we may provide advisory services. For services that are separately identifiable and external evidence exists to substantiate fair value, income is recognized as earned. We earned no income from advisory services related to portfolio companies for the three and six months ended June 30, 2017 and 2016.

Expenses

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

The following shows the breakdown of expenses for the three and six months ended June 30, 2017 and 2016 (in millions):

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
Expenses				
Interest and fees on Borrowings (a)	$ 4.3	$ 3.9	$ 8.6	$ 7.8
Base management fees	2.7	2.8	5.2	5.7
Incentive fees (b)	1.2	—	2.5	—
Other expenses	1.1	1.1	2.1	2.5
Administrator expenses	0.7	0.9	1.5	1.8
Total expenses before taxes	10.0	8.7	19.9	17.8
Income tax provision, excise and other taxes (c)	0.1	0.1	0.3	0.2
Total expenses after taxes	$ 10.1	$ 8.8	$ 20.2	$ 18.0

(a) Interest, fees and amortization of deferred financing costs related to our Revolving Facility, Term Loan Facility, and Notes.

(b) For the three months ended June 30, 2017 and 2016, the ordinary income incentive fee expense of $2.3 million was reduced to $1.2 million and $2.3 million was reduced to $0, respectively, as a result of net realized and unrealized losses in the portfolio. For the six months ended June 30, 2017 and 2016, the ordinary income incentive fee expense of $4.5 million was reduced to $2.5 million and $5.0 million was reduced to $0.03 million, respectively, as a result of net realized and unrealized losses in the portfolio.

(c) Amounts include the income taxes related to earnings by our consolidated corporate subsidiaries established to hold equity or equity-like portfolio company investments organized as pass-through entities and excise taxes related to our undistributed earnings and other taxes.

The increase in operating expenses during the three and six month periods was due primarily to higher costs related to borrowings and higher incentive fees. This increase was offset by lower base management fees as a result of portfolio contraction and lower administrator expenses.

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

Net Investment Income

Net investment income was $10.2 million, or $0.31 per common share based on a weighted average of 32,873,016 common shares outstanding for the three months ended June 30, 2017, as compared to $11.7 million, or $0.35 per common share based on a weighted average of 33,233,915 common shares outstanding for the three months ended June 30, 2016.

Net investment income was $19.8 million, or $0.60 per common share based on a weighted average of 32,899,048 common shares outstanding for the six months ended June 30, 2017, as compared to $25.1 million, or $0.75 per common share based on a weighted average of 33,289,811 common shares outstanding for the six months ended June 30, 2016.

The decrease in net investment income between the three month periods is primarily attributable to a decrease in interest on debt and other income-producing investments, higher interest and fees on borrowings and higher accrued incentive fees. This was offset by higher dividend income related to the Logan JV and other income.

The decrease in net investment income between the six month periods is primarily attributable to a decrease in interest on debt and other income-producing investments and a higher incentive fee. This was offset by higher dividend income related to the Logan JV.

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

We measure realized gains or losses by the difference between the net proceeds from the repayment or sale and the amortized cost basis of the investment, using the specific identification method, without regard to unrealized appreciation or depreciation previously recognized.

The following shows the breakdown of net realized gains and losses for the three and six months ended June 30, 2017 and 2016 (in millions):

	For the three months ended June 30, 2017	For the three months ended June 30, 2016	For the six month ended June 30, 2017	For the six month ended June 30, 2016
AIM Media Texas Operating, LLC	$ —	$ —	$ —	$ (0.1)
Airborne Tactical Advantage Company, LLC	—	—	—	0.7
Flagship VII, Ltd.	—	—	(0.8)	—
Flagship VIII, Ltd.	—	—	(0.6)	—
Dimont & Associates, Inc. (1)	—	—	—	(10.9)
Gryphon Partners 3.5, L.P.	—	—	0.6	—
Hostway	(1.0)	—	(1.0)	—
OEM Group, LLC (2)	—	—	—	(6.2)
Surgery Center Holdings, Inc.	—	3.7	—	3.6
Washington Inventory Service (3)	(10.4)	—	(10.4)	—
YP Equity Investors, LLC	1.3	—	1.3	—
Other	0.1	—	—	—
Net realized (losses)/gains	$ (10.0)	$ 3.7	$ (10.9)	$ (12.9)

(1) On March 14, 2016, as part of a further restructuring of the business, the cost basis of our equity interest totaling $6.6 million and subordinated term loan totaling $4.5 million was converted to equity interest in an affiliated entity valued at $0.1 million. In connection with the restructuring, we recognized a realized loss in the amount of $10.9 million, which was offset by a $10.8 million change in unrealized appreciation.

(2) On March 17, 2016, as part of a restructuring of the business, the cost basis of our first lien loans totaling $33.2 million was converted to a new first lien senior secured term loan of $18.7 million and controlled equity interest, valued at $8.3 million. In connection with the restructuring, we recognized a realized loss of $6.2 million, which was offset by a $5.6 million change in unrealized appreciation.

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

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

Net Change in Unrealized Appreciation (Depreciation) of Investments

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

The following shows the breakdown in the changes in unrealized appreciation of investments for the three months ended June 30, 2017 and 2016 (in millions):

	Three months ended June 30, 2017	Three months ended June 30, 2016	Six months ended June 30, 2017	Six months ended June 30, 2016
Gross unrealized appreciation on investments	$ 7.3	$ 6.2	$ 11.1	$ 7.3
Gross unrealized depreciation on investments	(15.1)	(18.6)	(20.5)	(29.6)
Reversal of prior period net unrealized depreciation (appreciation) upon a realization	8.6	(3.5)	6.5	9.8
Total	$ 0.8	$ (15.9)	$ (2.9)	$ (12.5)

The net change in unrealized appreciation (depreciation) on our investments for the three and six months ended June 30, 2017 as compared to the three and six months ended June 30, 2016 was the result of changes in the capital market conditions, the reversal of prior period net unrealized depreciation on certain assets, including Washington Inventory Service and Hostway Corporation, and the change in unrealized depreciation of CRS Reprocessing, LLC and Specialty Brands Holdings, LLC.

Provision for Taxes on Unrealized Gains on Investments

Certain consolidated subsidiaries of ours are subject to U.S. federal and state income taxes. These taxable entities are not consolidated with the Company for income tax purposes and may generate income tax liabilities or assets from temporary differences in the recognition of items for financial reporting and income tax purposes at the subsidiaries. For the three months ended June 30, 2017 and 2016, we recognized a benefit (provision) for tax on unrealized gains on investments of $1.7 million and ($0.1) million for consolidated subsidiaries, respectively. For the six months ended June 30, 2017 and 2016, we recognized a benefit (provision) for tax on unrealized gains on investments of $1.9 million and ($0.2) million for consolidated subsidiaries, respectively. As of June 30, 2017 and December 31, 2016, $3.9 million and $4.5 million, respectively, were included in deferred tax liability on the Consolidated Statements of Assets and Liabilities relating to deferred tax on unrealized gain on investments. The change in provision for tax on unrealized gains on investments relates primarily to changes to the unrealized appreciation (depreciation) of the investments held in these taxable consolidated subsidiaries including the exit of our equity investments in YP Equity Investors, LLC, other temporary differences and a change in the prior year estimates received from certain portfolio companies.

Realized and Unrealized Appreciation (Depreciation) of Interest Rate Derivative

The interest rate derivative was entered into on May 10, 2012 and expired on May 10, 2017. Unrealized depreciation reflects the value of the interest rate derivative agreement at the end of the reporting period. For the three months ended June 30, 2017 and 2016, the net change of unrealized appreciation (depreciation) on interest rate derivative totaled $0.01 million and $0.01 million, respectively, which is listed under net change in unrealized appreciation (depreciation) on interest rate derivatives in the Consolidated Statement of Operations. For the six months ended June 30, 2017 and 2016, the net change of unrealized appreciation (depreciation) on interest rate derivative totaled $0.05 million and ($0.04) million, respectively, which is listed under net change in unrealized appreciation (depreciation) on interest rate derivatives in the Consolidated Statement of Operations. The changes were due to capital market changes impacting swap rates.

We measure realized gains or losses on the interest rate derivative based upon the difference between the proceeds received or the amount paid on the interest rate derivative. For the three months ended June 30, 2017 and 2016, we realized a loss of $0.0 million and $0.1 million, respectively, as interest rate derivative periodic interest payments, net on the Consolidated Statement of Operations. For the six months ended June 30, 2017 and 2016, we realized a loss of $0.0 million and $0.2 million, respectively, as interest rate derivative periodic interest payments, net on the Consolidated Statement of Operations. These changes were due to capital market changes impacting swap rates.

Net Increase in Net Assets Resulting from Operations

Net increase (decrease) in net assets resulting from operations totaled $1.3 million, or $0.04 per common share based on a weighted average of 32,873,016 common shares for the three months ended June 30, 2017, as compared to ($0.7) million, or ($0.02) per common share based on a weighted average of 33,233,915 common shares for the three months ended June 30, 2016, respectively.

Net increase (decrease) in net assets resulting from operations totaled $6.5 million, or $0.20 per common share based on a weighted average of 32,899,048 common shares for the six months ended June 30, 2017, as compared to ($0.7) million, or ($0.02) per common share based on a weighted average of 33,289,811 common shares for the six months ended June 30, 2016.

The increase in net assets from operations between the three months ended June 30, 2017 and 2016 and the six months ended June 30, 2017 and 2016 is due primarily to the decrease in the realized and unrealized losses in the portfolio.

Financial condition, liquidity and capital resources

Cash Flows from Operating and Financing Activities

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

We may raise additional equity or debt capital through both registered offerings off our shelf registration statement and private offerings of securities, by securitizing a portion of our investments or borrowings from credit facilities. To the extent we determine to raise additional equity through an offering of our common stock at a price below net asset value, existing investors will experience dilution. During our 2017 Annual Stockholder Meeting held on June 6, 2017, our stockholders authorized us, with the approval of our Board of Directors, to sell up to 25% of our outstanding common stock at a price below our then current net asset value per share and to offer and issue debt with warrants or debt convertible into shares of our common stock at an exercise or conversion price that will not be less than the fair market value per share but may be below the then current net asset value per share. There can be no assurance that these capital resources will be available.

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

We borrowed $57.9 million (includes CAD $29.4 million converted to USD $22.6 million) under our Revolving Facility for the six months ended June 30, 2017 and repaid $40.5 million our Revolving Facility from proceeds received from prepayments and sales and investment income. We borrowed $65.0 million under our Revolving Facility for the six months ended June 30, 2016 and repaid $100.3 million on our Revolving Facility from prepayments and sales and investment income.

Our operating activities (used) provided cash of $(0.5) million and $59.6 million for the six months ended June 30, 2017 and 2016, respectively, primarily in connection with the purchase and sales of portfolio investments. For the six months ended June 30, 2017, our financing activities borrowed $17.4 million on our facility and used $17.8 million for distributions to stockholders, $1.5 million to repurchase common stock and $0.1 million for the payment of financing and offering costs. For the six months ended June 30, 2016, our financing activities used $35.3 million to repay borrowings on our facility, $22.6 million for distributions to stockholders, $1.5 million to repurchase common stock and $0.1 million for the payment of financing and offering costs.

As of June 30, 2017 and December 31, 2016, we had cash of $3.9 million and $6.4 million, respectively. We had no cash equivalents as of June 30, 2017 and December 31, 2016.

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

Borrowings

The following shows a summary of our Borrowings as of June 30, 2017 and December 31, 2016 (in millions):

	As of							
	June 30, 2017				December 31, 2016			
Facility	Commitments	Borrowings Outstanding (1)	Weighted Average Borrowings Outstanding	Weighted Average Interest Rate	Commitments	Borrowings Outstanding (2)	Weighted Average Borrowings Outstanding	Weighted Average Interest Rate
Revolving Facility	$ 303.5	$ 125.2	$ 115.1	3.58%	$ 303.5	$ 107.9	$ 116.5	3.13%
Term Loan Facility	75.0	75.0	75.0	3.88%	75.0	75.0	102.5	3.38%
2021 Notes	50.0	50.0	50.0	6.75%	50.0	50.0	50.0	6.75%
2022 Notes	60.0	60.0	60.0	6.75%	60.0	60.0	37.8	6.75%
Total	$ 488.5	$ 310.2	$ 300.1	4.77%	$ 488.5	$ 292.9	$ 306.8	4.55%

Credit Facility

On August 19, 2015, the Company entered into an amendment, or the Revolving Amendment, to its existing revolving credit agreement, or Revolving Facility, and entered into an amendment, or the Term Loan Amendment, to its Term Loan Facility. The Revolving Facility and Term Loan Facility are collectively referred to as the Facilities.

The Revolving Amendment revised the Revolving Facility dated April 30, 2014 to, among other things, extend the maturity date from April 2018 to August 2020 (with a one year term out period beginning in August 2019). The one year term out period is the one year anniversary between the revolver termination date, or the end of the availability period, and the maturity date. During this time, the Company is required to make mandatory prepayments on its loans from the proceeds it receives from the sale of assets, extraordinary receipts, returns of capital or the issuances of equity or debt. The Revolving Facility, denominated in US dollars, has an interest rate of LIBOR plus 2.5% (with no LIBOR floor). The Revolving Facility, denominated in Canadian dollars, has an interest rate of CDOR plus 2.5% (with no CDOR floor). The non-use fee is 1.0% annually if the Company uses 35% or less of the Revolving Facility and 0.50% annually if the Company uses more than 35% of the Revolving Facility. The Company elects the LIBOR or CDOR rates on the loans outstanding on its Revolving Facility, which can have a LIBOR or CDOR period that is one, two, three or nine months. The LIBOR rate on the US dollar borrowings outstanding on its Revolving Facility had a one month LIBOR period as of June 30, 2017. The CDOR rate on the Canadian borrowings outstanding on its Revolving Facility had a one month CDOR period as of June 30, 2017.

As of June 30, 2017, we had United States dollar borrowings of $102.6 million outstanding under the Revolving Facility with a weighted average interest rate of 3.63% and non-United States dollar borrowings denominated in Canadian dollars of CAD $29.4 million ($22.6 million in United States dollars) outstanding under the Revolving Facility with a weighted average interest rate of 3.36%. The borrowings denominated in Canadian dollars are translated into United States dollars based on the spot rate at each balance sheet date. The impact resulting from changes in foreign exchange rates on the Revolving Facility borrowings is included in unrealized appreciation (depreciation) on foreign currency borrowings in our Consolidated Statements of Operations. The borrowings denominated in Canadian dollars may be positively or negatively affected by movements in the rate of exchange between the United States dollar and the Canadian dollar. This movement is beyond our control and cannot be predicted.

The Term Loan Amendment revised the Term Loan Facility dated April 30, 2014 to, among other things, extend the maturity date from April 2019 to August 2021. The Term Loan Amendment also changes the interest rate of the Term Loan Facility to LIBOR plus 2.75% (with no LIBOR Floor) and has substantially similar terms to the existing Revolving Facility (as amended by the Revolving Amendment). The Company elects the LIBOR rate on its Term Loan, which can have a LIBOR period that is one, two, three or nine months. The LIBOR rate on its Term Loan currently has a one month LIBOR period.

Each of the Facilities includes an accordion feature permitting us to expand the Facilities, if certain conditions are satisfied; provided, however, that the aggregate amount of the Facilities, collectively, is capped at $600.0 million.

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

Borrowings under the Facilities are subject to, among other things, a minimum borrowing/collateral base. The Facilities have certain collateral requirements and/or covenants, including, but limited to, covenants related to: (a) limitations on the incurrence of additional indebtedness and liens, (b) limitations on certain investments, (c) limitations on certain restricted payments, (d) limitations on the creation or existence of agreements that prohibit liens on certain properties of ours and our subsidiaries, and (e) compliance with certain financial maintenance standards including (i) minimum stockholders' equity, (ii) a ratio of total assets (less total liabilities not represented by senior securities) to the aggregate amount of senior securities representing indebtedness, of us and our consolidated subsidiaries, of not less than 2.00: 1.0, (iii) minimum liquidity, (iv) minimum net worth, and (v) a consolidated interest coverage ratio. In addition to the financial maintenance standards, described in the preceding sentence, borrowings under the Facilities (and the incurrence of certain other permitted debt) are subject to compliance with a borrowing base that applies different advance rates to different types of assets in our portfolio.

The credit agreements governing the Facilities also include default provisions such as the failure to make timely payments under the Facilities, the occurrence of a change in control, and the failure by us to materially perform under the operative agreements governing the Facilities, which, if not complied with, could, at the option of the lenders under the Facilities, accelerate repayment under the Facilities, thereby materially and adversely affecting our liquidity, financial condition and results of operations. Each loan originated under the Revolving Facility is subject to the satisfaction of certain conditions. We cannot be assured that we will be able to borrow funds under the Revolving Facility at any particular time or at all. We are currently in compliance with all financial covenants under the Facilities.

For the six months ended June 30, 2017, we borrowed $57.9 million (includes CAD $29.4 million converted to USD $22.6 million) and repaid $40.5 million under the Facilities. For the six months ended June 30, 2016, we borrowed $65.0 million and repaid $100.3 million under the Facilities.

As of June 30, 2017 and December 31, 2016, the carrying amount of the Company's outstanding Facilities approximated fair value. The fair values of the Company's Facilities are determined in accordance with ASC 820, which defines fair value in terms of the price that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. The fair value of the Company's Facilities is estimated based upon market interest rates and entities with similar credit risk. As of June 30, 2017 and December 31, 2016, the Facilities would be deemed to be Level 3 of the fair value hierarchy.

Interest expense and related fees, excluding amortization of deferred financing costs, of $2.1 million and $2.1 million were incurred in connection with the Facilities during the three months ended June 30, 2017 and 2016, respectively. Interest expense and related fees, excluding amortization of deferred financing costs, of $4.1 million and $4.1 million were incurred in connection with the Facilities during the six months ended June 30, 2017 and 2016, respectively.

Amortization of deferred financing costs of $0.2 million and $0.3 million, respectively, were incurred in connection with the Facilities for the three months ended June 30, 2017 and 2016. Amortization of deferred financing costs of $0.5 million and $0.5 million, respectively, were incurred in connection with the Facilities for the six months ended June 30, 2017 and 2016. As of June 30, 2017, we had $2.2 million of deferred financing costs related to the Revolving Facility, which is presented as an asset and $1.1 million of deferred financing costs related to the Term Loan Facility presented as a reduction to loans payable on the Consolidated Statement of Assets and Liabilities. As of December 31, 2016, we had $2.5 million of deferred financing costs related to the Revolving Facility, which is presented as an asset and $1.2 million of deferred financing costs related to the Term Loan Facility presented as a reduction to loans payable on the Consolidated Statement of Assets and Liabilities.

In accordance with the 1940 Act, with certain exceptions, the Company is only allowed to borrow amounts such that its asset coverage, as defined in the 1940 Act, is at least 200% after such borrowing. The Company's asset coverage as of June 30, 2017 was in excess of 200%.

Notes

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

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

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

The Base Indenture, as supplemented by the First and Second Supplemental Indentures (the "Indenture"), contains certain covenants including covenants requiring us to comply with (regardless of whether it is subject to) the Section 18 (a)(1)(A) as modified by Section 61(a)(1) of the 1940 Act or any successor provisions, whether or not we continue to be subject to such provisions of the 1940 Act, but giving effect, in either case, to any exemptive relief granted to us by the SEC. Currently these provisions generally prohibit us from making additional borrowings, including through the issuance of additional debt or the sale of additional debt securities, unless our asset coverage, as defined in the 1940 Act, equals at least 200% after such borrowings. These covenants are subject to important limitations and exceptions that are described in the Indenture. The Indenture provides for customary events of default and further provides that the Trustee or the holders of 25% in aggregate principal amount of the outstanding Notes in a series may declare such Notes immediately due and payable upon the occurrence of any event of default after expiration of any applicable grace period. As of June 30, 2017, we were in compliance with the terms of the Base Indenture and the First and Second Supplemental Indentures governing the Notes. See Note 7 to our consolidated financial statements for more detail on the Notes.

As of June 30, 2017, the carrying amount and fair value of our Notes was $110.0 million and $114 million, respectively. As of December 31, 2016, the carrying value and fair value of our 2021 Notes was $110.0 million and $111.6 million, respectively. The fair value of our Notes is determined in accordance with ASC 820, which defines fair value in terms of the price that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. The fair value of the Notes is based on the closing price of the security, which is a Level 2 input under ASC 820 due to the trading volume.

In connection with the issuance of the 2021 and 2022 Notes, we incurred $4.7 million of fees and expenses. Any of these deferred financing costs are presented as a reduction to the notes payable balance and are being amortized using the effective interest method over the term of the Notes. For the three and six months ended June 30, 2017, we amortized approximately $0.2 million and $0.3 million of deferred financing costs, respectively, which is reflected in amortization of deferred financing costs on the Consolidated Statements of Operations. For the three and six months ended June 30, 2016, we amortized approximately $0.1 million and $0.3 million of deferred financing costs, respectively, which is reflected in amortization of deferred financing costs on the Consolidated Statements of Operations. As of June 30, 2017 and December 31, 2016, we had $3.3 million and $3.7 million, respectively, of remaining deferred financing costs on the Notes, which reduced the notes payable balance on our Consolidated Statements of Assets and Liabilities.

For the three and six months ended June 30, 2017, we incurred interest expense on the Notes of approximately $1.9 and $3.7 million, respectively. For the three and six months ended June 30, 2016, we incurred interest expense on the Notes of approximately $1.4 and $2.9 million, respectively.

Interest Rate Derivative

On May 10, 2012, we entered into a five-year interest rate swap agreement, or swap agreement, with ING Capital Markets, LLC that expired on May 10, 2017. Under the swap agreement, with a notional value of $50 million, we paid a fixed rate of 1.1425% and received a floating rate based upon the current three month LIBOR rate. We entered into the swap agreement to manage interest rate risk and not for speculative purposes.

We record the change in valuation of the swap agreement in unrealized appreciation (depreciation) as of each measurement period. When the quarterly swap amounts are paid or received under the swap agreement, the amounts are recorded as a realized gain (loss) as interest rate derivative periodic interest payments, net on the Consolidated Statement of Operations.

For the three and six months ended June 30, 2017, we recognized $0.0 million and $0.0 million, respectively, of realized loss from the swap agreement, which is reflected as interest rate derivative periodic interest payments, net in the Consolidated Statements of Operations. For the three and six months ended June 30, 2016, we recognized $0.1 million and $0.2 million, respectively, of realized loss from the swap agreement, which is reflected as interest rate derivative periodic interest payments, net in the Consolidated Statements of Operations.

For the three and six months ended June 30, 2017, we recognized $0.01 million and $0.05 million of net change in unrealized appreciation (depreciation) from the swap agreement, respectively, which is listed under net change in unrealized depreciation on interest rate derivative in the Consolidated Statements of Operations. For the three and six months ended June 30, 2016, we recognized $0.01 million and ($0.04) million of net change in unrealized appreciation (depreciation) from the swap agreement, respectively, which is listed under net change in unrealized depreciation on interest rate derivative in the Consolidated Statements of Operations. As of December 31, 2016, the fair value of our swap agreement was ($0.05) million, which is listed as an interest rate derivative liability on the Consolidated Statements of Assets and Liabilities.

Commitments and Contingencies and Off-Balance Sheet Arrangements

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

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

As of June 30, 2017 and December 31, 2016, we have the following unfunded commitments to portfolio companies (in millions):

	As of	
	June 30, 2017	December 31, 2016
Unfunded delayed draw facilities		
A10 Capital, LLC	$ —	$ 2.5
LAI International, Inc.	3.7	—
	3.7	$ 2.5
Unfunded revolving commitments		
HealthDrive Corporation	$ 0.6	$ 1.5
Holland Intermediate Acquisition Corp.	3.0	3.0
The John Gore Organization, Inc.	0.8	0.8
OEM Group, LLC	0.1	1.0
Togetherwork Holdings, LLC	0.1	—
Tri Starr Management Services, Inc.	0.4	0.5
Sciens Building Solutions, LLC	1.5	—
	$ 6.5	$ 6.8
Unfunded commitments to investments in funds		
Freeport Financial SBIC Fund LP	$ 0.7	$ 0.7
Gryphon Partners 3.5, L.P.	0.3	0.3
	$ 1.0	$ 1.0
Total unfunded commitments	$ 11.2	$ 10.3

The changes in fair value of our unfunded commitments are considered to be immaterial as the yield determined at the time of underwriting is expected to be materially consistent with the yield upon funding.

Distributions

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

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

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

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

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

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

We maintain an “opt in” dividend reinvestment plan for our common stockholders. As a result, unless stockholders specifically elect to have their dividends automatically reinvested in additional shares of common stock, stockholders will receive all such dividends in cash. There was $0.003 million of dividends reinvested for the three and six months ended June 30, 2017. There were no dividends reinvested for the three and six months ended June 30, 2016 under the dividend reinvestment plan.

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

Distributions in excess of our current and accumulated profits and earnings would be treated first as a return of capital to the extent of the stockholder’s tax basis, and any remaining distributions would be treated as a capital gain. The determination of the tax attributes of our distributions will be made annually as of the end of our fiscal year based upon our taxable income for the full year and distributions paid for the full year. Therefore, a determination made on a quarterly basis may not be representative of the actual tax attributes of our distributions for a full year. If we had determined the tax attributes of our 2017 distributions as of June 30, 2017, 100% would be from ordinary income, 0% would be from capital gains and 0% would be a return of capital. Each year, a statement on Form 1099-DIV identifying the source of the distribution will be sent to our U.S. stockholders of record. Our board of directors presently intends to declare and pay quarterly distributions. Our ability to pay distributions could be affected by future business performance, liquidity, capital needs, alternative investment opportunities and loan covenants.

Stock Repurchase Program

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

The following table summarizes our share repurchases under our stock repurchase program for the three and six months ended June 30, 2017 and 2016 (in millions):

	For the three months ended June 30,		For the six months ended June 30,	
	2017	2016	2017	2016
Dollar amount repurchased	$ 1.5	$ 1.0	$ 1.5	$ 1.5
Shares repurchased	0.2	0.1	0.2	0.1
Average price per share (including commission)	$ 10.01	$ 10.99	$ 10.01	$ 10.86
Weighted average discount to net asset value	14.68%	10.34%	14.68%	12.22%

Related Party Transactions

Investment Management Agreement

On March 7, 2017, our investment management agreement with the Advisor was re-approved by the independent members of the Board of Directors. Under the investment management agreement, the Advisor, subject to the overall supervision of our board of directors, manages the day-to-day operations of, and provides investment advisory services to us.

The Advisor receives a fee for investment advisory and management services consisting of a base management fee and a two-part incentive fee.

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

For the three months ended June 30, 2017 and 2016, we incurred base management fees payable to the Advisor of $2.7 million and $2.8 million, respectively. For the six months ended June 30, 2017 and 2016, we incurred base management fees payable to the Advisor of $5.2 million and $5.7 million, respectively. As of June 30, 2017 and December 31, 2016, $2.7 million and $2.6 million, respectively, was payable to the Advisor.

The incentive fee has two components, ordinary income and capital gains, as follows:

The ordinary income component is calculated, and payable, quarterly in arrears based on our preincentive fee net investment income for the immediately preceding calendar quarter, subject to a cumulative total return requirement and to deferral of non-cash amounts. The preincentive fee net investment income, which is expressed as a rate of return on the value of our net assets attributable to our common stock, for the immediately preceding calendar quarter, will have a 2.0% (which is 8.0% annualized) hurdle rate (also referred to as “minimum income level”). Preincentive fee net investment income means interest income, amortization of original issue discount, commitment and origination fees, dividend income and any other income (including any other fees, such as, structuring, diligence, managerial assistance and consulting fees or other fees that we receive from portfolio companies) accrued during the calendar quarter, minus our operating expenses for the quarter (including the base management fee, expenses payable under our administration agreement (discussed below), and any interest expense and any dividends paid on any issued and outstanding preferred stock, but excluding the incentive fee and any offering expenses and other expenses not charged to operations but excluding certain reversals to the extent such reversals have the effect of reducing previously accrued incentive fees based on the deferral of non-cash interest. Preincentive fee net investment income includes, in the case of investments with a deferred interest feature (such as original issue discount, debt instruments with PIK interest and zero coupon securities), accrued income that we have not yet received in cash. The Advisor receives no incentive fee for any calendar quarter in which our preincentive fee net investment income does not exceed the minimum income level. Subject to the cumulative total return requirement described below, the Advisor receives 100% of our preincentive fee net investment income for any calendar quarter with respect to that portion of the preincentive net investment income for such quarter, if any, that exceeds the minimum income level but is less than 2.5% (which is 10.0% annualized) of net assets (also referred to as the "catch-up" provision) and 20.0% of our preincentive fee net investment income for such calendar quarter, if any, greater than 2.5% (10.0% annualized) of net assets. The foregoing incentive fee is subject to a total return requirement, which provides that no incentive fee in respect of our preincentive fee net investment income is payable except to the extent 20.0% of the cumulative net increase in net assets resulting from operations over the then current and 11 preceding calendar quarters exceeds the cumulative incentive fees accrued and/or paid for the 11 preceding quarters. In other words, any ordinary income incentive fee that is payable in a calendar quarter is limited to the lesser of (i) 20% of the amount by which our preincentive fee net investment income for such calendar quarter exceeds the 2.0% hurdle, subject to the "catch-up" provision, and (ii) (x) 20% of the cumulative net increase in net assets resulting from operations for the then current and 11 preceding quarters minus (y) the cumulative incentive fees accrued and/or paid for the 11 preceding calendar quarters. For the foregoing purpose, the "cumulative net increase in net assets resulting from operations" is the amount, if positive, of the sum of our preincentive fee net investment income, base management fees, realized gains and losses and unrealized appreciation and depreciation for the then current and 11 preceding calendar quarters. In addition, the portion of such incentive fee that is attributable to deferred interest (sometimes referred to as payment-in-kind interest, or PIK, or original issue discount, or OID) will be paid to THL Credit Advisors, together with interest thereon from the date of deferral to the date of payment, only if and to the extent we actually receive such interest in cash, and any accrual thereof will be reversed if and to the extent such interest is reversed in connection with any write-off or similar treatment of the investment giving rise to any deferred interest accrual. There is no accumulation of amounts on the hurdle rate from quarter to quarter and accordingly there is no clawback of amounts previously paid if subsequent quarters are below the quarterly hurdle rate and there is no delay of payment if prior quarters are below the quarterly hurdle rate.

For the three months ended June 30, 2017 and 2016, we incurred $1.2 million and $0, respectively, of incentive fees related to ordinary income. For the six months ended June 30, 2017 and 2016, we incurred $2.5 million and $0.03 million, respectively, of incentive fees related to ordinary income. The higher incentive fees compared to the prior three and six months were the result of realized and unrealized losses in the portfolio. As of June 30, 2017 and December 31, 2016, $1.1 million and $2.2 million, respectively, of such incentive fees are currently payable to the Advisor. As of June 30, 2017 and December 31, 2016, $1.2 million and $1.0 million, respectively of incentive fees incurred by us were generated from deferred interest (i.e. PIK, certain discount accretion and deferred interest) and are not payable until such amounts are received in cash.

The second component of the incentive fee (capital gains incentive fee) is determined and payable in arrears as of the end of each calendar year (or upon termination of the investment management agreement, as of the termination date). This component is equal to 20.0% of our cumulative aggregate realized capital gains from inception through the end of that calendar year, computed net of the cumulative aggregate realized capital losses and cumulative aggregate unrealized capital depreciation through the end of such year. The aggregate amount of any previously paid capital gains incentive fees is subtracted from such capital gains incentive fee calculated. There was no capital gains incentive fee payable to our Advisor under the investment management agreement as of June 30, 2017 and December 31, 2016.

GAAP requires that the incentive fee accrual considers the cumulative aggregate realized gains and losses and unrealized capital appreciation or depreciation of investments or other financial instruments, such as an interest rate derivative, in the calculation, as an incentive fee would be payable if such realized gains and losses or unrealized capital appreciation or depreciation were realized, even though such realized gains and losses and unrealized capital appreciation or depreciation is not permitted to be considered in calculating the fee actually payable under the investment management agreement ("GAAP Incentive Fee"). There can be no assurance that such unrealized appreciation or depreciation will be realized in the future. Accordingly, such fee, as calculated and accrued, would not necessarily be payable under the investment management agreement, and may never be paid based upon the computation of incentive fees in subsequent periods. For the three and six months ended June 30, 2017 and 2016, we incurred no incentive fees related to the GAAP incentive fee.

Administration Agreement

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

For the three months ended June 30, 2017 and 2016, we incurred administrator expenses of $0.7 million and $0.9 million, respectively. For the six months ended June 30, 2017 and 2016, we incurred administrator expenses of $1.5 million and $1.8 million, respectively. As of June 30, 2017 and December 31, 2016, $0.14 million of administrator expenses were due from the Advisor and $0.07 million was payable to the Advisor, respectively.

License Agreement

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

Due to and from Affiliates

The Advisor paid certain other general and administrative expenses on our behalf. As of June 30, 2017 and December 31, 2016, there was $0.03 million and $0.07 million due to affiliate, which was included in accrued expenses and other payables on the Consolidated Statements of Assets and Liabilities.

As of June 30, 2017, the Advisor owed $0.17 million of administrator expenses as a reimbursement to us, which was included in due from affiliate on the Consolidated Statements of Assets and Liabilities. As of December 31, 2016, we owed $0.07 million, of administrator expense to the Advisor, which was included in accrued expenses and other payables on the Consolidated Statements of Assets and Liabilities.

We act as the investment adviser to Greenway and Greenway II and are entitled to receive certain fees. As a result, each of Greenway and Greenway II is classified as an affiliate. As of June 30, 2017 and December 31, 2016, $0.4 million and $0.5 million of fees related to Greenway and Greenway II, respectively, were included in due from affiliate on the Consolidated Statements of Assets and Liabilities.

For our controlled equity investments, as of June 30, 2017, we had $3.3 million of dividends receivable from Logan JV and C&K Market, Inc. and $0.5 million of fees from OEM Group, LLC included in interest, dividends, and fees receivable and $0.5 million of fees from Tri Starr Management Services, Inc. in prepaid expenses and other assets, which was offset by $0.2 million of deferred revenue in other deferred liabilities, on the Consolidated Statements of Assets and Liabilities. As of December 31, 2016, we had $4.5 million of dividends receivable from Logan JV and C&K Market, Inc. and $0.6 million of fees from OEM Group, LLC included in interest, dividends, and fees receivable and $0.5 million of fees from Tri Starr Management Services, Inc. in prepaid expenses and other assets, which was offset by $0.4 million of deferred revenue in other deferred liabilities, on the Consolidated Statements of Assets and Liabilities.

Critical accounting policies

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

Valuation of Portfolio Investments

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

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

- our quarterly valuation process begins with each portfolio company or investment being initially valued by the investment professionals responsible for the portfolio investment;
- preliminary valuation conclusions are then documented and discussed with senior management of the Advisor;
- to the extent determined by the audit committee of our board of directors, independent valuation firms are used to conduct independent appraisals and review the Advisor's preliminary valuations in light of their own independent assessment;
- the audit committee of our board of directors reviews the preliminary valuations of the Advisor and independent valuation firms and, if necessary, responds and supplements the valuation recommendation of the independent valuation firms to reflect any comments; and
- our board of directors discusses valuations and determines the fair value of each investment in our portfolio in good faith based on the input of the Advisor, the respective independent valuation firms and the audit committee.

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

Debt Investments

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

Interest Rate Derivative

We value our interest rate derivative agreement using an income approach that analyzes the discounted cash flows associated with the interest rate derivative agreement. Significant inputs to the discounted cash flows methodology include the forward interest rate yield curves in effect as of the end of the measurement period and an evaluation of the counterparty's credit risk.

Collateralized Loan Obligations

We value our residual interest investments in collateralized loan obligations using an income approach that analyzes the discounted cash flows of our residual interest. The discounted cash flows model utilizes prepayment, re-investment and loss assumptions based on historical experience and projected performance, economic factors, the characteristics of the underlying cash flow, and comparable yields for similar collateralized loan obligation fund subordinated notes or equity, when available. Specifically, we use Intex cash flow models, or an appropriate substitute to form the basis for the valuation of our residual interest. The models use a set of assumptions including projected default rates, recovery rates, reinvestment rate and prepayment rates in order to arrive at estimated cash flows. The assumptions are based on available market data and projections provided by third parties as well as management estimates.

Payment Rights

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

Equity

We use a combination of the income and market approaches to value our equity investments. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities (including a business). The income approach uses valuation techniques to convert future cash flows or earnings to a single present amount (discounted). The measurement is based on the value indicated by current market expectations about those future amounts. In following these approaches, the types of factors that we may take into account in fair value pricing our investments include, as relevant: available current market data, including relevant and applicable market trading and transaction comparables, applicable market yields and multiples, the current investment performance rating, security covenants, call protection provisions, information rights, the nature and realizable value of any collateral, the portfolio company's ability to make payments, its earnings and discounted cash flows, the markets in which the portfolio company does business, comparisons of financial ratios of peer companies that are public, transaction comparables, our principal market as the reporting entity, and enterprise values, among other factors.

Investment in Funds

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

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

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

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

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

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

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

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

Revenue Recognition

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

Loans are placed on non-accrual status when principal or interest payments are past due 30 days or more and/or when it is no longer probable that principal or interest will be collected. However, we may make exceptions to this policy if the loan has sufficient collateral value and is in the process of collection. We record the reversal of any previously accrued income against the same income category reflected in the Consolidated Statement of Operations. As of June 30, 2017, we had loans on non-accrual status with an amortized cost basis of $46.3 million and fair value of $27.4 million. As of June 30, 2016, we had loans on non-accrual status with an amortized cost basis of $54.5 million and fair value of $30.1 million.

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

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

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

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

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

We measure realized gains or losses by the difference between the net proceeds from the repayment or sale and the amortized cost basis of the investment, using the specific identification method, without regard to unrealized appreciation or depreciation previously recognized. We measure realized gains or losses on the interest rate derivative based upon the difference between the proceeds received or the amounts paid on the interest rate derivative. Net change in unrealized appreciation or depreciation reflects the change in portfolio investment values or value of the interest rate derivative during the reporting period, including any reversal of previously recorded unrealized appreciation or depreciation, when gains or losses are realized.

U.S. Federal Income Taxes, including excise tax

We operate so as to maintain our status as a RIC under Subchapter M of the Code and intend to continue to do so. Accordingly, we are not subject to federal income tax on the portion of our taxable income and gains distributed to stockholders. In order to qualify for favorable tax treatment as a RIC, we are required to distribute annually to our stockholders at least 90% of our investment company taxable income, as defined by the Code. To avoid a 4% federal excise tax, we must distribute each calendar year the sum of (i) 98% of our ordinary income for each such calendar year (ii) 98.2% of our net capital gains for the one-year period ending October 31 of that calendar year, and (iii) any income recognized, but not distributed, in preceding years and on which we paid no federal income tax. We may choose not to distribute all of our taxable income for the calendar year and pay a non-deductible 4% excise tax on this income. If we choose to do so, all other things being equal, this would increase expenses and reduce the amount available to be distributed to stockholders. To the extent that the Company determines that its estimated current year annual taxable income will be in excess of estimated current year distributions from such taxable income, the Company accrues excise taxes on estimated excess taxable income as taxable income is earned using an annual effective excise tax rate. We will accrue excise tax on undistributed taxable income as required. Please refer to “Distributions” above for a summary of the distributions. For the three months ended June 30, 2017 and 2016 we incurred U.S. federal excise tax and other tax expenses of $0.2 million and $0.1 million, respectively. For the six months ended June 30, 2017 and 2016 we incurred U.S. federal excise tax and other tax expenses of $0.3 million and $0.2 million, respectively.

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

The following shows the breakdown of current and deferred income tax provisions (benefits) for the three and six months ended June 30, 2017 and 2016 (in millions):

	For the three months ended June 30,		For the six months ended June 30,	
	2017	2016	2017	2016
Current income tax provision:				
Current income tax provision	$ (0.1)	$ (0.1)	$ (0.2)	$ (0.2)
Current tax provision on realized gain on investments	(0.8)	—	(0.8)	—
Deferred income tax benefit:				
Deferred income tax benefit	0.1	0.1	0.2	0.2
Benefit (provision) for taxes on unrealized gain on investments	1.7	(0.1)	1.9	(0.2)

These current and deferred income taxes are determined from taxable income estimates provided by portfolio companies where we hold equity or equity-like investments organized as pass-through entities in its corporate subsidiaries. These tax estimates may be subject to further change once tax information is finalized for the year. As of June 30, 2017 and December 31, 2016, $0.0 million and $0.1 million, respectively, of income tax receivable was included in prepaid expenses and other assets on the Consolidated Statements of Assets and Liabilities. As of June 30, 2017 and December 31, 2016, $0.9 million and $0, respectively, of income taxes payable were included in income taxes payable on the Consolidated Statements of Assets and Liabilities relating to a current tax provision for taxable ordinary income and realized gains for a consolidated blocker corporation. As of June 30, 2017 and December 31, 2016, $3.9 million and $4.5 million, respectively, were included in deferred tax liability on the Consolidated Statements of Assets and Liabilities primarily relating to deferred taxes on unrealized gains and other temporary book to tax differences related to investments and other book to tax differences held in its corporate subsidiaries. As of June 30, 2017 and December 31, 2016, $3.9 million (net of $1.4 million allowance) and $2.4 million (net of $2.1 million allowance), respectively, of deferred tax assets were presented on the Consolidated Statements of Assets and Liabilities relating to net operating loss carryforwards and unrealized losses on investments and other temporary book to tax differences that are expected to be used in future periods. The Company believes that it will be able to fully utilize these deferred tax assets against future taxable income.

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

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

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

Recent Developments

From July 1, 2017 through August 4, 2017, we closed one new first lien senior secured debt investment totaling $17.6 million in the IT Services industry and two follow-on first lien senior secured debt investments totaling $4.5 million. The new and follow-on floating rate investments have a combined weighted average yield based upon cost at the time of investment of 8.6%.

On July 17, 2017, we received proceeds of $19.0 million from the repayment of our senior secured term loan in Food Processing Holdings, LLC, at par, and $1.2 million of proceeds from the realization of our common equity interest.

On August 1, 2017, our board of directors declared a dividend of $0.27 per share payable on September 29, 2017 to stockholders of record at the close of business on September 15, 2017.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are subject to financial market risks, including changes in interest rates. As of June 30, 2017, 90.1% of the debt investments in our portfolio are floating rate loans, based upon fair market value. In the future, we expect other debt investments in our portfolio will have floating rates. These floating rate loans typically bear interest in reference to LIBOR, which are indexed to 30-day, 60-day, 90-day or 180-day LIBOR rates subject to an interest rate floor. As of June 30, 2017 and December 31, 2016, the weighted average interest rate floor on our floating rate loans was 0.94% and 0.91%, respectively. Our Revolving Facility and Term Loan Facility are also subject to floating interest rates.

Based on our June 30, 2017, Consolidated Statement of Assets and Liabilities, the following table shows the annual impact on net income of changes in interest rates, which assumes no changes in our investments and borrowings (in millions):

Change in Basis Points	Interest Income	Interest Expense	Net Income (1)
Up 300 basis points	$13.3	$ 6.0	$ 7.3
Up 200 basis points	$ 8.9	$ 4.0	$ 4.9
Up 100 basis points	$ 4.4	$ 2.0	$ 2.4
Down 300 basis points	$ (1.3)	$ (1.8)	$ 0.5
Down 200 basis points	$ (1.3)	$ (1.8)	$ 0.5
Down 100 basis points	$ (1.3)	$ (1.6)	$ 0.3

1) Excludes the impact of incentive fees based on pre-incentive fee net investment income. See “Note 4. Related Party Transaction” footnote to our consolidated financial statements for the three and six months ended June 30, 2017 for more information on the incentive fee.

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

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

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

Item 4. Controls and Procedures

Disclosure Controls and Procedures

Our Co-Chief Executive Officers and Chief Financial Officer, under the supervision and with the participation of our management, conducted an evaluation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the

Securities Exchange Act of 1934, as amended (the "Exchange Act"). As of the end of the period covered by this quarterly report on Form 10-Q, our Co-Chief Executive Officers and Chief Financial Officer have concluded that our disclosure controls and procedures were effective to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our Co-Chief Executive Officers and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

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

PART II. OTHER INFORMATION

Item 1. Legal proceedings

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

Item 1A. Risk Factors

There have been no changes to the risk factors described in Part I, Item 1A "Risk Factors" of the Company's Annual Report on Form 10-K for the year ended December 31, 2016 filed with the Securities and Exchange Commission on March 9, 2017 other than as described in Part II, Item 1A. "Risk Factors" of the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2017 filed with the Securities and Exchange Commission on May 4, 2017.

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

Stock Repurchase Program

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

During the six months ended June 30, 2017, we purchased 150,000 shares at a weighted average price per share of $10.01. The following table presents information with respect to the Company's purchases of its common stock during the six months ended June 30, 2017.

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Maximum Dollar Value of Shares That May Yet Be Purchased Under Publicly Announced Plans
January 1, 2016 through January 31, 2017	—	$ —	—	$ 20,962,548
February 1, 2017 through February 28, 2017	—	$ —	—	$ 20,962,548
March 1, 2017 through March 31, 2017	—	$ —	—	$ 20,000,000
April 1, 2017 through April 30, 2017	—	$ —	—	$ 20,000,000
May 1, 2017 through May 31, 2017	88,800	$ 9.97	88,800	$ 19,911,200
June 1, 2017 through June 30, 2017	61,200	$ 10.07	61,200	$ 19,850,000
	150,000	$ 10.01	150,000	

Item 3. Defaults Upon Senior Securities

None.

Table of Contents

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

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

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

(*) Filed herewith

Table of Contents

SIGNATURES

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

	THL CREDIT, INC.
Date: August 3, 2017	By: /S/ SAM W. TILLINGHAST **Sam W. Tillinghast** **Co-Chief Executive Officer**
Date: August 3, 2017	By: /S/ CHRISTOPHER J. FLYNN **Christopher J. Flynn** **Co-Chief Executive Officer**
Date: August 3, 2017	By: /S/ TERRENCE W. OLSON **Terrence W. Olson** **Chief Financial Officer**

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Sam W. Tillinghast, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of THL Credit, Inc. (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 officers 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 consolidated 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;

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 officers 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: August 3, 2017

By: /s/ Sam W. Tillinghast
Sam W. Tillinghast
Co-Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Christopher J. Flynn, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of THL Credit, Inc. (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 officers 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 consolidated 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;

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 officers 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: August 3, 2017

By: /s/ Christopher J. Flynn
Christopher J. Flynn
Co-Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.3

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Terrence W. Olson, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of THL Credit, Inc. (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 officers 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 consolidated 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;

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 officers 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: August 3, 2017

By: /s/ Terrence W. Olson
Terrence W. Olson
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

Certification of CEO Pursuant to
18 U.S.C. Section 1350,
as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report on Form 10-Q of THL Credit, Inc. (the "Registrant") for the quarter ended June 30, 2017, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Sam W. Tillinghast the Co-Chief Executive Officer of the Registrant, hereby certify, to the best of my knowledge, 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 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ Sam W. Tillinghast

Name:	Sam W. Tillinghast
Title:	Co-Chief Executive Officer (Principal Executive Officer)
Date:	August 3, 2017

Exhibit 32.2

Certification of CEO Pursuant to
18 U.S.C. Section 1350,
as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report on Form 10-Q of THL Credit, Inc. (the “Registrant”) for the quarter ended June 30, 2017, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Christopher J. Flynn, the Co-Chief Executive Officer of the Registrant, hereby certify, to the best of my knowledge, 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 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ Christopher J. Flynn

Name:	Christopher J. Flynn
Title:	Co-Chief Executive Officer (Principal Executive Officer)
Date:	August 3, 2017

Exhibit 32.3

**Certification of CFO Pursuant to
18 U.S.C. Section 1350,
as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report on Form 10-Q of THL Credit, Inc. (the "Registrant") for the quarter ended June 30, 2017, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Terrence W. Olson, the Chief Financial Officer of the Registrant, hereby certify, to the best of my knowledge, 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 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ Terrence W. Olson

Name:	Terrence W. Olson
Title:	Chief Financial Officer (Principal Financial Officer)
Date:	August 3, 2017