THL Credit, Inc.
ANNUAL REPORT
2019

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2019

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:

Title of Each Class	Trading Symbols	Name of Each Exchange on Which Registered
Common Stock, par value $0.001 per share	**TCRD**	**NASDAQ Global Select Market**
6.75% Senior Notes due 2022	**TCRZ**	**The New York Stock Exchange**
6.125% Senior Notes due 2023	**TCRW**	**The New York Stock Exchange**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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

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

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

Large accelerated filer	☐	Accelerated filer	☒
Non-Accelerated filer	☐	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 aggregate market value of common stock held by non-affiliates of the Registrant as of the last business day of the Registrant's most recently completed second fiscal quarter was approximately $196.1 million based on the closing price on that date of $6.64 on the NASDAQ Global Select Market. For the purposes of calculating this amount only, all directors and executive officers of the Registrant have been treated as affiliates.

As of March 4, 2020, there were 29,712,915 shares of the Registrant's common stock outstanding.

Documents Incorporated by Reference

Portions of the Registrant's definitive Proxy Statement relating to its 2020 Annual Meeting of Stockholders, to be filed pursuant to Regulation 14A with the Securities and Exchange Commission, are incorporated by reference into Part III of this Annual Report on Form 10-K as indicated herein.

THL CREDIT, INC.
FORM 10-K FOR THE YEAR ENDED December 31, 2019
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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, anticipated share repurchases or lack thereof, our plans and expectations about future investments, amount and timing of distributions, if any, and the future liquidity of the company. 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 First Eagle Alternative Credit, LLC, the Advisor;
- the ability of the Advisor to identify suitable investments for us and to monitor and administer our investments;
- the failure of our stockholders to approve a new investment management agreement with the Advisor;
- 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;
- the impact of changes to tax legislation and, generally, our tax position.
- our ability to exit a control investment in a timely manner; and
- the ability to fund Logan JV’s unfunded commitments to the extent approved by each member of the Logan JV investment committee.

PART I

In this annual report on Form 10-K, except where the context suggests otherwise, the terms "we," "us," "our" and "THL Credit" refer to THL Credit, Inc.; "First Eagle Alternative Credit," "FEAC," the "Advisor" or the "Administrator" refers to First Eagle Alternative Credit, LLC; "Greenway" refers to THL Credit Greenway Fund LLC; "Greenway II" refers to THL Credit Greenway Fund II LLC and related investment vehicle; "THL Credit Opportunities" refers to THL Credit Opportunities, L.P.; "BDC Holdings" refers to THL Credit Partners BDC Holdings, L.P.; "Logan JV" refers to THL Credit Logan JV LLC. Some of the statements in this annual report constitute forward-looking statements, which relate to future events, future performance or financial condition. These forward-looking statements involve risk and uncertainties and actual results could differ materially from those projected in the forward-looking statements for any reason, including those factors discussed in "Risk Factors" and elsewhere in this report.

THL, THL Credit, and the THL Credit logo mark are the proprietary names and marks of Thomas H. Lee Partners, L.P., and independently operated entity, and used with permission.

Item 1. Business

We are an externally managed, non-diversified closed-end management investment company incorporated in Delaware on May 26, 2009, that has elected to be regulated as a business development company, or BDC, under the Investment Company Act of 1940, as amended, or the 1940 Act. In addition, 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. On January 31, 2020, First Eagle Alternative Credit, LLC, formerly known as THL Credit Advisors LLC, the investment adviser (the "Advisor") to THL Credit, and First Eagle Investment Management, LLC ("First Eagle") completed its acquisition of the Advisor (the "Transaction") and, in conjunction with the completion of the Transaction, the Advisor's name was changed to First Eagle Alternative Credit, LLC. Our investment activities are managed by First Eagle Alternative Credit, LLC, or FEAC, and supervised by our board of directors, a majority of whom are independent of FEAC and its affiliates. As a BDC, we are required to comply with certain regulatory requirements. See "-Business Development Company Regulation" for discussion of BDC regulation and other regulatory considerations. We are also registered as an investment adviser under the Investment Advisers Act of 1940, as amended, or the Advisers Act.

Our investment objective is to generate both current income and capital appreciation, primarily through investments in privately negotiated debt and equity securities of middle market companies. We are a direct lender to 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 secured loans and subordinated, or mezzanine, debt investments, which may include an associated equity component such as warrants, preferred stock or 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 may 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/or subordinated loans to the extent we invest in the "last-out" tranche or subordinated tranche (or piece) of the unitranche loan. We also may provide advisory services to managed funds.

We intend to co-invest, subject to the conditions included in the exemptive order we received from the SEC, with certain of our affiliates. See "-Material Conflicts of Interests" below. We believe that such co-investments may afford us additional investment opportunities and an ability to achieve greater diversification.

We define middle market companies to mean both public and privately-held companies with annual earnings before interest, taxes, depreciation and amortization, or EBITDA, generally between $5 million and $25 million. We expect to generate returns primarily through a combination of contractual interest payments on debt investments, equity appreciation, origination and similar fees. We can offer no assurances that we will achieve our investment objective.

Since April 2010, after we completed our initial public offering and commenced principal operations, through December 31, 2019, we have been responsible for making, on behalf of ourselves, managed funds and separately managed account, over $2.2 billion in aggregate commitments to 128 separate portfolio companies through a combination of both initial and follow-on investments. Since April 2010 through December 31, 2019, we, along with our managed funds and separately managed accounts, have received $1.8 billion of proceeds from the realization of investments. The Company alone has received $1.5 billion of proceeds from the realization of its investments. As of December 31, 2019, our managed funds, THL Credit Greenway, LLC, or Greenway, and THL Credit Greenway II, LLC and its separately managed account, collectively Greenway II, have received $189.6 million, or 126.4% of committed capital, and $205.8 million, or 110.1% of the committed capital, respectively.

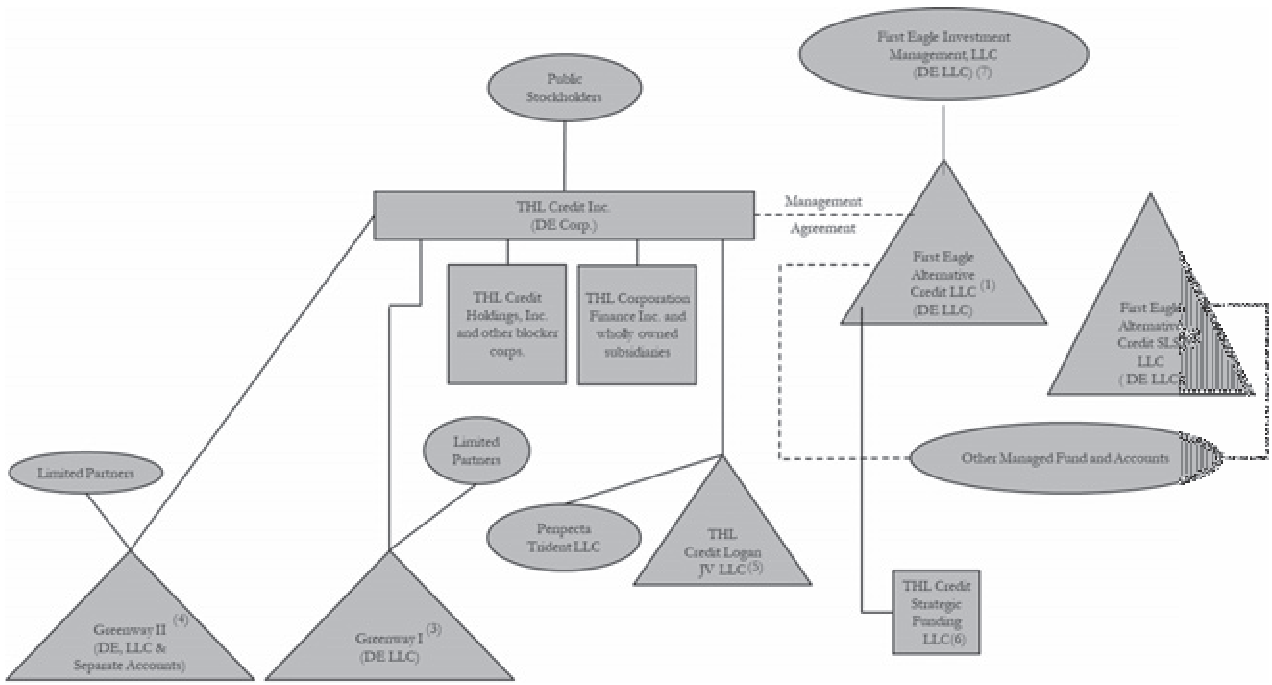
As a BDC, we must not acquire any assets other than “qualifying assets” specified in the 1940 Act unless, at the time the acquisition is made, at least 70% of our total assets are qualifying assets (with certain limited exceptions). Qualifying assets include investments in “eligible portfolio companies.” 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 Advisers Act.

We are permitted to borrow money from time to time within the levels permitted by the 1940 Act (which generally allows us to incur leverage equal to up to one half of our total assets). We have used, and expect to continue to use, our credit facilities and other borrowings, along with proceeds from the rotation of our portfolio and proceeds from public and private securities to finance our investment objectives. See “-Business Development Company Regulations” for a discussion of BDC regulation and other regulatory considerations.

Organizational Overview

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 and on January 31, 2020 our Advisor was acquired by First Eagle. The Company has formed substantially owned subsidiaries which serve as tax blockers that hold equity or equity-like investments in portfolio companies organized as limited liability companies or other forms of pass-through entities. The Company also has formed substantially owned subsidiaries which serve as the administrative agents on certain investment transactions, including THL Corporate Finance, Inc.



(1) First Eagle Alternative Credit is owned and controlled by First Eagle Investment Management, LLC.

(2) First Eagle Alternative Credit SLS, LLC is a wholly-owned subsidiary of First Eagle Alternative Credit that focuses principally in investing in broadly syndicated senior loans.

(3) Greenway I is an investment fund with $150 million of capital committed by affiliates of a single institutional investor, together with a nominal amount committed by the Company, all of which has been paid in and invested by Greenway I, which is managed by us.

(4) Greenway II is an investment fund and, together with a related vehicle, has $187 million of capital committed by third party investors, all of which has been paid in and invested by Greenway II, together with a nominal amount committed by the Company, which is managed by us.

(5) Logan JV is a joint venture entered into between the Company and Perspecta Trident LLC, or Perspecta, an affiliate of Perspecta Trust LLC, which invests primarily in senior secured first lien term loans. Logan JV has $250 million of capital commitments, of which the Company committed $200 million and Perspecta committed $50 million.

(6) THL Credit Strategic Funding LLC is a wholly owned subsidiary of First Eagle Alternative Credit that focuses principally on investing in directly originated middle market loans that may require seasoning for other managed funds or accounts.

(7) First Eagle Investment Management, LLC is a subsidiary of First Eagle Holdings, Inc., a holding company incorporated in Delaware. A controlling interest in FE Holdings is owned by BCP CC Holdings L.P., a Delaware limited partnership (BCP CC Holdings"). BCP CC Holdings GP L.L.C., a Delaware limited liability company, is the general partner of BCP CC Holdings and has two managing members, Blackstone Capital Partners VI L.P. ("BCP VI") and Corsair IV Financial Services Capital Partners L.P. ("Corsair IV"). BCP VI and Corsair IV are indirectly controlled by The Blackstone Group Inc. ("Blackstone") and Corsair Capital LLC ("Corsair"), respectively. Investment vehicles indirectly controlled by Blackstone and Corsair and certain co-investors own a majority economic interest in FE Holdings and First Eagle through BCP CC Holdings.

First Eagle Alternative Credit, LLC

Our investment activities are managed by our investment adviser, First Eagle Alternative Credit. First Eagle Alternative Credit is responsible for sourcing potential investments, conducting research on prospective investments, analyzing investment opportunities, structuring our investments, and monitoring our investments and portfolio companies on an ongoing basis. We pay First Eagle Alternative Credit a management fee as a percentage of our gross assets and may pay incentive fees as a percentage of our ordinary income and capital gains.

First Eagle Alternative Credit (fka THL Credit Advisors LLC) was formed as a Delaware limited liability company on June 26, 2009 and is registered as an investment adviser under the Advisers Act. First Eagle Alternative Credit is an alternative credit investment manager for both direct lending and tradable credit investments through public and private vehicles, commingled funds including collateralized loan obligations, and separately managed accounts. First Eagle Alternative Credit and its credit-focused affiliates managed assets of $17.3 billion as of December 31, 2019 across its two primary investment strategies: Direct Lending and Tradable Credit.

FEAC benefits from a scaled and integrated business that draws on a diverse resource base and the credit and industry expertise of the entire platform. Fundamental credit analysis, rigorous and disciplined underwriting, well-structured investments and ongoing monitoring are the hallmarks of its credit culture.

FEAC's Direct Lending strategy invests primarily in secured loans consisting of first lien senior secured, including unitranche investments, and, to a lesser extent, second lien facilities. In certain instances, FEAC's Direct Lending strategy also makes subordinated debt investments and equity investments such as warrants, preferred stock or other similar securities.

FEAC's Tradable Credit strategy manages investments in secured bank loans, structured credit and high-yield securities through CLOs, separate accounts, sub-advisory and various fund formats, including private funds, certain CLOs and as advisor to THL Credit Senior Loan Fund (NYSE: TSLF) ("TSLF"), a diversified, closed-end management investment company. The Advisor may serve as investment adviser to additional private funds, registered closed-end funds and CLOs in the future.

FEAC is headquartered in Boston, with additional origination teams in Chicago, Dallas, Los Angeles and New York, allowing it to be close to its portfolio companies as well as its origination and syndication sources. Over the years, FEAC has developed deep and diverse national relationships that it leverages to maximize investment opportunities across its strategies.

FEAC's Direct Lending investment committee, which serves as our investment committee, is comprised of Christopher J. Flynn, Terrence W. Olson, W. Montgomery Cook, James R. Fellows and Howard H. Wu (the "Investment Committee Members").

FEAC has received an exemptive order from the SEC permitting it to negotiate, subject to the conditions of the order, co-investments among us and certain of its other investment advisory clients. See "Material Conflicts of Interests" below.

FEAC also serves as our Administrator and leases office space to us and provides us with equipment and office services. The tasks of the Administrator include overseeing our financial records, preparing reports to our stockholders and reports filed with the SEC and generally monitoring the payment of our expenses and the performance of administrative and professional services rendered to us by others.

First Eagle Investment Management, LLC

The Advisor is owned by First Eagle. First Eagle provides investment advisory services primarily to mutual funds, private investment funds and institutional accounts. First Eagle managed and advised assets of $101 billion as of December 31, 2019 across the following investment strategies: Global Value, International Value, High Yield, Gold, U.S. Value, and Global Income Builder. Through First Eagle and affiliates, we believe we achieve scale in Direct Lending, augmenting our competitiveness for originations as well as providing enhanced relationship network and sponsor relationships.

Investment Approach

Our investment approach consists of the following four separate and distinct phases: (1) sourcing; (2) selecting; (3) structuring; and (4) supervising investments. Sourcing involves our efforts to generate as vast a universe of relevant and actionable investment opportunities as possible. Selecting represents our decision-making process regarding which of those investments to pursue. Structuring summarizes our creative approach to deploying capital on a case-by-case basis in a way that maximizes value. Supervising is a reference to our ongoing rigorous credit monitoring.

Sourcing

The elements of our sourcing efforts will include: (i) determining the market in which we intend to participate; (ii) identifying the opportunities within that market; (iii) having a clear strategy; (iv) knowing the competition; and (v) distinguishing our competitive advantages.

Determining the Market

We invest primarily in debt securities of sponsored issuers based in the middle market mainly in the United States. Our debt investments are composed of directly originated first lien senior secured loans, including unitranche investments. In certain instances, we also may make second lien loans and subordinated or mezzanine debt investments, which may include an associated equity component such as warrants, preferred stock and other similar securities, and direct equity co-investments. Our first lien senior secured loans may be structured as traditional first lien senior secured loans or as unitranche loans. Unitranche structures may combine characteristics of traditional first lien senior secured as well as second lien and/or 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. We also may provide advisory services to managed funds.

Market Opportunity

We believe the environment for investing in middle market companies is attractive for several reasons, including:

Improved company fundamentals creating favorable lending trends. We believe that middle market companies are experiencing improved fundamentals driven by a stabilized economy and an increase in confidence. Middle market companies have recently displayed improvements in operating performance, resulting in stronger credit quality. Default levels remain relatively low, and volatility in the broader capital markets has eased, resulting in more middle market companies seeking growth capital at attractive lender credit metrics.

Meaningful availability of investable capital at private equity firms. Recent private equity data shows approximately $1.6 trillion of cash reserves that private equity fund managers are actively looking to allocate to transactions involving new or existing portfolio companies.[1] Private equity funds will often prefer to support these transactions with debt securities, including first lien and second lien loans from sources such as us.

Consolidation among commercial banks has reduced their focus on middle market business. We believe that many bank lenders have de-emphasized their service and product offerings to middle market companies in favor of lending to large corporate clients, managing capital markets transactions and providing other non-credit services to their customers. Further, many financial institutions and traditional lenders are faced with constrained balance sheets and are requiring existing issuers to reduce leverage. As a result, it allows us a greater opportunity to originate proprietary investment opportunities; a situation that we believe the investment professionals are equipped to capitalize upon as a result of their extensive experience.

[1] Source: Preqin Pro, Q4 2019

Increased lending regulation has limited the ability of traditional lenders to provide capital to middle market companies. Heightened scrutiny of large bank institutions by regulatory bodies has prompted lending guidelines that have sought to limit leverage, deter banks from lengthening payment timelines and restrict banks from holding certain CLO securities. In response, banks have been participating less in the middle market lending arena, opening up opportunities for alternative lenders such as us. In addition to new lending activity, as companies look to refinance existing loans that do not abide by the current guidelines, the market opportunity should continue to expand.

Middle market companies are increasingly seeking lenders with long-term capital to provide flexible solutions for their debt and equity financing needs. Middle market companies continue to seek lenders with long-term capital to provide flexible solutions for their debt and equity financing needs. We believe that many middle market companies prefer to execute transactions with private capital providers such as us, rather than execute high-yield bond or equity transactions in the public markets, which may necessitate increased financial and regulatory compliance and reporting obligations. Further, we believe many middle market companies are inclined to seek capital from a small number of skilled, reliable and predictable providers with access to permanent capital that can satisfy their specific needs and serve as value-added financial partners with an understanding of, and longer-term view oriented towards the growth of their businesses. We aim to develop a constructive partnership with its portfolio companies to help them navigate economic cycles and operational issues which will arise.

The large yet fragmented middle market may offer lenders more attractive economic terms compared to the more efficient, syndicated markets. Investing in debt securities in the middle market may offer more favorable returns relative to their investment risk, when compared to investments in public high yield or syndicated bank loan securities. Furthermore, private equity sponsors focused on the middle market seek lenders with domain expertise and certainty of closing rather than running a fully efficient arranger process. Directly originated investments in the middle market may, in our experience, permit higher yields on investments and may also benefit from other more favorable terms relative to the broadly syndicated market, including lower leverage, tighter covenant packages, stronger call protection, and greater control of a work-out process in the case of a default.

Investment Strategy

We believe a strategy focused primarily on debt securities in middle market companies has a number of compelling attributes. First, the market for these instruments is relatively inefficient, allowing an experienced investor an opportunity to produce high risk-adjusted returns. Second, downside risk can be managed through an extensive credit-oriented underwriting process, creative structuring techniques and intensive portfolio monitoring. We believe private debt investments generally require the highest level of credit and legal due diligence among debt or credit asset classes. Lastly, compared with equity investments, returns on debt investments tend to be less volatile given the substantial current return component and seniority in the capital structure relative to equity. Though it is not part of our investment strategy, we currently have, and may acquire in the future, control investments in portfolio companies. See Item 1A—“Risk Factors—Our equity ownership in a portfolio company may represent a control investment. Our ability to exit a control investment may be limited”.

We will consider opportunities within all industries and do not have fixed guidelines for industry concentration. As of December 31, 2019, our portfolio investments spanned several industries and the largest industries represented and the percentage of our investment portfolio at fair value were as follows: (i) Consumer products and services at 14.32%; (ii) Healthcare at 14.10%; (iii) Business services at 11.70%; (iv) Industrials and manufacturing at 9.14%; and (v) IT services at 8.82%.

Competition

Our primary competitors to providing financing to middle market companies will include other BDCs, public and private funds, commercial and investment banks, CLO funds, commercial finance companies and, to the extent they provide an alternative form of financing, private equity and hedge funds. Some of our competitors are substantially larger and have considerably greater financial and marketing resources than we do. For example, some competitors may have access to funding sources that are not available to us. In addition, some of our competitors may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments and establish more relationships than us. Furthermore, many of our competitors are not subject to the regulatory restrictions in Investment Company Act imposes on us as a BDC.

Competitive Advantages

We believe that we possess the following competitive advantages over many other capital providers to middle market companies:

Experienced management team. As stated above, the Investment Committee Members are experienced and many have worked together extensively and together with their past investment experiences have invested through multiple business and credit cycles in a variety of credit products with the objective of generating attractive, long-term, risk-adjusted returns. Each of the Investment Committee Members brings a unique investment perspective and skill-set by virtue of their complementary collective experiences as both debt and equity investors.

Proactive sourcing platform with a regional focus set up in Industry Verticals. We take a proactive, hands-on, and creative approach to investment sourcing. Our disciplined origination process includes proprietary tools and resources and employs a national platform with a regional focus. With offices in Boston, Chicago, Dallas, Los Angeles and New York, we have a deep and diverse relationship network in the debt capital and private equity markets. These activities and relationships provide an important channel through which THL Credit generates investment opportunities consistent with its investment strategy. We have activities and relationships with private equity sponsors, investment bankers, middle market senior lenders, commercial bankers (national, regional and local), lawyers, accountants and business brokers. We actively utilize these activities, relationships and networks to source and execute attractive investments, and maintain a database and set of reports where the details of all potential investment opportunities are tracked. Further, THL Credit believes the investment history and long-standing reputation of the Investment Committee Members provides THL Credit an early look at new investment opportunities.

Given our five-office footprint, we are closer to smaller, regional sponsors and have cultivated deep relationships with these private equity firms. In many cases, regional sponsors prefer to partner with local lenders. Once an investment opportunity is sourced by one of our fives offices, the opportunity is transitioned to a lead underwriter while the individual who originated the opportunity remains closely involved in a relationship management capacity. We cover four primary industry verticals: Business & Financial Services, Consumer, Healthcare and Information Services & Media. Given our emphasis on four primary industry verticals, we have a strong preference for industry or sector-focused funds and/or sponsors who specialize in only several sectors as opposed to generalist private equity firms. Many middle market sponsors do not staff an internal capital markets resource (i.e., one who maintains a database and network of debt financing partners/arrangers); as such, a sponsor's deal team leader without this resource is directly responsible for arranging debt financing as part of his/her deal process on a case-by-case basis. Middle market sponsors with this profile appreciate the value proposition of partnering with a trusted, local relationship and respected lender with deep domain expertise.

Significant institutional expertise and brand recognition gained from investing approximately \$3.6 billion in 158 companies between June 2009 and December 31, 2019, across our direct lending credit strategy. We have developed the institutional knowledge and operational infrastructure required to successfully achieve our investment objectives. We benefit from proprietary deal flow from strong relationships with sponsors cultivated over ten years of doing business in the middle market. Our comprehensive underwriting methodology and monitoring processes have been implemented across all five regional offices. Additionally, the Investment Committee Members are supported by an experienced operational and administrative team.

Relationship with tradable credit strategy of FEAC. Our underwriting team is centrally located in Chicago alongside the investment professionals of our tradable credit strategy creating an open, collaborative and centralized credit culture. We regularly collaborate with the tradable credit industry experts which has created significant synergies and idea generation.

Selecting

Selecting investments to pursue requires us to have an employable investment philosophy, know our key metrics, have a process to consistently measure those metrics, and implement a repeatable underwriting process that enables our investment committee to make well-reasoned decisions.

Investment Philosophy

Our investment philosophy focuses on capital preservation, relative value, and establishing close relationships with portfolio companies. It is our expectation that this multifaceted focus should generate consistent, attractive, risk-adjusted returns coupled with low volatility.

Capital Preservation. We believe that the key to capital preservation is comprehensive and fundamental credit analysis. We take a long term view of our investments and portfolio with the perspective that most of our investments may need to endure through economic cycles. We refrain from market timing and generally do not enter into investments with the sole intention of realizing short term gains based on changes in market prices. However, we will not hesitate to sell an investment if we believe that it is deteriorating in value and that more recovery will be obtained by selling rather than holding the investment.

Relative Value. Relative value is an essential part of every investment decision. Relative value is determined in a variety of ways including comparisons to other opportunities available in the same asset class and with portfolio companies in the same or similar industries. Relative value is also analyzed across asset classes (senior vs. subordinate, secured vs. unsecured, debt vs. equity) to ensure that the return of a potential investment is appropriate relative to its position in the capital structure.

Key Investment Metrics

Our value-oriented investment philosophy is primarily focused on maximizing yield relative to risk. Upon identifying a potential opportunity, we perform an initial screen to determine whether pursuing intensive due diligence is merited. As part of this process, we have identified several criteria we believe are important in evaluating and investing in prospective portfolio companies. These criteria provide general guidelines for our investment decisions. However, each prospective portfolio company in which we choose to invest may not meet all of these criteria.

Value orientation/positive cash flow. Our investment philosophy places a premium on fundamental credit analysis and has a distinct value orientation. We will generally focus on companies in which we can invest at relatively low multiples of operating cash flow and that are profitable at the time of investment on an operating cash flow basis. Although we obtain liens on collateral when appropriate and available, we are primarily focused on the predictability of future cash flow. We generally do not intend to invest in start-up companies or companies with speculative business plans.

Seasoned management with significant equity ownership. Strong, committed management teams are important to the success of an investment and we focus on companies where strong management teams are either already in place or where new management teams have been identified. Additionally, we generally require the portfolio companies to have in place compensation provisions that appropriately incentivize management to succeed and to act in our interests as investors.

Strong competitive position. We seek to invest in companies that have developed competitive advantages and defensible market positions within their respective markets, provide a needed product or service and are well positioned to capitalize on growth opportunities.

Exit strategy. We seek companies that we believe will generate consistent cash flow to repay our loans and reinvest in their respective businesses. We expect such internally generated cash flow in portfolio companies to be a key means by which we exit from our investments over time. In addition, we invest in companies whose business models and expected future cash flows offer attractive exit possibilities for the equity component of our returns. These companies include candidates for strategic acquisition by other industry participants and companies that may repay our investments through an initial public offering of common stock or another capital market transaction.

Due Diligence and Investment Process

We employ a rigorous and disciplined underwriting and due diligence process. Our process includes a comprehensive understanding of a portfolio company's industry, market, operational, financial, organizational and legal position and prospects. In addition to our own analysis, we frequently use the service of third parties (either those of the sponsor, if applicable, or those which we retain) for quality of earnings reports, environmental diligence, legal reviews, industry and customer surveys, and background checks. We conduct thorough reference and background checks on senior management for all investments, including, but not limited to reference calls to several constituencies including senior management of past employers, business associates, customers, industry experts, such as equity research analysts and, when appropriate, competitors. All of our underwriting teams operate from our Chicago office, which results in greater collaboration and centralization of the overall underwriting process.

We seek portfolio companies that have proven management teams that have a vested interest in the company in the form of a meaningful level of equity ownership, that generate stable and predictable cash flow, and whose market position is defensible. We invest in companies with the expectation that we will own the investment through a complete business cycle, and possibly a recession, and we determine the appropriate amount of debt for the company accordingly. In addition, we view a sale of the company which might result in a refinancing of our investment as a possibility but not an expectation. Our intention is to craft strong and lender-friendly credit agreements with covenants, events of default, remedies and inter-creditor agreements being an integral part of our legal documents.

Our due diligence typically includes the following elements (although not all elements necessarily form part of every due diligence project):

Portfolio Company Characteristics: key levers of the business including a focus on drivers of cash flow and growth; revenue visibility; customer and supplier concentrations; historical revenue and margin trends; fixed versus variable costs; free cash flow analysis; portfolio company performance in view of industry performance; and sensitivity analysis around various future performance scenarios (with a focus on downside scenario analysis);

Industry Analysis: including the portfolio company's position within the context of the general economic environment and relevant industry cycles; industry size and growth rates; competitive landscape; barriers to entry and potential new entrants; product position and defensibility of market share; technological, regulatory and similar threats; and pricing power and cost considerations;

Management: including the quality, breadth and depth of the portfolio company's management; track record and prior experience; background checks; reputation; compensation and equity incentives; corporate overhead; motivation; and interviews with management, employees, customers and vendors;

Financial Analysis: an understanding of relevant financial ratios and statistics, including various leverage, liquidity, free cash flow and fixed charge coverage ratios; impact on ratios in various future performance scenarios and comparison of applicable ratios to industry competitors; satisfaction with the auditor of the financial statements; and quality of earnings analysis;

Capital Structure: diverse considerations regarding leverage (including understanding seniority and leverage multiples); ability to service debt; collateral and security protections; covenants and guarantees; equity investment amounts and participants (where applicable); and review of other significant structural terms and pertinent legal documentation; and,

Collateral and Enterprise Value: analysis of relevant collateral coverage, including assets on a liquidation basis and enterprise value on a going concern basis; matrix analysis of cash flow and valuation multiples under different scenarios along with recovery estimates; and comparison to recent transaction multiples and valuations.

Underwriting Process

We employ an extensive due diligence approach tailored to each particular investment opportunity. To begin, we review the information memorandum that the company presenting the investment opportunity or its intermediary has prepared, and discuss the opportunity at a high level with the company's management team, the sponsor or the intermediary, as applicable. Based on that initial high-level review, the investment team submits a customized due diligence questionnaire request to the company or intermediary. Sometimes the company or intermediary responds directly with materials, and other times there is an online data room that the investment team is invited to review. If the investment opportunity involves a sponsor that has performed a diligence review of the company, the investment team reviews the sponsor's due diligence reports and analyses. The investment team supplements the document review with phone calls and meetings with the intermediary, sponsor and company's management team, as applicable. Members of the investment team may also speak with business contacts who are industry experts who provide color on industry and market trends, without discussing the specific investment opportunity. Such industry experts may include persons in FEAC's vast network of business contacts. Members of the investment team build a preliminary financial model and review financial statements as part of the analysis on whether the opportunity is attractive.

If the investment team believes the opportunity to be compelling or worth further discussion with the larger group, it will prepare a screening memo outlining the opportunity, including a company overview, situation overview, financial summary, investment thesis, risk factors and recommendations for next steps. The screening memo will be reviewed and discussed by all investment professionals (including the investment committee). Members of the investment committee in particular will ask detailed questions about the investment opportunity of the investment team. While no formal vote of the investment committee occurs at this stage, if any member of the investment committee expresses significant concerns about the investment opportunity then the investment team will be unlikely to proceed further.

During such discussions, the investment team will compile diligence questions raised by the larger group, and formulate a strategy for engaging outside consultants, legal and financial advisors and additional industry experts, as needed.

Following such a discussion, if the investment professionals (including the investment committee) believe the opportunity to be compelling, the investment team will then pursue the next stages of diligence and draft a term sheet or initial indication of interest when appropriate. Such documentation will then be presented to the sponsor or intermediary, as appropriate, and shared with the company.

If the investment team decides that the opportunity offers an attractive risk-adjusted return and we are competitively positioned to be awarded the deal, it will begin to work towards final approval by the investment committee by performing confirmatory due diligence. As part of this process, members of the investment team will conduct, among others, in-person meetings with management, in-depth review of historical financial data, thorough reviews of loan documents and material contracts as well as research relating to the company's industry, customers, suppliers and competitors.

FEAC's in-house counsel will engage outside legal counsel for the opportunity, as well as industry-specific consultants, if appropriate, and accountants. If the investment opportunity involves a sponsor, the investment team may coordinate with the sponsor on engaging such consultants and accountants, and if the investment opportunity involves a co-investor, the investment team will coordinate with the co-investor on engaging all such advisors. Legal counsel will perform legal due diligence, the accountants will perform accounting due diligence, including a quality of earnings report if one does not yet exist, and the industry-specific consultants will diligence various areas such as regulatory restrictions, specific vendor or customer relationships and background checks on the management team.

The investment team will then present its complete findings in the form of a comprehensive memo to the investment committee and ask for official approval of the proposed investment.

Investment Committee

The purpose of the investment committee is to evaluate and approve, as deemed appropriate, all investments by us. The committee process is intended to bring the diverse experience and perspectives of the committee's members to the analysis and consideration of every investment. The committee also serves to provide investment consistency and adherence to FEAC's investment philosophies and policies. The investment committee also determines appropriate investment sizing and suggests ongoing monitoring requirements.

In addition to reviewing investments, the investment committee meetings serve as a forum to discuss credit views and outlooks. Potential transactions and investment sourcing are also reviewed on a regular basis. Members of our investment team are encouraged to share information and views on credits with the investment committee early in their analysis. This process improves the quality of the analysis and assists the deal team members to work more efficiently.

Each transaction is presented to the investment committee in a formal written report. Each potential sale or exit of an existing investment is also presented to the investment committee. Our investment committee currently consists of Christopher J. Flynn, Terrence W. Olson, W. Montgomery Cook, James R. Fellows and Howard H. Wu. To approve a new investment, or to exit or sell an existing investment, the consent of a majority of the members of the committee is required.

Structuring

Our approach to structuring involves us choosing the most appropriate variety of securities for each particular investment; and negotiating the best and most favorable terms.

Investment Structure

In order to achieve our investment objective, we invest primarily in directly originated first lien senior secured loans, including unitranche investments. In certain instances, we also make second lien loans and subordinated, or mezzanine, debt investments, which may include an associated equity component such as warrants, preferred stock or similar securities, and direct equity investments. Typically, our investments will be approximately \$5 million to \$25 million of capital per transaction and have maturities of five to seven years. In determining whether a prospective investment satisfies our investment criteria, we generally seek a high total return potential on a risk-adjusted basis, although there can be no assurance we will find investments satisfying that criterion or that any such investments will perform in accordance with expectations.

We generally do not intend to invest in startup companies, operationally distressed situations or companies with speculative business plans. In addition, we may invest up to 30% of our portfolio in opportunistic investments which will be intended to diversify or complement the remainder of our portfolio and to enhance our returns to stockholders. These investments may include high yield bonds, private equity investments, investments in financing companies, securities of public companies that are broadly traded and securities of non-U.S. companies. We expect that these public companies generally will have debt securities that are non-investment grade.

Once we have determined that a prospective portfolio company is suitable for investment, we will work with the management of that portfolio company and its other capital providers, including, as applicable, senior, junior, and equity capital providers, to structure an investment. We will negotiate among these parties to agree on how our investment is expected to perform relative to the other capital in the portfolio company's capital structure. Investments will include stringent structural and credit protections. The legal review process and documentation will be of paramount importance. Internal counsel of FEAC will be closely involved in every investment that we make. Investment professionals working with internal counsel drive the principal negotiation of legal terms in connection with the issuance of term sheets. They continue to be involved in negotiations, along with outside counsel who lead the transactions, throughout the legal documentation process. This involvement on each transaction will provide consistent structural and credit protections across investments.

Security types we invest in include:

<u>First Lien Senior Secured Loans</u> We invest in first lien or senior secured loans, and expect such loans to have terms of three to seven years. A first-lien loan is typically senior on a lien basis to other liabilities in the issuer's capital structure and has the benefit of a first-priority security interest in assets of the issuer. The security interest ranks above the security interest of any second-lien lenders in those assets. Our first-lien loans may include stand-alone first-lien loans, "last out" unitranche loans, split-collateral loans, and secured corporate bonds with similar features to these categories of first-lien loans.

- *Stand-alone first-lien loans.* Stand-alone first-lien loans are traditional first-lien loans. All lenders in the facility have equal rights to the collateral that is subject to the first-priority security interest.
- *"Last out"* unitranche loans. The "last out" tranche in a unitranche facility is subject to a waterfall that provides that the "first-out" tranche will be paid out prior to the "last-out" tranche in the event of certain trigger events which customarily would include an enforcement action against collateral. Further, the "last-out" tranche in a unitranche facility may provide certain agreements with respect to the allocation of interest and amortization payments among the tranches. These arrangements may be set forth in an "agreement among lenders," and/or in the underlying credit agreement, which provides lenders with "first out" and "last out" payment streams based on a single lien on the collateral. Since the "first out" lenders generally have priority over the "last out" lenders for receiving payment under certain specified events of default, or upon the occurrence of other triggering events under intercreditor agreements or agreements among lenders, the "last out" lenders bear a greater risk and, in exchange, receive a higher effective interest rate, through arrangements among the lenders, than the "first out" lenders or lenders in stand-alone first-lien loans.
- *"Split Collateral" loans* are credit facilities in which the lenders have a first lien on certain assets and a second lien on other assets. Customarily, one credit facility enjoys a first lien on fixed assets such as equipment and real estate and a second lien on cash and accounts receivable and another credit facility, customarily a working capital facility, has a first lien on cash and accounts receivable and a second lien other assets. Agents on behalf of each credit facility customarily enter into an intercreditor agreement which sets forth each agent's priority collateral and governs when among the two agents such agent may exercise certain rights and remedies.

Second Lien Loans We structure our second lien investments as secured loans with a second priority lien on the assets of the portfolio company. We obtain security interests in the assets of the portfolio company that serve as collateral in support of the repayment of such loans. This collateral serves as collateral in support of the repayment of these loans. Second lien loans may provide for moderate loan amortization in the initial years of the facility, with the majority of the amortization deferred until loan maturity, although there can be no assurance we will find investments providing for such amortization.

Mezzanine Loans We structure our subordinated, or mezzanine investments, primarily as unsecured, subordinated loans that provide for relatively high, fixed interest rates that will provide us with current interest income. Generally, mezzanine loans rank subordinate in priority of payment to senior debt, such as senior bank debt, and are often unsecured. However, mezzanine loans rank senior to common and preferred equity in a borrowers' capital structure. Mezzanine loans typically have interest-only payments in the early years, with amortization of principal deferred to the later years and may include an associated equity component such as warrants, preferred stock or other similar securities. The warrants associated with mezzanine loans are typically detachable, which allows lenders to receive repayment of their principal on an agreed amortization schedule while retaining their equity interest in the borrower. Also, in some cases our mezzanine loans will be collateralized by a subordinated lien on some or all of the assets of the borrower. Typically, our mezzanine loans will have maturities of five to ten years. In determining whether a prospective mezzanine loan investment satisfies our investment criteria, we generally seek a high total return potential, although there can be no assurance we will find investments satisfying that criterion or that any such investments will perform in accordance with expectations.

Logan JV We have invested in Logan JV, which as of December 31, 2019 consisted of a portfolio of loans to 131 different borrowers in industries similar to the companies in our portfolio. Logan JV invests primarily in lower yielding broadly syndicated and directly originated debt securities that are secured by a first lien on some or all of the issuer's assets, including traditional senior debt and any related revolving or similar credit facility. This is generally the same collateral as our senior secured loans. See "Management's Discussion and Analysis of Financial Condition and Results of Operation—THL Credit Logan JV LLC" and the financial statements attached as an exhibit hereto.

Investment Terms

We tailor the terms of each investment to the facts and circumstances of the transaction and the prospective portfolio company, negotiating a structure that protects our rights and manages our risk while creating incentives for the company to achieve its business plan and improve its profitability. We seek to limit the downside potential of our investments by:

- requiring a total return on our investments (including both interest and potential equity appreciation) that compensates us for credit risk; and
- negotiating covenants in connection with our investments that afford our portfolio companies as much flexibility in managing their businesses as possible, consistent with preservation of our capital. Such restrictions may include affirmative and negative covenants, default penalties, lien protection, change of control provisions and board rights, including either observation or rights to a seat on the board under some circumstances or participation rights. The intention will be to craft strong and investor-friendly agreements with covenants, events of default, remedies and intercreditor agreements, if applicable, being an integral part of such documents.

Our investments may include equity features, such as warrants or options to buy a minority interest in the portfolio company. Any warrants we receive with our debt securities generally require only a nominal cost to exercise, and thus, as a portfolio company appreciates in value, we may achieve additional investment return from this equity interest. We may structure the warrants to provide provisions protecting our rights as a minority interest holder, as well as puts, or rights to sell such securities back to the company, upon the occurrence of specified events. In many cases, we also obtain registration rights in connection with these equity interests, which may include demand and "piggyback" registration rights.

Supervising

Supervision of our investments involves employing active monitoring methods; and developing strong underlying management teams at each portfolio company.

Monitoring

We employ the use of board observation and/or information rights, regular dialogue with company management and sponsors, and detailed internally generated monitoring reports to actively monitor performance. Additionally, we have 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 revised investment performance scores, or IPS, are as follows:

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

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

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

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

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

For purposes of clarity, underwriting as referenced herein may be re-determined 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 FEAC will increase their level of focus and prepare regular updates for the investment committee summarizing current operating results, material impending events and recommended actions.

Our 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 portfolio company investment score was 2.17 and 2.05 at December 31, 2019 and December 31, 2018, respectively. The following is a distribution of the investment scores of our portfolio investments at December 31, 2019 and 2018 (in millions):

	December 31, 2019				December 31, 2018			
Investment Score	Amortized Cost	% of Total Portfolio based on Amortized Cost	Fair Value	% of Total Portfolio based on FV	Amortized Cost	% of Total Portfolio based on Amortized Cost	Fair Value	% of Total Portfolio based on FV
1[(a)]	$ 48.5	11.0%	$ 50.8	13.2%	$ 122.7	22.7%	$ 132.6	26.9%
2[(b)]	250.8	56.7%	239.8	62.5%	242.1	44.9%	232.7	47.1%
3[(c)]	103.9	23.5%	78.4	20.4%	135.0	25.0%	109.2	22.1%
4[(d)]	—	0.0%	—	0.0%	—	0.0%	—	0.0%
5[(e)]	39.0	8.8%	15.1	3.9%	39.8	7.4%	19.2	3.9%
Total	$ 442.2	100.0%	$ 384.1	100.0%	$ 539.6	100.0%	$ 493.7	100.0%

(a) As of December 31, 2019 and December 31, 2018, Investment Score "1", based upon fair value, included $5.1 million and $30.6 million, respectively, of loans to companies in which we also hold equity securities.

(b) As of December 31, 2019 and December 31, 2018, Investment Score "2", based upon fair value, included $17.2 million and $47.2 million, respectively, of loans to companies in which we also hold equity securities.

(c) As of December 31, 2019 and December 31, 2018, Investment Score "3", based upon fair value, included $74.1 million and $65.8 million, respectively, of loans to companies in which we also hold equity securities.

(d) As of December 31, 2019 and December 31, 2018, Investment Score "4", based upon fair value, included no loans to companies in which we also hold equity securities.

(e) As of December 31, 2019 and December 31, 2018, Investment Score "5", based upon fair value, included $8.3 million and $18.7 million, 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 December 31, 2019, we had loans on non-accrual status with an amortized cost basis of $36.0 million and a fair value of $15.1 million. As of December 31, 2018, we had loans on non-accrual status with an amortized cost basis of $38.0 million and fair value of $18.1 million. The decrease in loans on non-accrual status is attributable in part to our exit of certain non-accrual loans. For additional information, please refer to the Consolidated Schedules of Investments as of December 31, 2019 and 2018. Once a loan is placed on non-accrual, our Advisor takes steps to maximize recovery on our investment, including through restructuring or disposition of our positions. We record the reversal of any previously accrued income against the same income category reflected in the Consolidated Statements of Operations.

Investment Management Agreement

First Eagle Alternative Credit serves as our investment adviser. FEAC is registered as an investment adviser under the Advisers Act. Subject to the overall supervision of our board of directors, FEAC manages the day-to-day operations of, and provides investment advisory and management services to, THL Credit, Inc. The address of FEAC is 100 Federal Street, 31st Floor, Boston, Massachusetts 02110.

The Transaction resulted in a change of control of the Advisor and an assignment of the prior amended and restated investment management agreement between the Company and the Advisor (the "prior amended and restated investment management agreement") such that it terminated automatically by its terms. On January 31, 2020, the Advisor and the Company entered into an interim investment management agreement ("interim investment management agreement"), that includes substantially the same terms as the prior amended and restated investment management agreement.

Under the terms of our interim investment management agreement, FEAC:

- determines the composition of our portfolio, the nature and timing of the changes to our portfolio and the manner of implementing such changes;
- identifies, evaluates and negotiates the structure of the investments we make (including performing due diligence on our prospective portfolio companies); and
- closes, monitors and administers the investments we make, including the exercise of any voting or consent rights.

FEAC's services under the interim investment management agreement are not exclusive, and it is free to furnish similar services to other entities so long as its services to us are not impaired.

Pursuant to our interim investment management agreement, FEAC is entitled to a fee for investment advisory and management services consisting of a base management fee and a two-part incentive fee. The compensation paid under the interim investment management agreement will be held in an interest-bearing escrow account. If our stockholders approve a new investment management agreement with FEAC prior to the termination of the interim investment management agreement, the amount in the escrow account (including the interest earned) will be paid to FEAC. If our stockholders do not approve a new investment management agreement with FEAC prior to the termination of the interim investment management agreement, FEAC will be paid, out of the escrow account, the lesser of (1) any costs incurred in performing under this interim investment management agreement (plus interest earned on that amount while in escrow); or (2) the total amount in the escrow account (plus interest earned).

Management Fee

Effective June 14, 2019, our stockholders approved the prior amended and restated investment management agreement, pursuant to which the base management fee is calculated at an annual rate of 1.0% of our gross assets payable quarterly in arrears on a calendar quarter basis, which is still the case under the interim investment management agreement. Commencing April 1, 2019, the Advisor waived base management fees in excess of 1.0% per annum. Prior to June 14, 2019, the contractual base management fee was 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 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 quarter, and appropriately adjusted for any share issuances or repurchases during the current calendar quarter.

For the years ended December 31, 2019, 2018 and 2017, FEAC earned base management fees of $6.0 million, $9.0 million and $10.4 million, net of management fees waived of $0.5 million, $0 and $0, respectively, from us.

Incentive Fee

The incentive fee consists of two components as described in detail below: incentive fee on net investment income and incentive fee on capital gains. The two components are determined independent of each other.

We accepted the Advisor's proposal to waive 100% of the incentive fees accrued for the period commencing on January 1, 2018 and ending on December 31, 2019 ("Incentive Fee Waiver"). Such waived incentive fees shall not be subject to recoupment. Additionally, if, at any time during the fiscal year 2020, the aggregate incentive fees on Net Investment Income on a quarterly basis, as calculated based on the interim investment management agreement, described herein as the Reduced Incentive Fee on Net Investment Income is greater than the aggregate incentive fees on such applicable quarter, as calculated based on the incentive fee formula as reflected in the original investment management agreement prior to giving effect to the June 14, 2019 amendment (the "original investment management agreement"), the Advisor will waive such excess.

Incentive Fee on Net Investment Income as of January 1, 2020

On June 14, 2019, our shareholders approved the prior amended and restated investment management agreement that modified the incentive fee on net investment income as indicated below ("Reduced Incentive Fee on Net Investment Income"), which is still the case under the interim investment management agreement. The Reduced Incentive Fee on Net Investment Income is calculated by reference to the most recent trailing twelve quarter period or, if shorter, the number of quarters that have occurred since January 1, 2018 ("Trailing Twelve Quarter Period"), rather than on the standalone quarterly basis as set forth in the original investment management agreement. Pre-incentive fee net investment income is expressed as a rate of return on the value of our net assets (defined as total assets less indebtedness and before taking into account any incentive fees payable during the period) at the beginning of each applicable calendar quarter comprising of the relevant Trailing Twelve Quarter Period. The hurdle amount for incentive fee based on pre-incentive fee net investment income continues to be determined on a quarterly basis and equal to 2.0% (which is 8.0% annualized) but is multiplied by the net asset value attributable to our common stock at the beginning of each applicable calendar quarter comprising the relevant Trailing Twelve Quarter Period (also referred to as "minimum income level"). The hurdle amount will be calculated after making appropriate adjustments for subscriptions (which includes all issuances by us of shares of our common stock, including issuances pursuant to its dividend reinvestment plan) and distributions that occurred during the relevant Trailing Twelve Quarter Period.

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

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

- The Advisor receives no incentive fee for any calendar quarter in which our pre-incentive fee net investment income does not exceed the minimum income level.
- Subject to the Incentive Fee Cap (as defined below), the Advisor receives 100% of our pre-incentive fee net investment income for the Trailing Twelve Quarters with respect to that portion of the pre-incentive net investment income for such quarter, if any, that exceeds the minimum income level but is less than 2.5% (which is 10.0% annualized) (also referred to as the "catch-up" provision); and
- 17.5% of our pre-incentive fee net investment income, if any, greater than 2.5% (10.0% annualized) for the Trailing Twelve Quarter Period.

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

The foregoing incentive fee is subject to an Incentive Fee Cap (as defined below). The Incentive Fee Cap for any quarter is an amount equal to (a) 17.5% of the Cumulative Net Return (as defined below) during the relevant Trailing Twelve Quarter Period, minus (b) the aggregate incentive fees based on income that were paid in respect of the first eleven calendar quarters (or the portion thereof) included in the relevant Trailing Twelve Quarter Period. "Cumulative Net Return" means (x) pre-incentive fee net investment income in respect of the relevant Trailing Twelve Quarter Period minus (y) any Net Capital Loss, if any, in respect of the relevant Trailing Twelve

Quarter Period. If, in any quarter, the Incentive Fee Cap is zero or a negative value, we pay no incentive fee based on income to the Advisor for such quarter. If, in any quarter, the Incentive Fee Cap for such quarter is a positive value but is less than the incentive fee based on pre-incentive net investment income that is payable to the Advisor for such quarter (before giving effect to the Incentive Fee Cap) calculated as described above, we pay an incentive fee based on pre-incentive fee net investment income to the Advisor equal to the Incentive Fee Cap for such quarter. If, in any quarter, the Incentive Fee Cap for such quarter is equal to or greater than the incentive fee based on pre-incentive fee net investment income that is payable to the Advisor for such quarter (before giving effect to the Incentive Fee Cap) calculated as described above, we pay an incentive fee based on income to the Advisor equal to the incentive fee calculated as described above for such quarter without regard to the Incentive Fee Cap. "Net Capital Loss" in respect of a particular period means the difference, if positive, between (i) aggregate capital losses, whether realized or unrealized, in such period and (ii) aggregate capital gains, whether realized or unrealized, in such period.

Additionally, if, at any time during the fiscal year 2020, the aggregate incentive fees on a quarterly basis, as calculated based on the interim investment management agreement, described herein as the Reduced Incentive Fee on Net Investment Income is greater than the aggregate incentive fees on such applicable quarter, as calculated based on the incentive fee formula as reflected in the original investment management agreement, the Advisor will waive such excess.

For the year ended December 31, 2019, we incurred no incentive fee related to ordinary income under the new calculation.

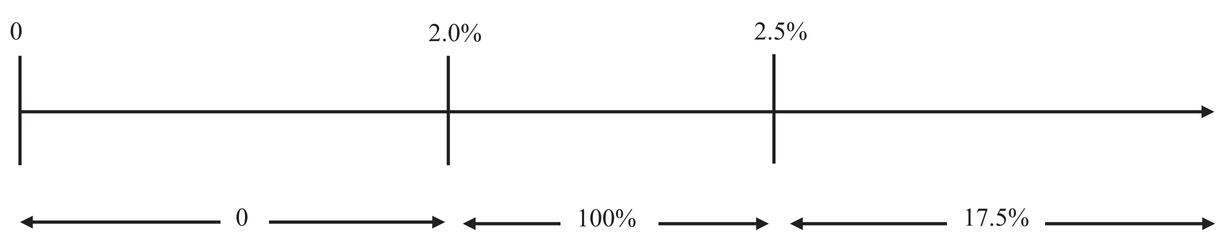
For the year ended December 31, 2018, we would have incurred $2.6 million of incentive fees related to ordinary income under the new calculation. These fees were calculated based on the incentive fee rate of 20.0% which was in effect through June 14, 2019, the date when a reduced rate of 17.5% was approved by the shareholders. These fees under the new formula were greater on a cumulative basis than the fees calculated based on the formula as in effect under the original investment management agreement and therefore, the fees under the old formula were reflected as an expense as well as a corresponding waiver in the same amount.

The following is a graphical representation of the calculation of the Incentive Fee based on income:

Incentive Fee based on Income

Percentage of Ordinary Income comprising the Incentive Fee based on Income

(expressed as an annualized rate[(1)] of return on the value of net assets as of the beginning of each of the quarters included in the Trailing Twelve Quarters)



(1) The Incentive Fee is determined on a quarterly basis but has been annualized for purposes of the above diagram. The diagram also does not reflect the Incentive Fee Cap.

Example of Calculation of the Incentive Fee based on Income Assumptions

Assumptions[(1)]

- Quarter 1
  - Net Asset Value at the start of Quarter 1 = $100.0 million
  - Quarter 1 Ordinary Income = $6.0 million
  - Quarter 1 Net Capital Gain = $1.0 million
  - Quarter 1 Hurdle Amount = $2.0 million (calculated based on an annualized 8.0% hurdle rate)
  - Quarter 1 Catch-up Amount = $2.5 million (calculated based on an annualized 10.0% rate)
- Quarter 2
  - Net Asset Value at the start of Quarter 2 = $100.0 million
  - Quarter 2 Ordinary Income = $1.5 million
  - Quarter 2 Net Capital Gain = $1.0 million
  - Quarter 2 Hurdle Amount = $2.0 million (calculated based on an annualized 8.0% hurdle rate)
  - Quarter 2 Catch-up Amount = $2.5 million (calculated based on an annualized 10.0% rate)
- Quarter 3
  - Net Asset Value at the start of Quarter 3 = $100.0 million
  - Quarter 3 Ordinary Income = $2.0 million
  - Quarter 3 Net Capital Loss = ($6.0) million
  - Quarter 3 Hurdle Amount = $2.0 million (calculated based on an annualized 8.0% hurdle rate)
  - Quarter 3 Catch-up Amount = $2.5 million (calculated based on an annualized 10.0% rate)
- Quarter 4
  - Net Asset Value at the start of Quarter 4 = $100.0 million
  - Quarter 4 Ordinary Income = $3.5 million
  - Quarter 4 Net Capital Gain = $3.0 million
  - Quarter 3 Hurdle Amount = $2.0 million (calculated based on an annualized 8.0% hurdle rate)
  - Quarter 3 Catch-up Amount = $2.5 million (calculated based on an annualized 10.0% rate)

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(1) For illustrative purposes, Net Asset Value is assumed to be $100.0 million as of the beginning of all four quarters and does not give effect to gains or losses in the preceding quarters.

Determination of Incentive Fee based on income

In Quarter 1, the Ordinary Income of $6.0 million exceeds the Hurdle Amount of $2.0 million and the Catch-up Amount of $2.5 million. There are no Net Capital Losses. As a result, an Incentive Fee based on income of $1.1 million ((100% of $0.5 million) + (17.5% of $3.5 million)) is payable to our Advisor for Quarter 1.

In Quarter 2, the Quarter 2 Ordinary Income of $1.5 million does not exceed the Quarter 2 Hurdle Amount of $2.0 million, but the aggregate Ordinary Income for the Trailing Twelve Quarters of $7.5 million exceeds the aggregate Hurdle Amount for the Trailing Twelve Quarters of $4.0 million and the aggregate Catch-up Amount for the Trailing Twelve Quarters of $5.0 million. There are no Net Capital Losses. As a result, an Incentive Fee based on income of $325,000 ($1.4 million ((100% of $1.0 million) + (17.5% of 2.5 million)) minus $1.1 million paid in Quarter 1) is payable to our Advisor for Quarter 2.

In Quarter 3, the aggregate Ordinary Income of the Trailing Twelve Quarters of $9.5 million exceeds the aggregate Hurdle Amount for the Trailing Twelve Quarters of $6.0 million and the aggregate Catch-up Amount for the Trailing Twelve Quarters of $7.5 million. However, there is an aggregate Net Capital Loss of ($4.0) million for the Trailing Twelve Quarters. As a result, the Incentive Fee Cap would apply. The Incentive Fee Cap equals $(0.5 million), calculated as follows:

(17.5% x ($9.5 million minus $4.0 million)) minus $1.4 million paid in Quarters 1 and 2. Because the Incentive Fee Cap is a negative value, there is no Incentive Fee based on income payable to our Advisor for Quarter 3.

In Quarter 4, the aggregate Ordinary Income of the Trailing Twelve Quarters of $13.0 million exceeds the aggregate Hurdle Amount for the Trailing Twelve Quarters of $8.0 million and the aggregate Catch-up Amount for the Trailing Twelve Quarters of $10.0 million. The calculation of the Incentive Fee based on income would be $1.1 million ($2.5 million (100% of $2.0 million) + (17.5% of $3.0 million) minus $1.4 million paid in Quarters 1 and 2). However, there is an aggregate Net Capital Loss of ($1.0) million for the Trailing Twelve Quarters. As a result, the Incentive Fee Cap would apply. The Incentive Fee Cap equals $662,500 calculated as follows:

(17.5% x ($13.0 million minus $1.0 million)) minus $1.4 million. Because the Incentive Fee Cap is positive but less than the Incentive Fee based on income of $1.1 million calculated prior to applying the Incentive Fee Cap, an Incentive Fee based on income of $662,500 is payable to our Advisor for Quarter 4.

Incentive Fee on Net Investment Income Prior to January 1, 2018 Pursuant to the Original Investment Management Agreement

The incentive fee on net investment income is calculated, and payable, quarterly in arrears based on our pre-incentive 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 pre-incentive 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"). Pre-incentive fee net investment income means interest income, dividend income and any other income (including any other fees, such as commitment, origination, 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. Pre-incentive fee net investment income includes, in the case of investments with a deferred interest feature (such as original issue discount, debt instruments with PIK interest and zero coupon securities), and accrued income that we have not yet received in cash. The Advisor receives no incentive fee for any calendar quarter in which our pre-incentive 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 pre-incentive fee net investment income for any calendar quarter with respect to that portion of the pre-incentive fee 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 pre-incentive 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 pre-incentive 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 pre-incentive 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 pre-incentive 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 the Advisor, 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.

Pre-incentive fee net investment income does not include any realized capital gains, realized capital losses or unrealized capital appreciation or depreciation. Because of the structure of the incentive fee, it is possible that we may pay an incentive fee in a quarter where we incur a loss, subject to the total return requirement and deferral of non-cash amounts. For example, if we receive pre-incentive fee net investment income in excess of the quarterly minimum hurdle rate, we will pay the applicable incentive fee even if we have incurred a loss in that quarter due to realized and unrealized capital losses. Our net investment income used to calculate this component of the incentive fee is also included in the amount of our gross assets used to calculate the base management fee. These calculations will be appropriately prorated for any period of less than three months and adjusted for any share issuances or repurchases during the current quarter.

For the year ended December 31, 2019, we would have incurred no incentive fees related to ordinary income under the old calculation.

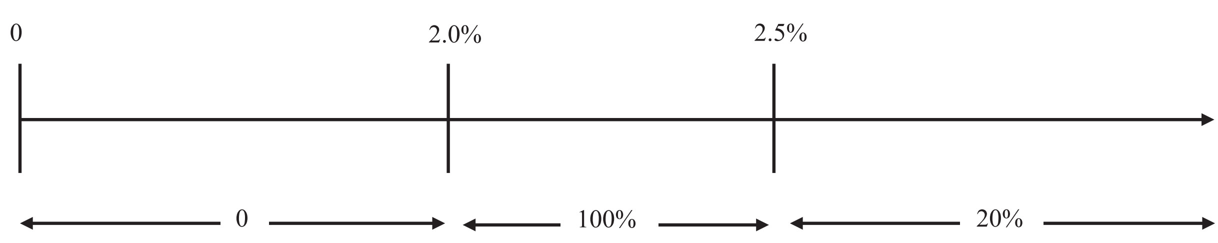
For the year ended December 31, 2018, we incurred $0.0 million, net of incentive fees waived of $1.7 million, of incentive fees related to ordinary income under the old calculation. These fees were less on a cumulative basis than the fees calculated based on the formula in place after January 1, 2018, therefore, these fees were booked as an expenses for the period.

For the year ended December 31, 2017, we incurred $2.4 million, net of incentive fees waived of $0.8 million, of incentive fees related to ordinary income.

The following is a graphical representation of the calculation of the income-related portion of the incentive fee:

<u>Quarterly Incentive Fee Based on Net Investment Income</u>

Pre-incentive fee net investment income (expressed as a percentage of the value of net assets)



Pre-incentive fee net investment income does not include any realized capital gains, realized capital losses or unrealized capital appreciation or depreciation. Because of the structure of the incentive fee, it is possible that we may pay an incentive fee in a quarter where we incur a loss, subject to the total return requirement and deferral of non-cash amounts. For example, if we receive pre-incentive fee net investment income in excess of the quarterly minimum hurdle rate, we will pay the applicable incentive fee even if we have incurred a loss in that quarter due to realized and unrealized capital losses. Our net investment income used to calculate this component of the incentive fee is also included in the amount of our gross assets used to calculate the 1% base management fee. These calculations will be appropriately prorated for any period of less than three months and adjusted for any share issuances or repurchases during the current quarter.

Incentive Fee on Capital Gains

The second component of the incentive fee (capital gains incentive fee) is determined and payable in arrears as of the end of each calendar year (or upon termination of the investment management agreement, as of the termination date). Effective June 14, 2019, this component is equal to 17.5% (prior thereto before giving effect to any waivers was 20.0%) of the Company's cumulative aggregate realized capital gains from inception through the end of that calendar year, computed net of the cumulative aggregate realized capital losses and cumulative aggregate unrealized capital depreciation through the end of such year. The calculation of the capital gains incentive fee has not been modified. 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 relevant investment management agreement as of December 31, 2019 and December 31, 2018.

Payment of our expenses

All investment professionals and staff of FEAC, when and to the extent engaged in providing investment advisory and management services to us; and the compensation and routine overhead expenses of such personnel allocable to such services (including health insurance, 401(k) plan benefits, payroll taxes and other compensation related matters), are provided and paid for by FEAC. We bear all other costs and expenses of our operations and transactions, including those relating to:

- our organization;
- calculating our net asset value and net asset value per share (including the cost and expenses of any independent valuation firm);
- expenses, including travel-related expenses, incurred by FEAC or payable to third parties in originating investments for the portfolio, performing due diligence on prospective portfolio companies, monitoring our investments and, if necessary, enforcing our rights;
- interest payable on debt, if any, incurred to finance our investments;
- the costs of future offerings of common shares and other securities, if any;
- the base management fee and any incentive management fee;
- distributions on our shares;
- Administrator Expenses payable under our administration agreement;
- transfer agent and custody fees and expenses;
- the allocated costs incurred by FEAC as our administrator in providing managerial assistance to those portfolio companies that request it;
- amounts payable to third parties relating to, or associated with, evaluating, making and disposing of investments;
- brokerage fees and commissions;

- registration fees;
- listing fees;
- taxes;
- independent director fees and expenses;
- costs of preparing and filing reports or other documents with the SEC;
- the costs of any reports, proxy statements or other notices to our stockholders, including printing costs;
- costs of holding stockholder meetings;
- our fidelity bond;
- directors and officers/errors and omissions liability insurance, and any other insurance premiums;
- litigation, indemnification and other non-recurring or extraordinary expenses;
- direct costs and expenses of administration and operation, including audit and legal costs;
- fees and expenses associated with marketing efforts, including to investors, sponsors and other origination sources;
- dues, fees and charges of any trade association of which we are a member; and
- all other expenses reasonably incurred by us or FEAC in connection with administering our business, such as the allocable portion of overhead under our administration agreement, including rent and other allocable portions of the cost of certain of our officers and their respective staffs.

We reimburse FEAC for a portion of the costs and expenses incurred by FEAC for office space rental, office equipment and utilities deemed allocable to the performance by FEAC of its duties under the interim investment management agreement, as well as any costs and expenses incurred by FEAC relating to any non-investment advisory, administrative or operating services provided by FEAC to us or in the form of managerial assistance to portfolio companies that request it.

FEAC may pay amounts owed by us to third party providers of goods or services. We will subsequently reimburse FEAC for such amounts paid on our behalf.

Limitation of liability and indemnification

The interim investment management agreement provides that FEAC and its officers, directors, employees and affiliates are not liable to us or any of our stockholders for any act or omission by it or its employees in the supervision or management of our investment activities or for any loss sustained by us or our stockholders, except that the foregoing exculpation does not extend to any act or omission constituting willful misfeasance, bad faith, gross negligence or reckless disregard of its obligations under the investment management agreement. The investment management agreement also provides for indemnification by us of FEAC's directors, officers, employees, agents and control persons for liabilities incurred by it in connection with their services to us, subject to the same limitations and to certain conditions.

Duration and termination

The interim investment management agreement was approved by our board of directors on January 28, 2020, as described further below under "Business—Board Approval of the Investment Advisory Agreement." It will remain in place until June 29, 2020, unless the Company receives stockholder approval of the new investment management agreement prior to the termination date or exemptive relief is sought and obtained from the SEC to extend the term of the interim investment management agreement or permit the entrance into an additional interim investment management agreement. Upon receipt of stockholder approval, the interim investment management agreement will terminate immediately and the new investment management agreement will go into effect. See Item 1A "Risk Factors—Risks relating to our business—." We are dependent upon senior management personnel of our investment adviser for our future success, and if our investment adviser is unable to retain qualified personnel or if our investment adviser loses any member of its senior management team, our ability to achieve our investment objective could be significantly harmed."

Board Approval of the Interim Investment Advisory Agreement

At a meeting the board of directors held on January 28, 2020 the board of directors unanimously voted to approve the interim investment management agreement. At the meeting the Board, including all of the Independent Directors, unanimously approved the interim investment management agreement. [The independent directors met separately with independent counsel in connection with their review of the interim investment management agreement and the Transaction.] In reaching its decision to approve the interim investment management agreement, the board of directors, including all of the independent directors, reviewed a significant amount of information, which had been furnished by the Advisor at the request of independent counsel, on behalf of the independent directors. In reaching a decision to approve the interim investment management agreement, the board of directors considered, among other things the following factors related to the Proposal:

- the nature, quality and extent of the advisory and other services to be provided to us by the Advisor;
- the investment performance of the Company;
- our projected operating expenses and expense ratio compared to business development companies with similar investment objectives;
- any existing and potential sources of indirect income to the Advisor from its relationship with us and the profitability of that relationship, including through the investment advisory agreement;
- the possible economies of scale that would be realized due to the Company's growth and whether fee levels reflect such economies of scale for the benefit of investors; and
- whether consummation of the Transaction would have any impact on the above considerations.

The board of directors also noted that the interim investment management agreement would retain the existing fee structure under the prior amended and restated investment management agreement and that no terms would change in the interim investment management agreement other than the date and certain factual information, such as the name and address of the Advisor.

Administration Agreement

We have entered into an administration agreement with FEAC, which we refer to as the "administration agreement," under which the Administrator provides administrative services to us. For providing these services, facilities and personnel, we reimburse the Administrator for our allocable portion of overhead and other expenses incurred by the Administrator in performing its obligations under the administration agreement, including rent and our allocable portion of the cost of certain of our officers and their respective staffs.

The Administrator may pay amounts owed by us to third-party providers of goods or services. We will subsequently reimburse the Administrator for such amounts paid on our behalf.

Additionally, at our request, the Administrator provides on our behalf significant managerial assistance to our portfolio companies to which we are required to provide such assistance.

License Agreement

We and FEAC have entered into a license agreement with Thomas H. Lee Partners, L.P. ("THL Partners") under which THL Partners has granted to us and FEAC 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 FEAC 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 FEAC 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 FEAC at our or its sole discretion upon 60 days prior written notice. Upon termination of the license agreement, we and FEAC 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 FEAC 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

Staffing

We do not currently have any employees and do not expect to have any employees. Our Advisor and Administrator have hired and expect to continue to hire professionals with skills applicable to our business plan and investment objective, including experience in middle market investment, leveraged finance and capital markets. Each of our executive officers is an employee and executive officer of our Advisor or its wholly owned subsidiary, First Eagle Alternative Credit SLS, LLC ("SLS"). Our day-to-day investment operations are managed by our Advisor. The services necessary for the origination and administration of our investment portfolio are provided by investment professionals employed by either the Advisor or SLS. Our Advisor's investment professionals focus on origination and transaction development and the ongoing monitoring of our investments. We reimburse the Advisor, in its capacity as our Administrator, for costs and expenses incurred by our Administrator for office space rental, office equipment and utilities allocable to our Administrator under the administration agreement, as well as any costs and expenses incurred by our Advisor relating to any non-investment advisory, administrative or operating services provided by our Advisor to us. In addition, we reimburse our Administrator for our allocable portion of expenses it incurs in performing its obligations under the administration agreement, including rent and our allocable portion of the cost of certain of our officers and their respective staffs.

Material Conflicts of Interest

We entered into an investment management agreement on April 1, 2010 under which 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 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 or registered closed-end funds, and presently serves as an investment adviser to certain CLOs as well as THL Credit Senior Loan Fund (NYSE: TSLF) and Eagle Growth and Income Opportunities Fund (NYSE: EGIF), both closed-end funds. In addition, we expect our officers to serve in similar capacities for one or more private funds or registered closed-end 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. In addition, we note that any affiliated fund currently formed or formed in the future and managed by the Advisor or its affiliates may have overlapping investment objectives with our own and, accordingly, may invest in asset classes similar to those targeted by us. However, in certain instances due to regulatory, tax, investment, or other restrictions, certain investment opportunities may not be appropriate for either us or other funds managed by the Advisor.

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. Unless otherwise provided in the allocation policy, if an investment opportunity is appropriate for both us and other investment funds and the investment opportunity requires more than the price to be negotiated, the investment opportunity will be made available to the other investment fund or us on an alternating basis based on the date of closing of each such investment opportunity and each fund's available capital. 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.

On September 19, 2018 the SEC granted us the relief we sought in an exemptive application that expands our ability to co-invest in portfolio companies with certain other funds managed by the Advisor or its affiliates ("Affiliated Funds") and, subject to certain conditions, proprietary accounts of the Advisor or its affiliates ("THL Proprietary Accounts") or 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 (the "Order"). Pursuant to the Order, we are permitted to co-invest with Affiliated Funds and/or THL Proprietary Accounts 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.

Business Development Company Regulations

We have elected to be regulated as a BDC under the 1940 Act. We have also elected to be treated for tax purposes as a RIC under Subchapter M of the Code. The 1940 Act contains prohibitions and restrictions relating to transactions between BDCs and their affiliates (including any investment advisers or sub-advisers), principal underwriters and affiliates of those affiliates or underwriters and requires that a majority of the directors be persons other than "interested persons," as that term is defined in the 1940 Act.

In addition, the 1940 Act provides that we may not change the nature of our business so as to cease to be, or to withdraw our election as, a BDC unless approved by "a majority of our outstanding voting securities" as defined in the 1940 Act. A majority of the outstanding voting securities of a company is defined under the 1940 Act as the lesser of: (a) 67% or more of such company's voting securities present at a meeting if more than 50% of the outstanding voting securities of such company are present or represented by proxy, or (b) more than 50% of the outstanding voting securities of such company. We do not anticipate any substantial change in the nature of our business.

We are not generally able to issue and sell our common stock at a price below net asset value per share. We may, however, issue and sell our common stock, or warrants, options or rights to acquire our common stock, at a price below the then-current net asset value of our common stock if (1) our board of directors determines that such sale is in our best interests and the best interests of our stockholders, and (2) our stockholders have approved our policy and practice of making such sales within the preceding 12 months. In any such case, the price at which our securities are to be issued and sold may not be less than a price which, in the determination of our board of directors, closely approximates the market value of such securities.

As a BDC, we are required to meet a certain coverage ratio of the value of total assets to senior securities, which include all of our borrowings and any preferred stock we may issue in the future. Recent legislation has modified the 1940 Act by allowing a BDC to increase the maximum amount of leverage it may incur under the 1940 Act from an asset coverage ratio of 200% to an asset cover ratio of 150%. Such asset coverage ratio became effective on June 15, 2019. We may be able to increase our leverage up to an amount that reduces our asset coverage ratio to 150% once we amend the Revolving Facility (as defined in Note 7), which would require our lender consent. We may also be prohibited under the 1940 Act from knowingly participating in certain transactions with our affiliates without the prior approval of our board of directors who are not interested persons and, in some cases, prior approval by the SEC.

We may invest up to 100% of our assets in securities acquired directly from issuers in privately negotiated transactions. With respect to such securities, we may, for the purpose of public resale, be deemed an "underwriter" as that term is defined in the Securities Act of 1933, or the Securities Act. We do not intend to acquire securities issued by any investment company that exceed the limits imposed by the 1940 Act. Under these limits, except for registered money market funds, we generally cannot acquire more than 3% of the voting stock of any investment company, invest more than 5% of the value of our total assets in the securities of one investment company or invest more than 10% of the value of our total assets in the securities of more than one investment company. With regard to that portion of our portfolio invested in securities issued by investment companies, it should be noted that such investments might indirectly subject our stockholders to additional expenses as they will indirectly be responsible for the costs and expenses of such companies. None of our investment policies are fundamental and any may be changed without stockholder approval.

Qualifying assets

Under the 1940 Act, a BDC may not acquire any asset other than assets of the type listed in section 55(a) of the 1940 Act, which are referred to as qualifying assets, unless, at the time the acquisition is made, qualifying assets represent at least 70% of the company's total assets. The principal categories of qualifying assets relevant to our business are the following:

- Securities purchased in transactions not involving any public offering from the issuer of such securities, which issuer (subject to certain limited exceptions) is an eligible portfolio company, or from any person who is, or has been during the preceding 13 months, an affiliated person of an eligible portfolio company, or from any other person, subject to such rules as may be prescribed by the SEC. An eligible portfolio company is defined in the 1940 Act as any issuer which:
    - is organized under the laws of, and has its principal place of business in, the United States;
    - is not an investment company (other than a small business investment company substantially owned by the BDC) or a company that would be an investment company but for certain exclusions under the 1940 Act; and
    - satisfies either of the following:
        - has a market capitalization of less than $250 million or does not have any class of securities listed on a national securities exchange; or
        - is controlled by a BDC or a group of companies including a BDC, the BDC actually exercises a controlling influence over the management or policies of the eligible portfolio company, and, as a result thereof, the BDC has an affiliated person who is a director of the eligible portfolio company.
- Securities of any eligible portfolio company which we control.
- Securities purchased in a private transaction from a U.S. issuer that is not an investment company or from an affiliated person of the issuer, or in transactions incident thereto, if the issuer is in bankruptcy and subject to reorganization or if the issuer, immediately prior to the purchase of its securities was unable to meet its obligations as they came due without material assistance other than conventional lending or financing arrangements.
- Securities of an eligible portfolio company purchased from any person in a private transaction if there is no ready market for such securities and we already own 60% of the outstanding equity of the eligible portfolio company.
- Securities received in exchange for or distributed on or with respect to securities described above, or pursuant to the exercise of warrants or rights relating to such securities.
- Cash, cash equivalents, U.S. Government securities or high-quality debt securities maturing in one year or less from the time of investment.

Control, as defined by the 1940 Act, is presumed to exist where a BDC beneficially owns more than 25% of the outstanding voting securities of the portfolio company.

Significant managerial assistance to portfolio companies

A BDC must have been organized and have its principal place of business in the United States and must be operated for the purpose of making investments in the types of securities described in "Business—Business Development Company Regulations—Qualifying assets" above. Business development companies generally must offer to make available to the issuer of the securities significant managerial assistance, except in circumstances where either (i) the business development company controls such issuer of securities or (ii) the business development company purchases such securities in conjunction with one or more other persons acting together and one of the other persons in the group makes available such managerial assistance. Making available managerial assistance means, among other things, any arrangement whereby the BDC, through its directors, officers or employees, offers to provide, and, if accepted, does so provide, significant guidance and counsel concerning the management, operations or business objectives and policies of a portfolio company.

Temporary investments

Pending investment in other types of "qualifying assets," as described above, our investments may consist of cash, cash equivalents, U.S. government securities or high-quality debt securities maturing in one year or less from the time of investment, which we refer to, collectively, as temporary investments, so that 70% of our assets are qualifying assets. We may invest in highly rated commercial paper, U.S. Government agency notes, U.S. Treasury bills or in repurchase agreements relating to such securities that are fully collateralized by cash or securities issued by the U.S. government or its agencies. A repurchase agreement involves the purchase by an investor, such as us, of a specified security and the simultaneous agreement by the seller to repurchase it at an agreed-upon future date and at a price which is greater than the purchase price by an amount that reflects an agreed-upon interest rate. Consequently, repurchase agreements are functionally similar to loans. There is no percentage restriction on the proportion of our assets that may be invested in such repurchase agreements. However, the 1940 Act and certain diversification tests in order to qualify as a RIC for federal income tax purposes typically require us to limit the amount we invest with any one counterparty. Our investment Advisor monitors the creditworthiness of the counterparties with which we enter into repurchase agreement transactions.

Warrants and Options

Under the 1940 Act, a BDC is subject to restrictions on the amount of warrants, options, restricted stock or rights to purchase shares of capital stock that it may have outstanding at any time. Under the 1940 Act, we may generally only offer warrants provided that (i) the warrants expire by their terms within ten years, (ii) the exercise or conversion price is not less than the current market value at the date of issuance, (iii) our stockholders authorize the proposal to issue such warrants, and our board of directors approves such issuance on the basis that the issuance is in the best interests of THL Credit and its stockholders and (iv) if the warrants are accompanied by other securities, the warrants are not separately transferable unless no class of such warrants and the securities accompanying them has been publicly distributed. The 1940 Act also provides that the amount of our voting securities that would result from the exercise of all outstanding warrants, as well as options and rights, at the time of issuance may not exceed 25% of our outstanding voting securities. In particular, the amount of capital stock that would result from the conversion or exercise of all outstanding warrants, options or rights to purchase capital stock cannot exceed 25% of the BDC's total outstanding shares of capital stock.

Senior securities

We are permitted, under specified conditions, to issue multiple classes of indebtedness and one class of stock senior to our common stock if our asset coverage, as defined in the 1940 Act, is at least equal to 150% immediately after each such issuance. In addition, while any preferred stock or publicly traded debt securities are outstanding, we must make provisions to prohibit any distribution to our stockholders or the repurchase of such securities or shares unless we meet the applicable asset coverage ratios at the time of the distribution or repurchase. We may also borrow amounts up to 5% of the value of our total assets for temporary or emergency purposes without regard to asset coverage. For a discussion of the risks associated with leverage, see Item 1A "Risk Factors—Risks related to our operations as a BDC."

Exclusion from CFTC Regulation

Rule 4.5 of the Commodity Futures Trading Commission ("CFTC") permits investment advisers to BDCs to claim an exclusion from the definition of "commodity pool operator" under the Commodity Exchange Act (the "CEA") with respect to a fund, provided certain requirements are met. In order to permit our Advisor to claim this exclusion with respect to us, we must limit our transactions in certain futures, options on futures and swaps deemed "commodity interests" under CFTC rules (excluding transactions entered into for "bona fide hedging purposes," as defined under CFTC regulations) such that either: (i) the aggregate initial margin and premiums required to establish such futures, options on futures and swaps do not exceed 5% of the liquidation value of our portfolio, after taking into account unrealized profits and losses on such positions; or (ii) the aggregate net notional value of such futures, options on futures and swaps does not exceed 100% of the liquidation value of our portfolio, after taking into account unrealized profits and losses on such positions. In addition to meeting one of the foregoing trading limitations, we may not market our self as a commodity pool or otherwise as a vehicle for trading in the futures, options or swaps markets. Accordingly, we are not subject to regulation under the CEA or otherwise regulated by the CFTC. If the Advisor was unable to claim the exclusion with respect to us, the Advisor would become subject to registration and regulation as a commodity pool operator, which would subject the Advisor and us to additional registration and regulatory requirements and increased operating expenses.

Proxy voting policies and procedures

We have delegated our proxy voting responsibility to FEAC. The Proxy Voting Policies and Procedures of FEAC are set forth below. The guidelines are reviewed periodically by FEAC and our independent directors, and, accordingly, are subject to change.

Introduction

FEAC is registered as an investment adviser under the Advisers Act. As an investment adviser registered under the Advisers Act, FEAC has fiduciary duties to us. As part of this duty, FEAC recognizes that it must vote client securities in a timely manner free of conflicts of interest and in our best interests and the best interests of our stockholders. FEAC's Proxy Voting Policies and Procedures have been formulated to ensure decision-making consistent with these fiduciary duties.

These policies and procedures for voting proxies for our investment advisory clients are intended to comply with Section 206 of, and Rule 206(4)-6 under, the Advisers Act.

Proxy policies

FEAC evaluates routine proxy matters, such as proxy proposals, amendments or resolutions on a case-by-case basis. Routine matters are typically proposed by management and FEAC will normally support such matters so long as they do not measurably change the structure, management control, or operation of the corporation and are consistent with industry standards as well as the corporate laws of the state of incorporation.

FEAC also evaluates non-routine matters on a case-by-case basis. Non-routine proposals concerning social issues are typically proposed by stockholders who believe that the corporation's internally adopted policies are ill-advised or misguided. If FEAC has determined that management is generally socially responsible, FEAC will generally vote against these types of non-routine proposals. Non-routine proposals, to the extent they occur, concerning financial or corporate issues are usually offered by management and seek to change a corporation's legal, business or financial structure. FEAC will generally vote in favor of such proposals provided the position of current stockholders is preserved or enhanced. Non-routine proposals concerning stockholder rights are made regularly by both management and stockholders. They can be generalized as involving issues that transfer or realign board or stockholder voting power. FEAC typically would oppose any proposal aimed solely at thwarting potential takeovers by requiring, for example, super-majority approval. At the same time, FEAC believes stability and continuity promote profitability. FEAC's guidelines in this area seek a middle road and individual proposals will be carefully assessed in the context of their particular circumstances.

If a vote may involve a material conflict of interest, prior to approving such vote, FEAC must consult with its chief compliance officer to determine whether the potential conflict is material and if so, the appropriate method to resolve such conflict. If the conflict is determined not to be material, FEAC's employees shall vote the proxy in accordance with FEAC's proxy voting policy.

Proxy voting records

You may obtain information about how we voted proxies by making a written request for proxy voting information to:

General Counsel
THL Credit, Inc.
100 Federal Street, 31st Floor
Boston, MA 02110

Code of ethics

We have adopted a code of ethics pursuant to Rule 17j-1 under the 1940 Act and we have also approved our investment adviser's code of ethics under Rule 17j-1 under the 1940 Act and Rule 204A-1 of the Advisers Act. These codes establish procedures for personal investments and restrict certain personal securities transactions. Personnel subject to the code may invest in securities for their personal investment accounts so long as such investments are made in accordance with the code's requirements. Our code of ethics and our code of ethics and business conduct are available on our corporate governance webpage at http://investor.thlcreditbdc.com/corporate-governance.

Privacy Principles

We are committed to maintaining the privacy of stockholders and to safeguarding our non-public personal information. The following information is provided to help you understand what personal information we collect, how we protect that information and why, in certain cases, we may share information with select other parties.

Generally, we do not receive any nonpublic personal information relating to our stockholders, although certain nonpublic personal information of our stockholders may become available to us. We do not disclose any nonpublic personal information about our stockholders or former stockholders to anyone, except as permitted by law or as is necessary in order to service stockholder accounts (for example, to a transfer agent or third party administrator).

We restrict access to nonpublic personal information about our stockholders to our investment adviser's employees with a legitimate business need for the information. We maintain physical, electronic and procedural safeguards designed to protect the nonpublic personal information of our stockholders.

Compliance with Corporate Governance Regulations

The Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act") imposes a wide variety of regulatory requirements on publicly-held companies and their insiders. Many of these requirements affect us. The Sarbanes-Oxley Act has required us to review our policies and procedures to determine whether we comply with the Sarbanes-Oxley Act and the regulations promulgated thereunder. We will continue to monitor our compliance with all future regulations that are adopted under the Sarbanes-Oxley Act and will take actions necessary to ensure that we are in compliance therewith.

In addition, The NASDAQ Global Select Market has adopted various corporate governance requirements as part of its listing standards. We believe we are in compliance with such corporate governance listing standards. We will continue to monitor our compliance with all future listing standards and will take actions necessary to ensure that we are in compliance therewith.

Other

We have adopted an investment policy that mirrors the requirements applicable to us as a BDC under the 1940 Act.

We are subject to periodic examination by the SEC for compliance with the Securities Exchange Act of 1934, as amended, and the 1940 Act.

We are required to provide and maintain a bond issued by a reputable fidelity insurance company to protect us against larceny and embezzlement. Furthermore, as a BDC, we are prohibited from protecting any director or officer against any liability to us or our stockholders arising from willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of such person's office.

We and FEAC have adopted and implemented written policies and procedures reasonably designed to prevent violation of the federal securities laws, and will review these policies and procedures annually for their adequacy and the effectiveness of their implementation. We and FEAC have designated a chief compliance officer to be responsible for administering the policies and procedures.

The SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. Our filings with the SEC are available to the public on the SEC's website at http://www.sec.gov.

Our internet address is www.thlcreditbdc.com. We make available free of charge on our website our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC.

Certain U.S. Federal Income Tax Considerations

We have elected to be treated as a RIC under Subchapter M of the Code. As a RIC, we generally do not have to pay corporate-level federal income taxes on any income that we distribute to our stockholders from our taxable earnings and profits. To maintain our qualification as a RIC, we must, among other things, meet certain source of income and asset diversification requirements (as described below). In addition, in order to maintain RIC tax treatment, we must distribute to our stockholders, for each taxable year, at least 90% of our "investment company taxable income," which is generally our net ordinary income plus the excess, if any, of realized net short-term capital gains over realized net long-term capital losses (the "Annual Distribution Requirement").

Taxation as a Regulated Investment Company

If we:

- maintain our qualification as a RIC; and
- satisfy the Annual Distribution Requirement,

then generally we will not be subject to U.S. federal income tax on the portion of our income we distribute (or are deemed to distribute) to stockholders. We will be subject to U.S. federal income tax at the regular corporate rates on any income or capital gains not distributed (or deemed distributed) to our stockholders.

In order to maintain our qualification as a RIC for federal income tax purposes, we must, among other things:

- continue to qualify as a BDC under the 1940 Act at all times during each taxable year;
- derive in each taxable year at least 90% of our gross income from dividends, interest, payments with respect to certain securities loans, gains from the sale of stock or other securities or foreign currencies, net income from certain "qualified publicly traded partnerships," or other income derived with respect to our business of investing in such stock or securities or currencies (the "90% Income Test"); and
- diversify our holdings so that at the end of each quarter of the taxable year:
  - at least 50% of the value of our assets consists of cash, cash equivalents, U.S. Government securities, securities of other RICs, and other securities if such other securities of any one issuer do not represent more than 5% of the value of our assets or more than 10% of the outstanding voting securities of the issuer; and
  - no more than 25% of the value of our assets is invested in the securities, other than U.S. Government securities or securities of other RICs, of one issuer, of two or more issuers that are controlled, as determined under applicable Code rules, by us and that are engaged in the same or similar or related trades or businesses or of certain "qualified publicly traded partnerships" (the "Diversification Tests").

We will be subject to a 4% nondeductible federal excise tax on certain undistributed income unless we distribute each calendar year in a timely manner an amount at least equal to the sum of (1) 98% of our ordinary income for such calendar year, (2) 98.2% of our capital gain net income for the one-year period ending October 31 of that calendar year and (3) any income recognized, but not distributed, in preceding years and on which we paid no federal income tax (the "Excise Tax Avoidance Requirement"). We may choose to retain a portion of our ordinary income and/or capital gain net income in any year and pay the 4% U.S. federal excise tax on the retained amounts. For federal income tax purposes, we may be required to recognize taxable income in circumstances in which we do not receive a corresponding payment in cash. For example, if we hold debt obligations that are treated under applicable tax rules as having original issue discount (such as debt instruments with PIK interest or, in certain cases, increasing interest rates or debt instruments that were issued with warrants), we must include in income each year a portion of the original issue discount that accrues over the life of the obligation, regardless of whether cash representing such income is received by us in the same taxable year. We may also have to include in income other amounts that we have not yet received in cash, such as deferred loan origination fees that are paid after origination of the loan or are paid in non-cash compensation such as warrants or stock. Certain consolidated subsidiaries of the Company 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.

Because any original issue discount or other amounts accrued will be included in our investment company taxable income for the year of the accrual, we may be required to make a distribution to our stockholders in order to satisfy the Annual Distribution Requirement, even though we will not have received any corresponding cash amount. As a result, we may have difficulty meeting the Annual Distribution Requirement, which is necessary to maintain our RIC tax treatment under the Code. We may have to sell some of our investments at times and/or at prices we would not consider advantageous, raise additional debt or equity capital or forgo new investment opportunities for this purpose. If we are not able to obtain cash from other sources, we may fail to qualify for RIC tax treatment and thus become subject to corporate-level income tax.

We are authorized to borrow funds and to sell assets in order to satisfy our RIC distribution requirements. However, under the 1940 Act, we are not permitted to make distributions to our stockholders while our debt obligations and other senior securities are outstanding unless certain "asset coverage" tests are met. Moreover, our ability to dispose of assets to meet our RIC distribution requirements may be limited by (1) the illiquid nature of our portfolio and/or (2) other requirements relating to our status as a RIC, including the Diversification Tests. If we dispose of assets in order to meet the Annual Distribution Requirement or the Excise Tax Avoidance Requirement, we may make such dispositions at times that, from an investment standpoint, are not advantageous.

Certain of our investment practices may be subject to special and complex federal income tax provisions that may, among other things, (1) treat dividends that would otherwise qualify for the dividends received deduction or constitute qualified dividend income as ineligible for such treatment, (2) disallow, suspend or otherwise limit the allowance of certain losses or deductions, (3) convert lower-taxed long-term capital gain into higher-taxed short-term capital gain or ordinary income, (4) convert an ordinary loss or a deduction into a capital loss (the deductibility of which is more limited), (5) cause us to recognize income or gain without receipt of a corresponding distribution of cash, (6) adversely affect the time as to when a purchase or sale of stock or securities is deemed to occur, (7) adversely alter the characterization of certain complex financial transactions and (8) produce income that will not be qualifying income for purposes of the 90% Income Test. We will monitor our transactions and may make certain tax elections to mitigate the potential adverse effect of these provisions, but there can be no assurance that any adverse effects of these provisions will be mitigated.

Item 1A. Risk Factors

Before you invest in our securities, you should be aware of various risks, including those described below. You should carefully consider these risk factors, together with all of the other information included in this Annual Report on Form 10-K, before you decide whether to make an investment in our securities. The risks set out below are not the only risks we face, but they are the principal risks associated with an investment in the Company. If any of the following events occur, our business, financial condition and results of operations could be materially adversely affected. In such case, our net asset value and the trading price of our common stock could decline, and you may lose all or part of your investment.

RISKS RELATED TO OUR BUSINESS

We may suffer credit losses.

Investment in middle market companies is highly speculative and involves a high degree of risk of credit loss, and therefore our securities may not be suitable for someone with a low tolerance for risk. These risks are likely to increase during an economic recession.

The lack of liquidity in our investments may adversely affect our business.

Our investments generally are made in private companies. Substantially all of these securities are subject to legal and other restrictions on resale or will be otherwise less liquid than publicly traded securities. The illiquidity of our investments may make it difficult for us to sell such investments if the need arises. In addition, if we are required to liquidate all or a portion of our portfolio quickly, we may realize significantly less than the value at which we had previously recorded our investments. Further, we may face other restrictions on our ability to liquidate an investment in a portfolio company to the extent that we or an affiliated manager have material non-public information regarding such portfolio company.

Our financial condition and results of operations depend on our ability to manage future growth effectively.

Our ability to achieve our investment objective depends on our ability to acquire suitable investments and monitor and administer those investments, which depends, in turn, on FEAC’s ability to identify, invest in and monitor companies that meet our investment criteria.

Accomplishing this result on a cost-effective basis is largely a function of the structuring of our investment process and the ability of our investment adviser to provide competent, attentive and efficient services to us. Our executive officers and the members of our investment adviser’s investment committee have substantial responsibilities in connection with their roles at THL Credit and with the other THL Credit funds, as well as responsibilities under the investment advisory and management agreement. They may also be called upon to provide significant managerial assistance to certain of our portfolio companies. These demands on their time, which will increase as the number of investments grow, may distract them or slow the rate of investment. In order to grow, FEAC will need to hire, train, supervise, manage and retain new employees. However, we cannot assure you that we will be able to do so effectively. Any failure to manage our future growth effectively could have a material adverse effect on our business, financial condition and results of operations.

In addition, as we grow, FEAC may open up new offices in new geographic regions that may increase our direct operating expenses without corresponding revenue growth.

We may experience fluctuations in our periodic operating results.

We could experience fluctuations in our periodic operating results due to a number of factors, including the interest rates payable on the debt securities we acquire, the default rates on such securities, the level of our expenses (including the interest rates payable on our borrowings), the dividend rates payable on preferred stock we issue, variations in and the timing of the recognition of realized and unrealized gains or losses, the degree to which we encounter competition in our markets and general economic conditions. As a result of these factors, results for any period should not be relied upon as being indicative of performance in future periods.

We are exposed to risks associated with changes in interest rates, including fluctuations in interest rates which could adversely affect our profitability.

General interest rate fluctuations may have a substantial negative impact on our investments and investment opportunities, and, accordingly, may have a material adverse effect on our investment objective and rate of return on investment capital. A portion of our income will depend upon the difference between the rate at which we borrow funds and the interest rate on the debt securities in which we invest. Because we will borrow money to make investments and may issue debt securities, preferred stock or other securities, our net investment income is dependent upon the difference between the rate at which we borrow funds or pay interest or dividends on such debt securities, preferred stock or other securities and the rate at which we invest these funds. Typically, we anticipate that our interest earning investments will accrue and pay interest at both variable and fixed rates, and that our interest-bearing liabilities will accrue interest at variable and fixed rates. The benchmarks used to determine the floating rates earned on our interest earning investments are London Interbank Offered Rate, or LIBOR, and Canadian Dollar Offer Rate, or CDOR, with maturities that range between one and twelve months and alternate base rate, or ABR, (commonly based on the Prime Rate or the Federal Funds Rate), with no fixed maturity date. As a result, there can be no assurance that a significant change in market interest rates will not have a material adverse effect on our net investment income. We use a combination of equity and long-term and short-term borrowings to finance our investment activities.

A significant increase in market interest rates could harm our ability to attract new portfolio companies and originate new loans and investments. We expect that a majority of our investments in debt will continue to be at floating rates with a floor. However, in the event that we make investments in debt at variable rates, a significant increase in market interest rates could also result in an increase in our non-performing assets and a decrease in the value of our portfolio because our floating-rate loan portfolio companies may be unable to meet higher payment obligations. In periods of rising interest rates, our cost of funds would increase, resulting in a decrease in our net investment income. In addition, a decrease in interest rates may reduce net income, because new investments may be made at lower rates despite the increased demand for our capital that the decrease in interest rates may produce. We may, but will not be required to, hedge against the risk of adverse movement in interest rates in our short-term and long-term borrowings relative to our portfolio of assets. If we engage in hedging activities, it may limit our ability to participate in the benefits of lower interest rates with respect to the hedged portfolio. Adverse developments resulting from changes in interest rates or hedging transactions could have a material adverse effect on our business, financial condition, and results of operations.

A rise in the general level of interest rates can be expected to lead to higher interest rates applicable to our debt investments. Accordingly, an increase in interest rates would make it easier for us to meet or exceed the incentive fee hurdle rate and may result in a substantial increase of the amount of incentive fees payable to our investment adviser with respect to our pre-incentive fee net investment income.

Any failure on our part to maintain our status as a BDC would reduce our operating flexibility.

If we fail to continue to qualify as a BDC, we might be regulated as a closed-end investment company under the 1940 Act, which would subject us to substantially more regulatory restrictions under the 1940 Act and correspondingly decrease our operating flexibility and could significantly increase our costs of doing business. Furthermore, any failure to comply with the requirements imposed on BDCs by the 1940 Act could cause the SEC to bring an enforcement action against us.

There will be uncertainty as to the value of our portfolio investments.

A large percentage of our portfolio investments are in the form of securities that are not publicly traded. The fair value of securities and other investments that are not publicly traded may not be readily determinable. We value these securities on a quarterly basis in accordance with our valuation policy, which is at all times consistent with U.S. generally accepted accounting policies ("GAAP"). Our board of directors utilizes the services of third-party valuation firms to aid it in determining the fair value of these securities. The board of directors discusses valuations and determines the fair value in good faith based on the input of our investment adviser and the respective third-party valuation firms. [See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operation – Critical Accounting Policies – Valuation of Portfolio Investments."] The factors that may be considered in fair value pricing our investments include the nature and realizable value of any collateral, the portfolio company's ability to make payments and its earnings, the markets in which the portfolio company does business, comparisons to publicly traded companies, discounted cash flow and other relevant factors. Because such valuations, and particularly valuations of private securities and private companies, are inherently uncertain they may fluctuate over short periods of time and may be based on estimates. Further, our determinations of fair value may differ materially from the values that would have been used if a ready market for these securities existed. Our net asset value could be adversely affected if our determinations regarding the fair value of our investments were materially higher than the values that we ultimately realize upon the disposal of such securities.

Because we have substantial indebtedness, there could be increased risk in investing in our company.

Lenders have fixed dollar claims on our assets that are superior to the claims of stockholders, and we have granted, and may in the future grant, lenders a security interest in our assets in connection with borrowings. In the case of a liquidation event, those lenders would receive proceeds before our stockholders. In addition, borrowings, also known as leverage, magnify the potential for gain or loss on amounts invested and, therefore, increase the risks associated with investing in our securities. Leverage is generally considered a speculative investment technique. If the value of our assets increases, then leveraging would cause the net asset value attributable to our common stock to increase more than it otherwise would have had we not leveraged.

Conversely, if the value of our assets decreases, leveraging would cause the net asset value attributable to our common stock to decline more than it otherwise would have had we not leveraged. Similarly, any increase in our revenue in excess of interest expense on our borrowed funds would cause our net income to increase more than it would without the leverage. Any decrease in our revenue would cause our net income to decline more than it would have had we not borrowed funds and could negatively affect our ability to make distributions on common stock. Our ability to service any debt that we incur will depend largely on our financial performance and will be subject to prevailing economic conditions and competitive pressures. We and, indirectly, our stockholders will bear the cost associated with our leverage activity.

As of December 31, 2019, there was $190.0 million of commitments under our revolving credit agreement, or Revolving Facility, of which $66.2 million was funded.

The Revolving Facility has a maturity date of December 2022 (with a one year term out period beginning in December 2021). The one year term out period is the one year period between the revolver termination date, or the end of the availability period, and the maturity date. During this time, we are required to make mandatory prepayments on our loans from the proceeds we receive from the sale of assets, extraordinary receipts, returns of capital or the issuances of equity or debt. The Revolving Facility includes an accordion feature permitting us to expand the commitments, if certain conditions are satisfied; provided, however, that the aggregate amount is capped at $500.0 million. ING serves as administrative agent, lead arranger and bookrunner under the Revolving Facility.

On December 14, 2015 and November 21, 2016, we closed public offerings of $35.0 million and $25.0 million, respectively, in aggregate principal amount of 6.75% notes, or the 2022 Notes, which included the subsequent exercise of an overallotment. 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 the Company's option on or after December 30, 2018. The 2022 Notes bear interest at a rate of 6.75% per year.

In October 2018, we completed a public offering of $51.6 million in aggregate principal amount of 6.125% notes due 2023, or the 2023 Notes, which included the subsequent exercise of an overallotment. The 2023 Notes mature on October 30, 2023, and may be redeemed in whole or in part at any time or from time to time at our option on or after October 30, 2021. The 2023 Notes bear interest at a rate of 6.125% per year.

The 2022 Notes and 2023 Notes are collectively referred to as the Notes.

As a BDC, as defined in the 1940 Act, generally we are not permitted to incur indebtedness unless immediately after such borrowing we have an asset coverage for total borrowings of at least 150% (i.e., the amount of debt may not exceed 50% of the value of our assets). In addition, we may not be permitted to declare any cash dividend or other distribution on our outstanding common shares, or purchase any such shares, unless, at the time of such declaration or purchase, we have asset coverage of at least 150% after deducting the amount of such dividend, distribution, or purchase price. If this ratio declines below 150%, we may not be able to incur additional debt and may need to sell a portion of our investments to repay some debt when it is disadvantageous to do so, and we may not be able to make distributions. As of December 31, 2019, there was $66.2 million of borrowings outstanding under the Revolving Facility and $111.6 million outstanding on the Notes at a weighted average interest rate of 5.64% per annum. As of December 31, 2019, our asset coverage ratio was over 200%.

The following table is designed to illustrate the effect on the return to a holder of our common stock on the leverage created by our use of borrowings at December 31, 2019 of $177.8 million at a weighted average interest rate of 5.64%, and assuming hypothetical annual returns on our portfolio of minus 10 to plus 10 percent. The table also assumes that we maintain a constant level of leverage and a constant weighted average interest rate. The amount of leverage we use will vary from time to time. As can be seen, leverage generally increases the return to stockholders when the portfolio return is positive and decreases return to stockholders when the portfolio return is negative. Actual returns may be greater or less than those appearing in the table below.

Assumed return on portfolio (net of expenses)[(1)]	**(10.00)%**	**(5.00)%**	**0.00%**	**5.00%**	**10.00%**
Corresponding return to common stockholders[(2)]	(17.26)%	(10.81)%	(4.37)%	2.07%	8.52%

(1) The assumed portfolio return is required by regulation of the SEC and is not a prediction of, and does not represent, our projected or actual performance.

(2) In order to compute the “corresponding return to common stockholders”, the “assumed return on portfolio” is multiplied by the total value of net assets attributable to THL Credit, Inc. at the beginning of the period ($295.7 million as of December 31, 2018) to obtain an assumed return to us. From this amount, all interest expense expected to be accrued during the period ($10.0 million) is subtracted to determine the return available to stockholders. The return available to stockholders is then divided by the total value of our net assets as of the end of the period ($229.5 million) to determine the “corresponding return to common stockholders.”

This example is for illustrative purposes only, and actual interest rates on our Revolving Facility borrowing are likely to fluctuate. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Financial Condition, Liquidity and Capital resources—Credit Facility” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Financial Condition, Liquidity and Capital resources—Notes” for additional information about the Facilities and Notes.

We may default under the Revolving Facility or any future borrowing facility we enter into or be unable to amend, repay or refinance any such facility on commercially reasonable terms, or at all, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

As of December 31, 2019, all of our assets were pledged as collateral under the Revolving Facility. In the event we default under the Revolving Facility or any other future borrowing facility, our business could be adversely affected as we may be forced to sell all or a portion of our investments quickly and prematurely at what may be disadvantageous prices to us in order to meet our outstanding payment obligations and/or support working capital requirements under the Revolving Facility or such future borrowing facility, any of which would have a material adverse effect on our business, financial condition, results of operations and cash flows. In addition, following any such default, the agent for the lenders under the Revolving Facility or such future borrowing facility could assume control of the disposition of any or all of our assets, including the selection of such assets to be disposed and the timing of such disposition, which would have a material adverse effect on our business, financial condition, results of operations and cash flows.

Moreover, such deleveraging of our company could significantly impair our ability to effectively operate our business in the manner in which we have historically operated. As a result, we could be forced to curtail or cease new investment activities and lower or eliminate the dividends that we have historically paid to our stockholders.

We may in the future determine to fund a portion of our investments with preferred stock, which would magnify the potential for gain or loss and the risks of investing in us in the same way as our borrowings.

Preferred stock, which is another form of leverage, has the same risks to our common stockholders as borrowings because the dividends on any preferred stock we issue must be cumulative. Payment of such dividends and repayment of the liquidation preference of such preferred stock must take preference over any dividends or other payments to our common stockholders, and preferred stockholders are not subject to any of our expenses or losses and are not entitled to participate in any income or appreciation in excess of their stated preference.

Our use of borrowed funds to make investments exposes us to risks typically associated with leverage.

We borrow money and may issue additional debt securities or preferred stock to leverage our capital structure. As a result:

- our common shares would be exposed to incremental risk of loss; therefore, a decrease in the value of our investments would have a greater negative impact on the value of our common shares than if we did not use leverage;
- any depreciation in the value of our assets may magnify losses associated with an investment and could totally eliminate the value of an asset to us;
- if we do not appropriately match the assets and liabilities of our business and interest or dividend rates on such assets and liabilities, adverse changes in interest rates could reduce or eliminate the incremental income we make with the proceeds of any leverage;
- our ability to pay dividends on our common stock may be restricted if our asset coverage ratio, as currently provided in the 1940 Act, is not at least 150%, and any amounts used to service indebtedness or preferred stock would not be available for such dividends;
- any credit facility would be subject to periodic renewal by our lenders, whose continued participation cannot be guaranteed;
- such securities would be governed by an indenture or other instrument containing covenants restricting our operating flexibility or affecting our investment or operating policies, and may require us to pledge assets or provide other security for such indebtedness;
- we, and indirectly our common stockholders, bear the entire cost of issuing and paying interest or dividends on such securities;
- if we issue preferred stock, the special voting rights and preferences of preferred stockholders may result in such stockholders' having interests that are not aligned with the interests of our common stockholders, and the rights of our preferred stockholders to dividends and liquidation preferences will be senior to the rights of our common stockholders;
- any convertible or exchangeable securities that we issue may have rights, preferences and privileges more favorable than those of our common shares; and
- any custodial relationships associated with our use of leverage would conform to the requirements of the 1940 Act, and no creditor would have veto power over our investment policies, strategies, objectives or decisions except in an event of default or if our asset coverage was less than 150%.

Under the provisions of the 1940 Act, we are permitted, as a BDC, to issue senior securities only in amounts such that our asset coverage ratio equals at least 150% after each issuance of senior securities. If the value of our assets declines, we may be unable to satisfy this test and we may be required to sell a portion of our investments and, depending on the nature of our leverage, repay a portion of our senior securities at a time when such sales may be disadvantageous.

Recent legislation may allow us to incur additional leverage.

Recent legislation has modified the 1940 Act by allowing a BDC to increase the maximum amount of leverage it may incur under the 1940 Act from an asset coverage ratio of 200% to an asset coverage ratio of 150%, if certain requirements are met. Under the legislation, we are permitted to increase our leverage capacity if stockholders representing at least a majority of the votes cast, when quorum is met, approve a proposal to do so. At our Annual Meeting of Stockholders on June 14, 2019, stockholders approved a proposal to reduce our asset coverage ratio to 150%. Such asset coverage ratio became effective on June 15, 2019. We are required to make certain disclosures on our website and in SEC filings regarding, among other things, the receipt of approval to increase our leverage, our leverage capacity and usage, and risks related to leverage. We also must amend our Revolving Facility in order to increase our leverage, which requires lender consent. See “Regulation” for a discussion of BDC regulation and other regulatory considerations. Leverage magnifies the potential for loss on investments in our indebtedness and on invested equity capital. We are also subject to asset coverage requirements for total borrowings under our Revolving Facility. As we use leverage to partially finance our investments, you will experience increased risks of investing in our securities. If the value of our assets increases, then leveraging would cause the net asset value attributable to our common stock to increase more sharply than it would have had we not leveraged. Conversely, if the value of our assets decreases, leveraging would cause net asset value to decline more sharply than it otherwise would have had we not leveraged our business. Similarly, any increase in our income in excess of interest payable on the borrowed funds would cause our net investment income to increase more than it would without the leverage, while any decrease in our income would cause net investment income to decline more sharply than it would have had we not borrowed. Such a decline could negatively affect our ability to pay common stock dividends, scheduled debt payments or other payments related to our securities. Leverage is generally considered a speculative investment technique. Because we borrow money, the potential for loss on amounts invested in us is magnified and may increase the risk of investing in us.

To the extent original issue discount or PIK interest constitute a portion of our income, we will be exposed to typical risks associated with such income being required to be included in taxable and accounting income prior to receipt of cash representing such income.

Our investments may include original issue discount, or OID, instruments or instruments with PIK interest, which represents contractual interest added to a loan balance and due at the end of such loan’s term. To the extent OID or PIK interest constitute a portion of our income, we are exposed to typical risks associated with such income being required to be included in taxable and accounting income prior to receipt of cash. Such risks include:

- The higher interest rates of OID and PIK instruments reflect the payment deferral and increased credit risk associated with these instruments, and OID and PIK instruments generally represent a significantly higher credit risk than coupon loans.
- Even if the accounting conditions for income accrual are met, the borrower could still default when our actual collection is supposed to occur at the maturity of the obligation.
- OID and PIK instruments may have unreliable valuations because their continuing accruals require continuing judgments about the collectability of the deferred payments and the value of any associated collateral. OID and PIK income may also create uncertainty about the source of our cash distributions.
- For accounting purposes, any cash distributions to stockholders representing OID and PIK income are not treated as coming from paid-in capital, even though the cash to pay them comes from the offering proceeds. As a result, despite the fact that a distribution representing OID and PIK income could be paid out of amounts invested by our stockholders, the 1940 Act does not require that stockholders be given notice of this fact by reporting it as a return of capital.
- PIK interest has the effect of generating investment income at a compounding rate, thereby further increasing the incentive fees payable to the Advisor. Similarly, all things being equal, the deferral associated with PIK interest also decreases the loan-to-value ratio at a compounding rate.

We may have difficulty paying our required distributions if we recognize income before or without receiving cash representing such income.

For federal income tax purposes, we may include in income certain amounts that we have not yet received in cash, such as original issue discount, which may arise if we receive warrants in connection with making a loan, or possibly in other circumstances, or PIK interest, which represents contractual interest added to the loan balance and due at the end of the loan term. Such original issue discount, which could be significant relative to our overall investment activities, or increases in loan balances as a result of PIK arrangements are included in income before we receive any corresponding cash payments. In addition, the PIK interest of many subordinated loans effectively operates as negative amortization of loan principal, thereby increasing credit risk exposure over the life of the loan because more will be owed at the end of the term of the loan than was owed when the loan was initially originated. We also may be required to include in income certain other amounts that we do not receive in cash.

Since we may recognize income before or without receiving cash representing such income, we may have difficulty meeting the tax requirement to distribute at least 90% of our ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any, to maintain our tax treatment as a RIC. Accordingly, we may have to sell some of our investments at times we would not consider advantageous, raise additional debt or equity capital or reduce new investment originations to meet these distribution requirements.

We may pay an incentive fee on income we do not receive in cash.

That part of the incentive fee payable by us that relates to our net investment income is computed on income that may include interest and other fee income that has been accrued but not yet received in cash. If a portfolio company defaults on a loan, it is possible that accrued interest previously used in the calculation of the incentive fee will become uncollectible. Consequently, while we may make incentive fee payments on income accruals that we may not collect in the future and with respect to which we do not have a formal clawback right against our investment adviser per se, the amount of accrued income written off in any period will reduce the income in the period in which such write-off was taken and thereby reduce such period's incentive fee payment, but only to the extent that such an incentive fee is payable for that period because the write-off will not be carried forward to reduce any incentive fee payable in subsequent quarters.

The portion of the incentive fee that is attributable to deferred interest (sometimes referred to as payment in-kind interest, or PIK) will be paid to our Advisor, 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.

The highly competitive market in which we operate may limit our investment opportunities.

A number of entities compete with us to make the types of investments that we make. We compete with other BDCs, public and private funds, commercial and investment banks, CLO funds, commercial finance companies, and, to the extent they provide an alternative form of financing, private equity and hedge funds. Additionally, because competition for investment opportunities generally has increased among alternative investment vehicles such as hedge funds, entities have begun to invest in areas in which they had not traditionally invested. As a result of these new entrants, competition for investment opportunities intensified in recent years and may intensify further in the future. Some of our existing and potential competitors are substantially larger and have considerably greater financial, technical and marketing resources than we do. For example, some competitors may have a lower cost of funds and access to funding sources that are not available to us. In addition, some of our competitors may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments and establish more relationships than us. Furthermore, many of our competitors are not subject to the regulatory restrictions that the 1940 Act imposes on us as a BDC and that the Code imposes on us as a RIC. We cannot assure you that the competitive pressures we face will not have a material adverse effect on our business, financial condition and results of operations. Also, as a result of this existing and potentially increasing competition, we may not be able to take advantage of attractive investment opportunities from time to time, and we can offer no assurance that we will be able to identify and make investments that are consistent with our investment objective.

With respect to the investments we make, we do not seek to compete based primarily on the interest rates we offer, and we believe that some of our competitors may make loans with interest rates that are lower than the rates we offer. With respect to all investments, we may lose some investment opportunities if we do not match our competitors' pricing, terms and structure. However, if we match our competitors' pricing, terms and structure, we may experience decreased net interest income, lower yields and increased risk of credit loss. We may also compete for investment opportunities with investment funds, accounts and investment vehicles managed by FEAC. Although FEAC will allocate opportunities in accordance with its policies and procedures, allocations to such investment funds, accounts and investment vehicles will reduce the amount and frequency of opportunities available to us and may not be in the best interests of us and our stockholders.

We are dependent upon senior management personnel of our investment adviser for our future success, and if our investment adviser is unable to retain qualified personnel or if our investment adviser loses any member of its senior management team, our ability to achieve our investment objective could be significantly harmed.

We depend on the members of senior management of FEAC, particularly the members of the investment committee of FEAC's direct lending platform, or the Investment Committee Members. The Investment Committee Members and other investment professionals make up our investment team and are responsible for the identification, final selection, structuring, closing and monitoring of our investments. These Investment Committee Members have critical industry experience and relationships that we will rely on to implement our business plan. Our future success depends on the continued service of the investment adviser's senior management team. An Investment Committee Member could depart at any time for any reason, which we have no control over. The departure of any of the members of FEAC's senior management or a significant number of the Investment Committee Members could have a material adverse effect on our ability to achieve our investment objective. As a result, we may not be able to operate our business as we expect, and our ability to compete could be harmed, which could cause our operating results to suffer. Our Advisor may need to hire, train, supervise and manage new investment professionals to participate in our investment selection and monitoring process and may not be able to find investment professionals in a timely manner or at all. In addition, we can offer no assurance that FEAC will remain our investment adviser or our administrator.

Our investment adviser has the right to resign on 60 days' notice, and the interim investment management agreement has a limited term of 150 days, prior to which our stockholders will need to approve a new investment management agreement with our investment advisor. If our investment adviser resigns or our stockholders do not approve a new investment management prior to the termination of the interim investment management agreement, we may not be able to find a suitable replacement in a timely manner, resulting in a disruption in our operations that could adversely affect our business, financial condition and results of operations.

Our Advisor has the right, under our investment management agreement, to resign at any time upon not more than 60 days' written notice, whether we have found a new replacement or not. If our investment adviser resigns, we may not be able to find a new investment adviser or hire internal management with similar expertise and ability to provide the same or equivalent services on acceptable terms within 60 days, or at all. Similarly, if our stockholders do not approve a new investment management agreement with our Advisor prior to the termination of the interim investment management agreement, the interim investment management agreement will terminate automatically by its terms and could not be extended, and an additional interim investment management agreement could not be entered into, without exemptive relief from the SEC. If we are unable to find a new investment advisor quickly, or obtain exemptive relief from the SEC, as the case may be, our operations are likely to experience a disruption, our financial condition, business and results of operations as well as our ability to pay distributions are likely to be adversely affected and the market price of our shares may decline. In addition, the coordination of our internal management and investment activities is likely to suffer if we are unable to identify and reach an agreement with a single institution or group of executives having the expertise possessed by our investment adviser and its affiliates. Even if we are able to retain comparable management, whether internal or external, the integration of such management and their lack of familiarity with our investment objective may result in additional costs and time delays that may adversely affect our business, financial condition and results of operations.

Because we expect to distribute substantially all of our net investment income and net realized capital gains to our stockholders, we will need additional capital to finance our growth and such capital may not be available on favorable terms or at all.

We have elected to be taxed for federal income tax purposes as a RIC under Subchapter M of the Code. If we meet certain requirements, including source of income, asset diversification and distribution requirements, and if we continue to qualify as a BDC, we will continue to qualify for tax treatment as a RIC under the Code and will not have to pay corporate-level income taxes on income we distribute to our stockholders as dividends, allowing us to substantially reduce or eliminate our corporate-level income tax liability. As a BDC, we are generally required to meet a coverage ratio of total assets to total senior securities, which includes all of our borrowings and any preferred stock we may issue in the future, of at least 150% at the time we issue any debt or preferred stock. This requirement limits the amount that we may borrow. Because we will continue to need capital to grow our investment portfolio, this limitation may prevent us from incurring debt or preferred stock and require us to raise additional equity at a time when it may be disadvantageous to do so. We cannot assure you that debt and equity financing will be available to us on favorable terms, or at all, and debt financings may be restricted by the terms of any of our outstanding borrowings. In addition, as a BDC, we are generally not permitted to issue common stock priced below net asset value without stockholder approval. If additional funds are not available to us, we could be forced to curtail or cease new lending and investment activities, and our net asset value could decline.

Our board of directors may change our investment objective, operating policies and strategies without prior notice or stockholder approval.

Our board of directors has the authority to modify or waive certain of our operating policies and strategies without prior notice and without stockholder approval (except as required by the 1940 Act). However, absent stockholder approval, we may not change the nature of our business so as to cease to be, or withdraw our election as, a BDC. We cannot predict the effect any changes to our current operating policies and strategies would have on our business, operating results or value of our stock. Nevertheless, the effects could adversely affect our business and impact our ability to make distributions and cause you to lose all or part of your investment.

Our investment adviser and its affiliates, senior management and employees have certain conflicts of interest.

Our investment adviser, its senior management and employees serve or may serve as investment advisers, officers, directors or principals of entities that operate in the same or a related line of business. For example, FEAC serves as investment adviser to one or more private funds and registered closed-end funds. In addition, our officers may serve in similar capacities for one or more registered closed-end funds. Accordingly, these individuals may have obligations to investors in those entities or funds, the fulfillment of which might not be in our best interests or the best interests of our stockholders. In addition, certain of the personnel employed by our investment adviser or focused on our business may change in ways that are detrimental to our business. Any affiliated investment vehicle formed in the future and managed by FEAC or its affiliates may invest in asset classes similar to those targeted by us. As a result, FEAC may face conflicts in allocating investment opportunities between us and such other entities. Although FEAC will endeavor to allocate investment opportunities in a fair and equitable manner, it is possible that we may not be given the opportunity to participate in such investments. In certain circumstances, negotiated co-investments may be made only if we receive an order from the SEC permitting us 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 and, subject to certain conditions, FEAC Proprietary Accounts 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 the conditions to the Order. Pursuant to the Order, we are permitted to co-invest with Affiliated Funds and/or FEAC Proprietary Accounts 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.

Our base management fee may encourage our investment adviser to induce the Company to incur leverage.

Our base management fee is calculated on the basis of our total assets, including assets acquired with the proceeds of leverage. This may encourage the Advisor to use leverage to increase the aggregate amount of and the return on our investments, even when it may not be appropriate to do so, and to refrain from delivering when it would otherwise be appropriate to do so. Under certain circumstances, the use of increased leverage may increase the likelihood of default, which would impair the value of our common stock. Given the subjective nature of the investment decisions made by our investment adviser on our behalf, we will not be able to monitor this conflict of interest.

Our incentive fee may encourage our investment adviser to make certain investments, including speculative investments.

The incentive fee payable by us to FEAC may create an incentive for FEAC to make investments on our behalf that are risky or more speculative than would be the case in the absence of such compensation arrangement. The way in which the incentive fee payable to FEAC is determined, which is calculated separately in two components as a percentage of the interest and other ordinary income in excess of a quarterly minimum hurdle rate and as a percentage of the realized gain on invested capital, may encourage our FEAC to use leverage or take additional risk to increase the return on our investments. Under certain circumstances, the use of leverage may increase the likelihood of default, which would disfavor the holders of our common stock, or of securities convertible into our common stock or warrants representing rights to purchase our common stock or securities convertible into our common stock. In addition, FEAC receives the incentive fee based, in part, upon net capital gains realized on our investments. Unlike the portion of the incentive fee based on ordinary income, there is no minimum level of gain applicable to the portion of the incentive fee based on net capital gains. As a result, FEAC may have an incentive to invest more in investments that are likely to result in capital gains as compared to income producing securities or to advance or delay realizing a gain in order to enhance its incentive fee. This practice could result in our investing in more speculative securities than would otherwise be the case, which could result in higher investment losses, particularly during economic downturns. A rise in the general level of interest rates can be expected to lead to higher interest rates applicable to certain of our debt investments and may accordingly result in a substantial increase of the amount of incentive fees payable to our investment adviser with respect to our pre-incentive fee net investment income.

We may invest, to the extent permitted by law, in the securities and instruments of other investment companies, including private funds, and, to the extent we so invest, we will bear our ratable share of any such investment company’s expenses, including management and performance fees. We will also remain obligated to pay management and incentive fees to FEAC with respect to the assets invested in the securities and instruments of other investment companies. With respect to each of these investments, each of our common stockholders will bear his or her share of the management and incentive fee of FEAC as well as indirectly bear the management and performance fees and other expenses of any investment companies in which we invest.

We may be obligated to pay our investment adviser incentive compensation payments even if we have incurred unrecovered cumulative losses from more than three years prior to such payments and may pay more than 17.5% (effective January 1, 2020) of our net capital gains as incentive compensation payments because we cannot recover payments made in previous years.

Our investment adviser will be entitled to incentive compensation for each fiscal quarter in an amount equal to a percentage of the excess of our investment income for that quarter (before deducting incentive compensation) above a threshold return for that quarter and subject to a total return requirement. The general effect of this total return requirement is to prevent payment of the foregoing incentive compensation except to the extent 17.5% (effective January 1, 2020) 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 calendar quarters. Consequently, we may pay an incentive fee if we incurred losses more than three years prior to the current calendar quarter even if such losses have not yet been recovered in full. Thus, we may be required to pay our investment adviser incentive compensation for a fiscal quarter even if there is a decline in the value of our portfolio or we incur a net loss for that quarter. If we pay an incentive fee of 17.5% (effective January 1, 2020) of our realized capital gains (net of all realized capital losses and unrealized capital depreciation on a cumulative basis) and thereafter experience additional realized capital losses or unrealized capital depreciation, we will not be able to recover any portion of the incentive fee previously paid. See "Item1. Business - The Advisor—Investment Management Agreement."

Our Advisor agreed to waive the receipt of all incentive fees accrued for the period commencing on January 1, 2019 and ending on December 31, 2019. Such waived incentive fees are subject to recoupment. For more detailed information about incentive fees payable to the Advisor under the terms of the Investment Management Agreement, please see "Management's Discussion and Analysis of Financial Condition and Results of Operations—[Investment Management Agreement]," and Note 4 to our consolidated financial statements as of December 31, 2019.

We are dependent on information systems and systems failures could significantly disrupt our business, which may, in turn, negatively affect the market price of our common stock and our ability to pay dividends.

Our business is dependent on our and third parties' communications and information systems. Any failure or interruption of those systems, including as a result of the termination of an agreement with any third-party service providers, could cause delays or other problems in our activities. Our financial, accounting, data processing, backup or other operating systems and facilities may fail to operate properly or become disabled or damaged as a result of a number of factors including events that are wholly or partially beyond our control and adversely affect our business. There could be:

- sudden electrical or telecommunications outages;
- natural disasters such as earthquakes, tornadoes and hurricanes;
- disease pandemics;
- events arising from local or larger scale political or social matters, including terrorist acts; and
- cyber-attacks.

These events, in turn, could have a material adverse effect on our operating results and negatively affect the market price of our common stock and our ability to pay dividends to our stockholders.

The failure in cyber security systems, as well as the occurrence of events unanticipated in our disaster recovery systems and management continuity planning could impair our ability to conduct business effectively.

The occurrence of a disaster such as a cyber-attack, a natural catastrophe, an industrial accident, a terrorist attack or war, events unanticipated in our disaster recovery systems, or a support failure from external providers, could have an adverse effect on our ability to conduct business and on our results of operations and financial condition, particularly if those events affect our computer-based data processing, transmission, storage, and retrieval systems or destroy data. If a significant number of our managers were unavailable in the event of a disaster, our ability to effectively conduct our business could be severely compromised.

We depend heavily upon computer systems to perform necessary business functions. Despite our implementation of a variety of security measures, our computer systems could be subject to cyber-attacks and unauthorized access, such as physical and electronic break-ins, "phishing" attempts or unauthorized tampering. Like other companies, we may experience threats to our data and systems, including malware and computer virus attacks, impersonation of authorized users, unauthorized access, system failures and disruptions. We do not control the cyber security plans and systems put in place by third-party service providers, and such third-party service providers may have limited indemnification obligations to us, the Advisor, stockholders and/or a portfolio company, each of which would be negatively impacted. If one or more of these events occurs, it could potentially jeopardize the confidential, proprietary and other information processed and stored in, and transmitted through, our computer systems and networks, or otherwise cause interruptions or malfunctions in our operations, which could result in damage to our reputation, financial losses, litigation, increased costs, regulatory penalties and/or customer dissatisfaction or loss.

Many jurisdictions in which we or our portfolio companies operate have laws and regulations relating to data privacy, cyber security and protection of personal information, including the General Data Protection Regulation ("GDPR") in the European Union that went into effect in May 2018 and the California Consumer Privacy Act ("CCPA") that took effect in January 2020 and provides for enhanced consumer protections for California residents, a private right of action for data breaches and statutory fines for data breaches or other CCPA violations. If we fail to comply with the relevant laws and regulations, it could result in regulatory investigations and penalties, which could lead to negative publicity and may cause our fund investors and clients to lose confidence in the effectiveness of our security measures.

RISKS RELATED TO OUR INVESTMENTS

Our investments in prospective private and middle market portfolio companies are risky, and we could lose all or part of our investment.

Investment in private and middle market companies involves a number of significant risks. Generally, little public information exists about these companies, and we are required to rely on the ability of the Advisors' investment professionals to obtain adequate information to evaluate the potential returns from investing in these companies. If we are unable to uncover all material information about these companies, we may not make a fully informed investment decision, and we may lose money on our investments. Middle market companies may have limited financial resources and may be unable to meet their obligations under their debt securities that we hold, which may be accompanied by a deterioration in the value of any collateral and a reduction in the likelihood of our realizing any guarantees we may have obtained in connection with our investment. In addition, they typically have shorter operating histories, narrower product lines and smaller market shares than larger businesses, which tend to render them more vulnerable to competitors' actions and market conditions, as well as general economic downturns. Additionally, middle market companies are more likely to depend on the management talents and efforts of a small group of persons; therefore, the death, disability, resignation or termination of one or more of these persons could have a material adverse impact on our portfolio company and, in turn, on us. Middle market companies also generally have less predictable operating results, may from time to time be parties to litigation, may be engaged in rapidly changing businesses with products subject to a substantial risk of obsolescence and may require substantial additional capital to support their operations, finance expansion or maintain their competitive position. In addition, our executive officers, directors and our investment adviser may, in the ordinary course of business, be named as defendants in litigation arising from our investments in the portfolio companies.

Our investments in lower credit quality obligations are risky and highly speculative, and we could lose all or part of our investment.

Most of our debt investments are likely to be in lower grade obligations. The lower grade investments in which we invest may be rated below investment grade by one or more nationally-recognized statistical rating agencies at the time of investment or may be unrated but determined by the Advisor to be of comparable quality. Debt securities rated below investment grade are commonly referred to as "junk bonds" and are considered speculative with respect to the issuer's capacity to pay interest and repay principal. The debt in which we invest typically is not rated by any rating agency, but we believe that if such investments were rated, they would be below investment grade (rated lower than "Baa3" by Moody's Investors Service, lower than "BBB-" by Fitch Ratings or lower than "BBB-" by Standard & Poor's). We may invest without limit in debt of any rating, as well as debt that has not been rated by any nationally recognized statistical rating organization.

Investment in lower grade investments involves a substantial risk of loss. Lower grade securities or comparable unrated securities are considered predominantly speculative with respect to the issuer's ability to pay interest and principal and are susceptible to default or decline in market value due to adverse economic and business developments. The market values for lower grade debt tend to be very volatile and are less liquid than investment grade securities. For these reasons, your investment in our company is subject to the following specific risks: increased price sensitivity to a deteriorating economic environment; greater risk of loss due to default or declining credit quality; adverse company specific events are more likely to render the issuer unable to make interest and/or principal payments; and if a negative perception of the lower grade debt market develops, the price and liquidity of lower grade securities may be depressed. This negative perception could last for a significant period of time.

We invest primarily in debt and equity securities of middle market companies and we may not realize gains from our equity investments.

Our investment objective is to generate both current income and capital appreciation, primarily through investments in privately negotiated debt and equity securities of middle market companies. We are a direct lender to middle market companies that invests primarily in directly originated first lien senior secured and second lien loans, including unitranche investments. In certain instances, we make subordinated debt investments, which may include an associated equity component such as warrants, preferred stock or similar securities, and direct equity co-investments. We may also provide advisory services to managed funds.

Our goal is ultimately to dispose of such equity interests and realize gains upon our disposition of such interests. However, the equity interests we receive may not appreciate in value and, in fact, may decline in value. Accordingly, we may not be able to realize gains from our equity interests, and any gains that we do realize on the disposition of any equity interests may not be sufficient to offset any other losses we experience.

We may not be in a position to exercise control over our portfolio companies or to prevent decisions by management of our portfolio companies that could decrease the value of our investments.

We do not generally intend to take controlling equity positions in our portfolio companies. To the extent that we do not hold a controlling equity interest in a portfolio company, we are subject to the risk that such portfolio company may make business decisions with which we disagree, and the stockholders and management of such portfolio company may take risks or otherwise act in ways that are adverse to our interests. Due to the lack of liquidity for the debt and equity investments that we typically hold in our portfolio companies, we may not be able to dispose of our investments in the event we disagree with the actions of a portfolio company, and may therefore suffer a decrease in the value of our investments.

In addition, we may not be in a position to control any portfolio company by investing in its debt securities. As a result, we are subject to the risk that a portfolio company in which we invest may make business decisions with which we disagree and the management of such company, as representatives of the holders of their common equity, may take risks or otherwise act in ways that do not serve our interests as debt investors.

Our portfolio companies may be highly leveraged.

Some of our portfolio companies may be highly leveraged, which may have adverse consequences to these companies and to us as an investor. These companies may be subject to restrictive financial and operating covenants and the leverage may impair these companies' ability to finance their future operations and capital needs. As a result, these companies' flexibility to respond to changing business and economic conditions and to take advantage of business opportunities may be limited. Further, a leveraged company's income and net assets will tend to increase or decrease at a greater rate than if borrowed money were not used.

Our portfolio companies may incur debt that ranks equally with, or senior to, our investments in such companies.

We have invested a portion of our capital in second lien and subordinated loans and the "last-out" tranche of unitranche loans issued by our portfolio companies and intend to continue to do so in the future. The portfolio companies usually have, or may be permitted to incur, other debt that ranks equally with, or senior to, the debt securities in which we invest. Such subordinated investments are subject to greater risk of default than senior obligations as a result of adverse changes in the financial condition of the obligor or in general economic conditions. By their terms, such debt instruments may provide that the holders are entitled to receive payment of interest or principal on or before the dates on which we are entitled to receive payments in respect of the debt securities in which we invest. These debt instruments would usually prohibit the portfolio companies from paying interest on or repaying our investments in the event and during the continuance of a default under the debt. Also, in the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of a portfolio company, holders of debt instruments ranking senior to our investment in that portfolio company would typically be entitled to receive payment in full before we receive any distribution in respect of our investment. After repaying such senior creditors, such portfolio company may not have any remaining assets to use for repaying its obligation to us. In the case of debt ranking equally with debt securities in which we invest, we would have to share any distributions on an equal and ratable basis with other creditors holding such debt in the event of an insolvency, liquidation, dissolution, reorganization or bankruptcy of the relevant portfolio company.

Certain loans that we make to portfolio companies may be secured on a second priority basis by the same collateral securing senior secured debt of such companies. In addition, we have made in the past, and may make in the future, unsecured loans to portfolio companies, meaning that such loans will not benefit from any interest in collateral of such companies. Liens on a portfolio company's collateral, if any, will secure the portfolio company's obligations under any outstanding senior debt and may secure certain other future debt that may be permitted to be incurred by the portfolio company under the agreements governing the loans. The holders of obligations secured by the first priority liens on the collateral will generally control the liquidation of and be entitled to receive proceeds from any realization of the collateral to repay their obligations in full before us. In addition, the value of the collateral in the event of liquidation will depend on market and economic conditions, the availability of buyers and other factors. There can be no assurance that the proceeds, if any, from the sale or sales of all of the collateral would be sufficient to satisfy the loan obligations secured by the second priority liens after payment in full of all obligations secured by the first priority liens on the collateral. If such proceeds are not sufficient to repay amounts outstanding under the loan obligations secured by the second priority liens, then we, to the extent not repaid from the proceeds of the sale of the collateral, will only have an unsecured claim against the portfolio company's remaining assets, if any.

The rights we may have with respect to the collateral securing certain loans we make to our portfolio companies may also be limited pursuant to the terms of one or more intercreditor agreements or agreements among lenders. Under these agreements, we may forfeit certain rights with respect to the collateral to holders with prior claims. These rights may include the right to commence enforcement proceedings against the collateral, the right to control the conduct of those enforcement proceedings, the right to approve amendments to collateral documents, the right to release liens on the collateral and certain rights to receive interest and certain amortization payments that would be allocated to other lenders under the credit facility. We may not have the ability to control or direct such actions, even if as a result our rights as lenders are adversely affected.

The interest rates of our floating-rate loans to our portfolio companies that extend beyond 2021 might be subject to change based on recent regulatory changes.

LIBOR, the London Interbank Offered Rate, is the basic rate of interest used in lending transactions between banks on the London interbank market and is widely used as a reference for setting the interest rate on loans globally. We typically use LIBOR as a reference rate in floating-rate loans we extend to portfolio companies such that the interest due to us pursuant to a term loan extended to a portfolio company is calculated using LIBOR. The terms of our debt investments generally include minimum interest rate floors which are calculated based on LIBOR.

On July 27, 2017, the United Kingdom's Financial Conduct Authority, which regulates LIBOR, announced that it intends to phase out LIBOR by the end of 2021. It is expected that a transition away from the widespread use of LIBOR to alternative rates will occur over the course of the next several years. As a result of this transition, interest rates on financial instruments tied to LIBOR rates, as well as the revenue and expenses associated with those financial instruments, may be adversely affected. Further, any uncertainty regarding the continued use and reliability of LIBOR as a benchmark interest rate could adversely affect the value of our financial instruments tied to LIBOR rates. The U.S. Federal Reserve, in conjunction with the Alternative Reference Rates Committee, a steering committee comprised of large U.S. financial institutions, is considering replacing U.S. dollar LIBOR with a new index calculated by short term repurchase agreements, backed by Treasury securities, called the Secured Overnight Financing Rate ("SOFR"). The first publication of SOFR was released in April 2018. Whether or not SOFR attains market traction as a LIBOR replacement remains a question and the future of LIBOR at this time is uncertain. Any transition away from LIBOR to alternative reference rates is complex and could have a material adverse effect on our business, financial condition and results of operations, including as a result of any changes in the pricing of our investments, changes to the documentation for certain of our investments and pace of such changes, disputes and other actions regarding the interpretation of current and prospective loan documentation or modifications to processes and systems.

Upon LIBOR's phase out, we will need to renegotiate the credit agreements extending beyond 2021 with our portfolio companies that utilize LIBOR as a factor in determining the interest rate to replace LIBOR with the new standard that is established. Any of such renegotiations may have a material adverse effect on our business, result of operations, financial condition, and share price, including as a result of changes in interest rates payable to us by our portfolio companies.

There is no guarantee that a transition from LIBOR to an alternative will not result in financial market disruptions, volatility in risk-free benchmark rates, significant increases in benchmark rates, or borrowing costs to borrowers, any of which could have a material adverse effect on our business, result of operations, financial condition, and unit price.

Economic downturns or recessions could impair the value of the collateral for our loans to our portfolio companies and consequently increase the possibility of an adverse effect on our financial condition and results of operations.

Many of our portfolio companies are susceptible to economic recessions and may be unable to repay our loans during such periods. Therefore, our non-performing assets are likely to increase and the value of our portfolio is likely to decrease during such periods. Adverse economic conditions may also decrease the value of collateral securing some of our loans and the value of our equity investments.

Economic slowdowns or recessions could lead to financial losses in our portfolio and a decrease in revenues, net income and assets. Unfavorable economic conditions also could increase our funding costs, limit our access to the capital markets or result in a decision by lenders not to extend credit to us.

A portfolio company's failure to satisfy financial or operating covenants imposed by us or other lenders could lead to defaults and, potentially, termination of the portfolio company's loans and foreclosure on its secured assets, which could trigger cross-defaults under other agreements and jeopardize the portfolio company's ability to meet its obligations under the debt securities that we hold. We may incur expenses to the extent necessary to seek recovery upon default or to negotiate new terms with a defaulting portfolio company. In addition, if a portfolio company goes bankrupt, even though we may have structured our investment as mezzanine debt, or senior secured debt, depending on the facts and circumstances, including the extent to which we actually provided significant "managerial assistance," if any, to that portfolio company, a bankruptcy court might re-characterize our debt and subordinate all or a portion of our claim to that of other creditors. These events could harm our financial condition and operating results.

We may suffer a loss if a portfolio company defaults on a loan and the underlying collateral is not sufficient.

In the event of a default by a portfolio company on a secured loan, we will only have recourse to the assets collateralizing the loan. If the underlying collateral value is less than the loan amount, we will suffer a loss. In addition, we sometimes make loans that are unsecured, where other lenders may be directly secured by the assets of the same portfolio company. In the event of a default or an enforcement action against the assets of the portfolio company that constitute collateral for such other lenders, those collateralized lenders would have priority over us with respect to the proceeds of a sale of such underlying assets. In cases described above, we may lack control over the underlying asset collateralizing our loan or the underlying assets of the portfolio company prior to a default, and as a result the value of the collateral may be reduced by acts or omissions by owners or managers of the assets.

In the event of bankruptcy of a portfolio company, we may not have full recourse to its assets in order to satisfy our loan, or our loan may be subject to equitable subordination. In addition, certain of our loans are subordinate to other debt of the portfolio company. If a portfolio company defaults on our loan or on debt senior to our loan, or in the event of a portfolio company bankruptcy, our loan will be satisfied only after the senior debt receives payment in full. Where debt senior to our loan exists, the presence of intercreditor arrangements may limit our ability to amend our loan documents, assign our loans to affiliates of the portfolio company, accept prepayments, exercise our remedies (through "standstill" periods) and control decisions made in bankruptcy proceedings relating to the portfolio company. Bankruptcy and portfolio company litigation can significantly increase collection losses and the time needed for us to acquire the underlying collateral in the event of a default, during which time the collateral may decline in value, causing us to suffer losses.

If the value of collateral underlying our loan declines or interest rates increase during the term of our loan, a portfolio company may not be able to obtain the necessary funds to repay our loan at maturity through refinancing. Decreasing collateral value and/or increasing interest rates may hinder a portfolio company's ability to refinance our loan because the underlying collateral cannot satisfy the debt service coverage requirements necessary to obtain new financing. If a borrower is unable to repay our loan at maturity, we could suffer a loss which may adversely impact our financial performance.

We may be exposed to special risks associated with bankruptcy cases.

One or more of our portfolio companies may be involved in bankruptcy or other reorganization or liquidation proceedings. Many of the events within a bankruptcy case are adversarial and often beyond the control of the creditors. While creditors generally are afforded an opportunity to object to significant actions, we cannot assure you that a bankruptcy court would not approve actions that may be contrary to our interests. There also are instances where creditors can lose their ranking and priority if they are considered to have taken over management of a borrower.

To the extent that portfolio companies in which we have invested through a unitranche facility are involved in bankruptcy proceedings, the outcome of such proceedings may be uncertain. For example, it is unclear whether a bankruptcy court would enforce an agreement among lenders which sets the priority of payments among unitranche lenders. In such a case, the "first out" lenders in the unitranche facility may not receive the same degree of protection as they would if the agreement among lenders was enforced.

The reorganization of a company can involve substantial legal, professional and administrative costs to a lender and the borrower. It is subject to unpredictable and lengthy delays and during the process a company's competitive position may erode, key management may depart and a company may not be able to invest adequately. In some cases, the debtor company may not be able to reorganize and may be required to liquidate assets. The debt of companies in financial reorganization will, in most cases, not pay current interest, may not accrue interest during reorganization and may be adversely affected by an erosion of the issuer's fundamental value.

In addition, lenders can be subject to lender liability claims for actions taken by them where they become too involved in the borrower's business or exercise control over the borrower. For example, we could become subject to a lender liability claim (alleging that we misused our influence on the borrower for the benefit of its lenders), if, among other things, the borrower requests significant managerial assistance from us and we provide that assistance. To the extent we and an affiliate both hold investments in the same portfolio company that are of a different character, we may also face restrictions on our ability to become actively involved in the event that that portfolio company becomes distressed as a result of the restrictions imposed on transactions involving affiliates under the 1940 Act. In such cases, we may be unable to exercise rights we may otherwise have to protect our interests as security holders in such portfolio company.

Our loans could be subject to equitable subordination by a court which would increase our risk of loss with respect to such loans.

Courts may apply the doctrine of equitable subordination to subordinate the claim or lien of a lender against a borrower to claims or liens of other creditors of the borrower, when the lender or its affiliates is found to have engaged in unfair, inequitable or fraudulent conduct. The courts have also applied the doctrine of equitable subordination when a lender or its affiliates is found to have exerted inappropriate control over a client, including control resulting from the ownership of equity interests in a client. We have made or received through restructuring direct equity investments or received warrants in connection with loans representing approximately 7.6% of the aggregate amortized cost basis of our portfolio as of December 31, 2019. Payments on one or more of our loans, particularly a loan to a client in which we also hold an equity interest, may be subject to claims of equitable subordination. If we were deemed to have the ability to control or otherwise exercise influence over the business and affairs of one or more of our portfolio companies resulting in economic hardship to other creditors of that company, this control or influence may constitute grounds for equitable subordination and a court may treat one or more of our loans as if it were unsecured or common equity in the portfolio company. In that case, if the portfolio company were to liquidate, we would be entitled to repayment of our loan on a pro-rata basis with other unsecured debt or, if the effect of subordination was to place us at the level of common equity, then on an equal basis with other holders of the portfolio company's common equity only after all of its obligations relating to its debt and preferred securities had been satisfied.

Our failure to make follow-on investments in our portfolio companies could impair the value of our portfolio.

Following an initial investment in a portfolio company, we may make additional investments in that portfolio company as "follow-on" investments in order to: (1) increase or maintain in whole or in part our equity ownership percentage; (2) exercise warrants, options or convertible securities that were acquired in the original or subsequent financing; (3) attempt to preserve or enhance the value of our initial investment; or (4) to finance an acquisition or other material transaction. We have the discretion to make any follow-on investments, subject to the availability of capital resources. We may elect not to make follow-on investments or otherwise lack sufficient funds to make those investments. Our failure to make follow-on investments may, in some circumstances, jeopardize the continued viability of a portfolio company and our initial investment, or may result in a missed opportunity for us to increase our participation in a successful operation. Even if we have sufficient capital to make a desired follow-on investment, we may elect not to make such follow-on investment because we may not want to increase our concentration of risk, because we prefer other opportunities, because we are inhibited by compliance with BDC requirements or because we desire to maintain our tax status. In addition, our ability to make follow-on investments may also be limited by our Advisor's allocation policy. We may also make follow on investments that exceed our target hold size because other co-investing funds may not have available capital.

Our ability to invest in public companies may be limited in certain circumstances.

To maintain our status as a BDC, we are not permitted to 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). Subject to certain exceptions for follow-on investments and distressed companies, an investment in an issuer that has outstanding securities listed on a national securities exchange may be treated as a qualifying asset only if such issuer has a market capitalization that is less than $250 million at the time of such investment and meets the other specified requirements.

Our investments in foreign securities may involve significant risks in addition to the risks inherent in U.S. investments.

Our investment strategy contemplates that a portion of our investments may be in securities of foreign companies in order to provide diversification or to complement our U.S. investments although we are required generally to invest at least 70% of our assets in companies organized and having their principal place of business within the U.S. and its possessions. Investing in foreign companies may expose us to additional risks not typically associated with investing in U.S. companies. These risks include changes in exchange control regulations, political and social instability, expropriation, imposition of foreign taxes, less liquid markets and less available information than is generally the case in the United States, higher transaction costs, less government supervision of exchanges, brokers and issuers, less developed bankruptcy laws, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility. These risks many be more pronounced for portfolio companies located or operating primarily in emerging markets, whose economies, markets and legal systems may be less developed.

Although it is anticipated that most of our investments will be denominated in U.S. dollars, our investments that are denominated in a foreign currency will be subject to the risk that the value of a particular currency may change in relation to the U.S. dollar. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments. We may employ hedging techniques to minimize these risks, but we can offer no assurance that we will, in fact, hedge currency risk or, that if we do, such strategies will be effective. As a result, a change in currency exchange rates may adversely affect our profitability.

Hedging transactions may expose us to additional risks.

While we may enter into transactions to seek to reduce currency exchange rate and interest rate risks, unanticipated changes in currency exchange rates or interest rates may result in poorer overall investment performance than if we had not engaged in any such hedging transactions. In addition, the degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the portfolio positions being hedged may vary. Moreover, for a variety of reasons, we may not seek or be able to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Any such imperfect correlation may prevent us from achieving the intended hedge and expose us to risk of loss. In addition, it may not be possible to hedge fully or perfectly against currency fluctuations affecting the value of securities denominated in non-U.S. currencies because the value of those securities is likely to fluctuate as a result of factors not related to currency fluctuations.

We may incur greater risk with respect to investments we acquire through assignments or participations of interests.

Although we originate a substantial portion of our loans, we may acquire loans through assignments or participations of interests in such loans. The purchaser of an assignment typically succeeds to all the rights and obligations of the assigning institution and becomes a lender under the credit agreement with respect to such debt obligation. However, the purchaser's rights can be more restricted than those of the assigning institution, and we may not be able to unilaterally enforce all rights and remedies under an assigned debt obligation and with regard to any associated collateral. A participation typically results in a contractual relationship only with the institution participating out the interest and not directly with the borrower. Sellers of participations typically include banks, broker-dealers, other financial institutions and lending institutions. In purchasing participations, we generally will have no right to enforce compliance by the borrower with the terms of the loan agreement against the borrower, and we may not directly benefit from the collateral supporting the debt obligation in which we have purchased the participation. As a result, we will be exposed to the credit risk of both the borrower and the institution selling the participation. In addition, to the extent that the lead institution fails and any borrower collateral is used to reduce the balance of a participated loan, we will be regarded as a creditor of the lead institution and will not benefit from the exercise of any set-off rights by the lead institution or its receiver.

Further, in purchasing participations in lending syndicates, we will not be able to conduct the same level of due diligence on a borrower or the quality of the loan with respect to which we are buying a participation as we would conduct if we were investing directly in the loan. This difference may result in us being exposed to greater credit or fraud risk with respect to such loans than we expected when initially purchasing the participation.

Cyclicality within the energy sector may adversely affect some of our portfolio companies.

Industries within the energy sector are cyclical with fluctuations in commodity prices and demand for, and production of commodities driven by a variety of factors. The highly cyclical nature of the industries within the energy sector may lead to volatile changes in commodity prices, which may adversely affect the earnings of energy companies in which we may invest and the performance and valuation of our portfolio.

Changes in healthcare laws and other regulations applicable to some of our portfolio companies' businesses may constrain their ability to offer their products and services.

Changes in healthcare or other laws and regulations applicable to the businesses of some of our portfolio companies may occur that could increase their compliance and other costs of doing business, require significant systems enhancements, or render their products or services less profitable or obsolete, any of which could have a material adverse effect on their results of operations. There has also been an increased political and regulatory focus on healthcare laws in recent years, and new legislation could have a material effect on the business and operations of some of our portfolio companies.

Our investments in the consumer products and services sector are subject to various risks including cyclical risks associated with the overall economy.

General risks of companies in the consumer products and services sector include cyclicality of revenues and earnings, economic recession, currency fluctuations, changing consumer tastes, extensive competition, product liability litigation and increased government regulation. Generally, spending on consumer products and services is affected by the health of consumers. Companies in the consumer products and services sectors are subject to government regulation affecting the permissibility of using various food additives and production methods, which regulations could affect company profitability. A weak economy and its effect on consumer spending would adversely affect companies in the consumer products and services sector.

Our investments in the financial services sector are subject to various risks including volatility and extensive government regulation.

These risks include the effects of changes in interest rates on the profitability of financial services companies, the rate of corporate and consumer debt defaults, price competition, governmental limitations on a company's loans, other financial commitments, product lines and other operations and recent ongoing changes in the financial services industry (including consolidations, development of new products and changes to the industry's regulatory framework). The deterioration of the credit markets starting in late 2007 generally has caused an adverse impact in a broad range of markets, including U.S. and international credit and interbank money markets generally, thereby affecting a wide range of financial institutions and markets. In particular, events in the financial sector in late 2008 resulted, and may continue to result, in an unusually high degree of volatility in the financial markets, both domestic and foreign. This situation has created instability in the financial markets and caused certain financial services companies to incur large losses. Insurance companies have additional risks, such as heavy price competition, claims activity and marketing competition, and can be particularly sensitive to specific events such as man-made and natural disasters (including weather catastrophes), terrorism, mortality risks and morbidity rates.

Our investments in technology companies are subject to many risks, including volatility, intense competition, shortened product life cycles, litigation risk and periodic downturn.

We have invested and will continue investing in technology companies, many of which may have narrow product lines and small market shares, which tend to render them more vulnerable to competitors' actions and market conditions, as well as to general economic downturns. The revenues, income (or losses), and valuations of technology-related companies can and often do fluctuate suddenly and dramatically. In addition, technology-related markets are generally characterized by abrupt business cycles and intense competition, where the leading companies in any particular category may hold a highly concentrated percentage of the overall market share. Therefore, our portfolio companies may face considerably more risk of loss than do companies in other industry sectors. Because of rapid technological change, the selling prices of products and services provided by technology-related companies have historically decreased over their productive lives. As a result, the selling prices of products and services offered by technology related companies may decrease over time, which could adversely affect their operating results, their ability to meet obligations under their debt securities and the value of their equity securities. This could, in turn, materially adversely affect the value of the technology-related companies in our portfolio.

Our equity ownership in a portfolio company may represent a control investment. Our ability to exit a control investment may be limited.

We currently have, and may acquire in the future, control investments in portfolio companies. Our ability to divest ourselves from a debt or equity investment in a controlled portfolio company could be restricted due to illiquidity in a private stock, limited trading volume on a public company's stock, inside information on a company's performance, insider blackout periods, or other factors that could prohibit us from disposing of the investment as we would if it were not a control investment. Additionally, we may choose not to take certain actions to protect a debt investment in a control investment portfolio company. As a result, we could be limited in our ability to exit a control investment at an ideal time, which could diminish the value we are able to receive upon exiting such control investment.

RISKS IN THE CURRENT ENVIRONMENT

Capital markets may experience periods of disruption and instability and we cannot predict when these conditions will occur. Such market conditions could materially and adversely affect debt and equity capital markets in the United States and abroad, which could have a negative impact on our business, financial condition and results of operations.

The U.S. and global capital markets have historically experienced extreme volatility and disruption during the economic downturns, in particular the extended recession that began in mid-2007, and more recently the softening in the market in late 2018. Political events, such as U.S. impeachment proceedings and ongoing hostilities in the middle east, have also negatively impacted the market and future implications of such events still remain unclear. These market and economic disruptions affected, and these and other similar market and economic disruptions may in the future affect, the U.S. capital markets, which could adversely affect our business, that of our portfolio companies and the broader financial and credit markets and may reduce the availability of debt and equity capital for the market as a whole and to financial firms, in particular. At various times, these disruptions resulted in, and may in the future result in, a lack of liquidity in parts of the debt capital markets, significant write-offs in the financial services sector and the repricing of credit risk. These conditions may reoccur for a prolonged period of time or materially worsen in the future, including as a result of U.S. government shutdowns, further downgrades to the U.S. government's sovereign credit rating, or the perceived credit worthiness of the United States or other large global economies. For example, the recent outbreak of the novel coronavirus, or COVID-19, in many countries continues to adversely impact global commercial activity, particularly in China, and has contributed to significant volatility in financial markets. The global impact of the outbreak has been rapidly evolving, and as cases of the virus have continued to be identified in additional countries, many countries have reacted by instituting quarantines and restrictions on travel. Such actions are creating disruption in global supply chains, and adversely impacting a number of industries, such as transportation, hospitality and entertainment. The outbreak could have a continued adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate adverse impact of the novel coronavirus. Nevertheless, the novel coronavirus presents material uncertainty and risk with respect to our and our portfolio companies and financial results. Unfavorable economic conditions, including future recessions, also could increase our funding costs, limit our access to the capital markets or result in a decision by lenders not to extend credit to us. We may in the future have difficulty accessing debt and equity capital on attractive terms, or at all, and a severe disruption and instability in the global financial markets or deteriorations in credit and financing conditions may cause us to reduce the volume of loans we originate and/or fund, adversely affect the value of our portfolio investments or otherwise have a material adverse effect on our business, financial condition, results of operations and cash flows.

Changes to U.S. tariff and import/export regulations may have a negative effect on our portfolio companies and, in turn, harm us.

There has been ongoing discussion and commentary regarding further potential significant changes to U.S. trade policies, treaties and tariffs. Since 2018, the U.S. has imposed various tariffs on Chinese goods, and China has retaliated by placing tariffs on various U.S. goods. Both countries signed a phase one trade agreement in January 2020 halting further tariffs and increasing sales of U.S. goods to China. The agreement leaves in place most tariffs. It is unclear what the final outcome of the negotiations and agreements will result in. These prior tariffs have resulted in, and may continue to trigger, retaliatory actions by affected countries, including the imposition of tariffs on the U.S. by other countries. The current U.S. presidential administration, along with the U.S. Congress, has created significant uncertainty about the future relationship between the United States and other countries with respect to trade policies, treaties and tariffs. These developments, or the perception that any of them could occur, may have a material adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global trade and, in particular, trade between the impacted nations and the United States. Any of these factors could depress economic activity, restrict our portfolio companies' access to suppliers or customers, increase costs, decrease margins, reduce the competitiveness of products and services offered by current or future portfolio companies and have a material adverse effect on their business, financial condition and results of operations, which in turn would negatively impact us.

The United Kingdom's decision to leave the European Union may create significant risks and uncertainty for global markets and our investments.

On January 31, 2020, the United Kingdom withdrew from the European Union ("Brexit"), with a transition period lasting until December 31, 2020. During the transition period, existing arrangements between the United Kingdom and the European Union will remain in place while the United Kingdom and the European Union seek to negotiate a free trade agreement that will govern the trading relationship between the United Kingdom and the European Union following the transition period. Brexit and related uncertainties has led to volatility in global financial markets, and in particular in the markets of the United Kingdom and across Europe, and may also lead to weakening in consumer, corporate and financial confidence in the United Kingdom and Europe. There is ongoing uncertainty regarding the terms of a free trade agreement, including whether an agreement will be reached by the end of the transition period, and the longer term economic, legal, political and social framework to be put in place between the United Kingdom and the European Union are unclear at this stage and are likely to lead to ongoing political and economic uncertainty and periods of exacerbated volatility in both the United Kingdom and in wider European markets for some time. This volatility and uncertainty may have an adverse effect on the economy generally and on our ability, and the ability of our portfolio companies, to execute our respective strategies and to receive attractive returns.

In particular, currency volatility may mean that our returns and the returns of our portfolio companies will be adversely affected by market movements and may make it more difficult, or more expensive, for us to implement appropriate currency hedging. Potential declines in the value of the British Pound and/or the Euro against other currencies, along with the potential downgrading of the United Kingdom's sovereign credit rating, may also have an impact on the performance of any of our portfolio companies located in the United Kingdom or Europe.

Legislative tax reform may have a negative effect.

Legislative or other actions relating to taxes could have a negative effect on the Company. The rules dealing with U.S. federal income taxation are constantly under review by persons involved in the legislative process, the IRS and the U.S. Treasury Department. In December 2017, the U.S. House of Representatives and U.S. Senate passed tax reform legislation, which was signed by the President. Such legislation made many changes to the Internal Revenue Code, including significant changes to the taxation of business entities, the deductibility of interest expense, and the tax treatment of capital investment. We cannot predict with certainty how any changes in the tax laws might affect the Company, investors, or the Company's portfolio investments. New legislation and any U.S. Treasury regulations, administrative interpretations or court decisions interpreting such legislation could significantly and negatively affect the Company's ability to qualify for tax treatment as a RIC or the U.S. federal income tax consequences to the Company and its investors of such qualification, or could have other adverse consequences. Investors are urged to consult with their tax advisor regarding tax legislative, regulatory, or administrative developments and proposals and their potential effect on an investment in the Company's securities.

RISKS RELATED TO OUR OPERATIONS AS A BDC

Our ability to enter into transactions with our affiliates will be restricted.

Because we have elected to be treated as a BDC under the 1940 Act, we are prohibited under the 1940 Act from participating in certain transactions with certain of our affiliates without the prior approval of our independent directors and, in some cases, of the SEC. Any person that owns, directly or indirectly, 5% or more of our outstanding voting securities will be our affiliate for purposes of the 1940 Act and we are generally prohibited from buying or selling any security from or to such affiliate, absent the prior approval of our independent directors. The 1940 Act also prohibits certain "joint" transactions with certain of our affiliates, which could include investments in the same portfolio company (whether at the same or different times), without prior approval of our independent directors and, in some cases, of the SEC. The Staff has granted us relief pursuant to the Order. Pursuant to the Order, we are permitted to co-invest with Affiliated Funds and/or THL Proprietary Accounts if a "required majority" (as defined in Section 57(o) of the 1940 Act) of our independent directors make certain conclusions in connection with a co-investment transaction, including that (1) the terms of the proposed transaction, 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, (2) the transaction is consistent with the interests of our stockholders and is consistent with our investment objectives and strategies. We intend to co-invest, subject to the conditions included in the Order. We believe that such co-investments may afford us additional investment opportunities and an ability to achieve greater diversification. We are prohibited from buying or selling any security from or to any person who owns more than 25% of our voting securities or certain of that person's affiliates, entering into prohibited joint transactions with such persons, absent the prior approval of the SEC. Similar restrictions limit our ability to transact business with our officers or directors or their affiliates.

Regulations governing our operation as a BDC may limit our ability to, and the way in which we raise additional capital, which could have a material adverse impact on our liquidity, financial condition and results of operations.

Our business may in the future require a substantial amount of capital. We may acquire additional capital from the issuance of senior securities (including debt and preferred stock) or the issuance of additional shares of our common stock. However, we may not be able to raise additional capital in the future on favorable terms or at all. Additionally, we may only issue senior securities up to the maximum amount permitted by the 1940 Act. The 1940 Act permits us to issue senior securities only in amounts such that our asset coverage, as defined in the 1940 Act, equals at least 150% after such issuance or incurrence. If our assets decline in value and we fail to satisfy this test, we may be required to liquidate a portion of our investments and repay a portion of our indebtedness at a time when such sales or repayment may be disadvantageous, which could have a material adverse impact on our liquidity, financial condition and results of operations.

- *Senior Securities (including debt and preferred stock).* As a result of issuing senior securities, we would also be exposed to typical risks associated with leverage, including an increased risk of loss. If we issue preferred securities, such securities would rank "senior" to common stock in our capital structure, resulting in preferred stockholders having separate voting rights, dividend and liquidation rights, and possibly other rights, preferences or privileges more favorable than those granted to holders of our common stock. Furthermore, the issuance of preferred securities could have the effect of delaying, deferring or preventing a transaction or a change of control that might involve a premium price for our common stockholders or otherwise be in your best interest.
- *Additional Common Stock.* Our board of directors may decide to issue common stock to finance our operations rather than issuing debt or other senior securities. As a BDC, we are generally not able to issue our common stock at a price below net asset value without first obtaining required approvals from our stockholders and our independent directors. We may also make subscription rights offerings or warrants representing rights to purchase shares of our securities to our stockholders at prices per share less than the net value per share, subject to the requirements of the 1940 Act. If we raise additional funds by issuing more common stock or senior securities convertible into, or exchangeable for, our common stock, the percentage ownership of our stockholders at that time would decrease, and such stockholders may experience dilution.

Additionally, if we do raise additional capital in one or more subsequent financings, until we are able to invest the net proceeds of such any financing in suitable investments, we will invest in temporary investments, such as cash, cash equivalents, U.S. government securities and other high-quality debt investments that mature in one year or less, which we expect will earn yields lower than the interest, dividend or other income that we anticipate receiving in respect of investments in debt and equity securities of our target portfolio companies. As a result, our ability to pay dividends in the years of operation during which we have such net proceeds available to invest will be based on our ability to invest our capital in suitable portfolio companies in a timely manner. Further, the management fee payable to our investment adviser will not be reduced while our assets are invested in such temporary investments.

Changes in the laws or regulations governing our business, or changes in the interpretations thereof, and any failure by us to comply with these laws or regulations, could have a material adverse effect on our business, results of operations or financial condition.

Changes in the laws or regulations or the interpretations of the laws and regulations that govern BDCs, RICs or non-depository commercial lenders could significantly affect our operations and our cost of doing business. We are subject to federal, state and local laws and regulations and are subject to judicial and administrative decisions that affect our operations, including our loan originations, maximum interest rates, fees and other charges, disclosures to portfolio companies, the terms of secured transactions, collection and foreclosure procedures and other trade practices. If these laws, regulations or decisions change, or if we expand our business into jurisdictions that have adopted more stringent requirements than those in which we currently conduct business, we may have to incur significant expenses in order to comply, or we might have to restrict our operations. In addition, if we do not comply with applicable laws, regulations and decisions, we may lose licenses needed for the conduct of our business and may be subject to civil fines and criminal penalties.

In December 2019, the Commodity Futures Trading Commission ("CFTC") amended certain rules to require BDCs that trade "commodity interests" (as defined under CFTC rules) to a de minimis extent to file an electronic notice of exclusion to not be deemed a commodity pool operator pursuant to CFTC regulations. This exclusion allows BDCs that trade commodity interests to forgo regulation under the Commodity Exchange Act ("CEA") and the CFTC. If our Advisor is unable to claim this exclusion with respect to us, and/or file annual renewals, the Advisor would become subject to registration and regulation as a commodity pool operator under the CEA, which would subject our Advisor and us to additional registration and regulatory requirements, along with increasing operating expenses which would have a material adverse effect on our business, results of operations or financial condition.

If we do not invest a sufficient portion of our assets in qualifying assets, we could fail to qualify as a BDC or be precluded from investing according to our current business strategy, which would have a material adverse effect on our business, financial condition and results of operations.

As a BDC, we may not acquire any assets other than "qualifying assets" unless, at the time of and after giving effect to such acquisition, at least 70% of our total assets are qualifying assets. See Item 1 "Business—Business Development Company Regulation." We believe that most of the investments that we may acquire in the future will constitute qualifying assets. However, we may be precluded from investing in what we believe are attractive investments if such investments are not qualifying assets for purposes of the 1940 Act. If we do not invest a sufficient portion of our assets in qualifying assets, we could be found to be in violation of the 1940 Act provisions applicable to BDCs and possibly lose our status as a BDC, which would have a material adverse effect on our business, financial condition and results of operations. Similarly, these rules could prevent us from making follow-on investments in existing portfolio companies (which could result in the dilution of our position) or could require us to dispose of investments at inopportune times in order to come into compliance with the 1940 Act. If we need to dispose of such investments quickly, it may be difficult to dispose of such investments on favorable terms. For example, we may have difficulty in finding a buyer and, even if we do find a buyer, we may have to sell the investments at a substantial loss.

There is a risk that we may not make distributions or that our distributions may not grow over time.

We cannot assure you that we will achieve investment results that will allow us to make a specified level of cash distributions or periodically increase our dividend rate.

As a BDC, we are required to carry our investments at market value or, if no market value is ascertainable, at fair value as determined in good faith by or under the direction of our board of directors. Decreases in the market values or fair values of our investments will be recorded as unrealized depreciation. Any unrealized depreciation in our investment portfolio could be an indication of a portfolio company's potential inability to meet its repayment obligations to us. This could result in realized losses in the future and ultimately in reductions of our income available for distribution in future periods.

If we are unable to qualify for tax treatment as a RIC, we will be subject to corporate-level income tax, which would have a material adverse effect on our results of operations and financial condition.

We intend to continue to qualify for tax treatment as a RIC under the Code. As a RIC we do not have to pay federal income taxes on our income (including realized gains) that is distributed to our stockholders, provided that we satisfy certain distribution and other requirements. Accordingly, we are not permitted under accounting rules to establish reserves for taxes on our unrealized capital gains. If we fail to qualify for RIC tax treatment in any year, to the extent that we had unrealized gains, we would have to establish reserves for taxes, which would reduce our net asset value and the amount potentially available for distribution. In addition, if we, as a RIC, were to decide to make a deemed distribution of net realized capital gains and retain the net realized capital gains, we would have to establish appropriate reserves for taxes that we would have to pay on behalf of stockholders. It is possible that establishing reserves for taxes could have a material adverse effect on the value of our common stock.

To maintain our tax treatment as a RIC under the Code, which is required in order for us to distribute our income without being taxed at the corporate level, we must maintain our status as a BDC and meet certain source-of-income, asset diversification and annual distribution requirements and including:

- The Annual Distribution Requirement, which is satisfied if we distribute to our stockholders at least 90% of our ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any, on an annual basis. Because we may use debt financing, we are subject to an asset coverage ratio requirement under the 1940 Act and we may be subject to certain financial covenants under our debt arrangements that could, under certain circumstances, restrict us from making distributions necessary to satisfy the distribution requirement. If we are unable to obtain cash from other sources, we could fail to qualify for RIC tax treatment and, thus, become subject to corporate- level income tax.
- The income source requirement, which will be satisfied if we obtain at least 90% of our income for each year from dividends, interest, gains from the sale of stock or securities or similar sources.
- The asset diversification requirement, which will be satisfied if we meet certain asset diversification requirements at the end of each quarter of our taxable year. To satisfy these requirements, at least 50% of the value of our assets must consist of cash, cash equivalents, U.S. government securities, securities of other RICs, and other acceptable securities; and no more than 25% of the value of our assets can be invested in the securities, other than U.S. government securities or securities of other RICs, of one issuer, of two or more issuers that are controlled, as determined under applicable Internal Revenue Code rules, by us and that are engaged in the same or similar or related trades or businesses or of certain "qualified publicly traded partnerships." Failure to meet these requirements may result in our having to dispose of certain investments quickly in order to prevent the loss of RIC status. Because most of our investments will be in private companies, and, therefore, will be relatively illiquid, any such dispositions could be made at disadvantageous prices and could result in substantial losses.

Satisfying these requirements may require us to take actions we would not otherwise take, such as selling investments at unattractive prices to satisfy diversification, distribution or source of income requirements. In addition, while we are authorized to borrow funds in order to make distributions, under the 1940 Act we are not permitted to make distributions to stockholders while we have debt obligations or other senior securities outstanding unless certain "asset coverage" tests are met. If we fail to qualify as a RIC for any reason and become or remain subject to corporate-level income tax, the resulting corporate taxes could substantially reduce our net assets, the amount of income available for distribution and the amount of our distributions. Such a failure would have a material adverse effect on our results of operations and financial conditions, and thus, our stockholders.

RISKS RELATED TO AN INVESTMENT IN OUR SECURITIES

Our common stock price may be volatile and may fluctuate substantially.

As with any stock, the price of our common stock will fluctuate with market conditions and other factors. Our common stock is intended for long-term investors and should not be treated as a trading vehicle. Shares of closed-end management investment companies, which are structured similarly to us, frequently trade at a discount from their net asset value. Our shares may trade at a price that is less than the offering price. This risk may be greater for investors who sell their shares in a relatively short period of time after completion of the offering.

The market price and liquidity of the market for our common shares may be significantly affected by numerous factors, some of which are beyond our control and may not be directly related to our operating performance. These factors include:

- significant volatility in the market price and trading volume of securities of BDCs or other companies in the sector in which we operate, which are not necessarily related to the operating performance of these companies;
- changes in regulatory policies or tax guidelines, particularly with respect to RICs or BDCs;
- loss of RIC status;
- changes in earnings or variations in operating results;
- changes in the value of our portfolio of investments;
- any shortfall in revenue or net income or any increase in losses from levels expected by investors or securities analysts;
- departure of key personnel from our investment adviser;
- operating performance of companies comparable to us;
- general economic trends and other external factors; and
- loss of a major funding source.

Certain provisions of the General Corporation Law of the State of Delaware and our certificate of incorporation could deter takeover attempts and have an adverse effect on the price of our common stock.

The General Corporation Law of the State of Delaware and our certificate of incorporation contain provisions that may discourage, delay or make more difficult a change in control of us or the removal of our directors. Among other provisions, our directors may be removed for cause by the affirmative vote of 75% of the holders of our outstanding capital stock and removed with or without cause by the approval of 66.7% of the remaining directors. Our board of directors also is authorized to issue preferred stock in one or more series. In addition, our certificate of incorporation requires the favorable vote of a majority of our board of directors followed by the favorable vote of the holders of at least 75% of our outstanding shares of common stock, to approve, adopt or authorize certain transactions, including mergers and the sale, lease or exchange of all or any substantial part of our assets with 10% or greater holders of our outstanding common stock and their affiliates or associates, unless the transaction has been approved by at least 80% of our board of directors, in which case approval by "a majority of the outstanding voting securities" (as defined in the 1940 Act) will be required. These measures may delay, defer or prevent a transaction or a change in control that might otherwise be in the best interests of our stockholders and could have the effect of depriving stockholders of an opportunity to sell their shares at a premium over prevailing market prices.

Our common stock may trade below its net asset value per share, which limits our ability to raise additional equity capital.

If our common stock is trading below its net asset value per share, we will generally not be able to issue additional shares of our common stock at its market price without first obtaining the approval for such issuance from our stockholders and our independent directors. Shares of BDCs, including shares of our common stock, have traded at discounts to their net asset values. As of December 31, 2019, our net asset value per share was $7.64. The last reported sale price of a share of our common stock on the NASDAQ Global Select Market on March 4, 2020 was $6.06. If our common stock trades below net asset value, the higher the cost of equity capital may result in it being unattractive to raise new equity, which may limit our ability to grow. The risk of trading below net asset value is separate and distinct from the risk that our net asset value per share may decline. We cannot predict whether shares of our common stock will trade above, at or below our net asset value.

Our Notes are unsecured and therefore are effectively subordinated to any secured indebtedness we have currently incurred or may incur in the future.

The Notes are not secured by any of our assets or any of the assets of our subsidiaries. As a result, the Notes are effectively subordinated to any secured indebtedness we or our subsidiaries have currently incurred and may incur in the future (or any indebtedness that is initially unsecured to which we subsequently grant security) to the extent of the value of the assets securing such indebtedness. In any liquidation, dissolution, bankruptcy or other similar proceeding, the holders of any of our existing or future secured indebtedness and the secured indebtedness of our subsidiaries may assert rights against the assets pledged to secure that indebtedness in order to receive full payment of their indebtedness before the assets may be used to pay other creditors, including the holders of the Notes. As of December 31, 2019, we had $66.2 million outstanding under the Revolving Facility. The indebtedness under the Revolving Facility is effectively senior to the Notes to the extent of the value of the assets securing such indebtedness.

The net asset value per share of our common stock may be diluted if we sell shares of our common stock in one or more offerings at prices below the then current net asset value per share of our common stock or securities to subscribe for or convertible into shares of our common stock.

Any decision to sell shares of our common stock below its then current net asset value per share or securities to subscribe for or convert into shares of our common stock would be subject to the determination by our board of directors that such issuance is in our and our stockholders' best interests.

If we were to sell shares of our common stock below its then current net asset value per share, such sales would result in an immediate dilution to the net asset value per share of our common stock. This dilution would occur as a result of the sale of shares at a price below the then current net asset value per share of our common stock and a proportionately greater decrease in the stockholders' interest in our earnings and assets and their voting interest in us than the increase in our assets resulting from such issuance. Because the number of shares of common stock that could be so issued and the timing of any issuance is not currently known, the actual dilutive effect cannot be predicted.

In addition, if we issue warrants or securities to subscribe for or convert into shares of our common stock, subject to certain limitations, the exercise or conversion price per share could be less than net asset value per share at the time of exercise or conversion (including through the operation of anti-dilution protections). Because we would incur expenses in connection with any issuance of such securities, such issuance could result in a dilution of the net asset value per share at the time of exercise or conversion. This dilution would include reduction in net asset value per share as a result of the proportionately greater decrease in the stockholders' interest in our earnings and assets and their voting interest than the increase in our assets resulting from such issuance.

We incur significant costs as a result of being a publicly traded company.

As a publicly traded company, we incur legal, accounting and other expenses, including costs associated with the periodic reporting requirements applicable to a company whose securities are registered under the Securities Exchange Act of 1934, as amended, or the Exchange Act, as well as additional corporate governance requirements, including requirements under the Sarbanes-Oxley Act of 2002, and other rules implemented by the SEC.

The trading market or market value of our publicly issued debt securities may fluctuate.

Our publicly issued debt securities may or may not have an established trading market. We cannot assure you that a trading market for our publicly issued debt securities will ever develop or be maintained if developed. In addition to our creditworthiness, many factors may materially adversely affect the trading market for, and market value of, our publicly issued debt securities. These factors include, but are not limited to, the following:

- the time remaining to the maturity of these debt securities;
- the outstanding principal amount of debt securities with terms identical to these debt securities;
- the ratings assigned by national statistical ratings agencies;
- the general economic environment;
- the supply of debt securities trading in the secondary market, if any;
- the redemption or repayment features, if any, of these debt securities;
- the level, direction and volatility of market interest rates generally; and
- market rates of interest higher or lower than rates borne by the debt securities.

You should also be aware that there may be a limited number of buyers when you decide to sell your debt securities. This too may materially adversely affect the market value of the debt securities or the trading market for the debt securities.

Terms relating to redemption may materially adversely affect noteholders’ return on any debt securities that we may issue.

If noteholders’ debt securities are redeemed at our option, we may choose to redeem such debt securities at times when prevailing interest rates are lower than the interest rate paid such debt securities. In addition, if noteholders’ debt securities are subject to mandatory redemption, we may be required to redeem such debt securities also at times when prevailing interest rates are lower than the interest rate paid on such debt securities. In this circumstance, noteholders may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as the debt securities being redeemed.

If we issue preferred stock, debt securities or convertible debt securities, the net asset value and market value of our common stock may become more volatile.

We cannot assure you that the issuance of preferred stock and/or debt securities would result in a higher yield or return to the holders of our common stock. The issuance of preferred stock, debt securities or convertible debt would likely cause the net asset value and market value of our common stock to become more volatile. If the dividend rate on the preferred stock, or the interest rate on the debt securities, were to approach the net rate of return on our investment portfolio, the benefit of leverage to the holders of our common stock would be reduced. If the dividend rate on the preferred stock, or the interest rate on the debt securities, were to exceed the net rate of return on our portfolio, the use of leverage would result in a lower rate of return to the holders of common stock than if we had not issued the preferred stock or debt securities. Any decline in the net asset value of our investment would be borne entirely by the holders of our common stock. Therefore, if the market value of our portfolio were to decline, the leverage would result in a greater decrease in net asset value to the holders of our common stock than if we were not leveraged through the issuance of preferred stock. This decline in net asset value would also tend to cause a greater decline in the market price for our common stock.

There is also a risk that, in the event of a sharp decline in the value of our net assets, we would be in danger of failing to maintain required asset coverage ratios which may be required by the preferred stock, debt securities, convertible debt or units or of a downgrade in the ratings of the preferred stock, debt securities, convertible debt or units or our current investment income might not be sufficient to meet the dividend requirements on the preferred stock or the interest payments on the debt securities. If we do not maintain our required asset coverage ratios, we may not be permitted to declare dividends. In order to counteract such an event, we might need to liquidate investments in order to fund redemption of some or all of the preferred stock, debt securities or convertible debt. In addition, we would pay (and the holders of our common stock would bear) all costs and expenses relating to the issuance and ongoing maintenance of the preferred stock, debt securities, convertible debt or any combination of these securities. Holders of preferred stock, debt securities or convertible debt may have different interests than holders of common stock and may at times have disproportionate influence over our affairs.

Holders of any preferred stock that we may issue will have the right to elect members of the board of directors and have class voting rights on certain matters.

The 1940 Act requires that holders of shares of preferred stock must be entitled as a class to elect two directors at all times and to elect a majority of the directors if dividends on such preferred stock are in arrears by two years or more, until such arrearage is eliminated. In addition, certain matters under the 1940 Act require the separate vote of the holders of any issued and outstanding preferred stock, including changes in fundamental investment restrictions and conversion to open-end status and, accordingly, preferred stockholders could veto any such changes. Restrictions imposed on the declarations and payment of dividends or other distributions to the holders of our common stock and preferred stock, both by the 1940 Act and by requirements imposed by rating agencies, might impair our ability to maintain our qualification as a RIC for U.S. federal income tax purposes.

Your interest in us may be diluted if you do not fully exercise your subscription rights in any rights offering. In addition, if the subscription price is less than our net asset value per share, then you will experience an immediate dilution of the aggregate net asset value of your shares.

In the event we issue subscription rights, stockholders who do not fully exercise their subscription rights should expect that they will, at the completion of a rights offering pursuant to this prospectus, own a smaller proportional interest in us than would otherwise be the case if they fully exercised their rights. We cannot state precisely the amount of any such dilution in share ownership because we do not know at this time what proportion of the shares will be purchased as a result of such rights offering.

In addition, if the subscription price is less than the net asset value per share of our common stock, then our stockholders would experience an immediate dilution of the aggregate net asset value of their shares as a result of the offering. The amount of any decrease in net asset value is not predictable because it is not known at this time what the subscription price and net asset value per share will be on the expiration date of a rights offering or what proportion of the shares will be purchased as a result of such rights offering. Such dilution could be substantial.

Our stockholders may experience dilution in their ownership percentage if they do not participate in our dividend reinvestment plan.

All distributions declared in cash payable to stockholders that are participants in our dividend reinvestment plan are automatically reinvested in shares of our common stock. As a result, our stockholders that do not participate in our dividend reinvestment plan may experience dilution in their ownership percentage of our common stock over time.

The Notes are structurally subordinated to the indebtedness and other liabilities of our subsidiaries.

The Notes are obligations exclusively of THL Credit, Inc. and not of any of our subsidiaries. None of our subsidiaries are a guarantor of the Notes and the Notes are not required to be guaranteed by any subsidiaries we may acquire or create in the future. Except to the extent we are a creditor with recognized claims against our subsidiaries, all claims of creditors of our subsidiaries will have priority over our equity interests in such subsidiaries (and therefore the claims of our creditors, including holders of the Notes) with respect to the assets of such subsidiaries. Even if we are recognized as a creditor of one or more of our subsidiaries, our claims would still be effectively subordinated to any security interests in the assets of any such subsidiary and to any indebtedness or other liabilities of any such subsidiary senior to our claims. Consequently, the Notes are structurally subordinated to all indebtedness and other liabilities of any of our subsidiaries and any subsidiaries that we may in the future acquire or establish. In addition, our subsidiaries may incur substantial additional indebtedness in the future, all of which would be structurally senior to the Notes.

The indentures under which our Notes were issued contains limited protection for holders of our Notes.

The indentures under which the Notes were issued offers limited protection to holders of the Notes. The terms of the indentures and the Notes do not restrict our or any of our subsidiaries' ability to engage in, or otherwise be a party to, a variety of corporate transactions, circumstances or events that could have an adverse impact on your investment in the Notes. In particular, the terms of the indentures and the Notes do not place any restrictions on our or our subsidiaries' ability to:

- issue securities or otherwise incur additional indebtedness or other obligations, including (1) any indebtedness or other obligations that would be equal in right of payment to the Notes, (2) any indebtedness or other obligations that would be secured and therefore rank effectively senior in right of payment to the Notes to the extent of the values of the assets securing such debt, (3) indebtedness of ours that is guaranteed by one or more of our subsidiaries and which therefore is structurally senior to the Notes and (4) securities, indebtedness or obligations issued or incurred by our subsidiaries that would be senior to our equity interests in our subsidiaries and therefore rank structurally senior to the Notes with respect to the assets of our subsidiaries, in each case other than an incurrence of indebtedness or other obligation that would cause a violation of 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 (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 150% after such borrowings);
- pay dividends on, or purchase or redeem or make any payments in respect of, capital stock or other securities ranking junior in right of payment to the Notes;
- sell assets (other than certain limited restrictions on our ability to consolidate, merge or sell all or substantially all of our assets);
- enter into transactions with affiliates;
- create liens (including liens on the shares of our subsidiaries) or enter into sale and leaseback transactions;
- make investments; or
- create restrictions on the payment of dividends or other amounts to us from our subsidiaries.

In addition, the indentures do not require us to offer to purchase the Notes in connection with a change of control or any other event. Furthermore, the terms of the indenture and the Notes do not protect holders of the Notes in the event that we experience changes (including significant adverse changes) in our financial condition, results of operations or credit ratings, as they do not require that we or our subsidiaries adhere to any financial tests or ratios or specified levels of net worth, revenues, income, cash flow, or liquidity.

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

Certain of our current debt instruments include more protections for their holders than the indenture and the Notes. In addition, other debt we issue or incur in the future could contain more protections for its holders than the indenture and the Notes, including additional covenants and events of default. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Financial condition, liquidity and capital resources—Credit Facility.” The issuance or incurrence of any such debt with incremental protections could affect the market for and trading levels and prices of the Notes.

If we default on our obligations to pay our other indebtedness, we may not be able to make payments on the Notes.

Any default under the agreements governing our indebtedness, including a default under the Revolving Facility or other indebtedness to which we may be a party that is not waived by the required lenders or holders, and the remedies sought by the holders of such indebtedness could make us unable to pay principal, premium, if any, and interest on the Notes and substantially decrease the market value of the Notes. If we are unable to generate sufficient cash flow and are otherwise unable to obtain funds necessary to meet required payments of principal, premium, if any, and interest on our indebtedness, or if we otherwise fail to comply with the various covenants, including financial and operating covenants, in the instruments governing our indebtedness, we could be in default under the terms of the agreements governing such indebtedness. In the event of such default, the holders of such indebtedness could elect to declare all the funds borrowed thereunder to be due and payable, together with accrued and unpaid interest, the lenders under the Revolving Facility or other debt we may incur in the future could elect to terminate their commitments, cease making further loans and institute foreclosure proceedings against our assets, and we could be forced into bankruptcy or liquidation. If our operating performance declines, we may in the future need to seek to obtain waivers from the required lenders under the Revolving Facility or other debt that we may incur in the future to avoid being in default. If we breach our covenants under the Revolving Facility or other debt and seek a waiver, we may not be able to obtain a waiver from the required lenders or holders. If this occurs, we would be in default under the Revolving Facility or other debt, the lenders or holders could exercise their rights as described above, and we could be forced into bankruptcy or liquidation. If we are unable to repay debt, lenders having secured obligations, including the lenders under the Revolving Facility, could proceed against the collateral securing the debt. Because the Revolving Facility have, and any future credit facilities will likely have, customary cross-default provisions, if the indebtedness under the Notes, the Revolving Facility or any future credit facility is accelerated, we may be unable to repay or finance the amounts due.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

We do not own any real estate or other physical properties materially important to our operation. Our headquarters are currently located at 100 Federal Street, 31st Floor, Boston, MA 02110. THL Credit Advisors furnishes us office space and we reimburse it for such costs on an allocated basis.

Item 3. Legal proceedings

As of December 31, 2019, 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. Third parties may also seek to impose liability on us in connection with the activities of our portfolio companies.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

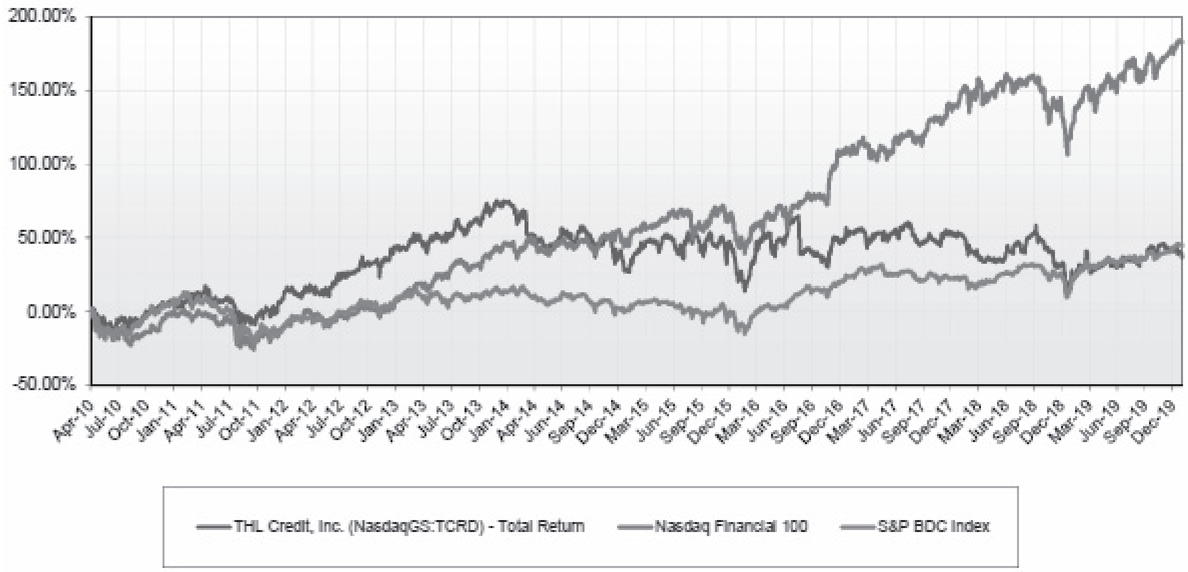
Our common stock is traded on the NASDAQ Global Select Market under the ticker symbol "TCRD."

As of March 4, 2020, we had 2 stockholders of record, which did not include stockholders for whom shares are held in nominee or "street" name.

Stock Performance Graph

This graph compares the return on our common stock with that of the S&P BDC Index Total Return and the NASDAQ Financial 100 Index for the period from April 21, 2010 (initial public offering) through December 31, 2019. The graph assumes that on April 21, 2010, $100 was invested in each of our common stock, the S&P BDC Index Total Return and the NASDAQ Financial 100 Index. The graph measures total stockholder return, which takes into account both changes in stock price and dividends. It assumes that dividends paid are invested in like securities.

The following graph compares the total return on our common stock with that of the S&P BDC Index Total Return and the NASDAQ Financial 100.



The graph and other information furnished under this Part II Item 5 of this Form 10-K shall not be deemed to be "soliciting material" or to be "filed" with the SEC or subject to Regulation 14A or 14C, or to the liabilities of Section 18 of the 1934 Act. The stock price performance included in the above graph is not necessarily indicative of future stock price performance.

Sales of unregistered securities

There were no dividends reinvested during the years ended December 31, 2019 and December 31, 2018 under the dividend reinvestment plan. There was $0.003 million of dividends reinvested during the year ended December 31, 2017.

Issuer purchases of equity securities

During the quarter ended December 31, 2019, we purchased 565,752 shares at a weighted average price per share of $6.81, inclusive of commissions. This represents a discount of approximately 18.57% to average net asset value per share for the quarter ended December 31, 2019. The following table presents information with respect to our purchases of our common stock during the quarter ended December 31, 2019:

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
October 1, 2019 through October 31, 2019 [1]	290,541	$ 6.84	290,541	$ 1,422,908
November 1, 2019 through November 30, 2019 [1]	207,469	$ 6.86	207,469	$ 7
December 1, 2019 through December 31, 2019 [2]	67,742	$ 6.52	67,742	$ 9,558,203
	565,752	$ 6.81	565,752	

[1] On March 2, 2018 our board of directors authorized a $20.0 million stock repurchase program, which was extended and modified on March 5, 2019 to authorize the repurchase of outstanding shares in an aggregate amount of up to $15.0 million. Effective March 14, 2019, we adopted a stock trading plan in accordance with Rule 10b5-1 of the Exchange Act. This plan was completed in November of 2019.

[2] On December 16, 2019, our board of directors authorized a new $10.0 million stock repurchase program, which, unless extended by our board of directors, will expire on December 16, 2020 and may be modified or terminated at any time for any reason without prior notice. Effective December 17, 2019, we adopted a stock trading plan in accordance with Rule 10b5-1 of the Exchange Act. We have provided our stockholders with notice of our ability to repurchase shares of our common stock in accordance with 1940 Act requirements. We will retire immediately all such shares of common stock that we purchase in connection with the stock repurchase program.

Distributions

We have elected to be taxed as a RIC under Subchapter M of the Code. In order to maintain our status as a RIC, we are required to distribute, for each taxable year, 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 capital gain net income 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.

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.

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

We maintain an “opt in” dividend reinvestment plan for our common stockholders. As a result, unless stockholders specifically elect to have their dividends automatically reinvested in additional shares of common stock, stockholders will receive all such dividends in cash. There were no dividends reinvested for the years ended December 31, 2019 and 2018. There was $0.003 million of dividends reinvested for the year ended December 31, 2017 .

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

Distributions in excess of our current and accumulated earnings and profits would generally be treated as a return of capital to the extent of the stockholder’s adjusted tax basis in our shares. If a stockholder’s tax basis is reduced to zero, the stockholder would generally treat any remaining distributions in excess of our current and accumulated earnings and profits 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. Each year, a statement on Form 1099-DIV identifying the source of the distributions will be sent to our U.S. stockholders of record (other than certain exempt recipients). 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.

The tax character of distributions declared and paid in 2019 represented $26.2 million from ordinary income, $0 from capital gains and $0 from tax return of capital. The tax character of distributions declared and paid in 2018 represented $35.2 million from ordinary income, $0 from capital gains and $0 from tax return of capital. The tax character of distributions declared and paid in 2017 represented $35.4 million from ordinary income, $0 from capital gains and $0 from tax return of capital. Generally accepted accounting principles require adjustments to certain components of net assets to reflect permanent differences between financial and tax reporting. These adjustments have no effect on net asset value per share. Permanent differences between financial and tax reporting at December 31, 2019 and 2018 were $0.3 million and $0.3 million, respectively.

We may generate qualified interest income and short-term capital gains that may be exempt from United States withholding tax when distributed to foreign accounts. A RIC is permitted to designate distributions in the form of dividends that represent interest income from U.S. sources (commonly referred to as qualified interest income) and short-term capital gains as exempt from U.S. withholding tax when paid to non-U.S. stockholders with proper documentation. As of December 31, 2019, the percentage of 2019 income estimated as qualified interest income for tax purposes was 79.3%.

Item 6. Selected Financial Data

The following selected financial data should be read together with our consolidated financial statements and the related notes and the discussion under "Management's Discussion and Analysis of Financial Condition and Results of Operations" which is included elsewhere in this annual report on Form 10-K. Financial information is presented for the years ended December 31, 2019, 2018, 2017, 2016 and 2015 in thousands, except for per share data. The Consolidated Statements of Operations, Per share, and the Consolidated Statement of Assets and Liabilities data for the years ending 2019, 2018, 2017, 2016 and 2015 has been derived from our consolidated financial statements that were audited by PricewaterhouseCoopers LLP, our independent registered public accounting firm. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" below for more information.

	For the years ended				
	2019	2018	2017	2016	2015
Statement of Operations data:					
Total investment income	$ 52,494	$ 66,942	$ 78,773	$ 84,585	$ 94,195
Incentive fees	(109)	1,696	3,185	4,461	11,894
Base management fees	6,043	9,006	10,389	10,998	11,825
All other expenses	19,302	22,802	26,128	24,271	23,147
Incentive fee waiver	—	(1,741)	(811)	—	—
Management fee waiver	(525)	—	—	—	—
Income tax provision (benefit) and excise tax	418	355	168	155	(243)
Net investment income	27,365	34,824	39,714	44,700	47,572
Net realized (loss) gain on investments	(39,735)	(32,565)	(17,307)	(38,849)	190
Net change in unrealized appreciation (depreciation) on investments	(12,494)	(11,871)	(31,606)	11,141	(17,875)
Net change in unrealized appreciation (depreciation) attributable to non-controlling interests	—	(703)	(13)	140	—
Provision for taxes on realized gain on investments	—	—	(842)	—	(8)
Benefit (provision) for taxes on unrealized gain on investments	254	(284)	2,146	137	(1,226)
Interest rate derivative periodic interest payments, net	—	—	(46)	(276)	(443)
Net change in unrealized appreciation (depreciation) on interest rate derivative	—	—	50	156	7
Net (decrease) increase in net assets resulting from operations	(24,610)	(10,599)	(7,904)	17,149	28,217
Per share data:					
Net asset value per common share attributable to THL Credit, Inc. at year end	$ 7.64	$ 9.15	$ 10.51	$ 11.82	$ 12.58
Market price at year end	6.31	6.08	9.05	10.01	10.70
Net investment income	0.87	1.07	1.21	1.35	1.41
Net realized (loss) gain on investments	(1.27)	(1.00)	(0.53)	(1.17)	0.01
Provision for taxes on realized gain on investments	—	—	(0.03)	—	—
Net change in unrealized appreciation (depreciation) on investments	(0.40)	(0.38)	(0.96)	0.33	(0.53)
(Provision) benefit for taxes on unrealized gain on investments	0.01	(0.01)	0.07	0.01	(0.04)
Interest rate derivative periodic interest payments, net	—	—	—	(0.01)	(0.01)
Net (decrease) increase in net assets resulting from operations attributable to THL Credit, Inc.	(0.79)	(0.32)	(0.24)	0.51	0.84

Distributions declared	0.84	1.08	1.08	1.29	1.36
Consolidated Statement of Assets and Liabilities data at period end:					
Total investments at fair value	$ 384,125	$ 493,653	$ 608,691	$ 669,203	$ 754,163
Cash	5,890	6,860	3,617	6,376	3,850
Other assets	21,883	17,938	15,376	15,825	18,371
Total assets	411,898	518,451	627,684	691,404	776,384
Loans payable, net	66,161	107,657	167,317	181,655	258,651
Notes payable, net	108,866	108,067	107,015	106,347	85,000
Other liabilities	7,416	7,046	9,323	13,582	13,834
Total liabilities	182,443	222,770	283,655	301,584	357,485
Total net assets attributable to THL Credit, Inc.	229,455	295,681	343,327	389,105	418,899
Net assets attributable to non-controlling interest	—	—	702	715	—
Total net assets	229,455	295,681	344,029	389,820	418,899
Other data:					
Weighted average annual yield on debt and income-producing investments (1) (2)	8.2%	10.4%	10.1%	10.9%	11.2%
Weighted average annual yield on debt and income-producing investments including Logan JV (2)	8.7%	10.7%	10.7%	11.2%	11.3%
Number of portfolio investments at year end	52	42	47	47	55

(1) Excludes yield on the Logan JV.

(2) Weighted-average annual effective yield is higher than what an investor in shares of our common stock will realize on its investment because it does not reflect our expenses or any sales load paid by an investor. For information on our investments on non-accrual status, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Asset Quality" and the Schedule of Investments included in our financial statements.

Selected Quarterly Financial Data (Unaudited):

The tables below present selected financial data for the quarters within the last two fiscal years. The quarterly financial data presented has been derived from unaudited financial data which, in the opinion of management, presents fairly, in all material respects, the financial positions and results of operations of the Company.

Quarter Ended	Investment Income		Net Investment Income		Net Change in Unrealized Appreciation (Depreciation) on Investments		Net Realized Gain (Loss) on Investments, net of taxes		Provision for taxes (benefit) on unrealized gain on investments		Net Increase (Decrease) In Net Assets From Operations	
	Total	Per Share	Total	Per Share	Total	Per Share	Total	Per Share	Total	Per Share	Total	Per Share
December 31, 2019	$ 10,148	$ 0.32	$ 4,938	$ 0.16	$ (14,468)	$ (0.46)	$ (5,834)	$ (0.19)	$ (81)	$ —	$ (15,445)	$ (0.49)
September 30, 2019	12,793	0.41	6,872	0.22	1,237	0.04	(7,862)	(0.25)	64	—	311	0.01
June 30, 2019	15,362	0.49	8,851	0.28	5,382	0.17	(24,067)	(0.77)	164	0.01	(9,670)	(0.31)
March 31, 2019	14,191	0.44	6,704	0.21	(4,645)	(0.15)	(1,972)	(0.06)	107	—	194	0.00

Quarter Ended	Investment Income		Net Investment Income		Net Change in Unrealized Appreciation (Depreciation) on Investments		Net Realized Gain (Loss) on Investments, net of taxes		Provision for taxes (benefit) on unrealized gain on investments		Net Increase (Decrease) In Net Assets From Operations	
	Total	Per Share	Total	Per Share	Total	Per Share	Total	Per Share	Total	Per Share	Total	Per Share
December 31, 2018	$ 15,819	$ 0.49	$ 7,325	$ 0.23	$ (36,690)	$ (1.13)	$ 6,172	$ 0.19	$ 61	$ —	$ (23,132)	$ (0.71)
September 30, 2018	16,078	0.50	8,573	0.27	(3,444)	(0.10)	(284)	(0.01)	(192)	(0.01)	4,653	0.15
June 30, 2018	18,357	0.57	10,099	0.31	16,897	0.52	(25,336)	(0.78)	(121)	—	1,539	0.05
March 31, 2018	16,688	0.51	8,827	0.26	10,663	0.33	(13,117)	(0.40)	(32)	—	6,341	0.19

Item 7. 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.

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 middle market companies.

As of December 31, 2019, we, together with our credit-focused affiliates, collectively had $17.3 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 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 December 31, 2019, we have been responsible for making, on behalf of ourselves, our managed funds and separately managed account, over $2.2 billion in aggregate commitments into 128 separate portfolio companies through a combination of both initial and follow-on investments. Since April 2010 through December 31, 2019, we, along with our managed funds and separately managed account, have received $1.8 billion of gross proceeds from the realization of investments. We alone have received $1.5 billion of gross proceeds from the realization of our investments during this same time period. As of December 31, 2019, our managed funds, THL Credit Greenway, LLC, or Greenway, and THL Credit Greenway II, LLC, or Greenway II, and its separately managed account, collectively Greenway II, have received $189.6 million, or 126.4% of committed capital, and $205.8 million, 110.1% of the committed capital, respectively.

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. As a RIC, 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 December 31, 2019, we had $384.1 million of portfolio investments (at fair value), which represents a $109.6 million, or 22.2% decrease from the $493.7 million (at fair value) as of December 31, 2018. Our portfolio consisted of 52 investments, including Greenway and Greenway II as of December 31, 2019, compared to 42 portfolio investments, including Greenway and Greenway II, as of December 31, 2018. The decrease in fair value of our portfolio is largely attributed to portfolio contraction (as measured by total dollars invested). As of December 31, 2019, we had $141.9 million of controlled portfolio investments (at fair value) in four portfolio companies, which represents a $25.8 million, or 15.4% decrease from $167.7 million (at fair value) as of December 31, 2018 in five portfolio companies. The decrease in controlled portfolio companies was largely the result of a realization of Copperweld Bimetallics, LLC. Our average controlling equity position at December 31, 2019 was approximately $44.7 million and $35.5 million at cost and fair value, respectively. Our average controlling equity position at December 31, 2018 was approximately $36.3 million and $33.5 million at cost and fair value, respectively. Our investment in THL Credit Logan JV LLC (the "Logan JV") represented 21.7% and 17.2% of our portfolio investments as of December 31, 2019 and December 31, 2018, respectively. We are currently limiting new investments in new portfolio companies to 2.5% of our investment portfolio based upon the most recent market value.

The following table shows certain portfolio highlights based on cost and fair value (in millions).

	As of			
	December 31, 2019		December 31, 2018	
	Cost	Fair Value	Cost	Fair Value
Largest portfolio company investment - Logan JV	$ 97.1	$ 83.4	$ 92.4	$ 84.8
Largest portfolio company investment - excluding Logan JV, Greenway I and II, investments where we hold controlling equity position and investments where we hold equity only	23.1	20.9	34.0	26.6
Average portfolio company investment	8.5	7.4	12.8	11.8
Average portfolio company investment - excluding Logan JV, Greenway I and II, investments where we hold controlling equity position and investments where we hold equity only	6.7	6.2	11.7	10.6
Total investments where we hold controlling equity position and investments where we hold equity only, including Greenway I and II	91.1	66.4	95.4	89.7

At December 31, 2019, based upon fair value, 100.0% of our debt investments bore interest based on floating rates, which may be subject to interest rate floors, such as LIBOR. At December 31, 2018, 96.5% of our debt investments bore interest based on floating rates, which may be subject to interest rate floors, such as LIBOR and CDOR, and 3.5% bore interest at fixed rates.

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

	As of	
Description:	**December 31, 2019**	**December 31, 2018**
First lien senior secured debt (1)	8.0%	10.1%
Second lien debt	12.8%	12.7%
Subordinated debt	—	16.5%
Income-producing equity securities (2)	0.0%	9.6%
Debt and income-producing investments (1)(3)	8.2%	10.4%
Logan JV (4)	10.5%	12.0%
All investments including Logan JV (1)(4)	8.7%	10.7%

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

(2) Includes income from debt-like equity securities where there is a stated rate and amounts are due on a fixed payment schedule. At December 31, 2019, there is one debt-like income-producing security which we do not expect to collect stated income on.

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

(4) As of December 31, 2019 and December 31, 2018, the dividend income portion of distributions declared and earned of $9.8 million and $9.8 million for the years ended December 31, 2019 and December 31, 2018, respectively, represented a yield to us of 10.5% and 12.0%, 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 December 31, 2019 and 2018, including accretion of original issue discount and loan origination fees. This weighted average yield reflects the impact of loans on non-accrual status. There can be no assurance that the weighted average yield will remain at its current level. As of December 31, 2019 and 2018, 1.7% and 1.9% of our investment portfolio at fair value was comprised of non-income producing equity and warrant investments. We intend to continue to reduce our non-income producing investments in 2020 and beyond. No assurance can be given that we will be successful in achieving this target.

In evaluating our portfolio performance, among other factors, we consider portfolio companies' adjusted earnings before interest, taxes, depreciation and amortization, or EBITDA, and leverage as an investment metric. As of December 31, 2019 and 2018, portfolio investments, in which we have debt investments, had a median EBITDA of approximately $16.0 million and $9.0 million, respectively, based on the latest available financial information provided by the portfolio companies for each of these periods. As of December 31, 2019 and 2018, our median attachment point in the capital structure of our debt investments in portfolio companies is approximately 4.6 times and 4.8 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 the companies not owned by a private equity sponsor, or unsponsored investments to decrease over time as we work through restructurings, which may include providing additional liquidity through revolving loans, and ultimately exit our unsponsored investments. However, these portfolio investments may require follow-on capital as we work through restructurings, which will increase our exposure to these investments. Going forward we expect unsponsored investments we make, if any, would only be in first lien senior secured investments. As of December 31, 2019, our portfolio of unsponsored debt investments included four investments, excluding our investment in Wheels Up Partners, LLC, which is a non-income producing equity security. Three are performing at or above our expectations and have an Investment Score of 1 or 2. The other unsponsored investment has an Investment Score of 3. As of December 31, 2018, our portfolio of unsponsored debt investments included four investments. Three were performing at or above our expectations and had an Investment Score of 1 or 2. The other unsponsored investment had an Investment Score of 3.

As of December 31, 2019, we have closed portfolio investments with 71 different sponsors since inception. As of December 31, 2018, we had closed portfolio investments with 67 different sponsors since inception.

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

	As of December 31, 2019			As of December 31, 2018		
	Amortized Cost	Fair Value	Fair Value as % of Total	Amortized Cost	Fair Value	Fair Value as % of Total
Sponsored Investments [1]	$ 272.9	$ 241.4	80.3%	$ 371.8	$ 329.5	80.6%
Unsponsored Investments [1]	72.3	59.3	19.7%	75.5	79.4	19.4%
Total	$ 345.2	$ 300.7	100.0%	$ 447.3	$ 408.9	100.0%

(1) Excludes Greenway, Greenway II, Logan JV.

The following table summarizes the amortized cost and fair value of investments by type as of December 31, 2019 (in millions).

Description	Amortized Cost	Percentage of Total	Fair Value [(1)]	Percentage of Total
First lien senior secured debt	$ 295.8	66.9%	$ 263.6	68.7%
Investment in Logan JV	97.1	22.0%	83.4	21.7%
Equity investments	33.8	7.6%	21.5	5.6%
Second lien debt	11.9	2.7%	12.0	3.1%
Investments in funds	3.4	0.8%	3.6	0.9%
Warrants	0.2	0.0%	-	0.0%
Total investments	$ 442.2	100.0%	$ 384.1	100.0%

(1) All investments are categorized as Level 3 in the fair value hierarchy, except for: 1) certain broadly syndicated loans which are categorized as Level 2 in the fair value hierarchy and noted as such on the Consolidated Schedule of Investments as of December 31, 2019 and 2) investments in funds and the Logan JV, which are excluded from the fair value hierarchy in accordance with ASU 2015-07; these assets are valued at net asset value.

The following table summarizes the amortized cost and fair value of investments by type as of December 31, 2018 (in millions).

Description	Amortized Cost	Percentage of Total	Fair Value [(1)]	Percentage of Total
First lien senior secured debt	$ 361.8	67.1%	$ 329.4	66.8%
Investment in Logan JV	92.4	17.1%	84.8	17.2%
Equity investments	46.2	8.6%	43.5	8.8%
Second lien debt	26.2	4.9%	25.3	5.1%
Subordinated debt	9.4	1.7%	6.6	1.3%
Investments in funds	3.4	0.6%	3.5	0.7%
Warrants	0.2	0.0%	0.6	0.1%
Total investments	$ 539.6	100.0%	$ 493.7	100.0%

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

We expect the percent of our core assets, which we define as first lien senior secured loans and the Logan JV, to continue to increase as a percent of total investments as we exit non-qualifying BDC assets as defined under the 1940 Act and our controlled equity investments, through sales or repayments, and redeploy these proceeds. We intend to continue our efforts to reposition the portfolio towards these core assets, which we believe will reduce our exposure to portfolio company risks and potential changes in interest rates.

As required by the 1940 Act, we classify our investments by level of control. “Control investments” are defined in the 1940 Act as investments in those companies that we are deemed to “control”, which, in general, includes a company in which we own 25% or more of the voting securities of such company or have greater than 50% representation on its board. “Affiliate investments” are investments in those companies that are “affiliated companies” of ours, as defined in the 1940 Act, which are not control investments. We are deemed to be an “affiliate” of a company in which we have invested if we own 5% or more, but less than 25%, of the voting securities of such company. “Non-control/non-affiliate investments” are investments that are neither control investments nor affiliate investments.

The following table summarizes our realized gains (losses) and changes in our unrealized appreciation and depreciation on control and affiliate investments for the years ended December 31, 2019 and December 31, 2018 (in millions):

	Year Ended December 31, 2019				
Type of Investment/Portfolio company [1]	**Fair Value at December 31, 2019**	**Investment Income [2]**	**Change in Unrealized Appreciation/ (Depreciation)**	**Reversal of Change in Unrealized Appreciation/ (Depreciation)**	**Realized Gains/ (Losses)**
Control Investments					
C&K Market, Inc.					
1,992,365 shares of common stock	$ 5.2	$ 2.6	$ (0.1)	$ —	$ —
1,992,365 shares of preferred stock	10.0	—	—	—	—
Copperweld Bimetallics LLC [3]					
Second lien term loan 12% cash due 10/5/2021	—	0.5	—	—	—
676.93 shares of preferred stock	—	0.4	—	(0.5)	0.5
609,230 shares of common stock	—	1.8	—	(6.3)	15.9
Loadmaster Derrick & Equipment, Inc. [4]					
First lien senior secured term loan 11.9% (LIBOR + 10.3% PIK) due 12/31/2020	0.7	—	(0.9)	—	—
First lien senior secured term loan 13.7% PIK (LIBOR + 12.0% PIK) due 12/31/2020	—	—	—	—	—
First lien senior secured revolving term loan 13.1% (LIBOR+ 10.3%) due 12/31/2020	7.6	—	1.2	—	—
12,130.51 shares of common stock	—	—	—	—	—
2,955.60 shares of preferred stock	—	—	—	—	—
OEM Group, LLC [5]					
First lien senior secured term loan 12.0% (LIBOR+9.5%) cash due 2/15/2019	13.8	2.3	(6.0)	—	—
First lien senior secured revolving term loan 12.0% (LIBOR+ 9.5%) cash due 6/30/2017	6.6	1.1	(2.8)	—	—
Senior secured revolving term loan 12.0% (LIBOR+ 9.5%)	14.6	1.2	—	—	—
10,000 shares of common stock	—	—	(1.7)	—	—
THL Credit Logan JV LLC [6]					
80% economic interest	83.4	9.8	(6.1)	—	—
Total Control Investments	**$ 141.9**	**$ 19.7**	**$ (16.4)**	**$ (6.8)**	**$ 16.4**
Affiliate Investments					
THL Credit Greenway Fund LLC [7]					
Investment in fund	—	0.1	—	—	—
THL Credit Greenway Fund LLC [7]					
Investment in fund	—	0.4	—	—	—
Charming Charlie LLC [8]					
Charming Charlie LLC 12.3% (LIBOR+10%)(7.3% Cash and 5.0% PIK) due 4/23/2023	—	—	—	5.2	(11.1)
Charming Charlie LLC 12.3% (LIBOR+10%)(3.3% Cash and 9.0% PIK) due 4/23/2023	—	—	—	8.0	(13.6)
Charming Charlie LLC 20% cash due 5/15/2019	—	0.1	—	—	—
Charming Charlie LLC Senior Secured Delayed Draw Term Loan	—	—	—	—	—
Charming Charlie LLC	—	—	—	(0.5)	—
Total Affiliate Investments	**$ —**	**$ 0.6**	**$ —**	**$ 12.7**	**$ (24.7)**
Total Controlled and Affiliated Investments	**$ 141.9**	**$ 20.3**	**$ (16.4)**	**$ 5.9**	**$ (8.3)**

(1) The principal amount and ownership detail is shown in the Consolidated Schedule of Investments as of December 31, 2019 and 2018. Common stock and preferred stock, in some cases, are generally non-income producing.

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

(3) On October 5, 2016, we restructured our investment in Copperweld Bimetallics LLC, or Copperweld. As part of the restructuring, we exchanged the cost basis of our secured term loan totaling $19.3 million, for a debt-like preferred equity position of $3.4 million and a controlled equity position of an affiliate of Copperweld valued at $9.0 million, with $5.4 million remaining as a secured term loan. On September 28, 2019, we were repaid on our second lien term loan in connection with the sale of our controlling common and preferred equity positions in Copperweld Bimetallics LLC with proceeds received of $32.5 million and expect an additional $1.7 million in escrow proceeds that are reflected as Escrow and other receivables on the Consolidated Statements of Assets and Liabilities as of December 31, 2019.

(4) In December 2016, we exercised our warrants in connection with an acquisition of common stock from the sponsor and company management to take a controlling interest in Loadmaster Derrick Equipment, Inc.

(5) On March 17, 2016, as part of a restructuring of OEM Group, the cost basis of our first lien senior loans totaling $33.2 million was converted to a new first lien senior secured term loan of $18.7 million and a controlling equity interest, valued at $8.3 million.

(6) Together with Perspecta Trident LLC, or Perspecta, an affiliate of Perspecta Trust LLC, we invest in 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 both Perspecta and us.

(7) Income includes certain fees related 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.

(8) In January 2018, our commitment in the DIP facilities allowed us to convert $17.9 million of principal of its Pre-petition Term Loan into a DIP Roll-up Term Loan. Subsequently, on April 24, 2018, Charming Charlie LLC emerged from Chapter 11 bankruptcy proceedings whereby we converted our DIP facilities, Pre-petition Term Loan and DIP Roll-up Term Loan into two new exit first lien term loans and a non-controlling common equity interest (us and other funds managed by our Advisor collectively have a controlling equity interest in Charming Charlie, LLC). On July 11, 2019, Charming Charlie LLC filed for Chapter 11 bankruptcy protection in Delaware with plans to liquidate the company and any of its remaining assets. In connection with the liquidation, we removed Charming Charlie from Investments, at fair value and reflected $3.1 million of the expected liquidation proceeds as Escrow and other receivable on the Consolidated Statements of Assets and Liabilities as of December 31, 2019.

Type of Investment/Portfolio company [1]	Year Ended December 31, 2018 Fair Value at December 31, 2018	Investment Income [2]	Change in Unrealized Appreciation/ (Depreciation)	Reversal of Change in Unrealized Appreciation/ (Depreciation)	Realized Gains/ (Losses)
Control Investments					
C&K Market, Inc.					
1,992,365 shares of common stock	$ 5.3	$ 1.8	$ (2.4)	$ —	$ —
1,992,365 shares of preferred stock	10.0	—	—	—	—
Copperweld Bimetallics LLC [3]					
Second lien term loan 12% cash due 10/5/2021	5.4	0.7	—	—	—
676.93 shares of preferred stock	4.0	0.5	—	—	—
609,230 shares of common stock	15.2	0.7	6.0	—	—
Loadmaster Derrick & Equipment, Inc. [4]					
First lien senior secured term loan 11.9% (LIBOR + 10.3% PIK) due 12/31/2020	1.7	—	(2.1)	—	—
First lien senior secured term loan 13.7% PIK (LIBOR + 12.0% PIK) due 12/31/2020	—	—	—	—	—
First lien senior secured revolving term loan 13.1% (LIBOR+ 10.3%) due 12/31/2020	5.0	0.1	—	—	—
12,130.51 shares of preferred stock	—	—	—	—	—
2,955.60 shares of common stock	—	—	—	—	—
OEM Group, LLC [5]					
First lien senior secured term loan 12.0% (LIBOR+9.5%) cash due 2/15/2019	19.1	2.2	—	—	—
First lien senior secured revolving term loan 12.0% (LIBOR+ 9.5%) cash due 6/30/2017	9.1	1.0	—	—	—
Senior secured revolving term loan 12.0% (LIBOR+ 9.5%)	6.4	0.3	0.2	—	—
10,000 shares of common stock	1.7	—	(8.5)	—	—
Logan JV [6]					
80% economic interest	84.8	9.9	(6.0)	—	—
Tri Starr Management Services, Inc. [7]					
LIFO first lien senior secured revolving loan 9.0% (ABR+3.8%) due 9/30/2018	—	—	—	—	—
Non LIFO first lien senior secured revolving loan 7.0% (LIBOR + 4.8%) cash due 9/30/2018	—	0.1	—	—	—
Tranche 1-A first lien senior secured term loan 7.0% (LIBOR + 4.8%) cash due 9/30/2018	—	—	—	—	—
Tranche 1-B first lien senior secured term loan 7.0% (LIBOR + 4.8%) cash due 9/30/2018	—	0.3	—	(0.2)	—
Tranche 2 first lien senior secured term loan 10% PIK due 9/30/2018	—	0.2	—	(0.2)	0.1
Tranche 3 first lien senior secured term loan 10% PIK due 9/30/2018	—	—	—	(0.2)	0.4
Tranche 4 first lien senior secured term loan 5% PIK due 9/30/2018	—	—	—	1.1	(1.2)
716.772 shares of common stock	—	0.1	—	(3.8)	6.1
Total Control Investments	**$ 167.7**	**$ 17.9**	**$ (12.8)**	**$ (3.3)**	**$ 5.4**
Affiliate Investments					
THL Credit Greenway Fund LLC [8]					
Investment in fund	—	0.1	—	—	—
THL Credit Greenway Fund LLC [8]					
Investment in fund	—	0.8	—	—	—
Charming Charlie LLC [9]					
Charming Charlie LLC 12.3% (LIBOR+10%)(7.3% Cash and 5.0% PIK) due 4/23/2023	5.7	0.8	(5.2)	—	—
Charming Charlie LLC 12.3% (LIBOR+10%)(3.3% Cash and 9.0% PIK) due 4/23/2023	5.6	0.8	(8.0)	—	—
Charming Charlie LLC 20% cash due 5/15/2019	0.7	—	—	—	—
Charming Charlie LLC Senior Secured Delayed Draw Term Loan	—	0.2	—	—	—
Charming Charlie LLC	0.5	—	0.5	—	—
Total Affiliate Investments	**$ 12.5**	**$ 2.7**	**$ (12.7)**	**$ —**	**$ —**

Total Controlled and Affiliated Investments	**$ 180.2**	**$ 20.6**	**$ (25.5)**	**$ (3.3)**	**$ 5.4**

(1) The principal amount and ownership detail is shown in the Consolidated Schedule of Investments as of December 31, 2018. Common stock and preferred stock, in some cases, are generally non-income producing.

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

(3) On October 5, 2016, we restructured our investment in Copperweld Bimetallics LLC, or Copperweld. As part of the restructuring, we exchanged the cost basis of our secured term loan totaling $19.3 million, for a debt-like preferred equity position of $3.4 million and a controlled equity position of an affiliate of Copperweld valued at $9.0 million, with $5.4 million remaining as a secured term loan.

(4) In December 2016, we exercised our warrants in connection with an acquisition of common stock from the sponsor and company management to take a controlling interest in Loadmaster Derrick Equipment, Inc.

(5) On March 17, 2016, as part of a restructuring of OEM Group, the cost basis of our first lien senior 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.

(6) Together with Perspecta, an affiliate of Perspecta Trust LLC, we invest in 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 both Perspecta and us.

(7) On July 22, 2016, as part of the restructuring, we exchanged the cost basis of its subordinated debt totaling $20.6 million for a controlled equity position of an affiliate of Tri-Starr Management Services, Inc. valued at $3.1 million. As result of the restructuring, we recognized a $17.4 million loss on conversion of our subordinated debt investment to common equity, which was offset by a $17.4 million change in unrealized appreciation. This investment was realized during the quarter ended December 31, 2018 and resulted in proceeds received of $13.5 million and $1.9 million recorded as an initial escrow receivable.

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

(9) In January 2018, our commitment in the DIP facilities allowed us to convert $17.9 million of principal of our Pre-petition Term Loan into a DIP Roll-up Term Loan. As part of this conversion and in accordance with debt extinguishment rules under GAAP, we recorded a realized loss of $8.4 million, which was offset by a corresponding change in unrealized appreciation in the same amount. Subsequently, on April 24, 2018, Charming Charlie LLC emerged from Chapter 11 bankruptcy proceedings whereby we converted our DIP facilities, Pre-petition Term Loan and DIP Roll-up Term Loan into two new exit first lien term loans and a non-controlling common equity interest (us and other funds managed by our Advisor collectively have a controlling equity interest in Charming Charlie, LLC). On the same date, we funded $0.9 million of the remaining unfunded commitments under our DIP facilities and used an additional $2.2 million to purchase another lender's existing DIP revolving credit facility, all of which converted to the exit first lien term loans. As a result of these transactions, our debt investment in Charming Charlie is comprised of $24.6 million in the exit first lien term loans. In addition, we provided $8.9 million of commitments under a vendor financing facility, which was subsequently reduced to $8.3 million with $0.7 million funded into a first lien term loan. As part of this conversion and in accordance with GAAP, we recorded a realized loss of $3.1 million for the year ended December 31, 2018.

Investment Activity

The following is a summary of our investment activity, presented on a cost basis, for the years ended December 31, 2019 and 2018 (in millions).

	Year ended December 31, 2019	Year ended December 31, 2018
New portfolio investments	$ 87.1	$ 65.6
Existing portfolio investments:		
Follow-on investments [1] [2]	42.9	40.8
Delayed draw and revolver investments [1]	16.3	15.9
Total existing portfolio investments	59.2	56.7
Total portfolio investment activity	$ 146.3	$ 122.3
Number of new portfolio investments	22	9
Number of follow-on investments	18	12
First lien senior secured debt	$ 138.1	$ 95.9
Investment in Logan JV	8.0	25.6
Equity investments	0.2	0.8
Total portfolio investments	$ 146.3	$ 122.3
Weighted average yield of new debt investments	8.9%	8.6%
Weighted average yield, including all new income-producing investments	9.0%	9.3%

(1) Includes follow-on investments in controlled investments. Refer to Schedule 12-14 for additional detail beginning on page 192 of this report for additional detail.

(2) Includes follow-on investments in Logan JV.

For the years ended December 31, 2019 and 2018, we recognized proceeds from prepayments and sales of our investments, including any prepayment premiums, totaling $193.9 million and $190.1 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 year ended December 31, 2019

- Repayment of a second lien senior secured term loan in connection with a sale of the controlling common and preferred equity in Copperweld Bimetallics, LLC with total proceeds received of $32.5 million and additional escrow receivable accrual of $1.7 million;
- Repayment of a first lien senior secured term loan in Hart Intercivic, Inc. at par, which resulted in proceeds received of $24.7 million;
- Repayment of a first lien senior secured term loan in Virtus Pharmaceuticals, LLC at par, which resulted in proceeds received of $24.0 million;
- Repayment of the first lien senior secured term loans in LAI International, Inc., which resulted in proceeds received of $19.7 million and an additional $1.2 million in expected proceeds reflected as a receivable;
- Repayment of a first lien senior secured term loan in Anexinet Corp, which resulted in proceeds received of $16.5 million, including a prepayment premium of $0.2 million;
- Repayment of a first lien senior secured term loan in Fairstone Financial Inc., which resulted in proceeds received of $15.4 million, including a $0.2 million prepayment premium;

- Repayment of a first lien senior secured term and revolving loans in Sciens Building Solutions LLC at par, which resulted in total proceeds received of $11.0 million;
- Repayment of a second lien term loan in MB Medical Operations LLC at par, which resulted in proceeds received of $9.0 million;
- Sale of a first lien senior secured term loan in Alex Toys, LLC with proceeds received of $7.7 million;
- Sale of a first lien senior secured term loan in Home Partners of America, Inc. with proceeds received of $7.7 million;
- Sale of a subordinated term loan in Martex Fiber Southern Corp., which resulted in proceeds of $4.3 million received in January 2020, and
- Repayment of a first lien senior secured term loan in Dataonline Corp. at par, which resulted in proceeds received of $2.7 million.

<u>For the year ended December 31, 2018</u>

- Repayment of a subordinated term loan and realization of preferred equity interest in A10 Capital, LLC, which resulted in proceeds of $26.6 million, including a prepayment premium of $0.3 million;
- Partial repayment of a first lien senior secured term loan in Alex Toys, LLC, which resulted in proceeds of $15.0 million;
- Repayment of a first lien senior secured term loan in The John Gore Organization, Inc., which resulted in proceeds of $13.8 million, including a prepayment premium of $0.1 million;
- Sale of our first lien senior secured term loans and controlling equity investment in Tri Starr Management Services Inc., which resulted in proceeds received of $13.5 million and $1.9 million recorded as an initial escrow receivable, at the time of sale. Total proceeds included a realized gain of $5.5 million;
- Repayment of a senior secured term loan and senior secured delayed draw term loan in BeneSys Inc., which resulted in proceeds of $11.1 million;
- Repayment of a first lien senior secured term loan and the sale of common equity in Constructive Media, LLC, which resulted in proceeds received of $10.9 million, including $0.4 million realized gain;
- Repayment of a first lien senior secured term loan in Dodge Data & Analytics LLC, which resulted in proceeds of $10.2 million;
- Sale of Tax Receivable Agreement “TRA” investment in Duff & Phelps Corporation, which resulted in proceeds received of $9.8 million, including $0.8 million realized gain;
- Partial sale of a first lien senior secured term loan in Fairstone Financial Inc., which resulted in proceeds of $7.7 million;
- Partial repayment of a first lien senior secured term loan in Home Partners of America, Inc., which resulted in proceeds of $5.9 million;
- Repayment of a first lien senior secured term loan and revolver in Togetherwork Holdings, LLC, which resulted in proceeds of $5.7 million, including a prepayment premium of $0.1 million;
- Repayment of a second lien term loan in Gold, Inc., which resulted in proceeds of $5.2 million;
- Sale of a first lien senior secured term loan, subordinated term loans, preferred equity and common equity in Aerogroup International Inc., which resulted in proceeds received of $2.5 million and $8.0 million recorded as an initial escrow receivable, at the time of sale;

- Sale of an equity investment in Firebirds International, LLC, which resulted in proceeds of $0.3 million, including a realized gain of $0.1 million;
- Sale of a second lien term loan in Specialty Brands Holdings, LLC, which resulted in proceeds received of $0.4 million, and
- Sale of TRA investment in Surgery Center Holdings, Inc., which resulted in proceeds received of $0.4 million.

Our level of investment activity can vary substantially from year to year depending on many factors, including the amount of debt and equity capital available to 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 year to year.

Aggregate Cash Flow Realized Gross Internal Rate of Return

Since April 2010, after we completed our initial public offering and commenced principal operations, through December 31, 2019, our fully exited investments have resulted in an aggregate cash flow realized gross internal rate of return to us of 11.2% (based on cash invested of $1.5 billion and total proceeds from these exited investments of $1.8 billion). 82.1% 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.

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.

Logan JV

On December 3, 2014, we entered into an agreement with Perspecta, an affiliate of Perspecta Trust LLC to create 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 December 31, 2019 and December 31, 2018, Logan JV had the following commitments, contributions and unfunded commitments from its members (in millions).

	As of December 31, 2019			
Member	**Total Commitments**	**Contributed Capital**	**Return of Capital (not recallable)**	**Unfunded Commitments**
THL Credit, Inc.	$ 200.0	$ 97.4	$ 3.2	$ 99.4
Perspecta Trident LLC	50.0	24.4	0.8	24.8
Total Investments	$ 250.0	$ 121.8	$ 4.0	$ 124.2

	As of December 31, 2018			
Member	**Total Commitments**	**Contributed Capital**	**Return of Capital (not recallable)**	**Unfunded Commitments**
THL Credit, Inc.	$ 200.0	$ 92.6	$ -	$ 107.4
Perspecta Trident LLC	50.0	23.2	-	26.8
Total Investments	$ 250.0	$ 115.8	$ -	$ 134.2

Logan JV has a senior credit facility, or the Logan JV Credit Facility, with Deutsche Bank AG and other banks. As of December 31, 2019 and December 31, 2018, the Logan JV Credit Facility had $275.0 million of commitments subject to leverage and borrowing base restrictions with an interest rate of three month LIBOR (with no LIBOR floor) plus 2.20%. The final maturity date of the Logan JV Credit Facility is January 12, 2023 with the revolving loan period ending on January 12, 2021. As of December 31, 2019 and December 31, 2018, Logan JV had $236.1 million and $241.7 million of outstanding borrowings under the credit facility, respectively. At December 31, 2019, the effective interest rate on the Logan JV Credit Facility was 4.25% per annum.

As of December 31, 2019 and December 31, 2018, Logan JV had total investments at fair value of $332.2 million and $329.8 million, respectively. As of December 31, 2019 and December 31, 2018, Logan JV's portfolio was comprised of senior secured first lien and second lien loans to 131 and 130 different borrowers, respectively. As of December 31, 2019, there were three loans from two issuers on non-accrual status with an amortized cost and fair value of $5,324 and $2,175, respectively. As of December 31, 2018, there were no loans on non-accrual status. As of December 31, 2019 and December 31, 2018, Logan JV had unfunded commitments to fund revolver and delayed draw loans to its portfolio companies totaling $3.9 million and $4.3 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 December 31, 2019 and 2018 (dollar amounts in thousands):

	As of December 31, 2019	As of December 31, 2018
First lien secured debt, at par	$ 338,439	$ 327,574
Second lien debt, at par	8,529	16,962
Total debt investments, at par	$ 346,968	$ 344,536
Weighted average yield on first lien secured loans (1)	6.6%	7.2%
Weighted average yield on second lien loans (1)	9.7%	10.4%
Weighted average yield on all loans (1)	6.7%	7.4%
Number of borrowers in Logan JV	131	130
Largest loan to a single borrower (2)	$ 5,000	$ 5,101
Total of five largest loans to borrowers (2)	$ 24,906	$ 25,001

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

The weighted average yield of Logan JV's debt investments is not the same as a return on Logan JV investment for our stockholders but, rather, relates to a portion of our investment portfolio and is calculated before the payment of our expenses. The weighted average yield was computed using the effective interest rates as of December 31, 2019 and December 31, 2018, respectively, but excluding the effective rates on investments on non-accrual status, if any. There can be no assurance that the weighted average yield will remain at its current level.

For the years ended December 31, 2019, 2018 and 2017 our share of income from distributions declared related to our Logan JV equity interest was $9.8 million, $9.8 million and $9.3 million, respectively, which amounts are included in dividend income from controlled investments in the Consolidated Statements of Operations and reduction of cost basis in the Consolidated Statements of Assets and Liabilities, as applicable. As of December 31, 2019 and December 31, 2018, $2.6 million and $2.5 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 December 31, 2019 and December 31, 2018, $0.3 million and $0.2 million of return of capital associated with distributions declared was included in the distribution receivable on the Consolidated Statements of Assets and Liabilities, respectively. Distributions declared and earned for the years ended December 31, 2019, 2018 and 2017 represented dividend yields to the Company of 10.5%, 12.0% and 14.2%, respectively, based upon average capital invested.

Logan JV Loan Portfolio as of December 31, 2019
(dollar amounts in thousands)

Type of Investment/ Portfolio company [11]	Industry	Interest Rate [1]	Initial Acquisition Date	Maturity Date	Principal	Amortized Cost	Fair Value [2]
Senior Secured First Lien Term Loans							
Australia							
Ticketek Pty Ltd [9]	Services: Consumer	6.16% (LIBOR +4.25%)	11/22/2019	11/23/2026	1,500	$ 1,485	$ 1,500
Total Australia						$ 1,485	$ 1,500
Canada							
Avison Young Canada, Inc.	Services: Business	6.91% (LIBOR +5%)	03/07/2019	02/01/2026	3,964	$ 3,893	$ 3,903
PNI Canada Acquireco Corp	High Tech Industries	6.3% (LIBOR +4.5%)	10/31/2018	10/31/2025	1,716	1,709	1,697
Total Canada						$ 5,602	$ 5,600
Germany							
Rhodia Acetow	Consumer goods: Non-Durable	7.42% (LIBOR +5.5%)	04/21/2017	05/31/2023	975	$ 967	$ 887
VAC Germany Holding GmbH	Metals & Mining	5.94% (LIBOR +4%)	02/26/2018	3/8/2025	2,948	2,936	2,520
Total Germany						$ 3,903	$ 3,407
Luxembourg							
Travelport Finance	Services: Consumer	6.94% (LIBOR +5%)	03/18/2019	05/30/2026	2,993	$ 2,937	$ 2,807
Total Luxembourg						$ 2,937	$ 2,807
United Kingdom							
Auxey Bidco Ltd.	Services: Consumer	6.8% (LIBOR +5%)	08/07/2018	06/16/2025	5,000	$ 4,836	$ 4,850
Connect Finco SARL [9]	Telecommunications	6.41% (LIBOR +4.5%)	09/23/2019	12/11/2026	1,432	1,403	1,442
EG Group	Retail	5.96% (LIBOR +4%)	03/23/2018	02/07/2025	2,816	2,806	2,811
Total United Kingdom						$ 9,045	$ 9,103
United States of America							
1A Smart Start, LLC [13]	Services: Consumer	6.3% (LIBOR +4.5%)	08/28/2015	02/21/2022	4,302	$ 4,291	$ 4,302
A Place for Mom, Inc.	Media: Advertising, Printing & Publishing	5.55% (LIBOR +3.75%)	07/28/2017	08/10/2024	3,910	3,897	3,851
A10 Capital, LLC [13]	Banking, Finance, Insurance & Real Estate	8.24% (LIBOR +6.5%)	04/25/2018	05/01/2023	5,000	4,967	4,950
Achilles Acquisition, LLC	Banking, Finance, Insurance & Real Estate	5.81% (LIBOR +4%)	10/04/2018	10/03/2025	3,970	3,962	4,017
Advanced Integration Technology, LP	Aerospace & Defense	6.55% (LIBOR +4.75%)	07/15/2016	04/03/2023	1,935	1,925	1,904
Advisor Group Holdings, Inc.	Banking, Finance, Insurance & Real Estate	6.8% (LIBOR +5%)	07/31/2019	07/31/2026	1,714	1,698	1,705
AG Parent Holdings, LLC	High Tech Industries	6.91% (LIBOR +5%)	07/30/2019	07/31/2026	2,667	2,642	2,649
AgroFresh Inc.	Chemicals, Plastics & Rubber	6.55% (LIBOR +4.75%)	12/01/2015	07/31/2021	1,915	1,911	1,637
Air Medical Group Holdings, Inc.	Healthcare & Pharmaceuticals	6.05% (LIBOR +4.25%)	09/26/2017	03/14/2025	2,205	2,193	2,144
Alcami Carolinas Corp	Healthcare & Pharmaceuticals	6.05% (LIBOR +4.25%)	07/09/2018	07/06/2025	3,950	3,934	3,634
Alchemy US Holdco 1, LLC	Chemicals, Plastics & Rubber	7.29% (LIBOR +5.5%)	10/01/2018	10/10/2025	1,950	1,926	1,921
AMCP Clean Acquisition Co, LLC	Wholesale	6.19% (LIBOR +4.25%)	07/10/2018	6/16/2025	2,383	2,374	2,329
AMCP Clean Acquisition Co, LLC	Wholesale	6.19% (LIBOR +4.25%)	07/10/2018	6/16/2025	577	574	564
American Sportsman Holdings Co	Retail	6.8% (LIBOR +5%)	11/22/2016	09/25/2024	3,910	3,874	3,906
Ansira Holdings, Inc. [3]	Media: Diversified & Production	7.55% (LIBOR +5.75%)	04/17/2018	12/20/2022	609	401	341
Ansira Holdings, Inc. [13]	Media: Diversified & Production	7.55% (LIBOR +5.75%)	12/20/2016	12/20/2022	1,831	1,822	1,648

Logan JV Loan Portfolio as of December 31, 2019—(Continued)
(dollar amounts in thousands)

Type of Investment/ Portfolio company [11]	Industry	Interest Rate [1]	Initial Acquisition Date	Maturity Date	Principal	Amortized Cost	Fair Value [2]
AP Gaming I, LLC	Hotel, Gaming & Leisure	5.3% (LIBOR +3.5%)	06/06/2016	02/15/2024	2,438	2,434	2,450
APC Aftermarket	Automotive	6.91% (LIBOR +5%)	11/11/2019	05/09/2025	184	140	173
APC Aftermarket	Automotive	6.9% (LIBOR +5%)	11/12/2019	05/10/2024	329	237	158
APFS Staffing Holdings Inc .	Services: Consumer	6.79% (LIBOR +5%)	04/04/2019	4/15/2026	1,990	1,954	1,990
AQA Acquisition Holdings, Inc.	High Tech Industries	6.19% (LIBOR +4.25%)	10/01/2018	05/24/2023	1,975	1,975	1,965
Ascend Performance Materials Operations, LLC	Chemicals, Plastics & Rubber	7.19% (LIBOR +5.25%)	08/16/2019	08/27/2026	1,147	1,125	1,159
Avaya, Inc.	Telecommunications	5.99% (LIBOR +4.25%)	11/09/2017	12/15/2024	2,345	2,327	2,308
Axiom Global, Inc.	Services: Business	6.85% (LIBOR +4.75%)	09/25/2019	10/01/2026	3,000	2,971	2,989
Barbri, Inc.	Media: Diversified & Production	6.46% (LIBOR +4.25%)	12/01/2017	12/01/2023	3,122	3,111	3,075
BCP Qualtek Merger Sub, LLC	Telecommunications	8.18% (LIBOR +6.25%)	07/16/2018	07/18/2025	3,875	3,813	3,788
Big Ass Fans, LLC	Capital Equipment	5.69% (LIBOR +3.75%)	11/07/2017	05/21/2024	2,450	2,441	2,463
Big River Steel, LLC	Metals & Mining	6.94% (LIBOR +5%)	08/15/2017	08/23/2023	1,955	1,943	1,959
BI-LO, LLC	Retail	9.89% (LIBOR +8%)	05/15/2018	05/31/2024	1,478	1,434	1,370
Brand Energy & Infrastructure Services, Inc.	Energy: Oil & Gas	6.12% (LIBOR +4.25%)	06/16/2017	06/21/2024	2,925	2,906	2,921
California Cryobank LLC	Healthcare & Pharmaceuticals	5.94% (LIBOR +4%)	08/03/2018	08/06/2025	3,168	3,156	3,149
Cambium Learning Inc.	Services: Consumer	6.3% (LIBOR +4.5%)	12/18/2018	12/18/2025	1,980	1,894	1,921
Canister International Group, Inc.	Forest Products & Paper	6.51% (LIBOR +4.75%)	12/18/2019	12/21/2026	2,000	1,980	2,009
CC Amulet Intermediate, LLC [4] [10]	Healthcare & Pharmaceuticals	6.66% (LIBOR +4.75%)	06/18/2018	04/30/2020	1,538	(3)	(4)
CC Amulet Intermediate, LLC [13]	Healthcare & Pharmaceuticals	6.55% (LIBOR +4.75%)	06/18/2018	04/30/2024	3,410	3,384	3,401
Cengage Learning Acquisitions, Inc.	Media: Advertising, Printing & Publishing	6.05% (LIBOR +4.25%)	11/07/2019	06/07/2023	2,992	2,774	2,869
Clarity Telecom, LLC	Telecommunications	6.3% (LIBOR +4.5%)	06/27/2019	08/31/2026	3,990	3,952	4,020
Clarkson Eyecare, LLC	Healthcare & Pharmaceuticals	8.05% (LIBOR +6.25%)	08/21/2019	04/02/2021	2,095	2,060	2,063
Clarkson Eyecare, LLC	Healthcare & Pharmaceuticals	8.05% (LIBOR +6.25%)	08/21/2019	04/02/2021	1,397	1,374	1,376
Clear Balance Holdings, LLC [13]	Banking, Finance, Insurance & Real Estate	7.69% (LIBOR +5.75%)	07/07/2015	10/05/2023	4,783	4,769	4,783
Commercial Barge Line Co	Transportation: Cargo	10.68% (LIBOR +8.75%)	11/06/2015	11/12/2020	1,238	1,227	644
Constellis Holdings, LLC [13]	Aerospace & Defense	11.74% (LIBOR +10%)	12/16/2019	12/16/2020	364	364	364
Constellis Holdings, LLC [12]	Aerospace & Defense	6.93% (LIBOR +5%)	04/18/2017	04/21/2024	1,955	1,943	831
Conyers Park Parent Merger Sub, Inc.	Beverage, Food & Tobacco	5.73% (LIBOR +3.75%)	06/21/2017	07/07/2024	1,955	1,949	1,977
CT Technologies Intermediate Holdings, Inc.	Healthcare & Pharmaceuticals	6.05% (LIBOR +4.25%)	02/11/2015	12/01/2021	1,900	1,903	1,798
Deerfield Holdings Corp	Banking, Finance, Insurance & Real Estate	5.05% (LIBOR +3.25%)	12/06/2017	02/13/2025	246	245	245
Discovery Practice Management, Inc. [13]	Healthcare & Pharmaceuticals	6.3% (LIBOR +4.5%)	07/22/2019	06/15/2024	4,975	4,952	4,913
Drilling Info, Inc.	High Tech Industries	6.05% (LIBOR +4.25%)	07/27/2018	07/30/2025	4,443	4,425	4,421
DXP Enterprises, Inc.	Wholesale	6.55% (LIBOR +4.75%)	08/16/2017	08/29/2023	1,466	1,457	1,472
E2open, LLC [13]	Transportation: Cargo	7.66% (LIBOR +5.75%)	06/21/2019	11/26/2024	4,988	4,942	4,938
Eliassen Group, LLC [13]	Services: Business	6.3% (LIBOR +4.5%)	10/19/2018	11/05/2024	4,644	4,625	4,621
Empower Payments Acquisition	Services: Business	5.94% (LIBOR +4%)	10/05/2018	10/05/2025	3,960	3,952	3,965
Evo Payments International, LLC	Banking, Finance, Insurance & Real Estate	5.06% (LIBOR +3.25%)	12/08/2016	12/22/2023	2,568	2,553	2,588
Gold Standard Baking, Inc. [12]	Wholesale	6.5% (LIBOR +4.5%)	05/19/2015	07/23/2022	2,528	2,391	1,239
Golden West Packaging Group, LLC	Containers, Packaging & Glass	7.55% (LIBOR +5.75%)	02/09/2018	06/20/2023	4,619	4,604	4,607
Granite Holdings US Acquisition Co	Capital Equipment	7.21% (LIBOR +5.25%)	09/25/2019	09/30/2026	2,926	2,841	2,941
Great Dane Merger Sub, Inc.	High Tech Industries	5.3% (LIBOR +3.5%)	05/02/2018	05/21/2025	2,955	2,944	2,914
Gruden Acquisition, Inc.	Transportation: Cargo	7.44% (LIBOR +5.5%)	06/21/2017	08/18/2022	1,949	1,924	1,954
Higginbotham Insurance Agency, Inc.	Banking, Finance, Insurance & Real Estate	5.8% (LIBOR +4%)	12/14/2017	12/19/2024	4,900	4,882	4,778
Hoffman Southwest Corporation [13]	Environmental Industries	6.44% (LIBOR +4.5%)	05/16/2019	08/14/2023	1,610	1,596	1,594
Hornblower Sub, LLC	Hotel, Gaming & Leisure	6.44% (LIBOR +4.5%)	03/08/2019	04/27/2025	1,771	1,763	1,780
Idera, Inc.	High Tech Industries	6.3% (LIBOR +4.5%)	06/27/2017	06/28/2024	2,308	2,293	2,320

Logan JV Loan Portfolio as of December 31, 2019—(Continued)
(dollar amounts in thousands)

Type of Investment/ Portfolio company [11]	Industry	Interest Rate [1]	Initial Acquisition Date	Maturity Date	Principal	Amortized Cost	Fair Value [2]
Infoblox, Inc.	High Tech Industries	6.3% (LIBOR +4.5%)	11/03/2016	11/07/2023	2,114	2,086	2,126
Institutional Shareholder Services, Inc.	Services: Business	6.44% (LIBOR +4.5%)	03/04/2019	3/5/2026	1,985	1,967	1,955
Intermedia Holdings, Inc.	Telecommunications	7.8% (LIBOR +6%)	07/13/2018	07/11/2025	2,970	2,946	2,977
International Textile Group, Inc.	Consumer goods: Durable	6.69% (LIBOR +5%)	04/20/2018	5/1/2024	963	959	799
Isagenix International, LLC	Services: Consumer	7.7% (LIBOR +5.75%)	04/26/2018	06/14/2025	1,849	1,834	1,329
Liaison	Services: Business	6.41% (LIBOR +4.5%)	12/13/2019	12/20/2026	2,500	2,494	2,506
LifeScan Global Corp	Healthcare & Pharmaceuticals	8.06% (LIBOR +6%)	06/19/2018	10/01/2024	2,093	2,043	2,004
LSCS Holdings, Inc.	Healthcare & Pharmaceuticals	6.31% (LIBOR +4.25%)	03/09/2018	03/17/2025	2,270	2,262	2,248
MAG DS Corp.	Aerospace & Defense	6.55% (LIBOR +4.75%)	06/01/2018	05/30/2025	2,955	2,932	2,940
Mavenir Systems, Inc.	Telecommunications	7.91% (LIBOR +6%)	05/01/2018	5/8/2025	1,970	1,940	1,960
MDVIP, Inc.	Healthcare & Pharmaceuticals	6.05% (LIBOR +4.25%)	11/10/2017	11/14/2024	2,219	2,215	2,207
Merrill Communications, LLC	Media: Advertising, Printing & Publishing	7.09% (LIBOR +5%)	09/26/2019	09/25/2026	2,000	1,981	2,020
Miller's Ale House, Inc.	Hotel, Gaming & Leisure	6.96% (LIBOR +4.75%)	05/24/2018	05/21/2025	2,364	2,355	2,163
Nasco Healthcare, Inc. [13]	Healthcare & Pharmaceuticals	6.7% (LIBOR +4.5%)	07/13/2015	06/30/2021	4,443	4,437	4,443
National Seating & Mobility, Inc.	Healthcare & Pharmaceuticals	7.19% (LIBOR +5.25%)	11/12/2019	11/16/2026	2,313	2,290	2,307
New Insight Holdings, Inc.	Services: Business	7.41% (LIBOR +5.5%)	12/08/2017	12/20/2024	1,960	1,890	1,963
NextCare, Inc. [5] [10]	Healthcare & Pharmaceuticals	6.41% (LIBOR +4.5%)	02/13/2018	06/30/2024	630	(5)	(6)
NextCare, Inc. [13]	Healthcare & Pharmaceuticals	6.3% (LIBOR +4.5%)	02/13/2018	06/30/2024	3,817	3,789	3,779
Northern Star Holdings Inc.	Utilities: Electric	6.56% (LIBOR +4.5%)	03/28/2018	3/28/2025	4,176	4,160	4,113
Oak Point Partners, LLC [13]	Banking, Finance, Insurance & Real Estate	6.99% (LIBOR +5.25%)	09/13/2017	09/13/2023	2,925	2,902	2,896
OB Hospitalist Group, Inc.	Healthcare & Pharmaceuticals	5.95% (LIBOR +4%)	08/08/2017	08/01/2024	2,192	2,184	2,170
Odyssey Logistics & Technology Corporation	Transportation: Cargo	5.8% (LIBOR +4%)	10/06/2017	10/12/2024	1,943	1,936	1,921
Orion Business Innovations [13]	High Tech Industries	6.45% (LIBOR +4.5%)	03/04/2019	10/21/2024	827	820	823
Orion Business Innovations [13]	High Tech Industries	6.45% (LIBOR +4.5%)	10/18/2018	10/19/2024	2,476	2,457	2,464
OSM MSO, LLC [13]	Healthcare & Pharmaceuticals	6.94% (LIBOR +5%)	10/16/2018	08/09/2023	3,898	3,869	3,742
Output Services Group, Inc.	Services: Business	6.3% (LIBOR +4.5%)	03/26/2018	03/21/2024	4,425	4,407	3,749
Park Place Technologies, LLC	High Tech Industries	5.8% (LIBOR +4%)	03/22/2018	03/22/2025	2,305	2,296	2,297
Parts Town	Beverage, Food & Tobacco	7.45% (LIBOR +5.5%)	11/07/2019	10/15/2025	1,000	995	998
Patriot Rail Co, LLC	Transportation: Cargo	7.22% (LIBOR +5.25%)	10/15/2019	10/11/2026	3,500	3,432	3,526
PH Beauty Holdings III, Inc.	Containers, Packaging & Glass	6.8% (LIBOR +5%)	10/04/2018	09/28/2025	2,963	2,938	2,829
Pivotal Payments	Services: Business	6.8% (LIBOR +5%)	09/27/2018	09/29/2025	3,719	3,696	3,747
PLH Group, Inc.	Energy: Oil & Gas	7.89% (LIBOR +6%)	08/01/2018	07/25/2023	3,910	3,839	3,787
Polar US Borrower	Chemicals, Plastics & Rubber	6.79% (LIBOR +4.75%)	08/21/2018	10/15/2025	2,970	2,871	2,962
Portillo's Holdings, LLC	Beverage, Food & Tobacco	7.44% (LIBOR +5.5%)	11/27/2019	08/02/2024	1,995	1,975	1,995
Premise Health Holding Corp [6] [10]	Healthcare & Pharmaceuticals	5.41% (LIBOR +3.5%)	08/14/2018	07/10/2025	71	-	(1)
Premise Health Holding Corp	Healthcare & Pharmaceuticals	5.44% (LIBOR +3.5%)	08/14/2018	07/10/2025	889	886	880
Project Leopard Holdings, Inc.	High Tech Industries	6.3% (LIBOR +4.5%)	06/21/2017	07/07/2023	1,711	1,708	1,726
PSC Industrial Outsourcing, LP	Chemicals, Plastics & Rubber	5.49% (LIBOR +3.75%)	10/05/2017	10/11/2024	1,960	1,947	1,952
Pure Fishing, Inc.	Consumer goods: Non-Durable	6.3% (LIBOR +4.5%)	12/20/2018	11/30/2025	1,191	1,150	1,116
QuickBase, Inc.	Services: Business	5.8% (LIBOR +4%)	03/29/2019	04/03/2026	2,090	2,080	2,087
Quidditch Acquisition Inc.	Beverage, Food & Tobacco	8.8% (LIBOR +7%)	03/16/2018	03/21/2025	1,003	988	1,013
Red Ventures, LLC	Media: Advertising, Printing & Publishing	4.8% (LIBOR +3%)	10/18/2017	11/08/2024	2,018	2,004	2,035
Sabre Industries, Inc.	Capital Equipment	6.04% (LIBOR +4.25%)	04/04/2019	4/15/2026	1,193	1,183	1,203
Silverback Merger Sub, Inc.	High Tech Industries	5.44% (LIBOR +3.5%)	08/11/2017	08/21/2024	1,172	1,171	1,007
SMS Systems Maintenance Services, Inc.	High Tech Industries	6.8% (LIBOR +5%)	02/09/2017	10/30/2023	2,909	2,902	2,286
SoClean, Inc. [13]	Healthcare & Pharmaceuticals	7.91% (LIBOR +6%)	02/13/2018	12/20/2022	4,944	4,912	4,845

Logan JV Loan Portfolio as of December 31, 2019—(Continued)
(dollar amounts in thousands)

Type of Investment/ Portfolio company [11]	Industry	Interest Rate [1]	Initial Acquisition Date	Maturity Date	Principal	Amortized Cost	Fair Value [2]
Starfish- V Merger Sub, Inc.	High Tech Industries	7.95% (LIBOR +6.25%)	08/11/2017	08/16/2024	1,221	1,214	1,176
Starfish- V Merger Sub, Inc.	High Tech Industries	7.91% (LIBOR +6%)	11/06/2019	08/16/2024	999	921	955
Teneo Holdings, LLC	Services: Business	6.99% (LIBOR +5.25%)	07/15/2019	7/11/2025	2,243	2,161	2,141
ThoughtWorks, Inc.	High Tech Industries	5.8% (LIBOR +4%)	10/06/2017	10/11/2024	3,941	3,932	3,951
Titan Sub, LLC	Aerospace & Defense	6.8% (LIBOR +5%)	09/19/2019	09/21/2026	2,250	2,228	2,258
TOMS Shoes, LLC [13]	Retail	7.29% (LIBOR +5.5%)	12/20/2019	09/30/2025	310	310	310
TOMS Shoes, LLC [13]	Retail	6.96% (LIBOR +5%)	12/27/2019	12/31/2025	655	655	622
Tupelo Buyer, Inc.	Transportation: Cargo	5.55% (LIBOR +3.75%)	10/02/2017	10/07/2024	2,182	2,170	2,184
Uber Technologies, Inc.	Services: Consumer	5.74% (LIBOR +4%)	03/22/2018	04/04/2025	2,758	2,748	2,761
Unified Physician Management, LLC	Healthcare & Pharmaceuticals	6.24% (LIBOR +4.5%)	12/12/2019	11/27/2023	2,375	2,351	2,363
Upstream Newco, Inc.	Healthcare & Pharmaceuticals	6.3% (LIBOR +4.5%)	10/24/2019	11/20/2026	2,933	2,919	2,959
US Shipping Corp	Utilities: Oil & Gas	6.05% (LIBOR +4.25%)	03/09/2016	06/26/2021	206	203	182
Utility One Source L.P.	Construction & Building	7.3% (LIBOR +5.5%)	04/07/2017	04/18/2023	975	970	985
Vertiv Group Corporation	Capital Equipment	5.93% (LIBOR +4%)	09/30/2016	11/30/2023	1,504	1,478	1,504
Vistage Worldwide, Inc.	Services: Consumer	5.8% (LIBOR +4%)	02/06/2018	02/10/2025	2,476	2,471	2,464
W3 Topco LLC	Energy: Oil & Gas	7.9% (LIBOR +6%)	08/13/2019	08/16/2025	1,975	1,845	1,876
Weight Watchers International, Inc.	Services: Consumer	6.72% (LIBOR +4.75%)	11/20/2017	11/29/2024	2,255	2,223	2,263
Women's Care Florida, LLP	Healthcare & Pharmaceuticals	6.3% (LIBOR +4.5%)	08/18/2017	09/29/2023	4,900	4,884	4,851
Wrench Group, LLC	Construction & Building	6.19% (LIBOR +4.25%)	04/15/2019	4/30/2026	3,109	3,081	3,117
Wrench Group, LLC [7] [10]	Construction & Building	4.25% (LIBOR +2.125%)	04/15/2019	4/30/2026	1,042	(9)	3
Yak Access, LLC	Energy: Oil & Gas	6.8% (LIBOR +5%)	06/29/2018	07/02/2025	2,888	2,818	2,796
Zenith American Holding, Inc. [13]	Services: Business	7.19% (LIBOR +5.25%)	03/11/2019	12/13/2024	3,948	3,939	3,909
Zenith American Holding, Inc. [8]	Services: Business	7.19% (LIBOR +5.25%)	03/11/2019	12/13/2024	497	120	119
Total United States of America						$ 308,072	$ 302,398
Total Senior Secured First Lien Term Loans						$ 331,044	$ 324,815
Second Lien Term Loans							
United States of America							
AQA Acquisition Holdings, Inc.	High Tech Industries	10.09% (LIBOR +8%)	10/01/2018	05/24/2024	1,000	$ 992	$ 995
Constellis Holdings, LLC [12]	Aerospace & Defense	10.93% (LIBOR +9%)	04/18/2017	04/21/2025	1,000	990	105
DiversiTech Holdings, Inc.	Consumer goods: Durable	9.44% (LIBOR +7.5%)	05/18/2017	06/02/2025	2,000	1,986	1,960
Gruden Acquisition, Inc.	Transportation: Cargo	10.44% (LIBOR +8.5%)	07/31/2015	08/18/2023	500	489	497
Midwest Physician Administrative Services, LLC	Healthcare & Pharmaceuticals	8.8% (LIBOR +7%)	08/11/2017	08/15/2025	979	972	955
Park Place Technologies, LLC	High Tech Industries	9.8% (LIBOR +8%)	03/22/2018	03/29/2026	700	695	695
TKC Holdings, Inc.	Services: Business	9.8% (LIBOR +8%)	01/31/2017	02/01/2024	1,850	1,841	1,683
Wash Multifamily Acquisition, Inc.	Services: Consumer	8.8% (LIBOR +7%)	05/04/2015	05/15/2023	425	424	406
Wash Multifamily Acquisition, Inc.	Services: Consumer	8.8% (LIBOR +7%)	05/04/2015	05/12/2023	75	74	71
Total United States of America						$ 8,463	$ 7,367

Logan JV Loan Portfolio as of December 31, 2019—(Continued)
(dollar amounts in thousands)

Type of Investment/ Portfolio company [11]	Industry	Interest Rate [1]	Initial Acquisition Date	Maturity Date	Principal	Amortized Cost	Fair Value [2]
Total Second Lien Term Loans						$ 8,463	$ 7,367
Equity Investments							
United States of America							
TOMS Shoes, LLC [13]	Retail		12/27/2019		9	576	-
Total United States of America						$ 576	$ -
Total Equity Investments						$ 576	$ -
Total Investments						$ 340,083	$ 332,182
Cash equivalents							
Dreyfus Government Cash Management Fund						10,596	10,596
Other cash accounts						964	964
Total Cash equivalents						$ 11,560	$ 11,560

(1) Variable interest rates indexed to 30-day, 60-day, 90-day or 180-day LIBOR rates, at the borrower's option. LIBOR rates are subject to interest rate floors.
(2) Represents fair value in accordance with ASC Topic 820.
(3) Represents a delayed draw commitment of $610,201, of which $206,785 was unfunded as of December 31, 2019. Unfunded amounts of a delayed draw position have a lower rate than the contractual fully funded rate. Issuer pays 1.00% unfunded commitment fee on delayed draw term loan and/or revolving loan facilities.
(4) Represents a delayed draw commitment of $1,538,462, which was unfunded as of December 31, 2019. Issuer pays 1.00% unfunded commitment fee on delayed draw term loan and/or revolving loan facilities.
(5) Represents a delayed draw commitment of $630,036, which was unfunded as of December 31, 2019. Issuer pays 1.00% unfunded commitment fee on delayed draw term loan and/or revolving loan facilities.
(6) Represents a delayed draw commitment of $71,456, which was unfunded as of December 31, 2019. Issuer pays 1.00% unfunded commitment fee on delayed draw term loan and/or revolving loan facilities.
(7) Represents a delayed draw commitment of $1,041,667, which was unfunded as of December 31, 2019. Issuer pays 4.25% unfunded commitment fee on delayed draw term loan and/or revolving loan facilities.
(8) Represents a delayed draw commitment of $496,514, of which $372,386 was unfunded as of December 31, 2019. Unfunded amounts of a delayed draw position have a lower rate than the contractual fully funded rate. Issuer pays 1.00% unfunded commitment fee on delayed draw term loan and/or revolving loan facilities.
(9) Unsettled trade that interest will start to accrue on when the trade settles. 3 month LIBOR as of December 31, 2019 is shown to reflect possible projected interest rate.
(10) Unfunded amount will start to accrue interest when the position is funded. 3 month LIBOR as of December 31, 2019 is shown to reflect possible projected interest rate.
(11) All investments are pledged as collateral for loans payable unless otherwise noted.
(12) Loan was on non-accrual as of December 31, 2019.
(13) Investments are valued using significant unobservable inputs. Refer to Level 3 fair value measurements quantitative information table in Note 3 of the Consolidated Financial Statements within Exhibit 99.1 for further detail.

Logan JV Loan Portfolio as of December 31, 2018
(dollar amounts in thousands)

Type of Investment/ Portfolio company	Industry	Interest Rate [1]	Initial Acquisition Date	Maturity Date	Principal	Amortized Cost	Fair Value [2]
Senior Secured First Lien Term Loans							
Canada							
PNI Canada Acquireco Corp	High Tech Industries	6.85% (LIBOR +4.5%)	10/31/2018	10/31/2025	1,733	$ 1,724	$ 1,699
Total Canada						$ 1,724	$ 1,699
Germany							
Rhodia Acetow	Consumer goods: Non-Durable	8.09% (LIBOR +5.5%)	04/21/2017	05/31/2023	985	$ 974	$ 955
VAC Germany Holding GmbH	Metals & Mining	6.8% (LIBOR +4%)	02/26/2018	02/26/2025	2,978	2,964	2,974
Total Germany						$ 3,938	$ 3,929
United Kingdom							
Auxey Bidco Ltd.	Services: Business	7.97% (LIBOR +5.5%)	08/07/2018	08/07/2025	5,000	$ 4,806	$ 4,813
EG Group	Retail	6.81% (LIBOR +4%)	03/23/2018	02/07/2025	2,845	2,832	2,749
Total United Kingdom						$ 7,638	$ 7,562
United States of America							
1A Smart Start LLC	Services: Consumer	7.09% (LIBOR +4.5%)	08/28/2015	02/21/2022	4,347	$ 4,329	$ 4,347
A Place for Mom Inc	Media: Advertising, Printing & Publishing	6.27% (LIBOR +3.75%)	07/28/2017	08/10/2024	3,950	3,934	3,970
A10 Capital, LLC	Banking, Finance, Insurance & Real Estate	8.96% (LIBOR +6.5%)	04/25/2018	04/27/2023	5,000	4,957	4,925
Achilles Acquisition LLC	Banking, Finance, Insurance & Real Estate	6.56% (LIBOR +4%)	10/04/2018	10/03/2025	4,000	3,990	3,950
Advanced Computer Software	High Tech Industries	7.14% (LIBOR +4.75%)	05/25/2018	05/31/2024	1,496	1,493	1,485
Advanced Integration Technology LP	Aerospace & Defense	7.46% (LIBOR +4.75%)	07/15/2016	04/03/2023	1,955	1,941	1,936
AgroFresh Inc.	Chemicals, Plastics & Rubber	7.55% (LIBOR +4.75%)	12/01/2015	07/31/2021	1,935	1,928	1,909
Air Medical Group Holdings Inc	Healthcare & Pharmaceuticals	6.75% (LIBOR +4.25%)	09/26/2017	03/14/2025	2,228	2,213	2,081
Alcami Carolinas Corp	Healthcare & Pharmaceuticals	6.71% (LIBOR +4.25%)	07/09/2018	07/06/2025	3,990	3,971	3,970
Alchemy US Holdco 1 LLC	Chemicals, Plastics & Rubber	8.12% (LIBOR +5.5%)	10/01/2018	09/28/2025	2,000	1,971	1,995
Alpha Media LLC	Media: Broadcasting & Subscription	9% (LIBOR +6.5%)	02/24/2016	02/25/2022	3,043	2,962	2,931
AMCP Clean Acquisition Co LLC	Wholesale	7.05% (LIBOR +4.25%)	07/10/2018	07/10/2025	2,407	2,396	2,386
AMCP Clean Acquisition Co LLC [3]	Wholesale	7.15% (LIBOR +4.25%)	07/10/2018	07/10/2025	581	225	222
American Sportsman Holdings Co	Retail	7.52% (LIBOR +5%)	11/22/2016	09/25/2024	3,950	3,906	3,796
Ansira Holdings, Inc. [4]	Media: Diversified & Production	8.27% (LIBOR +5.75%)	04/17/2018	12/20/2022	613	150	149
Ansira Holdings, Inc.	Media: Diversified & Production	8.27% (LIBOR +5.75%)	12/20/2016	12/20/2022	1,850	1,838	1,841
AP Gaming I LLC	Hotel, Gaming & Leisure	6.02% (LIBOR +3.5%)	06/06/2016	02/15/2024	2,463	2,457	2,424
APC Aftermarket	Automotive	7.62% (LIBOR +5%)	05/09/2017	05/10/2024	493	485	448
Aptean, Inc.	High Tech Industries	7.06% (LIBOR +4.25%)	12/15/2017	12/20/2022	929	922	920
AQA Acquisition Holding, Inc	High Tech Industries	7.05% (LIBOR +4.25%)	10/01/2018	05/24/2023	1,995	1,995	1,985
ATI Merger Sub Inc. [11]	Healthcare & Pharmaceuticals	7.31% (LIBOR +4.5%)	12/19/2018	12/05/2025	4,333	4,290	4,301
Avaya Inc	Telecommunications	6.71% (LIBOR +4.25%)	11/09/2017	12/15/2024	2,588	2,564	2,506
Barbri Inc	Media: Diversified & Production	6.6% (LIBOR +4.25%)	12/01/2017	11/21/2023	3,122	3,109	3,059
BCP Qualtek Merger Sub LLC	Telecommunications	8.28% (LIBOR +5.75%)	07/16/2018	07/16/2025	3,990	3,915	3,903
Beasley Mezzanine Holdings LLC	Media: Broadcasting & Subscription	6.47% (LIBOR +4%)	11/17/2017	11/01/2023	2,927	2,915	2,893
Big Ass Fans LLC	Capital Equipment	6.55% (LIBOR +3.75%)	11/07/2017	05/21/2024	2,475	2,465	2,444

Logan JV Loan Portfolio as of December 31, 2018—(Continued)
(dollar amounts in thousands)

Type of Investment/ Portfolio company	Industry	Interest Rate [1]	Initial Acquisition Date	Maturity Date	Principal	Amortized Cost	Fair Value [2]
Big River Steel LLC	Metals & Mining	7.8% (LIBOR +5%)	08/15/2017	08/23/2023	1,975	1,960	1,960
BI-LO LLC	Retail	10.78% (LIBOR +8%)	05/15/2018	05/31/2024	1,493	1,438	1,434
Bomgar Corp	High Tech Industries	6.52% (LIBOR +4%)	04/17/2018	04/18/2025	3,985	3,976	3,865
Brand Energy & Infrastructure Services, Inc.	Energy: Oil & Gas	6.76% (LIBOR +4.25%)	06/16/2017	06/21/2024	2,955	2,932	2,814
California Cryobank LLC	Healthcare & Pharmaceuticals	6.8% (LIBOR +4%)	08/03/2018	07/26/2025	3,200	3,185	3,200
Cambium Learning Inc.	Services: Consumer	4.5% (LIBOR +4.5%)	12/18/2018	12/11/2025	2,000	1,900	1,908
CC Amulet Intermediate, LLC [5] [12]	Healthcare & Pharmaceuticals	7.56% (LIBOR +4.75%)	06/18/2018	04/30/2024	1,538	(14)	(15)
CC Amulet Intermediate, LLC	Healthcare & Pharmaceuticals	7.27% (LIBOR +4.75%)	06/18/2018	04/30/2024	3,444	3,413	3,410
Clear Balance Holdings, LLC	Banking, Finance, Insurance & Real Estate	8.55% (LIBOR +5.75%)	07/07/2015	10/05/2023	4,938	4,920	4,937
Commercial Barge Line Co	Transportation: Cargo	11.27% (LIBOR +8.75%)	11/06/2015	11/12/2020	1,294	1,270	939
Constellis Holdings, LLC	Aerospace & Defense	7.52% (LIBOR +5%)	04/18/2017	04/21/2024	1,970	1,955	1,891
Conyers Park Parent Merger Sub Inc	Beverage, Food & Tobacco	6.27% (LIBOR +3.5%)	06/21/2017	07/07/2024	1,975	1,967	1,955
Country Fresh Holdings, LLC	Beverage, Food & Tobacco	7.8% (LIBOR +5%)	07/14/2017	03/31/2023	4,340	4,308	3,668
Covenant Surgical Partners Inc	Healthcare & Pharmaceuticals	7.3% (LIBOR +4.5%)	09/29/2017	10/04/2024	2,972	2,966	2,928
CPI Acquisition, Inc.	Services: Consumer	7.02% (LIBOR +4.5%)	08/14/2015	08/17/2022	4,187	4,106	2,684
CryoLife Inc	Healthcare & Pharmaceuticals	6.05% (LIBOR +3.25%)	11/15/2017	12/02/2024	1,980	1,972	1,940
CT Technologies Intermediate Holdings, Inc	Healthcare & Pharmaceuticals	6.77% (LIBOR +4.25%)	02/11/2015	12/01/2021	1,920	1,925	1,602
Deerfield Holdings Corp	Banking, Finance, Insurance & Real Estate	5.77% (LIBOR +3.25%)	12/06/2017	02/13/2025	248	248	236
DigiCert, Inc.	High Tech Industries	6.52% (LIBOR +4%)	09/20/2017	10/31/2024	995	991	978
Drilling Info Inc.	High Tech Industries	6.77% (LIBOR +4.25%)	07/27/2018	07/26/2025	4,489	4,468	4,478
DXP Enterprises, Inc.	Wholesale	7.27% (LIBOR +4.75%)	08/16/2017	08/29/2023	1,481	1,470	1,470
Eliassen Group, LLC	Services: Business	7.02% (LIBOR +4.5%)	10/19/2018	10/19/2023	4,167	4,146	4,146
Empower Payments Acquisition	Services: Business	7.05% (LIBOR +4.25%)	10/05/2018	10/05/2025	4,000	3,990	3,990
Evo Payments International, LLC	Banking, Finance, Insurance & Real Estate	5.76% (LIBOR +3.25%)	12/08/2016	12/22/2023	2,594	2,576	2,512
Gold Standard Baking, Inc.	Wholesale	7.31% (LIBOR +4.5%)	05/19/2015	04/23/2021	2,481	2,476	2,257
Golden West Packaging Group LLC	Containers, Packaging & Glass	7.77% (LIBOR +5.25%)	02/09/2018	06/20/2023	4,731	4,711	4,719
Great Dane Merger Sub Inc	High Tech Industries	6.27% (LIBOR +3.75%)	05/02/2018	05/21/2025	2,985	2,971	2,918
Gruden Acquisition Inc.	Transportation: Cargo	8.3% (LIBOR +5.5%)	06/21/2017	08/18/2022	1,970	1,935	1,933
Gulf Finance, LLC	Energy: Oil & Gas	8.06% (LIBOR +5.25%)	08/17/2016	08/25/2023	1,875	1,837	1,446
Heartland Dental LLC [6] [12]	Healthcare & Pharmaceuticals	6.56% (LIBOR +3.75%)	04/19/2018	04/17/2025	125	(1)	(5)
Heartland Dental LLC	Healthcare & Pharmaceuticals	6.27% (LIBOR +3.75%)	04/19/2018	04/30/2025	1,368	1,362	1,315
Help/Systems Holdings, Inc.	High Tech Industries	6.27% (LIBOR +3.75%)	03/23/2018	03/28/2025	1,990	1,986	1,915
Higginbotham Insurance Agency, Inc.	Banking, Finance, Insurance & Real Estate	6.26% (LIBOR +3.75%)	12/14/2017	12/19/2024	4,950	4,929	4,801
Idera Inc	High Tech Industries	7.03% (LIBOR +4.5%)	06/27/2017	06/28/2024	2,332	2,313	2,336
Infoblox Inc.	High Tech Industries	7.02% (LIBOR +4.5%)	11/03/2016	11/07/2023	2,136	2,100	2,132
Intermedia Holdings, Inc.	Telecommunications	8.52% (LIBOR +6%)	07/13/2018	07/11/2025	3,000	2,972	2,996
International Textile Group Inc	Consumer goods: Durable	7.35% (LIBOR +5%)	04/20/2018	04/19/2024	988	983	970
Isagenix International LLC	Services: Consumer	8.55% (LIBOR +5.75%)	04/26/2018	06/14/2025	1,950	1,932	1,896
Kestra Financial, Inc.	Banking, Finance, Insurance & Real Estate	6.76% (LIBOR +4.25%)	06/10/2016	06/24/2022	3,902	3,868	3,902
LifeScan Global Corp	Healthcare & Pharmaceuticals	8.4% (LIBOR +6%)	06/19/2018	10/01/2024	2,250	2,185	2,132
LSCS Holdings Inc.	Healthcare & Pharmaceuticals	6.96% (LIBOR +4.25%)	03/09/2018	03/17/2025	467	465	465
LSCS Holdings Inc.	Healthcare & Pharmaceuticals	6.96% (LIBOR +4.25%)	03/09/2018	03/17/2025	1,809	1,801	1,800
Lyons Magnus Inc aka	Beverage, Food & Tobacco	6.02% (LIBOR +3.5%)	06/08/2018	11/11/2024	3,964	3,952	3,944
MAG DS Corp.	Aerospace & Defense	7.27% (LIBOR +4.75%)	06/01/2018	05/30/2025	2,985	2,958	2,970

Logan JV Loan Portfolio as of December 31, 2018—(Continued)
(dollar amounts in thousands)

Type of Investment/ Portfolio company	Industry	Interest Rate [1]	Initial Acquisition Date	Maturity Date	Principal	Amortized Cost	Fair Value [2]
Mavenir Systems Inc	Telecommunications	8.39% (LIBOR +6%)	05/01/2018	05/01/2025	1,990	1,954	1,984
MCS Group Holdings LLC	Banking, Finance, Insurance & Real Estate	7.27% (LIBOR +4.75%)	05/12/2017	05/20/2024	1,970	1,962	1,623
MDVIP Inc	Healthcare & Pharmaceuticals	6.75% (LIBOR +4.25%)	11/10/2017	11/14/2024	4,256	4,244	4,230
Merrill Communications LLC	Media: Advertising, Printing & Publishing	7.78% (LIBOR +5.25%)	05/29/2015	06/01/2022	748	745	748
Miller's Ale House Inc	Hotel, Gaming & Leisure	7.1% (LIBOR +4.75%)	05/24/2018	05/21/2025	2,388	2,377	2,352
MLN US Holdco LLC	Telecommunications	7.02% (LIBOR +4.5%)	07/13/2018	11/30/2025	3,000	2,993	2,916
Morphe, LLC	Consumer goods: Non-Durable	8.52% (LIBOR +6%)	02/21/2017	02/10/2023	2,738	2,709	2,724
Nasco Healthcare, Inc.	Healthcare & Pharmaceuticals	7.28% (LIBOR +4.5%)	07/13/2015	06/30/2021	4,489	4,480	4,467
New Insight Holdings Inc	Services: Business	8.02% (LIBOR +5.5%)	12/08/2017	12/20/2024	1,980	1,895	1,948
NextCare, Inc. [7] [12]	Healthcare & Pharmaceuticals	7.56% (LIBOR +4.75%)	02/13/2018	02/28/2023	588	(5)	-
NextCare, Inc.	Healthcare & Pharmaceuticals	7.27% (LIBOR +4.75%)	02/13/2018	02/28/2023	3,386	3,358	3,386
Northern Star Holdings Inc.	Utilities: Electric	7.55% (LIBOR +4.75%)	03/28/2018	03/14/2025	4,218	4,199	4,213
Oak Point Partners, LLC	Banking, Finance, Insurance & Real Estate	8.03% (LIBOR +5.25%)	09/13/2017	09/13/2023	3,000	2,971	2,955
OB Hospitalist Group Inc	Healthcare & Pharmaceuticals	6.35% (LIBOR +4%)	08/08/2017	08/01/2024	2,238	2,229	2,204
Odyssey Logistics & Technology Corporation	Transportation: Cargo	6.52% (LIBOR +4%)	10/06/2017	10/12/2024	1,980	1,971	1,921
OpenLink	High Tech Industries	7.27% (LIBOR +4.75%)	03/02/2018	03/21/2025	1,831	1,822	1,820
Orion Business Innovations [8] [12]	High Tech Industries	7.31% (LIBOR +4.5%)	10/18/2018	10/19/2025	565	(6)	(6)
Orion Business Innovations	High Tech Industries	7.16% (LIBOR +4.5%)	10/18/2018	10/19/2025	1,931	1,912	1,911
OSM MSO, LLC	Healthcare & Pharmaceuticals	7.8% (LIBOR +5%)	10/16/2018	08/09/2023	3,990	3,952	3,950
Output Services Group Inc	Services: Business	6.77% (LIBOR +4.25%)	03/26/2018	03/21/2024	4,468	4,448	4,345
Park Place Technologies, LLC	High Tech Industries	6.52% (LIBOR +4%)	03/22/2018	03/22/2025	2,328	2,318	2,308
PH Beauty Holdings III, Inc.	Containers, Packaging & Glass	7.52% (LIBOR +5%)	10/04/2018	09/28/2025	2,993	2,963	2,888
Ping Identity Corp	High Tech Industries	6.27% (LIBOR +3.75%)	01/23/2018	01/24/2025	1,493	1,486	1,485
Pivotal Payments	Services: Business	9% (LIBOR +4.5%)	09/27/2018	09/29/2025	3,096	3,066	3,065
Pivotal Payments [9]	Services: Business	6.98% (LIBOR +4.5%)	09/27/2018	09/29/2025	897	550	550
PLH Group Inc	Energy: Oil & Gas	8.59% (LIBOR +6%)	08/01/2018	07/25/2023	3,173	3,085	3,109
Polar US Borrower	Chemicals, Plastics & Rubber	7.19% (LIBOR +4.75%)	08/21/2018	10/15/2025	3,000	2,883	2,895
Premise Health Holding Corp [10] [12]	Healthcare & Pharmaceuticals	6.56% (LIBOR +3.75%)	08/14/2018	07/11/2025	294	(1)	(4)
Premise Health Holding Corp	Healthcare & Pharmaceuticals	6.55% (LIBOR +3.75%)	08/14/2018	07/11/2025	3,697	3,679	3,641
Project Leopard Holdings Inc	High Tech Industries	6.52% (LIBOR +4%)	06/21/2017	07/07/2023	1,728	1,725	1,691
PSC Industrial Outsourcing, LP	Chemicals, Plastics & Rubber	6.21% (LIBOR +3.75%)	10/05/2017	10/11/2024	1,980	1,964	1,935
Pure Fishing Inc [11]	Consumer goods: Non-Durable	7.06% (LIBOR +4.25%)	12/20/2018	11/30/2025	1,200	1,152	1,158
Quidditch Acquisition Inc	Beverage, Food & Tobacco	9.47% (LIBOR +7%)	03/16/2018	03/21/2025	1,014	996	1,009
Red Ventures LLC	Media: Advertising, Printing & Publishing	5.52% (LIBOR +3%)	10/18/2017	11/08/2024	2,039	2,022	1,947
SCS Holdings Inc	High Tech Industries	6.77% (LIBOR +4.25%)	11/20/2015	10/30/2022	1,558	1,551	1,541
Silverback Merger Sub Inc	High Tech Industries	6.01% (LIBOR +3.5%)	08/11/2017	08/21/2024	1,185	1,182	1,068
Situs Group Holdings Corporation	Banking, Finance, Insurance & Real Estate	7.02% (LIBOR +4.5%)	02/21/2018	02/27/2023	2,972	2,959	2,972
SMS Systems Maintenance Services Inc	High Tech Industries	7.52% (LIBOR +5%)	02/09/2017	10/30/2023	2,940	2,929	2,240
SoClean, Inc	Healthcare & Pharmaceuticals	8.74% (LIBOR +6%)	02/13/2018	12/20/2022	5,101	5,057	5,126
Starfish- V Merger Sub Inc	High Tech Industries	7.02% (LIBOR +4.5%)	08/11/2017	08/16/2024	1,234	1,224	1,223
STS Operating, Inc.	Capital Equipment	6.77% (LIBOR +4.25%)	04/27/2018	12/11/2024	1,489	1,485	1,453
ThoughtWorks, Inc.	High Tech Industries	6.52% (LIBOR +4%)	10/06/2017	10/11/2024	3,981	3,970	3,931
TKC Holdings Inc	Services: Business	6.28% (LIBOR +3.75%)	06/08/2017	02/01/2023	295	294	281
TOMS Shoes LLC	Retail	8.3% (LIBOR +5.5%)	12/18/2014	10/30/2020	1,925	1,879	1,519
Tupelo Buyer Inc	Transportation: Cargo	6.22% (LIBOR +3.75%)	10/02/2017	10/07/2024	2,204	2,190	2,160

Logan JV Loan Portfolio as of December 31, 2018—(Continued)
(dollar amounts in thousands)

Type of Investment/ Portfolio company	Industry	Interest Rate [1]	Initial Acquisition Date	Maturity Date	Principal	Amortized Cost	Fair Value [2]
TV Borrower US LLC	High Tech Industries	7.55% (LIBOR +4.75%)	02/16/2017	02/22/2024	983	979	978
Uber Technologies, Inc.	Services: Consumer	6.39% (LIBOR +4%)	03/22/2018	04/04/2025	2,786	2,773	2,722
US Salt LLC	Consumer goods: Non-Durable	7.27% (LIBOR +4.75%)	11/30/2017	12/01/2023	2,978	2,952	2,977
US Shipping Corp	Utilities: Oil & Gas	6.77% (LIBOR +4.25%)	03/09/2016	06/26/2021	206	200	198
Utility One Source L.P.	Construction & Building	8.02% (LIBOR +5.5%)	04/07/2017	04/18/2023	985	978	985
Verdesian Life Sciences LLC	Chemicals, Plastics & Rubber	7.53% (LIBOR +5%)	12/09/2014	07/01/2020	1,996	1,897	1,876
Vertiv Group Corporation	Capital Equipment	6.71% (LIBOR +4%)	09/30/2016	11/30/2023	1,504	1,471	1,375
Vistage Worldwide, Inc.	Services: Consumer	6.46% (LIBOR +4%)	02/06/2018	02/10/2025	2,501	2,496	2,464
Weight Watchers International, Inc.	Services: Consumer	7.56% (LIBOR +4.75%)	11/20/2017	11/29/2024	2,565	2,522	2,543
Women's Care Florida LLP	Healthcare & Pharmaceuticals	7.02% (LIBOR +4.5%)	08/18/2017	09/29/2023	4,950	4,930	4,950
Yak Access LLC	Energy: Oil & Gas	7.52% (LIBOR +5%)	06/29/2018	07/02/2025	2,981	2,897	2,504
Zenith Merger Sub, Inc.	Services: Business	8.3% (LIBOR +5.5%)	12/22/2017	12/13/2023	2,970	2,945	2,970
Total United States of America						$ 306,982	$ 299,972
Total Senior Secured First Lien Term Loans						$ 320,282	$ 313,162
Second Lien Term Loans							
United States of America							
ABG Intermediate Holdings 2 LLC	Retail	10.27% (LIBOR +7.75%)	09/26/2017	09/29/2025	2,333	$ 2,318	$ 2,298
AQA Acquisition Holding, Inc	High Tech Industries	10.4% (LIBOR +8%)	10/01/2018	05/24/2024	1,000	990	1,000
CH Hold Corp	Automotive	9.77% (LIBOR +7.25%)	01/26/2017	02/03/2025	1,000	996	999
Constellis Holdings, LLC	Aerospace & Defense	11.52% (LIBOR +9%)	04/18/2017	04/21/2025	1,000	988	957
DigiCert, Inc.	High Tech Industries	10.52% (LIBOR +8%)	09/20/2017	10/31/2025	600	597	584
DiversiTech Holdings Inc	Consumer goods: Durable	10.3% (LIBOR +7.5%)	05/18/2017	06/02/2025	2,000	1,984	1,930
Gruden Acquisition Inc.	Transportation: Cargo	11.3% (LIBOR +8.5%)	07/31/2015	08/18/2023	500	486	501
Midwest Physician Administrative Services, LLC	Healthcare & Pharmaceuticals	9.5% (LIBOR +7%)	08/11/2017	08/15/2025	979	971	948
NextCare, Inc.	Healthcare & Pharmaceuticals	11.27% (LIBOR +8.75%)	02/13/2018	08/28/2023	1,000	987	1,030
Optiv Security Inc	High Tech Industries	9.77% (LIBOR +7.25%)	01/19/2017	01/31/2025	1,500	1,494	1,365
Park Place Technologies, LLC	High Tech Industries	10.52% (LIBOR +8%)	03/22/2018	03/29/2026	700	694	697
SESAC Holdco II LLC	Media: Diversified & Production	9.76% (LIBOR +7.25%)	02/13/2017	02/24/2025	1,000	992	985
TKC Holdings Inc	Services: Business	10.53% (LIBOR +8%)	01/31/2017	02/01/2024	1,850	1,839	1,825
TV Borrower US LLC	High Tech Industries	11.05% (LIBOR +8.25%)	02/16/2017	02/22/2025	1,000	988	1,006
Wash Multifamily Laundry Systems, LLC.	Services: Consumer	9.52% (LIBOR +7%)	05/04/2015	05/15/2023	425	424	412
Wash Multifamily Laundry Systems, LLC.	Services: Consumer	9.52% (LIBOR +7%)	05/04/2015	05/12/2023	75	74	72
Total United States of America						$ 16,822	$ 16,609
Total Second Lien Term Loans						$ 16,822	$ 16,609

Logan JV Loan Portfolio as of December 31, 2018—(Continued)
(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						$ 337,104	$ 329,771
Cash and cash equivalents							
Dreyfus Government Cash Management Fund						21,559	21,559
Other cash accounts						5,309	5,309
Total Cash and cash equivalents						$ 26,868	$ 26,868

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

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

(3) Represents a delayed draw commitment of $580,645, of which $353,371 was unfunded as of December 31, 2018. Unfunded amounts of a delayed draw position have a lower rate than the contractual fully funded rate. Issuer pays 1.50% unfunded commitment fee on delayed draw term loan and/or revolving loan facilities.

(4) Represents a delayed draw commitment of $612,996, of which $460,886 was unfunded as of December 31, 2018. Unfunded amounts of a delayed draw position have a lower rate than the contractual fully funded rate. Issuer pays 1.00% unfunded commitment fee on delayed draw term loan and/or revolving loan facilities.

(5) Represents a delayed draw commitment of $1,538,462, which was unfunded as of December 31, 2018. Issuer pays 1.00% unfunded commitment fee on delayed draw term loan and/or revolving loan facilities.

(6) Represents a delayed draw commitment of $125,217, which was unfunded as of December 31, 2018. Issuer pays 3.75% unfunded commitment fee on delayed draw term loan and/or revolving loan facilities.

(7) Represents a delayed draw commitment of $588,235, which was unfunded as of December 31, 2018. Issuer pays 1.00% unfunded commitment fee on delayed draw term loan and/or revolving loan facilities.

(8) Represents a delayed draw commitment of $564,516, which was unfunded as of December 31, 2018. Issuer does not pay unfunded commitment fee on delayed draw term loan and/or revolving loan facilities.

(9) Represents a delayed draw commitment of $896,552, of which $338,056 was unfunded as of December 31, 2018. Unfunded amounts of a delayed draw position have a lower rate than the contractual fully funded rate. Issuer pays 1.00% unfunded commitment fee on delayed draw term loan and/or revolving loan facilities.

(10) Represents a delayed draw commitment of $294,107, which was unfunded as of December 31, 2018. Issuer pays 1.00% unfunded commitment fee on delayed draw term loan and/or revolving loan facilities.

(11) Unsettled trade that will start to accrue interest on when the trade settles. 3 month LIBOR as of December 31, 2018 is shown to reflect possible projected interest rate.

(12) Unfunded amount will start to accrue interest when the borrower draws on the delayed draw/ revolver facility. 3 month LIBOR as of December 31, 2018 is shown to reflect possible projected interest rate.

Logan JV Summarized Financial Information:

Below is certain summarized financial information for Logan JV as of December 31, 2019 and 2018 and for the years ended December 31, 2019, 2018, and 2017 (in thousands):

Selected Balance Sheet Information

	As of December 31, 2019 (Dollars in thousands)	As of December 31, 2018 (Dollars in thousands)
Assets:		
Investments at fair value (cost of $340,083 and $337,104, respectively)	$ 332,182	$ 329,771
Cash	11,560	26,868
Other assets	4,234	2,194
Total assets	$ 347,976	$ 358,833
Liabilities:		
Loans payable reported net of unamortized debt issuance costs	$ 234,621	$ 239,356
Payable for investments purchased	2,888	7,342
Distribution payable	3,650	3,360
Other liabilities	2,576	2,744
Total liabilities	$ 243,735	$ 252,802
Members' capital	$ 104,241	$ 106,031
Total liabilities and members' capital	$ 347,976	$ 358,833

Selected Statement of Operations Information

	For the year ended December 31, 2019 (Dollars in thousands)	For the year ended December 31, 2018 (Dollars in thousands)	For the year ended December 31, 2017 (Dollars in thousands)
Interest income	$ 25,190	$ 22,627	$ 16,996
Fee income	118	183	417
Total revenues	25,308	22,810	17,413
Credit facility expenses (1)	12,644	10,510	6,330
Other fees and expenses	457	426	364
Total expenses	13,101	10,936	6,694
Net investment income	12,207	11,874	10,719
Net realized (loss) gain	(7,079)	(2,132)	1,133
Net change in unrealized (depreciation) appreciation on investments	(569)	(5,023)	(3,135)
Net increase in members' capital from operations	$ 4,559	$ 4,719	$ 8,717

(1) As of December 31, 2019, Logan JV had $236,141 of outstanding debt under its credit facility with an effective interest rate of 4.25% per annum. As of December 31, 2018, Logan JV had $241,679 of outstanding debt under its credit facility with an effective interest rate of 4.72% per annum.

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 are as follows:

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

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

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

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

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

For purposes of clarity, underwriting as referenced herein may be redetermined after the initial investment as a result of a transformative credit event or other material event whereby such initial underwriting is deemed by the Advisor to be no longer appropriate for the purpose of assessing investment performance relative to plan. For any investment receiving a score of a 3 or lower the Advisor 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 portfolio company investment score was 2.17 and 2.05 at December 31, 2019 and December 31, 2018, respectively. The following is a distribution of the investment scores of our portfolio companies at December 31, 2019 and 2018 (in millions):

	December 31, 2019				December 31, 2018			
Investment Score	**Amortized Cost**	**% of Total Portfolio based on Amortized Cost**	**Fair Value**	**% of Total Portfolio based on FV**	**Amortized Cost**	**% of Total Portfolio based on Amortized Cost**	**Fair Value**	**% of Total Portfolio based on FV**
1[(a)]	$ 48.5	11.0%	$ 50.8	13.2%	$ 122.7	22.7%	$ 132.6	26.9%
2[(b)]	250.8	56.7%	239.8	62.5%	242.1	44.9%	232.7	47.1%
3[(c)]	103.9	23.5%	78.4	20.4%	135.0	25.0%	109.2	22.1%
4[(d)]	—	0.0%	—	0.0%	—	0.0%	—	0.0%
5[(e)]	39.0	8.8%	15.1	3.9%	39.8	7.4%	19.2	3.9%
Total	$ 442.2	100.0%	$ 384.1	100.0%	$ 539.6	100.0%	$ 493.7	100.0%

(a) As of December 31, 2019 and December 31, 2018, Investment Score “1”, based upon fair value, included $5.1 million and $30.6 million, respectively, of loans to companies in which we also hold equity securities.

(b) As of December 31, 2019 and December 31, 2018, Investment Score “2”, based upon fair value, included $17.2 million and $47.2 million, respectively, of loans to companies in which we also hold equity securities.

(c) As of December 31, 2019 and December 31, 2018, Investment Score “3”, based upon fair value, included $74.1 million and $65.8 million, respectively, of loans to companies in which we also hold equity securities.

(d) As of December 31, 2019 and December 31, 2018, Investment Score “4”, based upon fair value, included no loans to companies in which we also hold equity securities.

(e) As of December 31, 2019 and December 31, 2018, Investment Score “5”, based upon fair value, included $8.3 million and $18.7, 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 December 31, 2019, we had loans on non-accrual status with an amortized cost basis of $36.0 million and fair value of $15.1 million. As of December 31, 2018, we had loans on non-accrual status with an amortized cost basis of $38.0 million and fair value of $18.1 million. The decrease in loans on non-accrual status is attributable to our exit of certain non-accrual loans. For additional information, please refer to the Consolidated Schedules of Investments as of December 31, 2019 and 2018. Once a loan is placed on non-accrual, our Advisor takes steps to maximize recovery on our investments, including restructuring or disposition of our positions. We record the reversal of any previously accrued income against the same income category reflected in the Consolidated Statements of Operations.

Results of Operations

Comparison of the years ended December 31, 2019, 2018 and 2017

Investment Income

We generate revenues primarily in the form of interest on the debt and other income-producing securities we hold. Other income-producing securities include investments in funds. 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 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 years ended December 31, 2019, 2018 and 2017 (in millions):

	For the years ended December 31,		
	2019	2018	2017
Interest income on debt securities			
Cash interest	$ 30.6	$ 43.4	$ 50.4
PIK interest	2.4	2.3	1.7
Prepayment premiums	0.4	0.6	0.1
Net accretion of discounts and other fees	1.2	3.4	4.6
Total interest on debt securities	34.6	49.7	56.8
Dividend income [(1)]	14.1	12.2	13.5
Interest income on other income-producing securities [(1)]	0.3	2.8	4.6
Fees related to non-controlled, affiliated investments	0.6	1.0	1.1
Other income [(2)]	2.9	1.2	2.8
Total investment income	$ 52.5	$ 66.9	$ 78.8

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

(2) For the years ended December 31, 2019, 2018 and 2017, we recognized $1.5 million, $0.1 million and $0.7 million, respectively, of non-recurring fees from portfolio companies.

The decrease in investment income from 2018 to 2019 was primarily due to the contraction in our overall investment portfolio (based on dollars invested) since December 31, 2018, which led to lower interest income. The decrease was partially offset by higher dividend income from certain equity investments and higher other income related to one-time fees.

The decrease in investment income from 2017 to 2018 was primarily due to the contraction in our overall investment portfolio since December 31, 2017, which led to lower interest income. The decrease was also attributed to lower dividend income from certain equity investments and lower other income related to one-time amendment and structuring fees.

The following shows a rollforward of PIK income activity for the years ended December 31, 2019, 2018 and 2017 (in millions):

	Years ended December 31,		
	2019	2018	2017
Accumulated PIK balance, beginning of year	$ 3.9	$ 3.9	$ 3.1
PIK income capitalized/receivable	2.5	2.5	2.2
PIK reduction due to sale	(2.3)	—	—
PIK received in cash from repayments	(0.5)	(1.6)	—
PIK reduced through restructurings/sales	—	—	(0.1)
PIK deemed uncollectible	—	(0.9)	(1.3)
Accumulated PIK balance, end of year	$ 3.6	$ 3.9	$ 3.9

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 years ended December 31, 2019, 2018 and 2017.

Expenses

Our primary operating expenses include the payment of base management fees, 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 years ended December 31, 2019, 2018 and 2017 (in millions):

	For the years ended December 31,		
	2019	2018	2017
Expenses			
Interest and fees on borrowings [(a)]	$ 14.1	$ 16.7	$ 18.8
Base management fees	6.0	9.0	10.4
Incentive fees	(0.1)	1.7	3.2
Other expenses	3.7	4.0	4.5
Administrator expenses	1.5	2.1	2.9
Total expenses	25.2	33.5	39.8
Management fee waiver	(0.5)	—	—
Incentive fee waiver	—	(1.7)	(0.8)
Total expenses, net of fee waivers	24.7	31.8	39.0
Income tax provision, excise and other taxes [(b)]	0.4	0.3	0.1
Total expenses after taxes	$ 25.1	$ 32.1	$ 39.1

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

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

The decrease in expenses from 2018 to 2019 was due primarily to lower interest and fees on our Credit Facility due to a reduction in borrowings outstanding, lower administration expenses allocated from the Advisor as well as lower base management fees, including the effect of the waiver, as a result of portfolio contraction.

The decrease in expenses from 2017 to 2018 was due primarily to lower interest and fees on our Credit Facility due to a reduction in borrowings outstanding, lower administration expenses allocated from the Advisor as well as lower incentive fees, including the effect of the waiver, due to portfolio performance and lower base management fees as a result of portfolio contraction.

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

Net Investment Income

Net investment income was $27.4 million, or $0.87 per common share based on a weighted average of 31,312,987 common shares outstanding for the year ended December 31, 2019, as compared to $34.8 million, or $1.07 per common share based on a weighted average of 32,633,663 common shares outstanding for the year ended December 31, 2018, as compared to $39.7 million, or $1.21 per common share based on a weighted average of 32,797,233 common shares outstanding for the year ending December 31, 2017.

The decrease in net investment income from 2018 to 2019 is primarily attributable to a decrease in interest income on debt and other income-producing investments due to portfolio contraction offset by lower borrowing costs, incentive and base management fees.

The decrease in net investment income from 2017 to 2018 is primarily attributable to a decrease in interest income on debt and other income-producing investments due to portfolio contraction offset by lower borrowing costs and base management fees.

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

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

The following shows the breakdown of net realized gains and losses for the years ended December 31, 2019, 2018 and 2017 (in millions):

	For the years ended December 31,		
	2019	**2018**	**2017**
Aerogroup International Inc. (1)	$ (2.4)	$ (7.2)	$ —
Alex Toys, LLC (2)	(1.4)	—	—
Charming Charlie LLC (3)	(24.6)	(11.5)	—
Copperweld Bimetallics, LLC (4)	16.3	—	—
Constructive Media, LLC	0.2	0.4	—
CRS Reprocessing, LLC (5)	—	—	(11.9)
Duff & Phelps Corporation	—	0.8	—
Fairstone Financial Inc. (6)	0.2	0.2	—
Firebirds International, LLC	—	0.1	—
Food Processing Holdings, LLC	—	—	0.7
Flagship VII, Ltd.	—	—	(0.8)
Flagship VIII, Ltd.	—	—	(0.6)
Gryphon Partners 3.5, L.P.	0.5	0.3	0.6
Hostway Corporation	—	—	(1.0)
LAI International, Inc. (7)	(23.0)	—	—
Martex Fiber Southern Corp. (8)	(5.5)	—	—
Specialty Brands Holdings, LLC (9)	(0.1)	(21.0)	—
Thibaut, Inc. (10)	—	0.1	4.5
Tri Starr Management Services, Inc. (11)	0.4	5.5	—
Washington Inventory Service (12)	—	—	(10.4)
YP Equity Investors, LLC (13)	—	—	1.3
Other	(0.1)	(0.1)	0.4
Net realized losses	$ (39.5)	$ (32.4)	$ (17.2)

(1) In March 2018, Aerogroup International Inc. was sold through bankruptcy proceedings and we received $2.5 million in proceeds with an additional $6.3 million reflected as escrow receivable. Subsequently, we collected the outstanding escrow proceeds in cash through June 2019 realizing additional losses to reflect amounts collected and associated expenses.

(2) On January 11, 2019, we sold our first lien senior secured term loan in Alex Toys, LLC for total proceeds of $7.7 million. The realized loss of $1.5 million was offset by a corresponding change in unrealized appreciation in the same amount.

(3) On July 11, 2019, Charming Charlie LLC filed for Chapter 11 bankruptcy protection in Delaware with plans to liquidate the company and any of its remaining assets. In connection with the liquidation, we removed Charming Charlie from Investments, at fair value and reflected $3.1 million of the expected liquidation proceeds as Escrow and other receivable on the Consolidated Statements of Assets and Liabilities as of December 31, 2019. As of the reporting date, Charming Charlie has ceased its operations and has been actively liquidating its assets. The realized loss of $24.6 million was offset by a corresponding change in unrealized appreciation. For further detail on the restructuring loss incurred in 2018, please refer to prior year filings.

(4) On September 28, 2019, we were repaid on our second lien term loan in connection with the sale of our controlling common and preferred equity positions in Copperweld Bimetallics LLC with proceeds received of $32.5 million and expects an additional $1.7 million in escrow proceeds that are reflected as Escrow and other receivables on the Consolidated Statements of Assets and Liabilities as of December 31, 2019. The escrow proceeds are expected to be received throughout 2020 and 2021. The realized gain was largely offset by a corresponding change in unrealized depreciation.

(5) On September 11, 2017, we sold our senior secured term loan realizing proceeds of $3.2 million.

(6) Includes the impact of foreign exchange gain.

(7) During 2019, we received $19.7 million in proceeds from the sale of certain business segments of LAI International Inc. An additional $1.2 million in proceeds, reflected as Escrow and other receivables on the Consolidated Statements of Assets and Liabilities as of December 31, 2019, are expected from the sale of other segments of the business and realization of certain receivables. The realized loss of $23.0 million was largely offset by a corresponding change in unrealized appreciation.

(8) On December 31, 2019, we sold our subordinated debt investment in Martex Fiber Southern Corp., resulting in a receivable of $4.3 million. The proceeds were subsequently received in January 2020. The realized loss of $5.5 million was partially offset by a corresponding change in unrealized appreciation.

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

(10) On December 29, 2017, we sold our preferred and common equity investments with a cost basis of $4.7 million for $9.2 million resulting in a realized gain of $4.5 million, which includes an escrow receivable of $0.1 million.

(11) On October 26, 2018, we sold our senior secured term loans and common equity interest in Tri Starr Management Services, Inc., resulting in a $5.5 million net realized gain, which was offset by a corresponding change in unrealized appreciation. We expect an additional $1.1 million in escrow proceeds that are reflected as Escrow and other receivables on the Consolidated Statements of Assets and Liabilities as of December 31, 2019.

(12) 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.

(13) In connection with the proceeds received from the 2017 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 and $0.8 million, respectively, for the years ended December 31, 2018 and 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 years ended December 31, 2019, 2018 and 2017 (in millions):

	Years ended December 31,		
	2019	2018	2017
Gross unrealized appreciation on investments	$ 3.6	$ 9.7	$ 12.3
Gross unrealized depreciation on investments	(35.2)	(50.2)	(48.0)
Reversal of prior period net unrealized depreciation upon a realization	19.5	26.2	5.5
Total	$ (12.1)	$ (14.3)	$ (30.2)

During 2019, the largest reductions in value for the investments still held as of the reporting date were related to OEM Group, LLC, Holland Intermediate Acquisition Corp. and a market driven reduction of Logan JV, an investment where we hold a controlling interest. This was partially offset by a net increase of approximately $13.3 million due to the reversal of prior period unrealized depreciation upon the realizations of Charming Charlie, LLC and LAI International Inc and a reversal of unrealized appreciation to realized gains for Copperweld Bimetallics LLC (See “Net Realized Gains and Losses on Investments” above).

During 2018, the largest reductions in value were in our investments in Charming Charlie, LLC, an investment restructured in April 2018, OEM Group Inc. and Logan JV, two investments where we hold a controlling equity interest, and LAI International, Inc. The Charming Charlie, LLC term loan was on non-accrual status with an investment score of “5” as of December 31, 2018. These reductions were partially offset by an increase in the value of our investments in Copperweld Bimetallics LLC, where we hold a controlling equity interest. The reversal of prior period net unrealized depreciation is primarily driven by the sale of Specialty Brands Holdings, LLC which resulted in an offsetting realized loss.

During 2017, the largest reductions in value were in our investments in Specialty Brands Holdings, LLC, Charming Charlie, LLC and C&K Market, Inc, an investment where we hold a controlling equity interest. Specialty Brands Holdings, LLC and the Charming Charlie, LLC term loan were on non-accrual status with investment scores of “5” and “4”, respectively, as of December 31, 2017. Charming Charlie, LLC declared chapter eleven bankruptcy in 2017. These reductions were partially offset by an increase in the value of our investments in Tri-Starr Management Services, where we hold a controlling equity interest, and Holland Intermediate Acquisition Corp.

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 years ended December 31, 2019, 2018 and 2017, we recognized a benefit (provision) for tax on unrealized gains on investments of $0.3 million, $(0.3) million and $2.1 million for consolidated subsidiaries, respectively. As of December 31, 2019 and December 31, 2018, $1.9 million and $2.0 million, respectively, were included in deferred tax liability on the Consolidated Statements of Assets and Liabilities relating to deferred tax on unrealized gain on investments. The change in provision for tax on unrealized gains on investments relates primarily to changes to the unrealized appreciation (depreciation) of the investments held in these taxable consolidated subsidiaries, other temporary differences and a change in the prior year estimates received from certain portfolio companies.

Net Increase (Decrease) in Net Assets Resulting from Operations

Net increase (decrease) in net assets resulting from operations totaled $(24.6) million, or $(0.79) per common share based on a weighted average of 31,312,987 common shares for the year ended December 31, 2019, as compared to $(10.6) million, or $(0.32) per common share based on a weighted average of 32,633,663 common shares for the year ended December 31, 2018, as compared to $(7.9) million, or $(0.24) per common share based on a weighted average of 32,797,233 common shares for the year ended December 31, 2017.

The changes in net assets from operations between each of the years ended December 31, 2019, 2018 and 2017 are due primarily to the lower interest income as a result of portfolio contraction as well as an increase in realized losses in the portfolio, partially offset by lower interest and fees on borrowings, management and incentive fees.

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.

In October 2018 we closed a public debt offering selling $51.6 million of Notes due in 2023, or the 2023 Notes, including the exercise of the overallotment option, through a group of underwriters, less an underwriting discount, and received net proceeds of $50.1 million. The proceeds received from the issuance of the 2023 Notes were primarily used to repay the 2021 Notes. Collectively, the 2022 Notes and 2023 Notes are referred to as the Notes.

We borrowed $105.5 million under our Revolving Facility for the year ended December 31, 2019 and repaid $147.5 million (includes CAD 19.4 million converted at the time of repayment to USD $14.8 million) on our Revolving Facility from proceeds received from prepayments and sales and investment income. We borrowed $177.5 under our Revolving Facility for the year ended December 31, 2018 and repaid $235.6 million (includes CAD 10.0 million converted at the time of repayment to USD $7.7 million) on our Revolving Facility from proceeds received from prepayments and sales and investment income.

Our operating activities provided cash of $83.3 million, $99.6 million and $53.4 million for the years ended December 31, 2019, 2018 and 2017, respectively, primarily in connection with the purchase and sale of portfolio investments. For the year ended December 31, 2019, our financing activities included net repayments of $42.0 million on our Revolving Facility, used $26.2 million for distributions to stockholders, $15.4 million to repurchase common stock and $0.5 million for the payment of financing and offering costs. For the year ended December 31, 2018, our financing activities included net repayments of $58.1 million on our Revolving Facility and used $35.2 million for distributions to stockholders, $2.6 million to repurchase common stock and $2.1 million for the payment of financing and offering costs. For the year ended December 31, 2017, our financing activities included net repayments of $16.9 million on our Revolving Facility and used $35.4 million for distributions to stockholders, $2.5 million to repurchase common stock and $1.4 million for payment of financing and offering costs.

As of December 31, 2019 and 2018, we had cash of $5.9 million and $6.9 million, respectively. We had no cash equivalents as of December 31, 2019 and 2018.

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 December 31, 2019 and 2018 (in millions):

	As of							
	December 31, 2019				December 31, 2018			
Facility	Commitments	Borrowings Outstanding [1]	Weighted Average Borrowings Outstanding [2][3]	Weighted Average Interest Rate [7]	Commitments	Borrowings Outstanding [4][6]	Weighted Average Borrowings Outstanding [5][6]	Weighted Average Interest Rate [7]
Revolving Facility [8][9]	$ 190.0	$ 66.2	$ 92.1	4.25%	$ 275.0	$ 107.7	$ 135.1	4.90%
2021 Notes	-	-	-	-	-	-	42.4	-
2022 Notes	60.0	60.0	60.0	6.75%	60.0	60.0	15.0	6.75%
2023 Notes	51.6	51.6	51.6	6.13%	51.6	51.6	12.1	6.13%
Total	$ 301.6	$ 177.8	$ 203.7	5.64%	$ 386.6	$ 219.3	$ 204.6	5.70%

(1) As of December 31, 2019, borrowings outstanding excludes deferred financing costs of $1.1 million for the 2022 Notes and $1.7 million for the 2023 Notes presented as a reduction to the respective balances outstanding in the Consolidated Statements of Assets and Liabilities.

(2) Represents the weighted average borrowings outstanding for the year ended December 31, 2019.

(3) Canadian denominated borrowings are converted to USD using the spot rate on the date of repayment (July 2, 2019) for purposes of this calculation.

(4) As of December 31, 2018, borrowing outstanding excludes deferred financing costs of $1.4 million for the 2022 Notes and $2.1 million for the 2023 Notes presented as a reduction to the respective balances outstanding in the Consolidated Statements of Assets and Liabilities.

(5) Represents the weighted average borrowings outstanding for the year ended December 31, 2018.

(6) Canadian denominated borrowings are converted to USD using the year-end spot rate for purposes of this calculation.

(7) Represents the weighted average interest rate as of December 31, 2019 and December 31, 2018.

(8) As part of Amendment No. 1 to the Second Amended and Restated Senior Secured Revolving Credit Agreement and Third Amended and Restated Guarantee, Pledge and Security Agreement (“Amendment No. 1”) dated March 26, 2019, the revolver commitments have been reduced to $190.0 million from $275.0 million.

(9) We may borrow amounts in U.S. dollars or certain other permitted currencies. As of December 31, 2019, we had no Canadian denominated debt outstanding on our Revolving Facility. As of December 31, 2018, we had outstanding debt denominated in Canadian Dollars (CAD) of CAD 19.4 million on our Revolving Facility. The CAD was converted into USD at a spot exchange rate of $0.73 CAD to $1.00 USD as of December 31, 2018.

Credit Facility

On December 15, 2017, we entered into an amendment, or the Revolving Amendment, to our existing revolving credit agreement, or Revolving Facility. The Revolving Amendment revised the Revolving Facility dated August 19, 2015 to, among other things, extend the maturity date from August 2019 to December 2022 (with a one year term out period beginning in December 2021). The one year term out period is the one year anniversary between the revolver termination date, or the end of the availability period, and the maturity date. During this time, we are required to make mandatory prepayments on our loans from the proceeds we receive from the sale of assets, extraordinary receipts, returns of capital or the issuances of equity or debt. The Revolving Amendment also reduced the size of the revolver commitments from $303.5 million to $275.0 million and terminated the $75.0 million term loan facility. On March 26, 2019, we entered into Amendment No. 1 which amended our Revolving Facility to, among other things, reduce the size of the commitments thereunder to $190.0 million, provide a $20.0 million letter of credit subfacility and lower the testing levels of certain financial covenants.

The Revolving Facility, denominated in USD, has an interest rate of LIBOR plus 2.5% (with no LIBOR floor). The Revolving Facility, denominated in Canadian dollars, had an interest rate of CDOR plus 2.5% (with no CDOR floor). There were no Canadian borrowings outstanding on the Revolving Facility as of December 31, 2019. The non-use fee is 1.0% annually if we use 35% or less of the Revolving Facility and 0.50% annually if we use more than 35% of the Revolving Facility. We elect the LIBOR rate on the loans outstanding on our Revolving Facility, which has a LIBOR period that is one, two, three or nine months. The LIBOR rate on the USD borrowings outstanding on its Revolving Facility had a one month LIBOR period as of December 31, 2019.

As of December 31, 2019, we had USD borrowings of $66.2 million outstanding under the Revolving Facility with a weighted average interest rate of 4.25%. The borrowings denominated in Canadian dollars were translated into USD based on the spot rate at date of repayment. The impact resulting from changes in foreign exchange rates on the Revolving Facility borrowings is included in net realized gain (loss) on foreign currency transactions in our Consolidated Statements of Operations. As of December 31, 2019, there were no Canadian borrowings outstanding on the Revolving Facility.

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

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

Borrowings under the Revolving Facility are subject to, among other things, a minimum borrowing/collateral base. The facilities have certain collateral requirements and/or covenants, including, but 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 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 2.00:1.00, (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 our portfolio.

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

As of December 31, 2019 and 2018, the carrying amount of our outstanding Revolving Facility approximated fair value. The fair values of the Company's Revolving Facility are determined in accordance with ASC 820, which defines fair value in terms of the price that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. The fair value of our Revolving Facility is estimated based upon market interest rates and entities with similar credit risk. As of December 31, 2019 and 2018, the Revolving Facility would be deemed to be Level 3 of the fair value hierarchy.

Interest expense and related fees, excluding amortization of deferred financing costs, of $5.2 million, $6.8 million and $8.6 million were incurred in connection with the Facilities during the years ended December 31, 2019, 2018 and 2017, respectively.

Amortization of deferred financing costs of $0.9 million (including one-time accelerated amortization of $0.4 million in connection with a reduction in the revolver commitment size), $0.6 million and $2.1 million (including one-time accelerated amortization of $1.2 million in connection with a reduction in the revolver commitment size and termination of the term loan facility), respectively, were incurred in connection with the Facilities for the years ended December 31, 2019, 2018 and 2017. As of December 31, 2019 and 2018, we had $1.6 million and $2.3 million, respectively, of deferred financing costs related to the Revolving Facility, which is presented as an asset.

Recent legislation has modified the 1940 Act by allowing a BDC to increase the maximum amount of leverage it may incur under the 1940 Act from an asset coverage ratio of 200% to an asset coverage ratio of 150%, if certain requirements are met. At our Annual Meeting of Stockholders on June 14, 2019, stockholders approved a proposal to reduce our asset coverage ratio to 150%. Such asset coverage ratio became effective on June 15, 2019. We may be able to increase our leverage up to an amount that reduces our asset coverage ratio to 150% once we amend the Revolving Facility, which would require our lenders' consent. Our asset coverage ratio as of December 31, 2019 was in excess of 200%.

Notes

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. 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".

On October 5, 2018, we completed a public offering of $50.0 million in aggregate principal amount of 6.125% notes due 2023. The 2023 Notes mature on October 30, 2023, and may be redeemed in whole or in part at any time or from time to time at our option on or after October 30, 2021. The 2023 Notes bear interest at a rate of 6.125% per year payable quarterly on March 30, June 30, September 30 and December 30, of each year, beginning December 30, 2018 and trade on the New York Stock Exchange under the trading symbol "TCRW". On October 16, 2018, the underwriters exercised their option to purchase an additional $1.6 million to cover overallotments. The proceeds from this public offering were used to redeem the 2021 Notes and partially repay the Revolving Facility. The redemption of the 2021 Notes was completed on November 5, 2018. As a result of this redemption, we recognized approximately $0.9 million of one-time costs from the accelerated amortization of deferred financing costs related to the 2021 Notes during 2018. We refer to the 2022 Notes and 2023 Notes collectively as the Notes. The 2021 Notes are included and the 2023 Notes are excluded under the definition for the prior years presented.

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, Second and Third 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 150% 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 December 31, 2019, we were in compliance with the terms of the Base Indenture and the First, Second and Third Supplemental Indentures governing the Notes. See Note 7 to our consolidated financial statements for more detail on the Notes.

As of December 31, 2019, the carrying amount and fair value of our Notes was $111.6 million and $114.9 million, respectively. As of December 31, 2018, the carrying value and fair value of our Notes was $111.6 million and $111.0 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 2022 and 2023 Notes, we incurred $4.8 million of fees and expenses. 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 years ended December 31, 2019, 2018 and 2017, we amortized approximately $0.8 million, $1.6 million (which included $0.9 million of accelerated amortization related to the redemption of 2021 Notes) and $0.7 million of deferred financing costs, respectively, which is reflected in amortization of deferred financing costs on the Consolidated Statements of Operations. As of December 31, 2019 and 2018, we had $2.7 million and $3.5 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 years ended December 31, 2019, 2018 and 2017, we incurred interest expense on the Notes of approximately $7.2 million, $7.7 million and $7.4 million, respectively.

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 December 31, 2019 and 2018, we have the following unfunded commitments to portfolio companies (in millions):

	As of	
	December 31, 2019	December 31, 2018
Unfunded delayed draw facilities		
BCDI Rodeo Dental Buyer, LLC	$ 2.0	$ —
Certify, Inc.	0.1	—
Charming Charlie, LLC (2)	—	8.3
Home Partners of America, Inc.	—	5.9
PDFTron Systems	1.1	
Simplicity Financial Marketing Holdings Inc.	1.0	—
Women's Health USA, Inc.	—	—
	4.2	14.2
Unfunded revolving commitments		
1-800 Hansons, LLC (1)	0.1	0.1
ABC Legal Intermediate Holding II, LLC	0.7	—
BCDI Rodeo Dental Buyer, LLC	0.8	—
Certify, Inc.	0.1	—
Communication Technology Intermediate	0.4	—
EBS Intermediate LLC	1.7	1.7
Gener8, LLC	1.5	1.0
HealthDrive Corporation(2)	2.1	1.8
Holland Intermediate Acquisition Corp. (1)	3.0	3.0
IRC Opco LLC	0.8	—
Loadmaster Derrick & Equipment, Inc.	0.6	—
NCP Investor, Inc.	1.0	1.0
OEM Group, LLC (2)	3.8	2.3
PDFTron Systems Inc.	0.5	—
Sciens Building Solutions, LLC	—	2.5
Simplicity Financial Marketing Holdings Inc.	0.4	—
SolutionReach, Inc.	0.9	—
SPST Holdings, LLC	0.7	0.7
SRS Acquiom Holdings, LLC	0.4	0.4
Women's Health USA, Inc.	1.5	1.5
	21.0	16.0
Unfunded commitments to investments in funds		
Freeport Financial SBIC Fund LP	0.7	0.7
Gryphon Partners 3.5, L.P.	0.2	0.3
	0.9	1.0
Total unfunded commitments	$ 26.1	$ 31.2

(1) We have sole discretion as to whether to lend under this revolving commitment.
(2) Includes amounts set aside for issued standby letters of credit.

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

Distributions

We have elected to be taxed as a RIC under Subchapter M of the Code. In order to maintain our status as a RIC, we are required to distribute, for each taxable year, 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 capital gain net income 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.

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	
March 7, 2017	March 20, 2017	March 31, 2017	$	0.27
May 5, 2017	June 15, 2017	June 30, 2017	$	0.27
August 1, 2017	September 15, 2017	September 29, 2017	$	0.27
November 7, 2017	December 15, 2017	December 29, 2017	$	0.27
March 2, 2018	March 20, 2018	March 30, 2018	$	0.27
May 1, 2018	June 15, 2018	June 29, 2018	$	0.27
August 7, 2018	September 14, 2018	September 28, 2018	$	0.27
November 6, 2018	December 14, 2018	December 31, 2018	$	0.27
March 5, 2019	March 20, 2019	March 29, 2019	$	0.21
May 7, 2019	June 14, 2019	June 28, 2019	$	0.21
August 6, 2019	September 16, 2019	September 30, 2019	$	0.21
October 31, 2019	December 16, 2019	December 31, 2019	$	0.21
March 3, 2020	March 20, 2020	March 31, 2020	$	0.21

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

We maintain an “opt in” dividend reinvestment plan for our common stockholders. As a result, unless stockholders specifically elect to have their dividends automatically reinvested in additional shares of common stock, stockholders will receive all such dividends in cash. There were no dividends reinvested for the year ended December 31, 2019 and December 31, 2018. There was $0.0 million of dividends reinvested for the year ended December 31, 2017.

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

Distributions in excess of our current and accumulated earnings and profits would generally be treated as a return of capital to the extent of the stockholder's adjusted tax basis in our shares. If a stockholder's tax basis is reduced to zero, the stockholder would generally treat any remaining distributions in excess of our current and accumulated earnings and profits 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. Each year, a statement on Form 1099-DIV identifying the source of the distributions will be sent to our U.S. stockholders of record (other than certain exempt recipients). 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.

The tax character of distributions declared and paid in 2019 represented $26.2 million from ordinary income, $0 from capital gains and $0 from tax return of capital. The tax character of distributions declared and paid in 2018 represented $35.2 million from ordinary income, $0 from capital gains and $0 from tax return of capital. The tax character of distributions declared and paid in 2017 represented $35.4 million from ordinary income, $0 from capital gains and $0 from tax return of capital. Generally accepted accounting principles require adjustments to certain components of net assets to reflect permanent differences between financial and tax reporting. These adjustments have no effect on net asset value per share. Permanent differences between financial and tax reporting at December 31, 2019 and 2018 were $0.3 million and $0.3 million, respectively.

We may generate qualified interest income and short-term capital gains that may be exempt from United States withholding tax when distributed to foreign accounts. A RIC is permitted to designate distributions in the form of dividends that represent interest income from U.S. sources (commonly referred to as qualified interest income) and short-term capital gains as exempt from U.S. withholding tax when paid to non-U.S. stockholders with proper documentation. As of December 31, 2019, the percentage of income estimated as qualified interest income for tax purposes was 78.4%.

Contractual obligations

We have entered into a contract with the Advisor to provide investment advisory services. Payments for investment advisory services under the investment management agreement in future periods will be equal to (a) an annual base management fee of 1.0% of our gross assets and (b) an incentive fee based on our performance. In addition, under our administration agreement, the Advisor will be reimbursed for administrative services incurred on our behalf. Please refer to Note 4 -"Related Party Transactions" in our consolidated financial statements.

The following table shows our contractual obligations as of December 31, 2019 (in millions):

	Payments due by period				
Contractual Obligations[1]	**Total**	**Less than 1 year**	**1 – 3 years**	**3 – 5 years**	**After 5 years**
Revolving Facility	$ 66.2	—	$ 66.2	—	—
Notes Payable	$ 111.6	—	$ 60.0	$ 51.6	—

(1) Excludes $26.1 million in commitments to extend credit to our portfolio companies.

The following table shows our contractual obligations as of December 31, 2018 (in millions):

	Payments due by period				
Contractual Obligations[1]	**Total**	**Less than 1 year**	**1 – 3 years**	**3 – 5 years**	**After 5 years**
Revolving Facility	$ 107.7	—	—	$ 107.7	—
Notes Payable	$ 111.6	—	—	$ 111.6	—

(1) Excludes $26.6 million in commitments to extend credit to our portfolio companies.

Stock Repurchase Program

On March 2, 2018 our board of directors authorized a $20.0 million stock repurchase program, which was extended and modified on March 5, 2019 to authorize the repurchase of outstanding shares in an aggregate amount of up to $15.0 million. Effective March 14, 2019, we adopted a stock trading plan in accordance with Rule 10b5-1 of the Exchange Act. This plan was completed in November of 2019. On December 16, 2019, our board of directors authorized a new $10.0 million stock repurchase program, which, unless extended by our board of directors, will expire on December 16, 2020 and may be modified or terminated at any time for any reason without prior notice. Effective December 17, 2019, we adopted a stock trading plan in accordance with Rule 10b5-1 of the Exchange Act. We have provided our stockholders with notice of our ability to repurchase shares of our common stock in accordance with 1940 Act requirements. We will retire immediately all such shares of common stock that we purchase in connection with the stock repurchase program.

The following table summarizes our share repurchases under our stock repurchase program for the years ended December 31, 2019, 2018 and 2017 (in millions):

	For the years ended December 31,		
	2019	2018	2017
Dollar amount repurchased [(1)]	$ 15.4	$ 2.6	$ 2.5
Shares repurchased	2.3	0.4	0.3
Average price per share (including commission)	$ 6.73	$ 7.18	$ 9.89
Weighted average discount to net asset value	22.37%	29.07%	15.02%

(1) We purchased 55.4 million shares at an average price of $6.75, inclusive of commissions, during 2019 prior to the adoption of the stock trading plan in accordance with Rule 10b5-1 of the Exchange Act. Subsequent to March 13, 2019, all shares were purchased under the 10b5-1 plan.

Related Party Transactions

Refer to Note 4 -"Related Party Transactions" in our consolidated financial statements.

Critical accounting policies

For further description of our critical accounting policies, refer to Note 2 – "Significant Accounting Policies and Recent Accounting Updates" in our consolidated financial statements. We consider our most significant accounting policies to be those related to its Valuation of Portfolio Investments, Revenue Recognition, Net Realized Gains or Losses and Net Change in Unrealized Appreciation or Depreciation and U.S. Federal Income Taxes, including excise tax.

Valuation of Portfolio Investments

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

With respect to investments for which market quotations are not readily available, 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.

Equity

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

Investment in Funds

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

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

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

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

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

The level of an asset or liability within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by management. For more information about our fair value measurements, see Note 3 to our consolidated financial statements.

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 two to six 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 on preferred equity investments is recorded on an accrual basis to the extent that such amounts are payable by the portfolio company and are expected to be collected. Dividend income on common equity investments is recorded on the record date for private portfolio companies and on the ex-dividend date for publicly traded portfolio companies. Distributions received from a limited liability company or limited partnership investment are evaluated to determine if the distribution should be recorded as dividend income or a return of capital. 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 Statements of Operations. As of December 31, 2019, we had loans on non-accrual status with an amortized cost basis of $36.0 million and a fair value of $15.1 million. As of December 31, 2018, we had loans on non-accrual status with an amortized cost basis of $38.0 million and fair value of $18.1 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.

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 have 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, 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% U.S. federal 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 capital gain net income 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 U.S. federal income tax. We, at our discretion, may choose not to distribute all of our taxable income for the calendar year and pay a non-deductible 4% excise tax on this undistributed income. If we choose to do so, all other things being equal, this would increase expenses and reduce the amount available to be distributed to stockholders. To the extent that we determine that our estimated current year annual taxable income will be in excess of estimated current year dividend distributions from such taxable income, we accrue excise taxes 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 recent dividends paid. For the years ended December 31, 2019, 2018 and 2017, we incurred U.S. federal excise tax and other tax (benefits) expenses of $0.4 million, $0.3 million and $0.4 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 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 years ended December 31, 2019, 2018 and 2017 :

	For the years ended December 31,		
	2019	2018	2017
Current income tax provision:			
Current tax provision on realized gain on investments	$ —	$ —	$ (0.8)
Deferred income tax benefit:			
Deferred income tax benefit	—	—	0.3
Benefit (provision) for taxes on unrealized gain on investments	0.3	(0.3)	2.1

These current and deferred income taxes are determined from taxable income estimates provided by portfolio companies organized as pass-through entities 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 December 31, 2019 and 2018, $1.9 million and $2.0 million, 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 held in our corporate subsidiaries and other temporary book to tax differences of the corporate subsidiaries. As of December 31, 2019 and 2018, $2.3 million (net of $6.2 million allowance) and $2.1 million (net of $4.4 million 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.

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

Recent Developments

On December 8, 2019, THL Credit Advisors LLC and First Eagle Investment Management, LLC ("First Eagle") entered into a definitive agreement, whereby First Eagle agreed, subject to the satisfaction of certain closing conditions, to merge a newly formed subsidiary of First Eagle with and into the Advisor, with the Advisor as the surviving company (the "Transaction"). The Transaction closed on January 31, 2020. Immediately after closing of the Transaction, the Advisor changed its name to First Eagle Alternative Credit, LLC.

The Transaction resulted in a change of control of the Advisor and an "assignment" of the prior investment management agreement ("Prior Investment Management Agreement") between us and the Advisor under the 1940 Act, meaning that the Prior Investment Management Agreement terminated automatically by its terms. On January 28, 2020, our Board unanimously approved an interim management agreement (the "Interim Investment Management Agreement") that includes substantially the same terms as the Prior Investment Advisory Agreement. The Interim Investment Management Agreement became effective January 31, 2020.

On January 28, 2020, our Board also unanimously approved a new investment management agreement (the "New Investment Management Agreement") between us and the Advisor. All material terms of the New Investment Management Agreement will remain unchanged from the material terms of the Prior Investment Advisory Agreement. The New Investment Management Agreement is subject to stockholder approval. Advisory fees earned under the Interim Investment Management Agreement will be escrowed pending stockholder approval of the New Investment Management Agreement.

In connection with the Transaction, First Eagle and the sellers of the Advisor, including certain members of management of the Advisor (collectively, the "Investors"), agreed, subject to the satisfaction of certain conditions, to purchase newly issued common stock of ours at the net asset value per share determined as of a time within forty-eight hours prior to the sale (excluding Sundays and holidays) in one or more primary issuances. On March 3, 2020, we entered into a commitment letter (the "Commitment Letter") with First Eagle and the Investors. Pursuant to the Commitment Letter, First Eagle and the Investors agreed to purchase from us, in aggregate, approximately $30 million of our common stock in a publicly registered issuance on or before April 21, 2020. First Eagle and the Investors committed to purchase the shares at our net asset value per share, as approved in accordance with the 1940 Act. First Eagle's share of the commitment is approximately $20 million and the Investors' share is approximately $10 million. Using our net asset value per share of $7.64 as of December 31, 2019, the issuance would increase First Eagle's (including through its subsidiaries) and all Investors aggregate share ownership from approximately 4.7% to approximately 15.8% of our total outstanding common stock, based on our outstanding shares as of March 4, 2020 plus the estimated number of shares to be issued pursuant to the Commitment Letter. The stock issuance may be at a price higher or lower than $7.64 based on potential changes in valuations, distributions, issuances of securities and earnings as of the issuance date. Our Board has not yet approved the fair value of portfolio investments as of any date subsequent to December 31, 2019.

On March 3, 2020, our Board approved using the proceeds from the issuance of our stock pursuant to the Commitment letter to repurchase shares of our common stock at a price below net asset value per share pursuant to a cash tender offer, contingent upon (i) stockholders' approval of the New Investment Management Agreement by and between us and the Advisor and (ii) our common stock trading at a discount to net asset value per share on the date of such approval.

On March 3, 2020, we approved a proposal from the Advisor to irrevocably waive management and incentive fees for us for the period from July 1, 2020 through December 31, 2020, assuming our stockholders approve the New Investment Management Agreement by and between us and the Advisor.

From January 1, 2020 through March 4, 2020, we made three new investments totaling $17.8 million at par and revolver and delayed draw fundings totaling $6.6 million at a combined weighted average yield based upon cost at time of investment of 7.6%. Additionally, from January 1, 2020 through March 5, 2020, we sold our eight first lien senior secured broadly syndicated investments for total proceeds of $23.3 million.

From January 1, 2020 through March 4, 2019, we repurchased 308,827 shares of common stock for a total cost of $2.0 million as part of a previously approved 10b5-1 Stock Repurchase Plan. This brings the total shares repurchased since adoption of the $10.0 million stock repurchase program on December 16, 2019 to 376,569 shares at an aggregate cost of $2.4 million.

On March 3, 2020, our Board declared a dividend of $0.21 per share payable on March 31, 2020 to stockholders of record at the close of business on March 20, 2020.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

We are subject to financial market risks, including changes in interest rates. As of December 31, 2019, 100.0% of the debt investments in our portfolio are floating rate loans, based upon fair market value. We expect future 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 December 31, 2019, the weighted average interest rate floor on our floating rate loans was 0.88%. Our Revolving Facility is also subject to floating interest rates.

Based on our December 31, 2019, 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	$ 8.2	$ 2.0	$ 6.2
Up 200 basis points	$ 5.5	$ 1.3	$ 4.2
Up 100 basis points	$ 2.7	$ 0.7	$ 2.0
Down 300 basis points	$ (2.7)	$ (1.2)	$ (1.5)
Down 200 basis points	$ (2.7)	$ (1.2)	$ (1.5)
Down 100 basis points	$ (2.2)	$ (0.7)	$ (1.5)

1) Excludes the impact of incentive fees based on pre-incentive fee net investment income. See Note 4 “Related Party Transaction” to our consolidated financial statements for the year ended December 31, 2019 for more information on the incentive fee.

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

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

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

Item 8. Financial Statements and Supplementary Data

Index to Financial Statements

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of THL Credit, Inc.:

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated statements of assets and liabilities, including the consolidated schedules of investments, of THL Credit, Inc. and its subsidiaries (the "Company") as of December 31, 2019 and 2018, and the related consolidated statements of operations, of changes in net assets and of cash flows for each of the three years in the period ended December 31, 2019, including the related notes and financial statement schedule listed in the index appearing under Item 15(2) (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations, changes in net assets, and its cash flows for each of the three years in the period ended December 31, 2019 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our procedures included confirmation of securities owned as of December 31, 2018 and 2017 by correspondence with the custodian, portfolio company investees and agent banks; when replies were not received, we performed other auditing procedures. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP
Boston, Massachusetts
March 5, 2020

We have served as the Company’s auditor since 2010.

THL Credit, Inc. and Subsidiaries

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

	December 31, 2019	December 31, 2018
Assets:		
Investments at fair value:		
Non-controlled, non-affiliated investments (cost of $263,444 and $333,023, respectively)	$ 242,189	$ 313,377
Controlled investments (cost of $178,769 and $181,325, respectively)	141,932	167,733
Non-controlled, affiliated investments (cost of $2 and $25,292, respectively)	4	12,543
Cash	5,890	6,860
Escrows and other receivables	12,353	7,306
Interest, dividends, and fees receivable	4,623	5,480
Deferred tax assets	2,267	2,056
Deferred financing costs	1,619	2,314
Distributions receivable	327	207
Prepaid expenses and other assets	296	198
Deferred offering costs	206	—
Due from affiliate	192	377
Total assets	$ 411,898	$ 518,451
Liabilities:		
Loans payable	$ 66,161	$ 107,657
Notes payable ($111,607 and $111,607 face amounts, respectively, reported net of deferred financing costs of $2,742 and $3,541, respectively)	108,866	108,067
Accrued expenses and other liabilities	3,434	1,652
Deferred tax liability	1,927	1,972
Base management fees payable	1,103	2,112
Accrued incentive fees	568	677
Accrued interest and fees	384	633
Total liabilities	182,443	222,770
Commitments and contingencies (Note 8)		
Net Assets:		
Common stock, par value $.001 per share, 100,000 common shares authorized, 30,022 and 32,318 shares issued and outstanding at December 31, 2019 and December 31, 2018, respectively	30	32
Paid-in capital in excess of par	415,596	431,361
Accumulated deficit	(186,171)	(135,712)
Total net assets	$ 229,455	$ 295,681
Total liabilities and net assets	$ 411,898	$ 518,451
Net asset value per share attributable to THL Credit, Inc.	$ 7.64	$ 9.15

See accompanying notes to these consolidated financial statements.

THL Credit, Inc. and Subsidiaries

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

	For the years ended December 31, 2019	2018	2017
Investment Income:			
From non-controlled, non-affiliated investments:			
Cash interest income	$ 28,609	$ 44,959	$ 52,429
PIK interest income	848	453	1,413
Dividend income	—	33	139
Other income	2,708	914	2,302
From non-controlled, affiliated investments:			
Cash interest income	57	782	—
PIK interest income	—	907	—
Other income	572	1,044	1,089
From controlled investments:			
Cash interest income	3,921	4,535	7,258
PIK interest income	1,553	930	253
Dividend income	14,079	12,128	13,376
Other income	147	257	514
Total investment income	52,494	66,942	78,773
Expenses:			
Interest and fees on borrowings	12,412	14,498	16,007
Base management fees	6,043	9,006	10,389
Incentive fees	(109)	1,696	3,185
Administrator expenses	1,498	2,083	2,869
Other general and administrative expenses	1,422	1,742	1,953
Amortization of deferred financing costs	1,716	2,232	2,748
Professional fees	1,552	1,505	1,858
Directors' fees	702	742	693
Total expenses	25,236	33,504	39,702
Incentive fee waiver	—	(1,741)	(811)
Management fee waiver	(525)	—	—
Total expenses, net of fee waivers	24,711	31,763	38,891
Income tax provision, excise and other taxes	418	355	168
Net investment income	27,365	34,824	39,714
Realized (Loss) Gain and Change in Unrealized (Depreciation) Appreciation on Investments:			
Net realized (loss) gain on investments:			
Non-controlled, non-affiliated investments	(31,608)	(37,784)	(21,866)
Non-controlled, affiliated investments	(24,652)	—	—
Controlled investments	16,714	5,424	4,582
Foreign currency transactions	(189)	(205)	(69)
Net realized loss on investments	(39,735)	(32,565)	(17,353)
Net change in unrealized (depreciation) appreciation on investments:			
Non-controlled, non-affiliated investments	(1,609)	15,220	(16,957)
Non-controlled, affiliated investments	12,751	(12,750)	—
Controlled investments	(23,245)	(16,077)	(13,253)
Translation of assets and liabilities in foreign currencies	(391)	1,736	(1,346)
Net change in unrealized (depreciation) on investments	(12,494)	(11,871)	(31,556)
Net change in unrealized (depreciation) attributable to non-controlling interests	—	(703)	(13)
Net realized and unrealized loss from investments	(52,229)	(45,139)	(48,922)
Provision for taxes on realized gain on investments	—	—	(842)
Benefit (provision) for taxes on unrealized gain/loss on investments	254	(284)	2,146
Benefit (provision) for taxes on realized and unrealized gain/loss on investments	254	(284)	1,304
Net decrease in net assets resulting from operations	$ (24,610)	$ (10,599)	$ (7,904)
Net investment income per common share:			
Basic and diluted	$ 0.87	$ 1.07	$ 1.21
Net decrease in net assets resulting from operations per common share:			
Basic and diluted	$ (0.79)	$ (0.32)	$ (0.24)
Weighted average shares of common stock outstanding:			
Basic and diluted	31,313	32,634	32,797

See accompanying notes to these consolidated financial statements.

THL Credit, Inc. and Subsidiaries

Consolidated Statements of Changes in Net Assets
(in thousands)

	For the years ended December 31,		
	2019	2018	2017
Decrease in net assets from operations:			
Net investment income	$ 27,365	$ 34,824	$ 39,714
Net realized loss on investments	(39,735)	(32,565)	(17,353)
Net change in unrealized depreciation on investments	(12,494)	(11,871)	(31,556)
Provision for taxes on realized gain on investments	—	—	(842)
Net change in unrealized depreciation attributable to non-controlling interests	—	(703)	(13)
Benefit (provision) for taxes on unrealized gain (loss) on investments	254	(284)	2,146
Net decrease in net assets resulting from operations	(24,610)	(10,599)	(7,904)
Distributions to stockholders:			
Distributions to stockholders from net investment income	(26,174)	(35,191)	(35,397)
Total distributions to stockholders	(26,174)	(35,191)	(35,397)
Capital share transactions:			
Issuance of common stock from reinvestment of dividend	—	—	3
Repurchase of common stock	(15,442)	(2,558)	(2,493)
Net decrease in net assets from capital share transactions	(15,442)	(2,558)	(2,490)
Total decrease in net assets	(66,226)	(48,348)	(45,791)
Net assets at beginning of year	295,681	344,029	389,820
Net assets at end of year	$ 229,455	$ 295,681	$ 344,029
Common shares outstanding at end of year	30,022	32,318	32,674
Capital share activity:			
Shares repurchased	2,296	356	252

See accompanying notes to these consolidated financial statements.

THL Credit, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
(in thousands)

	For the years ended December 31, 2019	2018	2017
Cash flows from operating activities:			
Net decrease in net assets resulting from operations	$ (24,610)	$ (10,599)	$ (7,904)
Adjustments to reconcile net decrease in net assets resulting from operations to net cash provided by operating activities:			
Net change in unrealized depreciation on investments	12,494	12,574	31,570
Net realized loss on investments	48,500	30,125	18,337
Net realized loss (gain) on foreign exchange currency transactions	189	163	(5)
Increase in investments due to interest paid-in-kind	(2,483)	(2,547)	(2,502)
Amortization of deferred financing costs	1,716	2,232	2,748
Accretion of discounts on investments and other fees	(1,242)	(3,457)	(4,620)
Changes in operating assets and liabilities:			
Purchases of investments	(146,018)	(122,558)	(112,881)
Proceeds from sale and paydown of investments	193,449	189,508	132,043
Decrease in interest, dividends and fees receivable	857	2,355	1,206
Decrease in deferred offering costs	—	148	—
Decrease in escrow and other receivables	73	2,587	—
Decrease in due from affiliates	185	30	183
(Increase) decrease in deferred tax asset	(211)	605	(219)
(Increase) decrease in prepaid expenses and other assets	(122)	575	(125)
Increase (decrease) in accrued expenses and other liabilities	1,886	(1,082)	923
(Decrease) increase in accrued credit facility fees and interest	(249)	82	(410)
Decrease in deferred tax liability	(45)	(364)	(2,182)
Decrease in base management fees payable, net	(1,009)	(444)	(52)
Decrease in other deferred liabilities	—	(60)	(422)
Decrease in accrued incentive fees payable, net	(109)	(295)	(2,271)
Net cash provided by operating activities	83,251	99,578	53,417
Cash flows from financing activities:			
Repurchase of common stock	(15,435)	(2,558)	(2,493)
Borrowings under credit facility	105,450	177,500	103,360
Repayments under credit facility	(147,529)	(235,588)	(120,250)
Issuance of notes	—	51,607	—
Repayments of notes	—	(50,000)	—
Issuance of shares of common stock from dividend reinvestment	—	—	3
Distributions paid to stockholders	(26,174)	(35,191)	(35,397)
Financing and offering costs paid	(533)	(2,105)	(1,399)
Net cash used in financing activities	(84,221)	(96,335)	(56,176)
Net (decrease) increase in cash	(970)	3,243	(2,759)
Cash, beginning of year	6,860	3,617	6,376
Cash, end of year	$ 5,890	$ 6,860	$ 3,617
Supplemental Disclosure of Cash Flow Information:			
Cash interest paid	$ 11,818	$ 13,615	$ 14,864
Income taxes paid	$ 6	$ 58	$ 24
PIK income earned	$ 2,402	$ 2,493	$ 2,166

Non-cash Operating Activities:

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

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Type of Investment/Portfolio company [1][2][3]	Industry	Interest Rate[4]	Initial Acquisition Date	Maturity/ Dissolution Date	Principal[5] No. of Shares / No. of Units	Amortized Cost	Fair Value [6]
Non-controlled/non-affiliated investments —105.55% of net asset value							
First lien senior secured debt —95.98% of net asset value							
Canada —2.15% of net asset value							
PDFTron Systems Inc. [7]	IT services	7.6% (LIBOR + 5.8%)	5/15/2019	5/15/2024	$ 4,988	$ 4,944	$ 4,938
PDFTron Systems Inc. [7][9][24]	IT services	7.6% (LIBOR + 5.8%)	5/15/2019	5/15/2024	—	(10)	—
PDFTron Systems Inc. [7][8][9]	IT services	7.6% (LIBOR + 5.8%)	5/15/2019	5/15/2024	—	(5)	—
				Subtotal Canada	$ 4,988	$ 4,929	$ 4,938
Midwest —9.52% of net asset value							
1-800 Hansons, LLC	Consumer products and services	9.4% (LIBOR + 7.5%) (8.4% Cash + 1.0% PIK)	10/19/2017	10/19/2022	$ 3,755	$ 3,716	$ 3,529
1-800 Hansons, LLC [8]	Consumer products and services	8.4% (LIBOR + 6.5%)	10/19/2017	10/19/2022	209	206	197
IRC Opco LLC	Healthcare	7.1% (LIBOR + 5.3%)	1/4/2019	1/4/2024	5,400	5,359	5,400
IRC Opco LLC [8][9]	Healthcare	7.2% (LIBOR + 5.3%)	1/4/2019	1/4/2024	-	(6)	-
Matilda Jane Holdings, Inc.	Consumer products and services	10.3% (LIBOR + 8.5%)	4/28/2017	4/28/2022	11,427	11,305	9,713
Perforce Software [26]	IT services	6.3% (LIBOR + 4.5%)	11/13/2019	7/1/2026	2,993	2,970	2,998
				Subtotal midwest	$ 23,784	$ 23,550	$ 21,837
Northeast —27.24% of net asset value							
3SI Security Systems	Business services	7.7% (LIBOR + 5.8%)	12/17/2019	6/16/2023	$ 4,126	$ 4,085	$ 4,084
Cambrex Corporation [26]	Healthcare	6.7% (LIBOR + 5.0%)	11/22/2019	12/4/2026	3,000	2,941	2,998
Certify, Inc.	IT services	7.6% (LIBOR + 5.8%)	2/28/2019	2/28/2024	1,544	1,523	1,528
Certify, Inc. [25]	IT services	7.6% (LIBOR + 5.8%)	2/28/2019	2/28/2024	105	103	104
Certify, Inc. [8]	IT services	7.6% (LIBOR + 5.8%)	2/28/2019	2/28/2024	11	10	11
Communication Technology Intermediate [7]	Business services	7.9% (LIBOR + 6.0%)	8/26/2019	8/26/2024	8,092	7,938	7,939
Communication Technology Intermediate [7][8]	Business services	7.9% (LIBOR + 6.0%)	8/26/2019	8/26/2024	304	290	304
Guidehouse LLP [26]	Business services	6.3% (LIBOR + 4.5%)	11/13/2019	5/1/2025	2,992	2,970	2,976
HealthDrive Corporation	Healthcare	7.6% (LIBOR + 5.8%)	12/21/2018	12/21/2023	9,900	9,821	9,900
HealthDrive Corporation [8][9]	Healthcare	7.6% (LIBOR + 5.8%)	12/21/2018	12/21/2023	—	(14)	—
Helios Software Holdings Inc. [26]	IT services	6.2% (LIBOR + 4.3%)	11/25/2019	10/1/2025	3,000	2,974	2,984
Simplicity Financial Marketing Holdings Inc.	Financial services	7.6% (LIBOR + 5.8%)	9/13/2019	9/13/2024	3,464	3,413	3,395

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Type of Investment/Portfolio company [1][2][3]	Industry	Interest Rate[4]	Initial Acquisition Date	Maturity/ Dissolution Date	Principal[5] No. of Shares / No. of Units	Amortized Cost	Fair Value [6]
Simplicity Financial Marketing Holdings Inc. [8][9]	Financial services	7.6% (LIBOR + 5.8%)	9/13/2019	9/13/2024	—	(5)	—
Simplicity Financial Marketing Holdings Inc. [24]	Financial services	7.6% (LIBOR + 5.8%)	9/13/2019	9/13/2024	173	166	170
smarTours, LLC	Consumer products and services	8.7% (LIBOR + 6.8%)	10/31/2017	10/31/2022	5,141	5,081	5,052
smarTours, LLC [8][9]	Consumer products and services	8.7% (LIBOR + 6.8%)	10/31/2017	10/31/2022	—	(9)	—
United Natural Foods Inc. [26]	Retail & grocery	6.1% (LIBOR + 4.3%)	11/13/2019	10/18/2025	3,000	2,456	2,578
Urology Management Associates, LLC	Healthcare	6.5% (LIBOR + 5.0%)	8/31/2018	8/31/2024	8,435	8,306	8,350
Women's Health USA, Inc.	Healthcare	8.1% (LIBOR + 6.3%)	10/9/2018	10/9/2023	7,113	7,096	7,113
Women's Health USA, Inc. [8][9]	Healthcare	8.1% (LIBOR + 6.3%)	10/9/2018	10/9/2023	—	(14)	—
WP CityMD Bidco, LLC [26]	Healthcare	6.4% (LIBOR + 4.5%)	11/13/2019	8/13/2026	3,000	2,970	3,009
				Subtotal northeast	$ 63,400	$ 62,101	$ 62,495
Southeast							
—4.65% of net asset value							
MB Medical Operations LLC [11]	Healthcare	11.7% (LIBOR + 10.0%) (7.7% Cash + 4.0% PIK)	12/13/2019	12/13/2024	$ 2,686	$ 2,619	$ 2,619
Whitney, Bradley & Brown, Inc.	Business services	9.2% (LIBOR + 7.5%)	10/18/2017	10/18/2022	7,972	7,919	8,052
				Subtotal southeast	$ 10,658	$ 10,538	$ 10,671
Southwest							
—22.09% of net asset value							
Allied Wireline Services, LLC	Energy / utilities	11.3% (LIBOR + 9.5%)	2/28/2014	6/30/2020	$ 9,632	$ 9,632	$ 8,668
BCDI Rodeo Dental Buyer, LLC	Healthcare	6.9% (LIBOR + 5.0%)	5/14/2019	5/14/2025	5,787	5,735	5,700
BCDI Rodeo Dental Buyer, LLC [8]	Healthcare	6.8% (LIBOR + 5.0%)	5/14/2019	5/14/2025	808	793	808
BCDI Rodeo Dental Buyer, LLC [8]	Healthcare	6.9% (LIBOR + 5.0%)	5/14/2019	5/14/2025	—	—	—
Holland Intermediate Acquisition Corp.[19]	Energy / utilities	10.9% (LIBOR + 9.0%)	5/29/2013	5/29/2020	21,323	21,323	6,823
Holland Intermediate Acquisition Corp. [8][19]	Energy / utilities	10.9% (LIBOR + 9.0%)	5/29/2013	5/29/2020	—	—	—
Igloo Products Corp.	Consumer products and services	12.0% (LIBOR + 10.0%) (11.3% Cash + 0.8% PIK)	3/28/2014	3/28/2023	21,423	21,401	20,566
Riveron Acquisition Holdings, Inc.	Business services	7.9% (LIBOR + 6.0%)	5/22/2019	5/22/2025	8,260	8,114	8,116
				Subtotal southwest	$ 67,233	$ 66,998	$ 50,681
West							
—30.33% of net asset value							
ABC Legal Services, Inc.	Business services	7.4% (LIBOR + 5.3%)	6/21/2019	6/21/2024	$ 7,255	$ 7,141	$ 7,182
ABC Legal Services, Inc. [8][9]	Business services	7.4% (LIBOR + 5.3%)	6/21/2019	6/21/2024	—	(10)	—
Abe Investment Holdings, Inc. [26]	Media, entertainment and leisure	6.3% (LIBOR + 4.5%)	11/13/2019	2/19/2026	2,992	2,926	3,006
Alpine SG, LLC	IT services	8.4% (LIBOR + 6.5%)	4/9/2019	11/16/2022	1,316	1,306	1,306

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Type of Investment/Portfolio company (1)(2)(3)	Industry	Interest Rate(4)	Initial Acquisition Date	Maturity/ Dissolution Date	Principal(5) No. of Shares / No. of Units	Amortized Cost	Fair Value (6)
Alpine SG, LLC	IT services	8.4% (LIBOR + 6.5%)	4/9/2019	11/16/2022	659	654	654
EBS Intermediate LLC (23)	Consumer products and services	6.8% (LIBOR + 5.0%)	10/2/2018	10/2/2023	7,882	7,778	7,882
EBS Intermediate LLC (8)(9)(23)	Consumer products and services	6.8% (LIBOR + 5.0%)	10/2/2018	10/2/2023	—	(22)	—
Evergreen Services Group, LLC	IT services	7.9% (LIBOR + 6.0%)	11/13/2018	6/6/2023	9,433	9,362	9,339
Gener8, LLC	Business services	7.3% (LIBOR + 5.5%)	8/14/2018	8/14/2023	5,925	5,860	5,925
Gener8, LLC (8)(9)	Business services	7.3% (LIBOR + 5.5%)	8/14/2018	8/14/2023	—	(16)	—
It's Just Lunch International LLC	Media, entertainment and leisure	10.3% (LIBOR + 8.5%)	7/28/2016	7/28/2021	5,500	5,465	5,500
MeriCal, LLC	Consumer products and services	7.7% (LIBOR + 5.8%)	11/16/2018	11/16/2021	7,491	7,491	7,247
NCP Investor Inc	Healthcare	7.4% (LIBOR + 5.5%)	10/19/2018	10/19/2023	7,053	6,972	6,964
NCP Investor Inc (8)(9)	Healthcare	7.4% (LIBOR + 5.5%)	10/19/2018	10/19/2023	—	(11)	—
Quest Software (26)	IT services	6.2% (LIBOR + 4.3%)	11/25/2019	5/16/2025	3,000	2,993	2,981
SolutionReach, Inc.	IT services	7.6% (LIBOR + 5.8%)	1/17/2019	1/17/2024	6,617	6,509	6,617
SolutionReach, Inc. (8)(9)	IT services	7.6% (LIBOR + 5.8%)	1/17/2019	1/17/2024	—	(15)	—
SRS Acquiom Holdings LLC	Financial services	7.6% (LIBOR + 5.8%)	11/8/2018	11/8/2024	4,950	4,910	5,000
SRS Acquiom Holdings LLC (9)(22)	Financial services	7.6% (LIBOR + 5.8%)	11/8/2018	11/8/2023	—	(3)	—
				Subtotal west	$ 70,073	$ 69,290	$ 69,603
				Subtotal first lien senior secured debt	$ 240,136	$ 237,406	$ 220,225
Second lien debt							
—5.23% of net asset value							
Northeast							
—5.23% of net asset value							
Merchants Capital Access, LLC (14)	Financial services	12.4% (LIBOR + 10.5%)	4/20/2015	4/20/2021	$ 12,000	$ 11,946	$ 12,000
				Subtotal northeast	$ 12,000	$ 11,946	$ 12,000
				Subtotal second lien debt	$ 12,000	$ 11,946	$ 12,000
Equity investments							
—2.78% of net asset value							
Midwest							
—0.08% of net asset value							
Matilda Jane Holdings, Inc. (12)(17)	Consumer products and services		4/28/2017		488,896	$ 489	$ —
New Host Holdings, LLC (18)	IT services		12/27/2013		20,000	200	—
New Host Holdings, LLC (17)	IT services		12/27/2013	12/13/2020	1,800	1,800	196

See accompanying notes to these consolidated financial statements.

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Type of Investment/Portfolio company [1][2][3]	Industry	Interest Rate[4]	Initial Acquisition Date	Maturity/ Dissolution Date	Principal[5] No. of Shares / No. of Units	Amortized Cost	Fair Value [6]
				Subtotal midwest		$ 2,489	$ 196
Northeast							
—2.13% of net asset value							
Alex Toys, LLC [10][12][13][18]	Consumer products and services		5/22/2015		154	$ 1,000	$ —
Alex Toys, LLC [10][12][13][17]	Consumer products and services		6/22/2016	6/12/2021	121	888	—
Certify, Inc. [18]	IT services		2/28/2019		841	175	224
Specialty Brands Holdings, LLC [17]	Restaurants		6/29/2018		58	—	—
Specialty Brands Holdings, LLC [18]	Restaurants		6/29/2018		1,232	—	—
SPST Holdings, LLC [10][13][18]	Consumer products and services		10/31/2017		215,827	216	171
Urology Management Associates, LLC [18]	Healthcare		8/31/2018		769	769	1,022
Wheels Up Partners, LLC [10][13][18]	Transportation		1/31/2014		1,000,000	1,000	3,480
				Subtotal northeast		$ 4,048	$ 4,897
Southeast							
—0.13% of net asset value							
Virtus Pharmaceuticals, LLC [10][13][18]	Healthcare		3/31/2015		8,275	$ 127	$ —
Virtus Pharmaceuticals, LLC [10][13][17]	Healthcare		3/31/2015		232	244	269
Virtus Pharmaceuticals, LLC [10][13][17]	Healthcare		3/31/2015		590	590	—
				Subtotal southeast		$ 961	$ 269
Southwest							
—0.16% of net asset value							
Allied Wireline Services, LLC [10][13][18]	Energy / utilities		2/28/2014		618,868	$ 619	$ —
Igloo Products Corp. [18]	Consumer products and services		4/30/2014		1,902	1,716	373
				Subtotal southwest		$ 2,335	$ 373
West							
—0.28% of net asset value							
MeriCal, LLC [10][12][17]	Consumer products and services		9/30/2016		521	$ 505	$ 284
MeriCal, LLC [10][12][18]	Consumer products and services		9/30/2016		5,334	10	—
Sciens Building Solutions, LLC [10][17]	Business services		7/12/2017		194	213	360
				Subtotal west		728	$ 644
				Subtotal equity		10,561	6,379
Warrants							
—0.00% of net asset value							

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Type of Investment/Portfolio company [1][2][3]	Industry	Interest Rate[4]	Initial Acquisition Date	Maturity/ Dissolution Date	Principal[5] No. of Shares / No. of Units	Amortized Cost	Fair Value [6]
Southwest							
—0.00% of net asset value							
Allied Wireline Services, LLC [13]	Energy / utilities		2/28/2014		501,159	$ 175	$ —
				Subtotal southwest		$ 175	$ —
				Subtotal warrants		$ 175	$ —
Investments in funds							
—1.56% of net asset value							
Midwest							
—1.35% of net asset value							
Freeport Financial SBIC Fund LP [14][21]	Financial services		6/14/2013			$ 2,957	$ 3,092
				Subtotal midwest		$ 2,957	$ 3,092
West							
—0.21% of net asset value							
Gryphon Partners 3.5, L.P. [14][21]	Financial services		11/20/2012			$ 399	$ 493
				Subtotal west		$ 399	$ 493
				Subtotal investments in funds		$ 3,356	$ 3,585
Total non-controlled/non-affiliated investments							
—105.55% of net asset value						$ 263,444	$ 242,189
Controlled investments							
—61.86% of net asset value							
First lien senior secured debt							
—18.92% of net asset value							
Southeast							
—3.60% of net asset value							
Loadmaster Derrick & Equipment, Inc. [15][19]	Energy / utilities	12.4% (LIBOR + 10.3% PIK)	7/1/2016	12/31/2020	$ 9,707	$ 7,307	$ 728
Loadmaster Derrick & Equipment, Inc. [15][19]	Energy / utilities	14.1% (LIBOR + 12.0% PIK)	7/1/2016	12/31/2020	2,248	1,053	—
Loadmaster Derrick & Equipment, Inc. [15][19]	Energy / utilities	12.4% (LIBOR+ 10.3% PIK)	1/17/2017	12/31/2020	7,553	6,320	7,553
				Subtotal southeast	$ 19,508	$ 14,680	$ 8,281
Southwest							
—15.32% of net asset value							

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Type of Investment/Portfolio company [1][2][3]	Industry	Interest Rate[4]	Initial Acquisition Date	Maturity/ Dissolution Date	Principal[5] No. of Shares / No. of Units	Amortized Cost	Fair Value [6]
OEM Group, LLC [15]	Industrials and manufacturing	11.3% (LIBOR + 9.5%) (7.3% Cash + 4.0% PIK)	3/16/2016	6/30/2022	$ 19,879	$ 19,879	$ 13,916
OEM Group, LLC [15]	Industrials and manufacturing	11.3% (LIBOR + 9.5%) (7.3% Cash + 4.0% PIK)	3/16/2016	6/30/2022	9,492	9,492	6,644
OEM Group, LLC [15]	Industrials and manufacturing	11.3% (LIBOR + 9.5%) (7.3% Cash + 4.0% PIK)	6/26/2018	6/30/2022	14,562	14,414	14,562
				Subtotal southwest	$ 43,933	$ 43,785	$ 35,122
			Subtotal first lien senior secured debt		$ 63,441	$ 58,465	$ 43,403
Equity investments							
—6.60% of net asset value							
Southeast							
—0.00% of net asset value							
Loadmaster Derrick & Equipment, Inc. [15][17]	Energy / utilities		7/1/2016		2,956	1,114	—
Loadmaster Derrick & Equipment, Inc. [15][18]	Energy / utilities		12/21/2016		12,131	—	—
				Subtotal southeast		$ 1,114	$ —
Southwest							
—0.00% of net asset value							
OEM Group, LLC [10][12][15][20]	Industrials and manufacturing		3/16/2016		10,000	$ 8,890	$ —
				Subtotal southwest		$ 8,890	$ —
West							
—6.60% of net asset value							
C&K Market, Inc. [15][18]	Retail & grocery		11/3/2010		1,992,365	$ 2,270	$ 5,174
C&K Market, Inc. [15][17]	Retail & grocery		11/3/2010	7/1/2024	1,992,365	10,957	9,962
				Subtotal west		$ 13,227	$ 15,136
				Subtotal equity		$ 23,231	$ 15,136
Investments in funds							
—36.34% of net asset value							
Northeast							
—36.34% of net asset value							
THL Credit Logan JV LLC [10][14][15][16][18][21]	Investment funds and vehicles		12/3/2014			$ 97,073	$ 83,393
				Subtotal northeast		97,073	83,393
			Subtotal investments in funds			$ 97,073	$ 83,393

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Type of Investment/Portfolio company [1][2][3]	Industry	Interest Rate[4]	Initial Acquisition Date	Maturity/ Dissolution Date	Principal[5] No. of Shares / No. of Units	Amortized Cost	Fair Value [6]
Total controlled investments —61.86% of net asset value						$ 178,769	$ 141,932
Non-controlled/affiliated investments —0.00% of net asset value							
Investments in funds —0.00% of net asset value							
Northeast —0.00% of net asset value							
THL Credit Greenway Fund LLC (10)(14)(18)(21)	Investment funds and vehicles		1/27/2011			$ —	$ 1
THL Credit Greenway Fund II LLC (10)(14)(18)(21)	Investment funds and vehicles		3/1/2013			2	3
				Subtotal northeast		$ 2	$ 4
			Subtotal investments in funds			$ 2	$ 4
Total non-controlled/affiliated investments							
—0.00% of net asset value						$ 2	$ 4
Total investments—167.41% of net asset value						$ 442,215	$ 384,125

(1) All debt investments are income-producing, unless otherwise noted. Equity and member interests are non-income-producing unless otherwise noted. The Company generally acquires its investments in private transactions exempt from registration under the Securities Act of 1933, as amended, or the Securities Act. Its investments are therefore generally subject to certain limitations on resale, and may be deemed to be "restricted securities" under the Securities Act.

(2) All investments are pledged as collateral under the Revolving Facility.

(3) As of December 31, 2019, 28.4% and 29.2% 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, or Alternate Base Rate, or ABR, which are effective as of December 31, 2019. LIBOR loans are typically indexed to 30-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. Each of LIBOR and ABR rates may be subject to interest floors. As of December 31, 2019, the 30-day, 90-day and 180-day LIBOR rates were 1.76%, 1.91% and 1.91%, respectively.

(5) Principal includes accumulated PIK interest and is net of repayments.

(6) Unless otherwise indicated, all investments are valued using significant unobservable inputs. Refer to Level 3 fair value measurements quantitative information table in Note 3 of the Consolidated Financial Statements for further detail.

(7) Foreign company or foreign co-borrower at the time of investment and, as a result, is not a qualifying asset under Section 55(a) of the 1940 Act.

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(8) Company 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) Member interests of limited liability companies are the equity equivalents of the stock of corporations.

(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) Equity ownership may be held in shares or units of companies related to the portfolio company.

(13) Interest held by a wholly owned subsidiary of THL Credit, Inc.

(14) Not a qualifying asset under Section 55(a) of the 1940 Act.

(15) 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 year ended December 31, 2019 in which the issuer was a portfolio company that the Company is deemed to control.

(16) On December 3, 2014, the Company entered into an agreement with Perspecta (as described in Note 3 hereto) 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).

(17) Preferred stock.

(18) Common stock and member interest.

(19) Loan was on non-accrual as of December 31, 2019.

(20) Includes $577 of cost and $0 of fair value related to a non-controlling interest as a result of consolidating a blocker corporation that holds equity in OEM Group, LLC as of December 31, 2019.

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

(22) Company pays 0.38% unfunded commitment fee on revolving loan facility.

(23) Investment previously known as Rollins Enterprises LLC.

(24) Company pays 1.00% unfunded commitment fee on delayed draw term loan facility.

(25) Company pays 0.25% unfunded commitment fee on revolving loan facility.

(26) Investments are valued using market quotations. Refer to Level 2 fair value measurements quantitative information table in Note 3 of the Consolidated Financial Statements for further detail.

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Type of Investment/Portfolio company [1][2][3]	Industry	Interest Rate[4]	Initial Acquisition Date	Maturity/ Dissolution Date	Principal[5] No. of Shares / No. of Units	Amortized Cost	Fair Value [6]
Non-controlled/non-affiliated investments —105.99% of net asset value							
First lien senior secured debt —93.34% of net asset value							
Canada —4.93% of net asset value							
Fairstone Financial Inc. [7][22]	Financial services	9.2% (CDOR + 7.0%)	3/31/2017	3/31/2023	$ 14,643	$ 15,001	$ 14,570
				Subtotal Canada	$ 14,643	$ 15,001	$ 14,570
Midwest —7.77% of net asset value							
1-800 Hansons, LLC [27]	Consumer products and services	9.3% (LIBOR + 6.5%)	10/19/2017	10/19/2022	$ 3,892	$ 3,837	$ 3,600
1-800 Hansons, LLC [9] [27]	Consumer products and services	9.3% (LIBOR + 6.5%)	10/19/2017	10/19/2022	209	205	194
Home Partners of America, Inc. [15]	Financial services	8.8% (LIBOR + 6.3%)	10/13/2016	10/13/2022	7,810	7,712	7,888
Home Partners of America, Inc. [15] [9]	Financial services	8.8% (LIBOR + 6.3%)	10/13/2016	10/13/2022	—	—	—
Matilda Jane Holdings, Inc.	Consumer products and services	11.0% (LIBOR + 8.5%)	4/28/2017	4/28/2022	11,408	11,235	11,294
				Subtotal midwest	$ 23,319	$ 22,989	$ 22,976
Northeast —16.99% of net asset value							
Alex Toys, LLC	Consumer products and services	12.8% (LIBOR + 10.0%)	6/30/2014	8/15/2019	$ 9,186	$ 9,159	$ 7,716
Anexinet Corp.	IT services	9.0% (LIBOR + 6.5%)	7/28/2017	7/28/2022	16,521	16,283	15,861
HealthDrive Corporation	Healthcare	8.6% (LIBOR + 5.8%)	12/21/2018	12/21/2023	10,000	9,901	9,900
HealthDrive Corporation [9] [10]	Healthcare	8.6% (LIBOR + 5.8%)	12/21/2018	12/21/2023	—	(18)	—
smarTours, LLC	Consumer products and services	9.6% (LIBOR + 6.8%)	10/31/2017	10/31/2022	5,876	5,785	5,876
smarTours, LLC [9][10]	Consumer products and services	9.6% (LIBOR + 6.8%)	10/31/2017	10/31/2022	—	(12)	—
Urology Management Associates, LLC	Healthcare	7.5% (LIBOR+ 5.0%)	8/31/2018	8/31/2024	5,072	4,988	4,983
Women's Health USA, Inc.	Healthcare	8.3% (LIBOR + 5.8%)	10/9/2018	10/9/2023	5,941	5,939	5,911
Women's Health USA, Inc.[9] [10]	Healthcare	8.3% (LIBOR + 5.8%)	10/9/2018	10/9/2023	—	(18)	—
Women's Health USA, Inc.	Healthcare	8.3% (LIBOR + 5.8%)	10/9/2018	10/9/2023	—	—	—
				Subtotal northeast	$ 52,596	$ 52,007	$ 50,247
Southeast —8.74% of net asset value							
Virtus Pharmaceuticals, LLC	Healthcare	12.0% [8]	7/17/2014	7/17/2019	$ 24,013	$ 23,937	$ 23,352
Whitney, Bradley & Brown, Inc.	Business services	11.5% (LIBOR + 9.0%)	10/18/2017	10/18/2022	2,459	2,422	2,484
				Subtotal southeast	$ 26,472	$ 26,359	$ 25,836

See accompanying notes to these consolidated financial statements.

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Type of Investment/Portfolio company [1][2][3]	Industry	Interest Rate[4]	Initial Acquisition Date	Maturity/ Dissolution Date	Principal[5] No. of Shares / No. of Units	Amortized Cost	Fair Value [6]
Southwest							
—35.21% of net asset value							
Allied Wireline Services, LLC	Energy / utilities	12.0% (LIBOR + 9.5%)	2/28/2014	6/30/2020	$ 9,902	$ 9,903	$ 9,902
Hart InterCivic, Inc.	IT services	13.3% (LIBOR + 10.5%)	3/31/2016	3/31/2019	24,717	24,676	24,964
Holland Intermediate Acquisition Corp.	Energy / utilities	11.8% (LIBOR + 9.0%)	5/29/2013	5/29/2020	21,323	21,323	19,191
Holland Intermediate Acquisition Corp. [9]	Energy / utilities	11.8% (LIBOR + 9.0%)	5/29/2013	5/29/2020	—	—	—
Igloo Products Corp.	Consumer products and services	12.7% (LIBOR+ 10.3%)	3/28/2014	3/28/2020	24,636	24,506	23,404
LAI International, Inc.	Industrials and manufacturing	11.6% [8]	10/22/2014	10/22/2019	21,666	21,581	16,249
LAI International, Inc. [9]	Industrials and manufacturing	9.7% (LIBOR+ 7.2%) [8]	10/22/2014	10/22/2019	4,445	4,445	3,334
LAI International, Inc. [9]	Industrials and manufacturing	12.3% [8]	4/24/2017	10/22/2019	3,956	3,931	2,967
LAI International, Inc.	Industrials and manufacturing	19.7% (LIBOR+ 17.2%) (9.7% Cash + 10.0% PIK) [8]	10/12/2018	10/22/2019	4,090	4,090	4,090
				Subtotal southwest	$ 114,735	$ 114,455	$ 104,101
West							
—19.70% of net asset value							
Evergreen Services Group, LLC	IT services	8.7% (LIBOR + 6.0%)	11/13/2018	6/6/2023	$ 9,500	$ 9,408	$ 9,405
Gener8, LLC	Business services	8.0% (LIBOR + 5.5%)	8/14/2018	8/14/2023	5,985	5,902	5,925
Gener8, LLC [9]	Business services	8.0% (LIBOR + 5.5%)	8/14/2018	8/14/2023	550	529	550
It's Just Lunch International LLC	Media, entertainment and leisure	11.0% (LIBOR + 8.5%)	7/28/2016	7/28/2021	5,500	5,442	5,500
MeriCal, LLC	Consumer products and services	8.6% (LIBOR+ 5.8%)	11/16/2018	11/16/2021	7,566	7,566	7,566
NCP Investor Inc	Healthcare	7.9% (LIBOR + 5.5%)	10/19/2018	10/19/2023	7,233	7,129	7,125
NCP Investor Inc [9][10]	Healthcare	7.9% (LIBOR + 5.5%)	10/19/2018	10/19/2023	—	(14)	—
Rollins Enterprises LLC	Consumer products and services	8.0% (LIBOR + 5.5%)	10/2/2018	10/2/2023	7,976	7,844	7,837
Rollins Enterprises LLC [9][10]	Consumer products and services	8.0% (LIBOR + 5.5%)	10/2/2018	10/2/2023	—	(28)	—
Sciens Building Solutions, LLC	Business services	8.6% (LIBOR + 5.8%)	2/2/2017	2/2/2022	9,440	9,318	9,392
Sciens Building Solutions, LLC [9][10]	Business services	8.6% (LIBOR + 5.8%)	2/2/2017	2/2/2022	—	(33)	—
SRS Acquiom Holdings LLC	Financial services	8.4% (LIBOR + 6.0%)	11/8/2018	11/8/2024	5,000	4,951	4,950
SRS Acquiom Holdings LLC [10][28]	Financial services	8.4% (LIBOR + 6.0%)	11/8/2018	11/8/2023	—	(4)	—
				Subtotal west	$ 58,750	$ 58,010	$ 58,250
			Subtotal first lien senior secured debt		$ 290,515	$ 288,821	$ 275,980

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Type of Investment/Portfolio company (1)(2)(3)	Industry	Interest Rate(4)	Initial Acquisition Date	Maturity/ Dissolution Date	Principal(5) No. of Shares / No. of Units	Amortized Cost	Fair Value (6)
Second lien debt							
—6.72% of net asset value							
Northeast							
—4.04% of net asset value							
Merchants Capital Access, LLC (15)	Financial services	13.3% (LIBOR + 10.5%)	4/20/2015	4/20/2021	$ 12,000	$ 11,906	$ 11,940
				Subtotal northeast	$ 12,000	$ 11,906	$ 11,940
Southeast							
—2.68% of net asset value							
MB Medical Operations LLC	Healthcare	11.5% (LIBOR + 9.0%)	12/7/2016	6/7/2022	$ 9,023	$ 8,910	$ 7,940
				Subtotal southeast	$ 9,023	$ 8,910	$ 7,940
				Subtotal second lien debt	$ 21,023	$ 20,816	$ 19,880
Subordinated debt							
—2.22% of net asset value							
Southeast							
—2.22% of net asset value							
Martex Fiber Southern Corp.	Industrials and manufacturing	16.5% (12.0% Cash + 4.5% PIK) (11)	4/30/2012	6/30/2019	$ 9,365	$ 9,365	$ 6,556
				Subtotal southeast	$ 9,365	$ 9,365	$ 6,556
				Subtotal subordinated debt	$ 9,365	$ 9,365	$ 6,556
Equity investments							
—2.32% of net asset value							
Midwest							
—0.18% of net asset value							
Matilda Jane Holdings, Inc. (13)(18)	Consumer products and services		4/28/2017		488,896	$ 489	$ 343
New Host Holdings, LLC (19)(29)	IT services		12/27/2013		20,000	200	-
New Host Holdings, LLC (18)(29)	IT services		12/27/2013	12/13/2020	1,800	1,800	196
				Subtotal midwest		$ 2,489	$ 539
Northeast							
—1.42% of net asset value							
Alex Toys, LLC (12)(13)(14)(19)	Consumer products and services		5/22/2015		153.85	$ 1,000	$ —
Alex Toys, LLC (12)(13)(14) (18)	Consumer products and services		6/22/2016	6/12/2021	121.18	888	—
Specialty Brands Holdings, LLC (18)	Restaurants		6/29/2018		57.63	—	—
Specialty Brands Holdings, LLC (19)	Restaurants		6/29/2018		1,232.27	—	—

See accompanying notes to these consolidated financial statements.

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Type of Investment/Portfolio company [1][2][3]	Industry	Interest Rate[4]	Initial Acquisition Date	Maturity/ Dissolution Date	Principal[5] No. of Shares / No. of Units	Amortized Cost	Fair Value [6]
SPST Holdings, LLC [12][14][19]	Consumer products and services		10/31/2017		2,158.27	216	228
Urology Management Associates, LLC [19]	Healthcare		8/31/2018		769.23	769	842
Wheels Up Partners, LLC [12][14][19]	Transportation		1/31/2014		1,000,000	1,000	3,124
				Subtotal northeast		$ 3,873	$ 4,194
Southeast							
—0.06% of net asset value							
Virtus Pharmaceuticals, LLC [12][14][19]	Healthcare		3/31/2015		8,275.48	$ 127	$ -
Virtus Pharmaceuticals, LLC [12][14][18]	Healthcare		3/31/2015		231.82	244	181
Virtus Pharmaceuticals, LLC [12][14][18]	Healthcare		3/31/2015		589.76	590	—
				Subtotal southeast		$ 961	$ 181
Southwest							
—0.39% of net asset value							
Allied Wireline Services, LLC [12][14][19]	Energy / utilities		2/28/2014		618,867.92	$ 619	$ 716
Dimont & Associates, Inc. [19]	Financial services		3/14/2016		312.51	129	—
Igloo Products Corp. [19]	Consumer products and services		4/30/2014		1,902.04	1,716	449
				Subtotal southwest		$ 2,464	$ 1,165
West							
—0.27% of net asset value							
MeriCal, LLC [12][13][18]	Consumer products and services		9/30/2016		520.77	$ 505	$ 594
MeriCal, LLC [12][13][19]	Consumer products and services		9/30/2016		5,334.10	10	—
Sciens Building Solutions, LLC [12][18]	Business services		7/12/2017		170.39	170	197
				Subtotal west		685	$ 791
				Subtotal equity		10,472	6,870
Warrants							
—0.20% of net asset value							
Southwest							
—0.20% of net asset value							
Allied Wireline Services, LLC [14]	Energy / utilities		2/28/2014		501,159.24	$ 175	$ 580
				Subtotal southwest		$ 175	$ 580
				Subtotal warrants		$ 175	$ 580
Investments in funds							

See accompanying notes to these consolidated financial statements.

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Type of Investment/Portfolio company [1][2][3]	Industry	Interest Rate[4]	Initial Acquisition Date	Maturity/ Dissolution Date	Principal[5] No. of Shares / No. of Units	Amortized Cost	Fair Value [6]
—1.19% of net asset value							
Midwest							
—1.02% of net asset value							
Freeport Financial SBIC Fund LP [15][23]	Financial services		6/14/2013			$ 2,957	$ 3,009
				Subtotal midwest		$ 2,957	$ 3,009
West							
—0.17% of net asset value							
Gryphon Partners 3.5, L.P. [15][23]	Financial services		11/20/2012			$ 417	$ 502
				Subtotal west		$ 417	$ 502
			Subtotal investments in funds			$ 3,374	$ 3,511
Total non-controlled/non-affiliated investments —105.99% of net asset value						$ 333,023	$ 313,377
Controlled investments —56.72% of net asset value							
First lien senior secured debt							
—13.96% of net asset value							
Southeast							
—2.24% of net asset value							
Loadmaster Derrick & Equipment, Inc. [16][20]	Energy / utilities	11.9% (LIBOR + 10.3% PIK)	7/1/2016	12/31/2020	$ 8,315	$ 7,307	$ 1,663
Loadmaster Derrick & Equipment, Inc. [16][20]	Energy / utilities	13.7% (LIBOR+ 12.0% PIK)	7/1/2016	12/31/2020	1,885	1,053	—
Loadmaster Derrick & Equipment, Inc. [16][20]	Energy / utilities	12.7% (LIBOR + 10.3%)	1/17/2017	12/31/2020	5,000	5,000	5,000
				Subtotal southeast	$ 15,200	$ 13,360	$ 6,663
Southwest							
—11.72% of net asset value							
OEM Group, LLC [16]	Industrials and manufacturing	12.0% (LIBOR + 9.5%) (8.0% Cash + 4.0% PIK)	3/16/2016	6/30/2022	$ 19,091	$ 19,091	$ 19,091
OEM Group, LLC [16]	Industrials and manufacturing	12.0% (LIBOR + 9.5%) (8.0% Cash + 4.0% PIK)	3/16/2016	6/30/2022	9,115	9,113	9,115
OEM Group, LLC [16]	Industrials and manufacturing	12.0% (LIBOR + 9.5%) (8.0% Cash + 4.0% PIK)	6/26/2018	6/30/2022	6,424	6,271	6,424

See accompanying notes to these consolidated financial statements.

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Type of Investment/Portfolio company [1][2][3]	Industry	Interest Rate[4]	Initial Acquisition Date	Maturity/ Dissolution Date	Principal[5] No. of Shares / No. of Units	Amortized Cost	Fair Value [6]
				Subtotal southwest	$ 34,630	$ 34,475	$ 34,630
			Subtotal first lien senior secured debt		$ 49,830	$ 47,835	$ 41,293
Second lien debt —1.83% of net asset value							
Southeast —1.83% of net asset value							
Copperweld Bimetallics LLC [16]	Industrials and manufacturing	12.0%	10/5/2016	10/5/2021	$ 5,415	$ 5,415	$ 5,415
				Subtotal southeast	$ 5,415	$ 5,415	$ 5,415
			Subtotal second lien debt		$ 5,415	$ 5,415	$ 5,415
Equity investments —12.24% of net asset value							
Southeast —6.51% of net asset value							
Copperweld Bimetallics LLC [16][18][24]	Industrials and manufacturing		10/5/2016		676.93	$ 3,501	$ 4,038
Copperweld Bimetallics LLC [16][19]	Industrials and manufacturing		10/5/2016	10/5/2021	609,230	8,950	15,244
Loadmaster Derrick & Equipment, Inc. [16][18]	Energy / utilities		7/1/2016		2,956	1,114	—
Loadmaster Derrick & Equipment, Inc. [16][19]	Energy / utilities		12/21/2016		12,131	—	—
				Subtotal southeast		$ 13,565	$ 19,282
Southwest —0.57% of net asset value							
OEM Group, LLC [12][13][16][21]	Industrials and manufacturing		3/16/2016		10,000	$ 8,890	$ 1,674
				Subtotal southwest		$ 8,890	$ 1,674
West —5.16% of net asset value							
C&K Market, Inc. [16][19]	Retail & grocery		11/3/2010		1,992,365	$ 2,271	$ 5,282
C&K Market, Inc. [16][18]	Retail & grocery		11/3/2010	7/1/2024	1,992,365	10,956	9,962
				Subtotal West		$ 13,227	$ 15,244

See accompanying notes to these consolidated financial statements.

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Type of Investment/Portfolio company [1][2][3]	Industry	Interest Rate[4]	Initial Acquisition Date	Maturity/ Dissolution Date	Principal[5] No. of Shares / No. of Units	Amortized Cost	Fair Value [6]
				Subtotal equity		$ 35,682	$ 36,200
Investments in funds —28.69% of net asset value							
Northeast —28.69% of net asset value							
THL Credit Logan JV LLC [12][15][16][17][19][23]	Investment funds and vehicles		12/3/2014		—	$ 92,393	$ 84,825
				Subtotal northeast		92,393	84,825
				Subtotal investments in funds		$ 92,393	$ 84,825
Total controlled investments —56.72% of net asset value						$ 181,325	$ 167,733
Non-controlled/affiliated investments —4.24% of net asset value							
First lien senior secured debt —4.08% of net asset value							
Southwest							
Charming Charlie LLC [20] [25]	Retail & grocery	12.5% (LIBOR + 10%) (7.5% Cash + 5.0% PIK)	4/24/2018	4/24/2023	$ 11,469	$ 11,063	$ 5,850
Charming Charlie LLC [20] [25]	Retail & grocery	12.5% (LIBOR + 10%) (3.5% Cash + 9.0% PIK)	4/24/2018	4/24/2023	14,040	13,555	5,554
Charming Charlie LLC [25][26]	Retail & grocery		4/24/2018	5/15/2019	—	—	—
Charming Charlie LLC [26]	Retail & grocery	20.0%	9/27/2018	5/15/2019	671	671	671
				Subtotal southwest	$ 26,180	$ 25,289	$ 12,075
				Subtotal first lien senior secured debt		$ 25,289	$ 12,075
Equity investments —0.16% of net asset value							
Southwest							
Charming Charlie LLC [19]	Retail & grocery		4/24/2018		128,307,716	$ —	$ 464
				Subtotal southwest		$ —	$ 464
				Subtotal equity		$ —	$ 464
Investments in funds —0.00% of net asset value							

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Type of Investment/Portfolio company [1][2][3]	Industry	Interest Rate[4]	Initial Acquisition Date	Maturity/ Dissolution Date	Principal[5] No. of Shares / No. of Units	Amortized Cost	Fair Value [6]
Northeast —0.00% of net asset value							
THL Credit Greenway Fund LLC [12][15][19][23]	Investment funds and vehicles		1/27/2011			$ 1	$ 1
THL Credit Greenway Fund II LLC [12][15][19][23]	Investment funds and vehicles		3/1/2013			2	3
				Subtotal northeast		$ 3	$ 4
			Subtotal investments in funds			$ 3	$ 4
Total non-controlled/affiliated investments —4.24% of net asset value						$ 25,292	$ 12,543
Total investments—166.95% of net asset value						$ 539,640	$ 493,653

(1) All debt investments are income-producing, unless otherwise noted. Equity and member interests are non-income-producing unless otherwise noted. The Company generally acquires its investments in private transactions exempt from registration under the Securities Act of 1933, as amended, or the Securities Act. Its investments are therefore generally subject to certain limitations on resale, and may be deemed to be "restricted securities" under the Securities Act.

(2) All investments are pledged as collateral under the Revolving Facility.

(3) As of December 31, 2018, 24.2% and 24.9% 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 December 31, 2018. LIBOR loans and CDOR loans are typically indexed to 30-day, 60-day, 90-day or 180-day LIBOR or CDOR rates, at the borrower's option, and ABR rates are typically indexed to the current prime rate or federal funds rate. Each of LIBOR, CDOR and ABR rates may be subject to interest floors. As of December 31, 2018, the 30-day, 60-day, 90-day and 180-day LIBOR rates were 2.52%, 2.62%, 2.80% and 2.87%, respectively. As of December 31, 2018, the 30-day, 60-day, 90-day and 180-day CDOR rates were 2.30%, 2.30%, 2.31% and 2.34%, respectively.

(5) Principal includes accumulated PIK, interest and is net of repayments.

(6) Unless otherwise indicated, all investments are valued using significant unobservable inputs. Refer to quantitative information about Level 3 fair value measurements table in the Note 3 of the Consolidated Financial Statements for further detail.

(7) Foreign company at the time of investment and, as a result, is not a qualifying asset under Section 55(a) of the 1940 Act.

(8) Unitranche investment; interest rate reflected represents the implied interest rate earned on the investment for the most recent quarter.

(9) Issuer pays 0.50% unfunded commitment fee on delayed draw term loan and/or revolving loan facilities.

(10) The negative cost is the result of the capitalized discount being greater than the principal amount outstanding on the loan.

(11) At the option of the issuer, interest can be paid in cash or cash and PIK. The percentage of PIK shown is the maximum PIK that can be elected by the company.

(12) Member interests of limited liability companies are the equity equivalents of the stock of corporations.

(13) Equity ownership may be held in shares or units of companies related to the portfolio company.

(14) Interest held by a substantially owned subsidiary of THL Credit, Inc.

See accompanying notes to these consolidated financial statements.

(15) Not a qualifying asset under Section 55(a) of the 1940 Act.

(16) 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 year ended December 31, 2018 in which the issuer was a portfolio company that the Company is deemed to control.

(17) 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).

(18) Preferred stock.

(19) Common stock and member interest.

(20) Loan was on non-accrual as of December 31, 2018.

(21) Includes $577 of cost and $0 of fair value related to a non-controlling interest as a result of consolidating a blocker corporation that holds equity in OEM Group, LLC as of December 31, 2018.

(22) Canadian denominated investment with a par and fair market value of CAD $20,000 and CAD $19,900, respectively.

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

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

(25) In January 2018, the Company's commitment in the DIP facilities allowed it to convert $17,893 of principal of its Pre-petition Term Loan into a DIP Roll-up Term Loan. As part of this conversion and in accordance with debt extinguishment rules under GAAP (as defined in Note 2), the Company recorded a realized loss of $8,369, which was offset by a corresponding change in unrealized appreciation in the same amount. Subsequently, on April 24, 2018, Charming Charlie LLC emerged from Chapter 11 bankruptcy proceedings whereby the Company converted its DIP facilities, Pre-petition Term Loan and DIP Roll-up Term Loan into two new exit first lien term loans and a non-controlling common equity interest (the Company and other funds managed by the Advisor collectively have a controlling equity interest in Charming Charlie, LLC). On the same date, the Company funded $894 of the remaining unfunded commitments under its DIP facilities and used an additional $2,236 to purchase another lender's existing DIP revolving credit facility, all of which converted to the exit first lien term loans. As a result of these transactions, the Company's debt investment in Charming Charlie is comprised of $24,601 in the exit first lien term loans. In addition, the Company provided $8,946 of commitments under a vendor financing facility (see tickmark 26 for further description), which was subsequently reduced to $8,275 with $671 funded into a first lien term loan. As part of this conversion and in accordance with GAAP, the company recorded a realized loss of $3,125, which was offset by a corresponding change in unrealized depreciation in the same amount.

(26) In conjunction with the emergence from bankruptcy on April 24, 2018, a $20,000 vendor financing facility was established and will backstop the payment of vendor purchase order invoices not paid by the company but submitted under the program by participating vendors. Charming Charlie LLC pays a 2.5% fee on unfunded commitments, a percentage fee on each applicable purchase order and, if drawn, an interest rate on any invoices paid by the facility. All terms, including but not limited to interest rate, vendor credit terms and applicable percentage fees, are negotiated on a vendor-by-vendor basis. As of December 31, 2018, the Company had a commitment of $8,275 with no funded commitments or unpaid invoices submitted under the vendor financing facility. During the year ended December 31, 2018, the Company converted $671 of unfunded vendor financing commitments into a first lien term loan which was subsequently funded.

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

(28) Issuer pays 0.38% unfunded commitment fee on revolving loan facility.

(29) Investment formerly known as Hostway Corporation.

See accompanying notes to these consolidated financial statements.

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, as amended, or the Code. 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 middle market companies.

The Company has established from time to time wholly owned subsidiaries or other subsidiaries that are structured as Delaware entities, or tax blockers, to hold equity or equity-like investments in portfolio companies organized as limited liability companies, or LLCs (or other forms of pass-through entities). Corporate subsidiaries are not consolidated for income tax purposes and may incur income tax expense as a result of their ownership of portfolio companies.

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

2. Significant Accounting Policies and Recent Accounting Updates

Basis of Presentation

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

The consolidated financial statements include the accounts of the Company and its subsidiaries. All inter-company accounts and transactions have been eliminated in consolidation. In accordance with Article 6 of Regulation S-X under the Securities Act of 1933, as amended, and the Securities and Exchange Act of 1934, as amended, the Company generally will not consolidate its interest in any company other than substantially owned 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 conform with current year presentation.

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 generally not 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. See also the disclosure under the heading 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 are therefore subject to credit risk. There were no cash equivalents as of December 31, 2019 and 2018.

Deferred Financing Costs

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

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

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

Deferred Offering Costs

Deferred offering costs consist of fees and expenses incurred in connection with the offer and sale of the Company's common stock and public debt offering of Notes, 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. These amounts are included within other deferred liabilities on the Company's Consolidated Statements of Assets and Liabilities.

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

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

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

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

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

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

Debt Investments

For debt investments, the Company generally determines the fair value 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 investment. The yield analysis considers changes in leverage levels, credit quality, portfolio company performance and other factors. The enterprise value, a market approach, is used to determine the value of equity and debt investments that are credit impaired, close to maturity or where the Company also holds a controlling equity interest. The method for determining enterprise value uses a multiple analysis, whereby appropriate multiples are applied to the portfolio company's revenues or net income before net interest expense, income tax expense, depreciation and amortization, or EBITDA.

Escrow Receivable

Escrow receivables are categorized within Level 3 of the fair value hierarchy where the net realizable value of the escrow receivables approximates fair value. The fair value is determined using probability weighted scenario analysis.

Equity

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

Investment in Funds

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

Foreign Currency

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

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

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

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

The Company's current approach to hedging the foreign currency exposure in its non-U.S. dollar denominated investments is primarily to borrow the necessary local currency under the Company's Revolving Facility (as defined in Note 7) to fund these investments.

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

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

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

Dividend income on preferred equity investments is recorded on an accrual basis to the extent that such amounts are payable by the portfolio company and are expected to be collected. Dividend income on common equity investments is recorded on the record date for private portfolio companies and on the ex-dividend date for publicly traded portfolio companies. Distributions received from a limited liability company or limited partnership investment are evaluated to determine if the distribution should be recorded as dividend income or a return of capital.

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 December 31, 2019, the Company had loans on non-accrual status with an amortized cost basis of $36,003 and fair value of $15,104. As of December 31, 2018, the Company had loans on non-accrual status with an amortized cost basis of $37,978 and fair value of $18,067.

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 years ended December 31, 2019, 2018 and 2017:

	Years ended December 31,		
	2019	2018	2017
Accumulated PIK balance, beginning of year	$ 3,879	$ 3,922	$ 3,086
PIK income capitalized/receivable	2,501	2,493	2,166
PIK reduction due to sale	(2,254)	—	—
PIK received in cash from repayments	(538)	(1,629)	(32)
PIK reduced through restructurings/sales	—	—	(44)
PIK deemed uncollectible	—	(907)	(1,254)
Accumulated PIK balance, end of year	$ 3,588	$ 3,879	$ 3,922

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 years ended December 31, 2019, 2018 and 2017.

The Company may also generate revenue in the form of fees from the management of Greenway and Greenway II (as defined in Note 4), prepayment premiums, commitment fees, loan origination fees, 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 capital gain net income 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 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 undistributed 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 recent dividends paid. For the years ended December 31, 2019, 2018 and 2017, the Company incurred U.S. federal excise tax and other tax (benefits) expenses of $418, $355 and $168, 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 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 years ended December 31, 2019, 2018 and 2017 :

	For the years ended December 31,		
	2019	2018	2017
Current income tax benefit:			
Current income tax (provision) benefit	$ —	$ (74)	$ 1
Current tax provision on realized gain on investments	—	—	(842)
Deferred income tax benefit (provision):			
Deferred income tax benefit	—	39	272
Benefit (provision) for taxes on unrealized gain on investments	254	(284)	2,146

These current and deferred income taxes are determined from taxable income estimates provided by portfolio companies organized as pass-through entities where the Company holds equity or equity-like investments in its corporate subsidiaries. These tax estimates may be subject to further change once tax information is finalized for the year. As of December 31, 2019 and 2018, $5 and $5, respectively, of income tax receivable was included in prepaid expenses and other assets on the Consolidated Statements of Assets and Liabilities. As of December 31, 2019 and 2018, $1,927 and $1,972, 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 held in its corporate subsidiaries and other temporary book to tax differences of the corporate subsidiaries. As of December 31, 2019 and 2018, $2,267 (net of $6,291 allowance) and $2,056 (net of $4,396 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"), the Company is permitted to carry forward capital losses incurred in taxable years beginning after December 22, 2010, for an unlimited period. However, any losses incurred during post-enactment taxable years will be required to be utilized prior to the losses incurred in pre-enactment taxable years, which carry an expiration date. As a result of this ordering rule, pre-enactment capital loss carryforwards may be more likely to expire unused. Additionally, post-enactment capital loss carryforwards will retain their character as either short-term or long-term capital losses rather than being considered all short-term as permitted under the rules applicable to pre-enactment capital losses.

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

The Company follows the provisions under the authoritative guidance on accounting for and disclosure of uncertainty in tax positions. The provisions require management to determine whether a tax position of the Company is more likely than not to be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. For tax positions not meeting the more likely than not threshold, the tax amount recognized in the consolidated financial statements is reduced by the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement with the relevant taxing authority. There are no unrecognized tax benefits or obligations in the accompanying consolidated financial statements. Although the Company files U.S. federal and state tax returns, the Company's major tax jurisdiction is U.S. federal. The Company's U.S. federal tax years subsequent to 2016 remain subject to examination by taxing authorities.

Distributions

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 August 2018, the FASB issued ASU 2018-13, "Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement", which impacts fair value disclosure for both private and public companies. ASU 2018-13 removes, modifies, and adds certain fair value related disclosures. ASU 2018-13 is effective for annual and interim reporting periods beginning after December 15, 2019. The Company has determined that this guidance will not have a material impact on its consolidated financial statements.

3. Investments

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

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 following is a summary of the levels within the fair value hierarchy in which the Company invests as of December 31, 2019:

Description	Fair Value	Level 1	Level 2	Level 3
First lien senior secured debt	$ 263,628	$ —	$ 23,530	$ 240,098
Second lien debt	12,000	—	—	12,000
Equity investments	21,515	—	—	21,515
Investment in Logan JV [1]	83,393	—	—	—
Investments in funds [1]	3,589	—	—	—
Total investments	$ 384,125	$ —	$ 23,530	$ 273,613

(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.

The following is a summary of the levels within the fair value hierarchy in which the Company invests as of December 31, 2018:

Description	Fair Value	Level 1	Level 2	Level 3
First lien senior secured debt	$ 329,348	$ —	$ —	$ 329,348
Second lien debt	25,295	—	—	25,295
Subordinated debt	6,556	—	—	6,556
Equity investments	43,534	—	—	43,534
Warrants	580	—	—	580
Investment in Logan JV [(1)]	84,825	—	—	—
Investments in funds [(1)]	3,515	—	—	—
Total investments	$ 493,653	$ —	$ —	$ 405,313

(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.

The following is a summary of the industry classification in which the Company invests as of December 31, 2019:

Industry	Amortized Cost	Fair Value	% of Total Portfolio	% of Net Assets
Investment funds and vehicles	$ 97,075	$ 83,397	21.71%	36.34%
Consumer products and services	61,771	55,014	14.32%	23.98%
Healthcare	54,297	54,152	14.10%	23.60%
Business services	44,504	44,938	11.70%	19.58%
Industrials and manufacturing	52,675	35,122	9.14%	15.31%
IT services	35,493	33,880	8.82%	14.77%
Financial services	23,783	24,150	6.29%	10.52%
Energy / utilities	47,543	23,772	6.19%	10.36%
Retail & grocery	15,683	17,714	4.61%	7.72%
Media, entertainment and leisure	8,391	8,506	2.21%	3.71%
Transportation	1,000	3,480	0.91%	1.52%
Total Investments	$ 442,215	$ 384,125	100.00%	167.41%

The following is a summary of the industry classification in which the Company invests as of December 31, 2018:

Industry	Amortized Cost	Fair Value	% of Total Portfolio	% of Net Assets
Industrials and manufacturing	$ 104,643	$ 94,197	19.09%	31.86%
Investment funds and vehicles	92,396	84,829	17.18%	28.69%
Consumer products and services	74,921	69,101	14.00%	23.37%
Healthcare	62,484	60,234	12.20%	20.37%
IT services	52,367	50,426	10.21%	17.05%
Energy / utilities	46,494	37,052	7.51%	12.53%
Financial services	43,069	42,859	8.68%	14.49%
Retail & grocery	38,516	27,783	5.63%	9.40%
Business services	18,308	18,548	3.76%	6.27%
Media, entertainment and leisure	5,442	5,500	1.11%	1.86%
Transportation	1,000	3,124	0.63%	1.06%
Total Investments	$ 539,640	$ 493,653	100.00%	166.95%

The following is a summary of the geographical concentration of our investment portfolio as of December 31, 2019:

Region	Amortized Cost	Fair Value	% of Total Portfolio	% of Net Assets
United States				
Northeast	$ 175,170	$ 162,789	42.38%	70.94%
Southwest	122,183	86,176	22.43%	37.56%
West	83,644	85,876	22.36%	37.43%
Midwest	28,996	25,125	6.54%	10.95%
Southeast	27,293	19,221	5.00%	8.38%
Canada	4,929	4,938	1.29%	2.15%
Total Investments	$ 442,215	$ 384,125	100.00%	167.41%

The following is a summary of the geographical concentration of our investment portfolio as of December 31, 2018:

Region	Amortized Cost	Fair Value	% of Total Portfolio	% of Net Assets
United States				
Southwest	$ 185,747	$ 154,689	31.34%	52.31%
Northeast	160,182	$ 151,210	30.63%	51.14%
West	72,340	$ 74,788	15.15%	25.29%
Southeast	77,935	$ 71,874	14.56%	24.31%
Midwest	28,435	$ 26,522	5.37%	8.97%
Canada	15,001	$ 14,570	2.95%	4.93%
Total Investments	$ 539,640	$ 493,653	100.00%	166.95%

The following provides quantitative information about Level 3 fair value measurements as of December 31, 2019:

Description	Fair Value	Valuation Technique	Unobservable Inputs	Weighted Range (Average) (1)	
First lien senior secured debt	$ 189,872	Discounted cash flows (income approach)	Comparative Yield	9% - 11%	(10%)
	41,945	Market comparable companies (market approach)	EBITDA Multiple	6.1x - 6.6 x	(6.4x)
	8,281	Market comparable companies (market approach)	Revenue Multiple	0.3x - 0.8 x	(0.5x)
Second lien debt	12,000	Discounted cash flows (income approach)	Comparative Yield	13% - 14%	(13%)
Equity investments	17,811	Market comparable companies (market approach)	EBITDA Multiple	4.2x - 4.7 x	(4.4x)
	3,704	Market comparable companies (market approach)	Revenue Multiple	2.5x - 3.0 x	(2.7x)
Warrants	—	Market comparable companies (market approach)	EBITDA Multiple	4.8x - 5.3 x	(5.0x)
Total Level 3 Investments	$ 273,613				

(1) Weighted average based upon the fair value of the investments in each investment category.

The following provides quantitative information about Level 3 fair value measurements as of December 31, 2018:

Description	Fair Value	Valuation Technique	Unobservable Inputs	Weighted Range (Average) [1]
First lien senior secured debt [2]	$ 216,662	Discounted cash flows (income approach)	Comparative Yield	12% - 13% (12%)
	98,307	Market comparable companies (market approach)	EBITDA Multiple	5.8x - 7.0x (6.4x)
	6,663	Market comparable companies (market approach)	Revenue Multiple	0.5x - 0.6x (0.6x)
Second lien debt	19,880	Discounted cash flows (income approach)	Comparative Yield	15% - 17% (16%)
	5,415	Market comparable companies (market approach)	EBITDA Multiple	5.0x - 5.5x (5.3x)
Subordinated debt	6,556	Market comparable companies (market approach)	EBITDA Multiple	0.4x - 0.6x (0.5x)
Equity investments	40,410	Market comparable companies (market approach)	EBITDA Multiple	4.5x - 5.1x (4.8x)
	3,124	Market comparable companies (market approach)	Revenue Multiple	2.8x - 3.8x (3.3x)
Warrants	580	Market comparable companies (market approach)	EBITDA Multiple	4.8x - 5.8x (5.3x)
Total Level 3 Investments	$ 397,597			

(1) Weighted average based upon the fair value of the investments in each investment category.

(2) Fair value of Alex Toys, LLC term loan was excluded from the first lien senior secured totals as the investment was valued based on a recent sale transaction.

The two primary significant unobservable input used in the fair value measurement of the Company's debt securities (first lien secured debt, second lien debt and subordinated debt), including income-producing investments in funds and income producing securities and payment rights is the weighted average cost of capital, or WACC, and the comparative yield. Significant increases (decreases) in the WACC or in the comparative yield 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 tax receivable agreements or TRAs, 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. In determining the comparative yield, for the income, or yield approach, the Company considers current market yields and multiples, weighted average cost of capital, portfolio company performance, leverage levels, credit quality, among other factors, including U.S. federal tax rates, in its analysis. In the case of tax receivable agreements or TRAs, 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 comparative yield 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 year ended December 31, 2019 for investments classified within Level 3:

	First lien senior secured debt	Second lien debt	Subordinated debt	Equity investments	Warrants	Totals
Beginning balance, January 1, 2019	$ 329,348	$ 25,295	$ 6,556	$ 43,534	$ 580	$ 405,313
Purchases	114,579	-	-	219	-	114,798
Sales and repayments	(149,484)	(14,442)	(4,333)	(27,048)	-	(195,307)
Unrealized appreciation (depreciation)(1)	24	991	2,809	(9,660)	(580)	(6,416)
Realized (loss) gain	(57,417)	-	(5,553)	14,470	-	(48,500)
Net amortization of premiums, discounts and fees	1,086	156	-	-	-	1,242
PIK	1,962	-	521	-	-	2,483
Ending balance, December 31, 2019	$ 240,098	$ 12,000	$ -	$ 21,515	$ -	$ 273,613
Net change in unrealized appreciation (depreciation) from investments still held as of the reporting date	$ (22,906)	$ 19	$ -	$ (2,490)	$ (580)	$ (25,957)

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

The following table rolls forward the changes in fair value during the year ended December 31, 2018 for investments classified within Level 3:

	First lien senior secured debt	Second lien debt	Subordinated debt	Equity investments	Warrants	Investment in payment rights	Totals
Beginning balance, January 1, 2018	$ 407,097	$ 32,765	$ 19,105	$ 69,174	$ 75	$ 11,259	$ 539,475
Purchases	92,818	—	—	769	—	403	93,990
Sales and repayments	(143,608)	(6,224)	(12,302)	(24,740)	—	(11,491)	(198,365)
Unrealized appreciation (depreciation)(1)	(20,739)	19,687	433	(7,427)	505	(911)	(8,452)
Realized (loss) gain	(11,333)	(21,013)	(1,210)	5,476	—	740	(27,340)
Net amortization of premiums, discounts and fees	3,236	80	71	71	—	—	3,458
PIK	1,877	—	459	211	—	—	2,547
Ending balance, December 31, 2018	$ 329,348	$ 25,295	$ 6,556	$ 43,534	$ 580	$ —	$ 405,313
Net change in unrealized appreciation (depreciation) from investments still held as of the reporting date	$ (28,559)	$ (871)	$ (583)	$ (5,148)	$ 505	$ —	$ (34,656)

(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 as of December 31, 2019 and 2018 and for the years ended December 31, 2019, 2018 and 2017 that met at least one of the significance conditions under the SEC's Regulation S-X. Accordingly, pursuant to Rule 4-08 of Regulation S-X, summarized, comparative financial information is presented below for our significant unconsolidated subsidiaries, which include C&K Market, Inc., Loadmaster Derrick & Equipment, Inc., and THL Credit Logan JV, LLC as of and for the year ended December 31, 2019 and C&K Market, Inc., Copperweld Bimetallics, LLC, Loadmaster Derrick & Equipment, Inc., OEM Group, LLC, Charming Charlie LLC, and THL Credit Logan JV, LLC as of and for the year ended December 31, 2018 and C&K Market, Inc., Copperweld Bimetallic, LLC, Loadmaster Derrick & Equipment, Inc., OEM Group, LLC, THL Credit Logan JV, LLC and Tri-Starr Management Services, Inc., for the year ended December 31, 2017.

Balance Sheet	As of December 31, 2019	As of December 31, 2018	Income Statement	For the years ended December 31, 2019	2018	2017
Current Assets	$ 48,675	$ 125,193	Net Sales	$ 275,884	$ 535,634	$ 594,343
Noncurrent assets	383,178	461,061	Gross Profit	100,436	238,997	144,614
Current liabilities	33,504	110,504	Net gain (loss)	11,694	(6,275)	(16,766)
Noncurrent liabilities	272,762	634,615				

Pursuant to Rule 4-08 of Regulation S-X, summarized financial information is presented below for our significant unconsolidated subsidiary OEM Group, LLC as of and for the year ended December 31, 2019.

Balance Sheet	As of December 31, 2019	Income Statement	For the year ended December 31, 2019
Current Assets	$ 19,016	Net Sales	$ 34,935
Noncurrent assets	26,830	Gross Profit	8,515
Current liabilities	38,582	Net loss	(18,241)
Noncurrent liabilities	35,232		

Pursuant to Rule 4-08 of Regulation S-X, summarized financial information is presented below for our significant unconsolidated subsidiary Copperweld Bimetallics, LLC as of and for the eight months ended August 31, 2019. The Company's investment in Copperweld Bimetallics, LLC was sold in September 2019.

Balance Sheet	As of August 31, 2019	Income Statement	For the eights months ended August 31, 2019
Current Assets	$ 24,070	Net Sales	$ 63,785
Noncurrent assets	25,001	Gross Profit	12,656
Current liabilities	10,599	Net income	3,009
Noncurrent liabilities	8,000		

In addition, the Company's investment in THL Credit Logan JV, LLC met at least one of the significance conditions under SEC's Regulation S-X, Rule 3-09 as of December 31, 2019 and 2018 and for the years ended December 31, 2019, 2018 and 2017. Accordingly, the financial statements for THL Credit Logan JV LLC have been attached as an exhibit to this Form 10-K.

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 December 31, 2019 and 2018, Logan JV had the following commitments, contributions and unfunded commitments from its members (in thousands):

	As of December 31, 2019			
Member	**Total Commitments**	**Contributed Capital**	**Return of Capital (not recallable)**	**Unfunded Commitments**
THL Credit, Inc.	$ 200,000	$ 97,400	$ 3,200	$ 99,400
Perspecta Trident LLC	50,000	24,350	800	24,850
Total Investments	$ 250,000	$ 121,750	$ 4,000	$ 124,250

	As of December 31, 2018			
Member	**Total Commitments**	**Contributed Capital**	**Return of Capital (not recallable)**	**Unfunded Commitments**
THL Credit, Inc.	$ 200,000	$ 92,600	$ -	$ 107,400
Perspecta Trident LLC	50,000	23,150	-	26,850
Total Investments	$ 250,000	$ 115,750	$ -	$ 134,250

Logan JV has a senior credit facility, or the Logan JV Credit Facility, with Deutsche Bank AG and other banks. As of December 31, 2019 and December 31, 2018, the Logan JV Credit Facility had $275,000 of commitments subject to leverage and borrowing base restrictions with an interest rate of three month LIBOR (with no LIBOR floor) plus 2.20%. The final maturity date of the Logan JV Credit Facility is January 12, 2023 with the revolving loan period ending on January 12, 2021. As of December 31, 2019 and 2018, Logan JV had $236,141 and $241,679 outstanding borrowings under the credit facility, respectively. As of December 31, 2019, the effective interest rate on the Logan JV Credit Facility was 4.25% per annum.

As of December 31, 2019 and 2018, Logan JV had total investments at fair value of $332,182 and $329,771, respectively. As of December 31, 2019 and December 31, 2018, Logan JV's portfolio was comprised of senior secured first lien loans and second lien loans to 131 and 130 different borrowers, respectively. As of December 31, 2019, there were three loans on non-accrual status from two issuers with an amortized cost of $5,342 and fair value of $2,175. There were no loans on non-accrual status as of December 31, 2018. As of December 31, 2019 and 2018, Logan JV had unfunded commitments to fund revolver and delayed draw loans to its portfolio companies totaling $3,861 and $4,263, 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 December 31, 2019 and December 31, 2018 (dollar amounts in thousands):

	As of December 31, 2019	As of December 31, 2018
First lien secured debt, at par	$ 338,439	$ 327,574
Second lien debt, at par	8,529	16,962
Total debt investments, at par	$ 346,968	$ 344,536
Weighted average yield on first lien secured loans (1)	6.6%	7.2%
Weighted average yield on second lien loans (1)	9.7%	10.4%
Weighted average yield on all loans (1)	6.7%	7.4%
Number of borrowers in Logan JV	131	130
Largest loan to a single borrower (2)	$ 5,000	$ 5,101
Total of five largest loans to borrowers (2)	$ 24,906	$ 25,001

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

The weighted average yield of Logan JV's debt investments is not the same as a return on Logan JV investment for the Company's stockholders but, rather, relates to a portion of the Company's investment portfolio and is calculated before the payment of the Company's expenses. The weighted average yield was computed using the effective interest rates as of December 31, 2019 and December 31, 2018, respectively. There can be no assurance that the weighted average yield will remain at its current level.

For years ended, December 31, 2019, 2018 and 2017, our share of income from distributions declared related to our Logan JV LLC equity interest was $9,760, $9,799 and $9,254, respectively, which amounts are included in dividend income from controlled investments in the Consolidated Statements of Operations. As of December 31, 2019 and December 31, 2018, $2,593 and $2,481, 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 December 31, 2019 and 2018, $327 and $207 of return of capital associated with distributions declared was included in the Distribution receivable on the Consolidated Statements of Assets and Liabilities, respectively. The distributions declared and earned for the year ended December 31, 2019 represented a dividend yield to the Company of 10.5% based upon average capital invested for the year. Distributions declared and earned for the year ended December 31, 2018 represented a dividend yield to the Company of 12.0% based upon average capital invested for the year. Distributions declared and earned for the year ended December 31, 2017 represented a dividend yield to the Company of 14.2% based upon average capital invested for the year.

Logan JV Loan Portfolio as of December 31, 2019
(dollar amounts in thousands)

Type of Investment/ Portfolio company [11]	Industry	Interest Rate [1]	Initial Acquisition Date	Maturity Date	Principal	Amortized Cost	Fair Value [2]
Senior Secured First Lien Term Loans							
Australia							
Ticketek Pty Ltd [9]	Services: Consumer	6.16% (LIBOR +4.25%)	11/22/2019	11/23/2026	1,500	$ 1,485	$ 1,500
Total Australia						$ 1,485	$ 1,500
Canada							
Avison Young Canada, Inc.	Services: Business	6.91% (LIBOR +5%)	03/07/2019	02/01/2026	3,964	$ 3,893	$ 3,903
PNI Canada Acquireco Corp	High Tech Industries	6.3% (LIBOR +4.5%)	10/31/2018	10/31/2025	1,716	1,709	1,697
Total Canada						$ 5,602	$ 5,600
Germany							
Rhodia Acetow	Consumer goods: Non-Durable	7.42% (LIBOR +5.5%)	04/21/2017	05/31/2023	975	$ 967	$ 887
VAC Germany Holding GmbH	Metals & Mining	5.94% (LIBOR +4%)	02/26/2018	3/8/2025	2,948	2,936	2,520
Total Germany						$ 3,903	$ 3,407
Luxembourg							
Travelport Finance	Services: Consumer	6.94% (LIBOR +5%)	03/18/2019	05/30/2026	2,993	$ 2,937	$ 2,807
Total Luxembourg						$ 2,937	$ 2,807
United Kingdom							
Auxey Bidco Ltd.	Services: Consumer	6.8% (LIBOR +5%)	08/07/2018	06/16/2025	5,000	$ 4,836	$ 4,850
Connect Finco SARL [9]	Telecommunications	6.41% (LIBOR +4.5%)	09/23/2019	12/11/2026	1,432	1,403	1,442
EG Group	Retail	5.96% (LIBOR +4%)	03/23/2018	02/07/2025	2,816	2,806	2,811
Total United Kingdom						$ 9,045	$ 9,103
United States of America							
1A Smart Start, LLC [13]	Services: Consumer	6.3% (LIBOR +4.5%)	08/28/2015	02/21/2022	4,302	$ 4,291	$ 4,302
A Place for Mom, Inc.	Media: Advertising, Printing & Publishing	5.55% (LIBOR +3.75%)	07/28/2017	08/10/2024	3,910	3,897	3,851
A10 Capital, LLC [13]	Banking, Finance, Insurance & Real Estate	8.24% (LIBOR +6.5%)	04/25/2018	05/01/2023	5,000	4,967	4,950
Achilles Acquisition, LLC	Banking, Finance, Insurance & Real Estate	5.81% (LIBOR +4%)	10/04/2018	10/03/2025	3,970	3,962	4,017
Advanced Integration Technology, LP	Aerospace & Defense	6.55% (LIBOR +4.75%)	07/15/2016	04/03/2023	1,935	1,925	1,904
Advisor Group Holdings, Inc.	Banking, Finance, Insurance & Real Estate	6.8% (LIBOR +5%)	07/31/2019	07/31/2026	1,714	1,698	1,705
AG Parent Holdings, LLC	High Tech Industries	6.91% (LIBOR +5%)	07/30/2019	07/31/2026	2,667	2,642	2,649
AgroFresh Inc.	Chemicals, Plastics & Rubber	6.55% (LIBOR +4.75%)	12/01/2015	07/31/2021	1,915	1,911	1,637
Air Medical Group Holdings, Inc.	Healthcare & Pharmaceuticals	6.05% (LIBOR +4.25%)	09/26/2017	03/14/2025	2,205	2,193	2,144
Alcami Carolinas Corp	Healthcare & Pharmaceuticals	6.05% (LIBOR +4.25%)	07/09/2018	07/06/2025	3,950	3,934	3,634
Alchemy US Holdco 1, LLC	Chemicals, Plastics & Rubber	7.29% (LIBOR +5.5%)	10/01/2018	10/10/2025	1,950	1,926	1,921
AMCP Clean Acquisition Co, LLC	Wholesale	6.19% (LIBOR +4.25%)	07/10/2018	6/16/2025	2,383	2,374	2,329
AMCP Clean Acquisition Co, LLC	Wholesale	6.19% (LIBOR +4.25%)	07/10/2018	6/16/2025	577	574	564
American Sportsman Holdings Co	Retail	6.8% (LIBOR +5%)	11/22/2016	09/25/2024	3,910	3,874	3,906
Ansira Holdings, Inc. [3]	Media: Diversified & Production	7.55% (LIBOR +5.75%)	04/17/2018	12/20/2022	609	401	341
Ansira Holdings, Inc. [13]	Media: Diversified & Production	7.55% (LIBOR +5.75%)	12/20/2016	12/20/2022	1,831	1,822	1,648
AP Gaming I, LLC	Hotel, Gaming & Leisure	5.3% (LIBOR +3.5%)	06/06/2016	02/15/2024	2,438	2,434	2,450

Logan JV Loan Portfolio as of December 31, 2019—(Continued)
(dollar amounts in thousands)

Type of Investment/ Portfolio company [11]	Industry	Interest Rate [1]	Initial Acquisition Date	Maturity Date	Principal	Amortized Cost	Fair Value [2]
APC Aftermarket	Automotive	6.91% (LIBOR +5%)	11/11/2019	05/09/2025	184	140	173
APC Aftermarket	Automotive	6.9% (LIBOR +5%)	11/12/2019	05/10/2024	329	237	158
APFS Staffing Holdings Inc .	Services: Consumer	6.79% (LIBOR +5%)	04/04/2019	4/15/2026	1,990	1,954	1,990
AQA Acquisition Holdings, Inc.	High Tech Industries	6.19% (LIBOR +4.25%)	10/01/2018	05/24/2023	1,975	1,975	1,965
Ascend Performance Materials Operations, LLC	Chemicals, Plastics & Rubber	7.19% (LIBOR +5.25%)	08/16/2019	08/27/2026	1,147	1,125	1,159
Avaya, Inc.	Telecommunications	5.99% (LIBOR +4.25%)	11/09/2017	12/15/2024	2,345	2,327	2,308
Axiom Global, Inc.	Services: Business	6.85% (LIBOR +4.75%)	09/25/2019	10/01/2026	3,000	2,971	2,989
Barbri, Inc.	Media: Diversified & Production	6.46% (LIBOR +4.25%)	12/01/2017	12/01/2023	3,122	3,111	3,075
BCP Qualtek Merger Sub, LLC	Telecommunications	8.18% (LIBOR +6.25%)	07/16/2018	07/18/2025	3,875	3,813	3,788
Big Ass Fans, LLC	Capital Equipment	5.69% (LIBOR +3.75%)	11/07/2017	05/21/2024	2,450	2,441	2,463
Big River Steel, LLC	Metals & Mining	6.94% (LIBOR +5%)	08/15/2017	08/23/2023	1,955	1,943	1,959
BI-LO, LLC	Retail	9.89% (LIBOR +8%)	05/15/2018	05/31/2024	1,478	1,434	1,370
Brand Energy & Infrastructure Services, Inc.	Energy: Oil & Gas	6.12% (LIBOR +4.25%)	06/16/2017	06/21/2024	2,925	2,906	2,921
California Cryobank LLC	Healthcare & Pharmaceuticals	5.94% (LIBOR +4%)	08/03/2018	08/06/2025	3,168	3,156	3,149
Cambium Learning Inc.	Services: Consumer	6.3% (LIBOR +4.5%)	12/18/2018	12/18/2025	1,980	1,894	1,921
Canister International Group, Inc.	Forest Products & Paper	6.51% (LIBOR +4.75%)	12/18/2019	12/21/2026	2,000	1,980	2,009
CC Amulet Intermediate, LLC [4] [10]	Healthcare & Pharmaceuticals	6.66% (LIBOR +4.75%)	06/18/2018	04/30/2020	1,538	(3)	(4)
CC Amulet Intermediate, LLC [13]	Healthcare & Pharmaceuticals	6.55% (LIBOR +4.75%)	06/18/2018	04/30/2024	3,410	3,384	3,401
Cengage Learning Acquisitions, Inc.	Media: Advertising, Printing & Publishing	6.05% (LIBOR +4.25%)	11/07/2019	06/07/2023	2,992	2,774	2,869
Clarity Telecom, LLC	Telecommunications	6.3% (LIBOR +4.5%)	06/27/2019	08/31/2026	3,990	3,952	4,020
Clarkson Eyecare, LLC	Healthcare & Pharmaceuticals	8.05% (LIBOR +6.25%)	08/21/2019	04/02/2021	2,095	2,060	2,063
Clarkson Eyecare, LLC	Healthcare & Pharmaceuticals	8.05% (LIBOR +6.25%)	08/21/2019	04/02/2021	1,397	1,374	1,376
Clear Balance Holdings, LLC [13]	Banking, Finance, Insurance & Real Estate	7.69% (LIBOR +5.75%)	07/07/2015	10/05/2023	4,783	4,769	4,783
Commercial Barge Line Co	Transportation: Cargo	10.68% (LIBOR +8.75%)	11/06/2015	11/12/2020	1,238	1,227	644
Constellis Holdings, LLC [13]	Aerospace & Defense	11.74% (LIBOR +10%)	12/16/2019	12/16/2020	364	364	364
Constellis Holdings, LLC [12]	Aerospace & Defense	6.93% (LIBOR +5%)	04/18/2017	04/21/2024	1,955	1,943	831
Conyers Park Parent Merger Sub, Inc.	Beverage, Food & Tobacco	5.73% (LIBOR +3.75%)	06/21/2017	07/07/2024	1,955	1,949	1,977
CT Technologies Intermediate Holdings, Inc.	Healthcare & Pharmaceuticals	6.05% (LIBOR +4.25%)	02/11/2015	12/01/2021	1,900	1,903	1,798
Deerfield Holdings Corp	Banking, Finance, Insurance & Real Estate	5.05% (LIBOR +3.25%)	12/06/2017	02/13/2025	246	245	245
Discovery Practice Management, Inc. [13]	Healthcare & Pharmaceuticals	6.3% (LIBOR +4.5%)	07/22/2019	06/15/2024	4,975	4,952	4,913
Drilling Info, Inc.	High Tech Industries	6.05% (LIBOR +4.25%)	07/27/2018	07/30/2025	4,443	4,425	4,421
DXP Enterprises, Inc.	Wholesale	6.55% (LIBOR +4.75%)	08/16/2017	08/29/2023	1,466	1,457	1,472
E2open, LLC [13]	Transportation: Cargo	7.66% (LIBOR +5.75%)	06/21/2019	11/26/2024	4,988	4,942	4,938
Eliassen Group, LLC [13]	Services: Business	6.3% (LIBOR +4.5%)	10/19/2018	11/05/2024	4,644	4,625	4,621
Empower Payments Acquisition	Services: Business	5.94% (LIBOR +4%)	10/05/2018	10/05/2025	3,960	3,952	3,965
Evo Payments International, LLC	Banking, Finance, Insurance & Real Estate	5.06% (LIBOR +3.25%)	12/08/2016	12/22/2023	2,568	2,553	2,588
Gold Standard Baking, Inc. [12]	Wholesale	6.5% (LIBOR +4.5%)	05/19/2015	07/23/2022	2,528	2,391	1,239
Golden West Packaging Group, LLC	Containers, Packaging & Glass	7.55% (LIBOR +5.75%)	02/09/2018	06/20/2023	4,619	4,604	4,607
Granite Holdings US Acquisition Co	Capital Equipment	7.21% (LIBOR +5.25%)	09/25/2019	09/30/2026	2,926	2,841	2,941
Great Dane Merger Sub, Inc.	High Tech Industries	5.3% (LIBOR +3.5%)	05/02/2018	05/21/2025	2,955	2,944	2,914
Gruden Acquisition, Inc.	Transportation: Cargo	7.44% (LIBOR +5.5%)	06/21/2017	08/18/2022	1,949	1,924	1,954
Higginbotham Insurance Agency, Inc.	Banking, Finance, Insurance & Real Estate	5.8% (LIBOR +4%)	12/14/2017	12/19/2024	4,900	4,882	4,778
Hoffman Southwest Corporation [13]	Environmental Industries	6.44% (LIBOR +4.5%)	05/16/2019	08/14/2023	1,610	1,596	1,594
Hornblower Sub, LLC	Hotel, Gaming & Leisure	6.44% (LIBOR +4.5%)	03/08/2019	04/27/2025	1,771	1,763	1,780
Idera, Inc.	High Tech Industries	6.3% (LIBOR +4.5%)	06/27/2017	06/28/2024	2,308	2,293	2,320
Infoblox, Inc.	High Tech Industries	6.3% (LIBOR +4.5%)	11/03/2016	11/07/2023	2,114	2,086	2,126
Institutional Shareholder Services, Inc.	Services: Business	6.44% (LIBOR +4.5%)	03/04/2019	3/5/2026	1,985	1,967	1,955
Intermedia Holdings, Inc.	Telecommunications	7.8% (LIBOR +6%)	07/13/2018	07/11/2025	2,970	2,946	2,977

Logan JV Loan Portfolio as of December 31, 2019—(Continued)
(dollar amounts in thousands)

Type of Investment/ Portfolio company [11]	Industry	Interest Rate [1]	Initial Acquisition Date	Maturity Date	Principal	Amortized Cost	Fair Value [2]
International Textile Group, Inc.	Consumer goods: Durable	6.69% (LIBOR +5%)	04/20/2018	5/1/2024	963	959	799
Isagenix International, LLC	Services: Consumer	7.7% (LIBOR +5.75%)	04/26/2018	06/14/2025	1,849	1,834	1,329
Liaison	Services: Business	6.41% (LIBOR +4.5%)	12/13/2019	12/20/2026	2,500	2,494	2,506
LifeScan Global Corp	Healthcare & Pharmaceuticals	8.06% (LIBOR +6%)	06/19/2018	10/01/2024	2,093	2,043	2,004
LSCS Holdings, Inc.	Healthcare & Pharmaceuticals	6.31% (LIBOR +4.25%)	03/09/2018	03/17/2025	2,270	2,262	2,248
MAG DS Corp.	Aerospace & Defense	6.55% (LIBOR +4.75%)	06/01/2018	05/30/2025	2,955	2,932	2,940
Mavenir Systems, Inc.	Telecommunications	7.91% (LIBOR +6%)	05/01/2018	5/8/2025	1,970	1,940	1,960
MDVIP, Inc.	Healthcare & Pharmaceuticals	6.05% (LIBOR +4.25%)	11/10/2017	11/14/2024	2,219	2,215	2,207
Merrill Communications, LLC	Media: Advertising, Printing & Publishing	7.09% (LIBOR +5%)	09/26/2019	09/25/2026	2,000	1,981	2,020
Miller's Ale House, Inc.	Hotel, Gaming & Leisure	6.96% (LIBOR +4.75%)	05/24/2018	05/21/2025	2,364	2,355	2,163
Nasco Healthcare, Inc. [13]	Healthcare & Pharmaceuticals	6.7% (LIBOR +4.5%)	07/13/2015	06/30/2021	4,443	4,437	4,443
National Seating & Mobility, Inc.	Healthcare & Pharmaceuticals	7.19% (LIBOR +5.25%)	11/12/2019	11/16/2026	2,313	2,290	2,307
New Insight Holdings, Inc.	Services: Business	7.41% (LIBOR +5.5%)	12/08/2017	12/20/2024	1,960	1,890	1,963
NextCare, Inc. [5] [10]	Healthcare & Pharmaceuticals	6.41% (LIBOR +4.5%)	02/13/2018	06/30/2024	630	(5)	(6)
NextCare, Inc. [13]	Healthcare & Pharmaceuticals	6.3% (LIBOR +4.5%)	02/13/2018	06/30/2024	3,817	3,789	3,779
Northern Star Holdings Inc.	Utilities: Electric	6.56% (LIBOR +4.5%)	03/28/2018	3/28/2025	4,176	4,160	4,113
Oak Point Partners, LLC [13]	Banking, Finance, Insurance & Real Estate	6.99% (LIBOR +5.25%)	09/13/2017	09/13/2023	2,925	2,902	2,896
OB Hospitalist Group, Inc.	Healthcare & Pharmaceuticals	5.95% (LIBOR +4%)	08/08/2017	08/01/2024	2,192	2,184	2,170
Odyssey Logistics & Technology Corporation	Transportation: Cargo	5.8% (LIBOR +4%)	10/06/2017	10/12/2024	1,943	1,936	1,921
Orion Business Innovations [13]	High Tech Industries	6.45% (LIBOR +4.5%)	03/04/2019	10/21/2024	827	820	823
Orion Business Innovations [13]	High Tech Industries	6.45% (LIBOR +4.5%)	10/18/2018	10/19/2024	2,476	2,457	2,464
OSM MSO, LLC [13]	Healthcare & Pharmaceuticals	6.94% (LIBOR +5%)	10/16/2018	08/09/2023	3,898	3,869	3,742
Output Services Group, Inc.	Services: Business	6.3% (LIBOR +4.5%)	03/26/2018	03/21/2024	4,425	4,407	3,749
Park Place Technologies, LLC	High Tech Industries	5.8% (LIBOR +4%)	03/22/2018	03/22/2025	2,305	2,296	2,297
Parts Town	Beverage, Food & Tobacco	7.45% (LIBOR +5.5%)	11/07/2019	10/15/2025	1,000	995	998
Patriot Rail Co, LLC	Transportation: Cargo	7.22% (LIBOR +5.25%)	10/15/2019	10/11/2026	3,500	3,432	3,526
PH Beauty Holdings III, Inc.	Containers, Packaging & Glass	6.8% (LIBOR +5%)	10/04/2018	09/28/2025	2,963	2,938	2,829
Pivotal Payments	Services: Business	6.8% (LIBOR +5%)	09/27/2018	09/29/2025	3,719	3,696	3,747
PLH Group, Inc.	Energy: Oil & Gas	7.89% (LIBOR +6%)	08/01/2018	07/25/2023	3,910	3,839	3,787
Polar US Borrower	Chemicals, Plastics & Rubber	6.79% (LIBOR +4.75%)	08/21/2018	10/15/2025	2,970	2,871	2,962
Portillo's Holdings, LLC	Beverage, Food & Tobacco	7.44% (LIBOR +5.5%)	11/27/2019	08/02/2024	1,995	1,975	1,995
Premise Health Holding Corp [6] [10]	Healthcare & Pharmaceuticals	5.41% (LIBOR +3.5%)	08/14/2018	07/10/2025	71	-	(1)
Premise Health Holding Corp	Healthcare & Pharmaceuticals	5.44% (LIBOR +3.5%)	08/14/2018	07/10/2025	889	886	880
Project Leopard Holdings, Inc.	High Tech Industries	6.3% (LIBOR +4.5%)	06/21/2017	07/07/2023	1,711	1,708	1,726
PSC Industrial Outsourcing, LP	Chemicals, Plastics & Rubber	5.49% (LIBOR +3.75%)	10/05/2017	10/11/2024	1,960	1,947	1,952
Pure Fishing, Inc.	Consumer goods: Non-Durable	6.3% (LIBOR +4.5%)	12/20/2018	11/30/2025	1,191	1,150	1,116
QuickBase, Inc.	Services: Business	5.8% (LIBOR +4%)	03/29/2019	04/03/2026	2,090	2,080	2,087
Quidditch Acquisition Inc.	Beverage, Food & Tobacco	8.8% (LIBOR +7%)	03/16/2018	03/21/2025	1,003	988	1,013
Red Ventures, LLC	Media: Advertising, Printing & Publishing	4.8% (LIBOR +3%)	10/18/2017	11/08/2024	2,018	2,004	2,035
Sabre Industries, Inc.	Capital Equipment	6.04% (LIBOR +4.25%)	04/04/2019	4/15/2026	1,193	1,183	1,203
Silverback Merger Sub, Inc.	High Tech Industries	5.44% (LIBOR +3.5%)	08/11/2017	08/21/2024	1,172	1,171	1,007
SMS Systems Maintenance Services, Inc.	High Tech Industries	6.8% (LIBOR +5%)	02/09/2017	10/30/2023	2,909	2,902	2,286
SoClean, Inc. [13]	Healthcare & Pharmaceuticals	7.91% (LIBOR +6%)	02/13/2018	12/20/2022	4,944	4,912	4,845
Starfish- V Merger Sub, Inc.	High Tech Industries	7.95% (LIBOR +6.25%)	08/11/2017	08/16/2024	1,221	1,214	1,176
Starfish- V Merger Sub, Inc.	High Tech Industries	7.91% (LIBOR +6%)	11/06/2019	08/16/2024	999	921	955
Teneo Holdings, LLC	Services: Business	6.99% (LIBOR +5.25%)	07/15/2019	7/11/2025	2,243	2,161	2,141
ThoughtWorks, Inc.	High Tech Industries	5.8% (LIBOR +4%)	10/06/2017	10/11/2024	3,941	3,932	3,951
Titan Sub, LLC	Aerospace & Defense	6.8% (LIBOR +5%)	09/19/2019	09/21/2026	2,250	2,228	2,258

Logan JV Loan Portfolio as of December 31, 2019—(Continued)
(dollar amounts in thousands)

Type of Investment/ Portfolio company [11]	Industry	Interest Rate [1]	Initial Acquisition Date	Maturity Date	Principal	Amortized Cost	Fair Value [2]
TOMS Shoes, LLC [13]	Retail	7.29% (LIBOR +5.5%)	12/20/2019	09/30/2025	310	310	310
TOMS Shoes, LLC [13]	Retail	6.96% (LIBOR +5%)	12/27/2019	12/31/2025	655	655	622
Tupelo Buyer, Inc.	Transportation: Cargo	5.55% (LIBOR +3.75%)	10/02/2017	10/07/2024	2,182	2,170	2,184
Uber Technologies, Inc.	Services: Consumer	5.74% (LIBOR +4%)	03/22/2018	04/04/2025	2,758	2,748	2,761
Unified Physician Management, LLC	Healthcare & Pharmaceuticals	6.24% (LIBOR +4.5%)	12/12/2019	11/27/2023	2,375	2,351	2,363
Upstream Newco, Inc.	Healthcare & Pharmaceuticals	6.3% (LIBOR +4.5%)	10/24/2019	11/20/2026	2,933	2,919	2,959
US Shipping Corp	Utilities: Oil & Gas	6.05% (LIBOR +4.25%)	03/09/2016	06/26/2021	206	203	182
Utility One Source L.P.	Construction & Building	7.3% (LIBOR +5.5%)	04/07/2017	04/18/2023	975	970	985
Vertiv Group Corporation	Capital Equipment	5.93% (LIBOR +4%)	09/30/2016	11/30/2023	1,504	1,478	1,504
Vistage Worldwide, Inc.	Services: Consumer	5.8% (LIBOR +4%)	02/06/2018	02/10/2025	2,476	2,471	2,464
W3 Topco LLC	Energy: Oil & Gas	7.9% (LIBOR +6%)	08/13/2019	08/16/2025	1,975	1,845	1,876
Weight Watchers International, Inc.	Services: Consumer	6.72% (LIBOR +4.75%)	11/20/2017	11/29/2024	2,255	2,223	2,263
Women's Care Florida, LLP	Healthcare & Pharmaceuticals	6.3% (LIBOR +4.5%)	08/18/2017	09/29/2023	4,900	4,884	4,851
Wrench Group, LLC	Construction & Building	6.19% (LIBOR +4.25%)	04/15/2019	4/30/2026	3,109	3,081	3,117
Wrench Group, LLC [7] [10]	Construction & Building	4.25% (LIBOR +2.125%)	04/15/2019	4/30/2026	1,042	(9)	3
Yak Access, LLC	Energy: Oil & Gas	6.8% (LIBOR +5%)	06/29/2018	07/02/2025	2,888	2,818	2,796
Zenith American Holding, Inc. [13]	Services: Business	7.19% (LIBOR +5.25%)	03/11/2019	12/13/2024	3,948	3,939	3,909
Zenith American Holding, Inc. [8]	Services: Business	7.19% (LIBOR +5.25%)	03/11/2019	12/13/2024	497	120	119
Total United States of America						$ 308,072	$ 302,398
Total Senior Secured First Lien Term Loans						$ 331,044	$ 324,815
Second Lien Term Loans							
United States of America							
AQA Acquisition Holdings, Inc.	High Tech Industries	10.09% (LIBOR +8%)	10/01/2018	05/24/2024	1,000	$ 992	$ 995
Constellis Holdings, LLC [12]	Aerospace & Defense	10.93% (LIBOR +9%)	04/18/2017	04/21/2025	1,000	990	105
DiversiTech Holdings, Inc.	Consumer goods: Durable	9.44% (LIBOR +7.5%)	05/18/2017	06/02/2025	2,000	1,986	1,960
Gruden Acquisition, Inc.	Transportation: Cargo	10.44% (LIBOR +8.5%)	07/31/2015	08/18/2023	500	489	497
Midwest Physician Administrative Services, LLC	Healthcare & Pharmaceuticals	8.8% (LIBOR +7%)	08/11/2017	08/15/2025	979	972	955
Park Place Technologies, LLC	High Tech Industries	9.8% (LIBOR +8%)	03/22/2018	03/29/2026	700	695	695
TKC Holdings, Inc.	Services: Business	9.8% (LIBOR +8%)	01/31/2017	02/01/2024	1,850	1,841	1,683
Wash Multifamily Acquisition, Inc.	Services: Consumer	8.8% (LIBOR +7%)	05/04/2015	05/15/2023	425	424	406
Wash Multifamily Acquisition, Inc.	Services: Consumer	8.8% (LIBOR +7%)	05/04/2015	05/12/2023	75	74	71
Total United States of America						$ 8,463	$ 7,367
Total Second Lien Term Loans						$ 8,463	$ 7,367
Equity Investments							
United States of America							
TOMS Shoes, LLC [13]	Retail		12/27/2019		9	576	-

Logan JV Loan Portfolio as of December 31, 2019—(Continued)
(dollar amounts in thousands)

Type of Investment/ Portfolio company [11]	Industry	Interest Rate [1]	Initial Acquisition Date	Maturity Date	Principal	Amortized Cost	Fair Value [2]
Total United States of America						$ 576	$ -
Total Equity Investments						$ 576	$ -
Total Investments						$ 340,083	$ 332,182
Cash equivalents							
Dreyfus Government Cash Management Fund						10,596	10,596
Other cash accounts						964	964
Total Cash equivalents						$ 11,560	$ 11,560

(1) Variable interest rates indexed to 30-day, 60-day, 90-day or 180-day LIBOR rates, at the borrower's option. LIBOR rates are subject to interest rate floors.
(2) Represents fair value in accordance with ASC Topic 820.
(3) Represents a delayed draw commitment of $610,201, of which $206,785 was unfunded as of December 31, 2019. Unfunded amounts of a delayed draw position have a lower rate than the contractual fully funded rate. Issuer pays 1.00% unfunded commitment fee on delayed draw term loan and/or revolving loan facilities.
(4) Represents a delayed draw commitment of $1,538,462, which was unfunded as of December 31, 2019. Issuer pays 1.00% unfunded commitment fee on delayed draw term loan and/or revolving loan facilities.
(5) Represents a delayed draw commitment of $630,036, which was unfunded as of December 31, 2019. Issuer pays 1.00% unfunded commitment fee on delayed draw term loan and/or revolving loan facilities.
(6) Represents a delayed draw commitment of $71,456, which was unfunded as of December 31, 2019. Issuer pays 1.00% unfunded commitment fee on delayed draw term loan and/or revolving loan facilities.
(7) Represents a delayed draw commitment of $1,041,667, which was unfunded as of December 31, 2019. Issuer pays 4.25% unfunded commitment fee on delayed draw term loan and/or revolving loan facilities.
(8) Represents a delayed draw commitment of $496,514, of which $372,386 was unfunded as of December 31, 2019. Unfunded amounts of a delayed draw position have a lower rate than the contractual fully funded rate. Issuer pays 1.00% unfunded commitment fee on delayed draw term loan and/or revolving loan facilities.
(9) Unsettled trade that interest will start to accrue on when the trade settles. 3 month LIBOR as of December 31, 2019 is shown to reflect possible projected interest rate.
(10) Unfunded amount will start to accrue interest when the position is funded. 3 month LIBOR as of December 31, 2019 is shown to reflect possible projected interest rate.
(11) All investments are pledged as collateral for loans payable unless otherwise noted.
(12) Loan was on non-accrual as of December 31, 2019.
(13) Investments are valued using significant unobservable inputs. Refer to Level 3 fair value measurements quantitative information table in Note 3 of the Consolidated Financial Statements within Exhibit 99.1 for further detail.

Logan JV Loan Portfolio as of December 31, 2018
(dollar amounts in thousands)

Type of Investment/ Portfolio company	Industry	Interest Rate [1]	Initial Acquisition Date	Maturity Date	Principal	Amortized Cost	Fair Value [2]
Senior Secured First Lien Term Loans							
Canada							
PNI Canada Acquireco Corp	High Tech Industries	6.85% (LIBOR +4.5%)	10/31/2018	10/31/2025	1,733	$ 1,724	$ 1,699
Total Canada						$ 1,724	$ 1,699
Germany							
Rhodia Acetow	Consumer goods: Non-Durable	8.09% (LIBOR +5.5%)	04/21/2017	05/31/2023	985	$ 974	$ 955
VAC Germany Holding GmbH	Metals & Mining	6.8% (LIBOR +4%)	02/26/2018	02/26/2025	2,978	2,964	2,974
Total Germany						$ 3,938	$ 3,929
United Kingdom							
Auxey Bidco Ltd.	Services: Business	7.97% (LIBOR +5.5%)	08/07/2018	08/07/2025	5,000	$ 4,806	$ 4,813
EG Group	Retail	6.81% (LIBOR +4%)	03/23/2018	02/07/2025	2,845	2,832	2,749
Total United Kingdom						$ 7,638	$ 7,562
United States of America							
1A Smart Start LLC	Services: Consumer	7.09% (LIBOR +4.5%)	08/28/2015	02/21/2022	4,347	$ 4,329	$ 4,347
A Place for Mom Inc	Media: Advertising, Printing & Publishing	6.27% (LIBOR +3.75%)	07/28/2017	08/10/2024	3,950	3,934	3,970
A10 Capital, LLC	Banking, Finance, Insurance & Real Estate	8.96% (LIBOR +6.5%)	04/25/2018	04/27/2023	5,000	4,957	4,925
Achilles Acquisition LLC	Banking, Finance, Insurance & Real Estate	6.56% (LIBOR +4%)	10/04/2018	10/03/2025	4,000	3,990	3,950
Advanced Computer Software	High Tech Industries	7.14% (LIBOR +4.75%)	05/25/2018	05/31/2024	1,496	1,493	1,485
Advanced Integration Technology LP	Aerospace & Defense	7.46% (LIBOR +4.75%)	07/15/2016	04/03/2023	1,955	1,941	1,936
AgroFresh Inc.	Chemicals, Plastics & Rubber	7.55% (LIBOR +4.75%)	12/01/2015	07/31/2021	1,935	1,928	1,909
Air Medical Group Holdings Inc	Healthcare & Pharmaceuticals	6.75% (LIBOR +4.25%)	09/26/2017	03/14/2025	2,228	2,213	2,081
Alcami Carolinas Corp	Healthcare & Pharmaceuticals	6.71% (LIBOR +4.25%)	07/09/2018	07/06/2025	3,990	3,971	3,970
Alchemy US Holdco 1 LLC	Chemicals, Plastics & Rubber	8.12% (LIBOR +5.5%)	10/01/2018	09/28/2025	2,000	1,971	1,995
Alpha Media LLC	Media: Broadcasting & Subscription	9% (LIBOR +6.5%)	02/24/2016	02/25/2022	3,043	2,962	2,931
AMCP Clean Acquisition Co LLC	Wholesale	7.05% (LIBOR +4.25%)	07/10/2018	07/10/2025	2,407	2,396	2,386
AMCP Clean Acquisition Co LLC [3]	Wholesale	7.15% (LIBOR +4.25%)	07/10/2018	07/10/2025	581	225	222
American Sportsman Holdings Co	Retail	7.52% (LIBOR +5%)	11/22/2016	09/25/2024	3,950	3,906	3,796
Ansira Holdings, Inc. [4]	Media: Diversified & Production	8.27% (LIBOR +5.75%)	04/17/2018	12/20/2022	613	150	149
Ansira Holdings, Inc.	Media: Diversified & Production	8.27% (LIBOR +5.75%)	12/20/2016	12/20/2022	1,850	1,838	1,841
AP Gaming I LLC	Hotel, Gaming & Leisure	6.02% (LIBOR +3.5%)	06/06/2016	02/15/2024	2,463	2,457	2,424
APC Aftermarket	Automotive	7.62% (LIBOR +5%)	05/09/2017	05/10/2024	493	485	448
Aptean, Inc.	High Tech Industries	7.06% (LIBOR +4.25%)	12/15/2017	12/20/2022	929	922	920
AQA Acquisition Holding, Inc	High Tech Industries	7.05% (LIBOR +4.25%)	10/01/2018	05/24/2023	1,995	1,995	1,985
ATI Merger Sub Inc. [11]	Healthcare & Pharmaceuticals	7.31% (LIBOR +4.5%)	12/19/2018	12/05/2025	4,333	4,290	4,301
Avaya Inc	Telecommunications	6.71% (LIBOR +4.25%)	11/09/2017	12/15/2024	2,588	2,564	2,506
Barbri Inc	Media: Diversified & Production	6.6% (LIBOR +4.25%)	12/01/2017	12/01/2023	3,122	3,109	3,059
BCP Qualtek Merger Sub LLC	Telecommunications	8.28% (LIBOR +5.75%)	07/16/2018	07/18/2025	3,990	3,915	3,903
Beasley Mezzanine Holdings LLC	Media: Broadcasting & Subscription	6.47% (LIBOR +4%)	11/17/2017	11/01/2023	2,927	2,915	2,893
Big Ass Fans LLC	Capital Equipment	6.55% (LIBOR +3.75%)	11/07/2017	05/21/2024	2,475	2,465	2,444

Logan JV Loan Portfolio as of December 31, 2018—(Continued)
(dollar amounts in thousands)

Type of Investment/ Portfolio company	Industry	Interest Rate [1]	Initial Acquisition Date	Maturity Date	Principal	Amortized Cost	Fair Value [2]
Big River Steel LLC	Metals & Mining	7.8% (LIBOR +5%)	08/15/2017	08/23/2023	1,975	1,960	1,960
BI-LO LLC	Retail	10.78% (LIBOR +8%)	05/15/2018	05/31/2024	1,493	1,438	1,434
Bomgar Corp	High Tech Industries	6.52% (LIBOR +4%)	04/17/2018	04/18/2025	3,985	3,976	3,865
Brand Energy & Infrastructure Services, Inc.	Energy: Oil & Gas	6.76% (LIBOR +4.25%)	06/16/2017	06/21/2024	2,955	2,932	2,814
California Cryobank LLC	Healthcare & Pharmaceuticals	6.8% (LIBOR +4%)	08/03/2018	08/06/2025	3,200	3,185	3,200
Cambium Learning Inc.	Services: Consumer	4.5% (LIBOR +4.5%)	12/18/2018	12/11/2025	2,000	1,900	1,908
CC Amulet Intermediate, LLC [5] [12]	Healthcare & Pharmaceuticals	7.56% (LIBOR +4.75%)	06/18/2018	04/30/2024	1,538	(14)	(15)
CC Amulet Intermediate, LLC	Healthcare & Pharmaceuticals	7.27% (LIBOR +4.75%)	06/18/2018	04/30/2024	3,444	3,413	3,410
Clear Balance Holdings, LLC	Banking, Finance, Insurance & Real Estate	8.55% (LIBOR +5.75%)	07/07/2015	10/05/2023	4,938	4,920	4,937
Commercial Barge Line Co	Transportation: Cargo	11.27% (LIBOR +8.75%)	11/06/2015	11/12/2020	1,294	1,270	939
Constellis Holdings, LLC	Aerospace & Defense	7.52% (LIBOR +5%)	04/18/2017	04/21/2024	1,970	1,955	1,891
Conyers Park Parent Merger Sub Inc	Beverage, Food & Tobacco	6.27% (LIBOR +3.5%)	06/21/2017	07/07/2024	1,975	1,967	1,955
Country Fresh Holdings, LLC	Beverage, Food & Tobacco	7.8% (LIBOR +5%)	07/14/2017	03/31/2023	4,340	4,308	3,668
Covenant Surgical Partners Inc	Healthcare & Pharmaceuticals	7.3% (LIBOR +4.5%)	09/29/2017	10/04/2024	2,972	2,966	2,928
CPI Acquisition, Inc.	Services: Consumer	7.02% (LIBOR +4.5%)	08/14/2015	08/17/2022	4,187	4,106	2,684
CryoLife Inc	Healthcare & Pharmaceuticals	6.05% (LIBOR +3.25%)	11/15/2017	12/02/2024	1,980	1,972	1,940
CT Technologies Intermediate Holdings, Inc	Healthcare & Pharmaceuticals	6.77% (LIBOR +4.25%)	02/11/2015	12/01/2021	1,920	1,925	1,602
Deerfield Holdings Corp	Banking, Finance, Insurance & Real Estate	5.77% (LIBOR +3.25%)	12/06/2017	02/13/2025	248	248	236
DigiCert, Inc.	High Tech Industries	6.52% (LIBOR +4%)	09/20/2017	10/31/2024	995	991	978
Drilling Info Inc.	High Tech Industries	6.77% (LIBOR +4.25%)	07/27/2018	07/30/2025	4,489	4,468	4,478
DXP Enterprises, Inc.	Wholesale	7.27% (LIBOR +4.75%)	08/16/2017	08/29/2023	1,481	1,470	1,470
Eliassen Group, LLC	Services: Business	7.02% (LIBOR +4.5%)	10/19/2018	11/05/2024	4,167	4,146	4,146
Empower Payments Acquisition	Services: Business	7.05% (LIBOR +4.25%)	10/05/2018	10/05/2025	4,000	3,990	3,990
Evo Payments International, LLC	Banking, Finance, Insurance & Real Estate	5.76% (LIBOR +3.25%)	12/08/2016	12/22/2023	2,594	2,576	2,512
Gold Standard Baking, Inc.	Wholesale	7.31% (LIBOR +4.5%)	05/19/2015	04/23/2021	2,481	2,476	2,257
Golden West Packaging Group LLC	Containers, Packaging & Glass	7.77% (LIBOR +5.25%)	02/09/2018	06/20/2023	4,731	4,711	4,719
Great Dane Merger Sub Inc	High Tech Industries	6.27% (LIBOR +3.75%)	05/02/2018	05/21/2025	2,985	2,971	2,918
Gruden Acquisition Inc.	Transportation: Cargo	8.3% (LIBOR +5.5%)	06/21/2017	08/18/2022	1,970	1,935	1,933
Gulf Finance, LLC	Energy: Oil & Gas	8.06% (LIBOR +5.25%)	08/17/2016	08/25/2023	1,875	1,837	1,446
Heartland Dental LLC [6] [12]	Healthcare & Pharmaceuticals	6.56% (LIBOR +3.75%)	04/19/2018	04/17/2025	125	(1)	(5)
Heartland Dental LLC	Healthcare & Pharmaceuticals	6.27% (LIBOR +3.75%)	04/19/2018	04/30/2025	1,368	1,362	1,315
Help/Systems Holdings, Inc.	High Tech Industries	6.27% (LIBOR +3.75%)	03/23/2018	03/28/2025	1,990	1,986	1,915
Higginbotham Insurance Agency, Inc.	Banking, Finance, Insurance & Real Estate	6.26% (LIBOR +3.75%)	12/14/2017	12/19/2024	4,950	4,929	4,801
Idera Inc	High Tech Industries	7.03% (LIBOR +4.5%)	06/27/2017	06/28/2024	2,332	2,313	2,336
Infoblox Inc.	High Tech Industries	7.02% (LIBOR +4.5%)	11/03/2016	11/07/2023	2,136	2,100	2,132
Intermedia Holdings, Inc.	Telecommunications	8.52% (LIBOR +6%)	07/13/2018	07/11/2025	3,000	2,972	2,996
International Textile Group Inc	Consumer goods: Durable	7.35% (LIBOR +5%)	04/20/2018	04/19/2024	988	983	970
Isagenix International LLC	Services: Consumer	8.55% (LIBOR +5.75%)	04/26/2018	06/14/2025	1,950	1,932	1,896
Kestra Financial, Inc.	Banking, Finance, Insurance & Real Estate	6.76% (LIBOR +4.25%)	06/10/2016	06/24/2022	3,902	3,868	3,902
LifeScan Global Corp	Healthcare & Pharmaceuticals	8.4% (LIBOR +6%)	06/19/2018	10/01/2024	2,250	2,185	2,132
LSCS Holdings Inc.	Healthcare & Pharmaceuticals	6.96% (LIBOR +4.25%)	03/09/2018	03/17/2025	467	465	465
LSCS Holdings Inc.	Healthcare & Pharmaceuticals	6.96% (LIBOR +4.25%)	03/09/2018	03/17/2025	1,809	1,801	1,800
Lyons Magnus Inc aka	Beverage, Food & Tobacco	6.02% (LIBOR +3.5%)	06/08/2018	11/11/2024	3,964	3,952	3,944
MAG DS Corp.	Aerospace & Defense	7.27% (LIBOR +4.75%)	06/01/2018	05/30/2025	2,985	2,958	2,970
Mavenir Systems Inc	Telecommunications	8.39% (LIBOR +6%)	05/01/2018	05/01/2025	1,990	1,954	1,984

Logan JV Loan Portfolio as of December 31, 2018—(Continued)
(dollar amounts in thousands)

Type of Investment/ Portfolio company	Industry	Interest Rate [1]	Initial Acquisition Date	Maturity Date	Principal	Amortized Cost	Fair Value [2]
MCS Group Holdings LLC	Banking, Finance, Insurance & Real Estate	7.27% (LIBOR +4.75%)	05/12/2017	05/20/2024	1,970	1,962	1,623
MDVIP Inc	Healthcare & Pharmaceuticals	6.75% (LIBOR +4.25%)	11/10/2017	11/14/2024	4,256	4,244	4,230
Merrill Communications LLC	Media: Advertising, Printing & Publishing	7.78% (LIBOR +5.25%)	05/29/2015	06/01/2022	748	745	748
Miller's Ale House Inc	Hotel, Gaming & Leisure	7.1% (LIBOR +4.75%)	05/24/2018	05/21/2025	2,388	2,377	2,352
MLN US Holdco LLC	Telecommunications	7.02% (LIBOR +4.5%)	07/13/2018	11/30/2025	3,000	2,993	2,916
Morphe, LLC	Consumer goods: Non-Durable	8.52% (LIBOR +6%)	02/21/2017	02/10/2023	2,738	2,709	2,724
Nasco Healthcare, Inc.	Healthcare & Pharmaceuticals	7.28% (LIBOR +4.5%)	07/13/2015	06/30/2021	4,489	4,480	4,467
New Insight Holdings Inc	Services: Business	8.02% (LIBOR +5.5%)	12/08/2017	12/20/2024	1,980	1,895	1,948
NextCare, Inc. [7] [12]	Healthcare & Pharmaceuticals	7.56% (LIBOR +4.75%)	02/13/2018	02/28/2023	588	(5)	-
NextCare, Inc.	Healthcare & Pharmaceuticals	7.27% (LIBOR +4.75%)	02/13/2018	02/28/2023	3,386	3,358	3,386
Northern Star Holdings Inc.	Utilities: Electric	7.55% (LIBOR +4.75%)	03/28/2018	03/14/2025	4,218	4,199	4,213
Oak Point Partners, LLC	Banking, Finance, Insurance & Real Estate	8.03% (LIBOR +5.25%)	09/13/2017	09/13/2023	3,000	2,971	2,955
OB Hospitalist Group Inc	Healthcare & Pharmaceuticals	6.35% (LIBOR +4%)	08/08/2017	08/01/2024	2,238	2,229	2,204
Odyssey Logistics & Technology Corporation	Transportation: Cargo	6.52% (LIBOR +4%)	10/06/2017	10/12/2024	1,980	1,971	1,921
OpenLink	High Tech Industries	7.27% (LIBOR +4.75%)	03/02/2018	03/21/2025	1,831	1,822	1,820
Orion Business Innovations [8] [12]	High Tech Industries	7.31% (LIBOR +4.5%)	10/18/2018	10/19/2024	565	(6)	(6)
Orion Business Innovations	High Tech Industries	7.16% (LIBOR +4.5%)	10/18/2018	10/19/2024	1,931	1,912	1,911
OSM MSO, LLC	Healthcare & Pharmaceuticals	7.8% (LIBOR +5%)	10/16/2018	08/09/2023	3,990	3,952	3,950
Output Services Group Inc	Services: Business	6.77% (LIBOR +4.25%)	03/26/2018	03/21/2024	4,468	4,448	4,345
Park Place Technologies, LLC	High Tech Industries	6.52% (LIBOR +4%)	03/22/2018	03/22/2025	2,328	2,318	2,308
PH Beauty Holdings III, Inc.	Containers, Packaging & Glass	7.52% (LIBOR +5%)	10/04/2018	09/28/2025	2,993	2,963	2,888
Ping Identity Corp	High Tech Industries	6.27% (LIBOR +3.75%)	01/23/2018	01/24/2025	1,493	1,486	1,485
Pivotal Payments	Services: Business	9% (LIBOR +4.5%)	09/27/2018	09/29/2025	3,096	3,066	3,065
Pivotal Payments [9]	Services: Business	6.98% (LIBOR +4.5%)	09/27/2018	09/29/2025	897	550	550
PLH Group Inc	Energy: Oil & Gas	8.59% (LIBOR +6%)	08/01/2018	07/25/2023	3,173	3,085	3,109
Polar US Borrower	Chemicals, Plastics & Rubber	7.19% (LIBOR +4.75%)	08/21/2018	10/15/2025	3,000	2,883	2,895
Premise Health Holding Corp [10] [12]	Healthcare & Pharmaceuticals	6.56% (LIBOR +3.75%)	08/14/2018	07/10/2025	294	(1)	(4)
Premise Health Holding Corp	Healthcare & Pharmaceuticals	6.55% (LIBOR +3.75%)	08/14/2018	07/10/2025	3,697	3,679	3,641
Project Leopard Holdings Inc	High Tech Industries	6.52% (LIBOR +4%)	06/21/2017	07/07/2023	1,728	1,725	1,691
PSC Industrial Outsourcing, LP	Chemicals, Plastics & Rubber	6.21% (LIBOR +3.75%)	10/05/2017	10/11/2024	1,980	1,964	1,935
Pure Fishing Inc [11]	Consumer goods: Non-Durable	7.06% (LIBOR +4.25%)	12/20/2018	11/30/2025	1,200	1,152	1,158
Quidditch Acquisition Inc	Beverage, Food & Tobacco	9.47% (LIBOR +7%)	03/16/2018	03/21/2025	1,014	996	1,009
Red Ventures LLC	Media: Advertising, Printing & Publishing	5.52% (LIBOR +3%)	10/18/2017	11/08/2024	2,039	2,022	1,947
SCS Holdings Inc	High Tech Industries	6.77% (LIBOR +4.25%)	11/20/2015	10/30/2022	1,558	1,551	1,541
Silverback Merger Sub Inc	High Tech Industries	6.01% (LIBOR +3.5%)	08/11/2017	08/21/2024	1,185	1,182	1,068
Situs Group Holdings Corporation	Banking, Finance, Insurance & Real Estate	7.02% (LIBOR +4.5%)	02/21/2018	02/27/2023	2,972	2,959	2,972
SMS Systems Maintenance Services Inc	High Tech Industries	7.52% (LIBOR +5%)	02/09/2017	10/30/2023	2,940	2,929	2,240
SoClean, Inc	Healthcare & Pharmaceuticals	8.74% (LIBOR +6%)	02/13/2018	12/20/2022	5,101	5,057	5,126
Starfish- V Merger Sub Inc	High Tech Industries	7.02% (LIBOR +4.5%)	08/11/2017	08/16/2024	1,234	1,224	1,223
STS Operating, Inc.	Capital Equipment	6.77% (LIBOR +4.25%)	04/27/2018	12/11/2024	1,489	1,485	1,453
ThoughtWorks, Inc.	High Tech Industries	6.52% (LIBOR +4%)	10/06/2017	10/11/2024	3,981	3,970	3,931
TKC Holdings Inc	Services: Business	6.28% (LIBOR +3.75%)	06/08/2017	02/01/2023	295	294	281
TOMS Shoes LLC	Retail	8.3% (LIBOR +5.5%)	12/18/2014	10/30/2020	1,925	1,879	1,519
Tupelo Buyer Inc	Transportation: Cargo	6.22% (LIBOR +3.75%)	10/02/2017	10/07/2024	2,204	2,190	2,160
TV Borrower US LLC	High Tech Industries	7.55% (LIBOR +4.75%)	02/16/2017	02/22/2024	983	979	978

Logan JV Loan Portfolio as of December 31, 2018—(Continued)
(dollar amounts in thousands)

Type of Investment/ Portfolio company	Industry	Interest Rate [1]	Initial Acquisition Date	Maturity Date	Principal	Amortized Cost	Fair Value [2]
Uber Technologies, Inc.	Services: Consumer	6.39% (LIBOR +4%)	03/22/2018	04/04/2025	2,786	2,773	2,722
US Salt LLC	Consumer goods: Non-Durable	7.27% (LIBOR +4.75%)	11/30/2017	12/01/2023	2,978	2,952	2,977
US Shipping Corp	Utilities: Oil & Gas	6.77% (LIBOR +4.25%)	03/09/2016	06/26/2021	206	200	198
Utility One Source L.P.	Construction & Building	8.02% (LIBOR +5.5%)	04/07/2017	04/18/2023	985	978	985
Verdesian Life Sciences LLC	Chemicals, Plastics & Rubber	7.53% (LIBOR +5%)	12/09/2014	07/01/2020	1,996	1,897	1,876
Vertiv Group Corporation	Capital Equipment	6.71% (LIBOR +4%)	09/30/2016	11/30/2023	1,504	1,471	1,375
Vistage Worldwide, Inc.	Services: Consumer	6.46% (LIBOR +4%)	02/06/2018	02/10/2025	2,501	2,496	2,464
Weight Watchers International, Inc.	Services: Consumer	7.56% (LIBOR +4.75%)	11/20/2017	11/29/2024	2,565	2,522	2,543
Women's Care Florida LLP	Healthcare & Pharmaceuticals	7.02% (LIBOR +4.5%)	08/18/2017	09/29/2023	4,950	4,930	4,950
Yak Access LLC	Energy: Oil & Gas	7.52% (LIBOR +5%)	06/29/2018	07/02/2025	2,981	2,897	2,504
Zenith Merger Sub, Inc.	Services: Business	8.3% (LIBOR +5.5%)	12/22/2017	12/13/2023	2,970	2,945	2,970
Total United States of America						$ 306,982	$ 299,972
Total Senior Secured First Lien Term Loans						$ 320,282	$ 313,162
Second Lien Term Loans							
United States of America							
ABG Intermediate Holdings 2 LLC	Retail	10.27% (LIBOR +7.75%)	09/26/2017	09/29/2025	2,333	$ 2,318	$ 2,298
AQA Acquisition Holding, Inc	High Tech Industries	10.4% (LIBOR +8%)	10/01/2018	05/24/2024	1,000	990	1,000
CH Hold Corp	Automotive	9.77% (LIBOR +7.25%)	01/26/2017	02/03/2025	1,000	996	999
Constellis Holdings, LLC	Aerospace & Defense	11.52% (LIBOR +9%)	04/18/2017	04/21/2025	1,000	988	957
DigiCert, Inc.	High Tech Industries	10.52% (LIBOR +8%)	09/20/2017	10/31/2025	600	597	584
DiversiTech Holdings Inc	Consumer goods: Durable	10.3% (LIBOR +7.5%)	05/18/2017	06/02/2025	2,000	1,984	1,930
Gruden Acquisition Inc.	Transportation: Cargo	11.3% (LIBOR +8.5%)	07/31/2015	08/18/2023	500	486	501
Midwest Physician Administrative Services, LLC	Healthcare & Pharmaceuticals	9.5% (LIBOR +7%)	08/11/2017	08/15/2025	979	971	948
NextCare, Inc.	Healthcare & Pharmaceuticals	11.27% (LIBOR +8.75%)	02/13/2018	08/28/2023	1,000	987	1,030
Optiv Security Inc	High Tech Industries	9.77% (LIBOR +7.25%)	01/19/2017	01/31/2025	1,500	1,494	1,365
Park Place Technologies, LLC	High Tech Industries	10.52% (LIBOR +8%)	03/22/2018	03/29/2026	700	694	697
SESAC Holdco II LLC	Media: Diversified & Production	9.76% (LIBOR +7.25%)	02/13/2017	02/24/2025	1,000	992	985
TKC Holdings Inc	Services: Business	10.53% (LIBOR +8%)	01/31/2017	02/01/2024	1,850	1,839	1,825
TV Borrower US LLC	High Tech Industries	11.05% (LIBOR +8.25%)	02/16/2017	02/22/2025	1,000	988	1,006
Wash Multifamily Laundry Systems, LLC.	Services: Consumer	9.52% (LIBOR +7%)	05/04/2015	05/15/2023	425	424	412
Wash Multifamily Laundry Systems, LLC.	Services: Consumer	9.52% (LIBOR +7%)	05/04/2015	05/12/2023	75	74	72
Total United States of America						$ 16,822	$ 16,609
Total Second Lien Term Loans						$ 16,822	$ 16,609

Logan JV Loan Portfolio as of December 31, 2018—(Continued)
(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						$ 337,104	$ 329,771
Cash and cash equivalents							
Dreyfus Government Cash Management Fund						21,559	21,559
Other cash accounts						5,309	5,309
Total Cash and cash equivalents						$ 26,868	$ 26,868

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

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

(3) Represents a delayed draw commitment of $580,645, of which $353,371 was unfunded as of December 31, 2018. Unfunded amounts of a delayed draw position have a lower rate than the contractual fully funded rate. Issuer pays 1.50% unfunded commitment fee on delayed draw term loan and/or revolving loan facilities.

(4) Represents a delayed draw commitment of $612,996, of which $460,886 was unfunded as of December 31, 2018. Unfunded amounts of a delayed draw position have a lower rate than the contractual fully funded rate. Issuer pays 1.00% unfunded commitment fee on delayed draw term loan and/or revolving loan facilities.

(5) Represents a delayed draw commitment of $1,538,462, which was unfunded as of December 31, 2018. Issuer pays 1.00% unfunded commitment fee on delayed draw term loan and/or revolving loan facilities.

(6) Represents a delayed draw commitment of $125,217, which was unfunded as of December 31, 2018. Issuer pays 3.75% unfunded commitment fee on delayed draw term loan and/or revolving loan facilities.

(7) Represents a delayed draw commitment of $588,235, which was unfunded as of December 31, 2018. Issuer pays 1.00% unfunded commitment fee on delayed draw term loan and/or revolving loan facilities.

(8) Represents a delayed draw commitment of $564,516, which was unfunded as of December 31, 2018. Issuer does not pay unfunded commitment fee on delayed draw term loan and/or revolving loan facilities.

(9) Represents a delayed draw commitment of $896,552, of which $338,056 was unfunded as of December 31, 2018. Unfunded amounts of a delayed draw position have a lower rate than the contractual fully funded rate. Issuer pays 1.00% unfunded commitment fee on delayed draw term loan and/or revolving loan facilities.

(10) Represents a delayed draw commitment of $294,107, which was unfunded as of December 31, 2018. Issuer pays 1.00% unfunded commitment fee on delayed draw term loan and/or revolving loan facilities.

(11) Unsettled trade that will start to accrue interest on when the trade settles. 3 month LIBOR as of December 31, 2018 is shown to reflect possible projected interest rate.

(12) Unfunded amount will start to accrue interest when the borrower draws on the delayed draw/ revolver facility. 3 month LIBOR as of December 31, 2018 is shown to reflect possible projected interest rate.

Logan JV Summarized Financial Information:

Below is certain summarized financial information for Logan JV as of December 31, 2019 and 2018 and for the years ended December 31, 2019, 2018 and 2017:

Selected Balance Sheet Information:

	As of December 31, 2019 (Dollars in thousands)	As of December 31, 2018 (Dollars in thousands)
Assets:		
Investments at fair value (cost of $340,083 and $337,104, respectively)	$ 332,182	$ 329,771
Cash	11,560	26,868
Other assets	4,234	2,194
Total assets	$ 347,976	$ 358,833
Liabilities:		
Loans payable reported net of unamortized debt issuance costs	$ 234,621	$ 239,356
Payable for investments purchased	2,888	7,342
Distribution payable	3,650	3,360
Other liabilities	2,576	2,744
Total liabilities	$ 243,735	$ 252,802
Members' capital	$ 104,241	$ 106,031
Total liabilities and members' capital	$ 347,976	$ 358,833

Selected Statement of Operations Information:

	For the year ended December 31, 2019 (Dollars in thousands)	For the year ended December 31, 2018 (Dollars in thousands)	For the year ended December 31, 2017 (Dollars in thousands)
Interest income	$ 25,190	$ 22,627	$ 16,996
Fee income	118	183	417
Total revenues	25,308	22,810	17,413
Credit facility expenses (1)	12,644	10,510	6,330
Other fees and expenses	457	426	364
Total expenses	13,101	10,936	6,694
Net investment income	12,207	11,874	10,719
Net realized (loss) gain	(7,079)	(2,132)	1,133
Net change in unrealized (depreciation) appreciation on investments	(569)	(5,023)	(3,135)
Net increase in members' capital from operations	$ 4,559	$ 4,719	$ 8,717

(1) As of December 31, 2019, Logan JV had $236,141 of outstanding debt under the credit facility with an effective interest rate of 4.25% per annum. As of December 31, 2018, Logan JV had $241,679 of outstanding debt under the credit facility with an effective interest rate of 4.72% per annum. As of December 31, 2017, Logan JV had $169,632 of outstanding debt under the credit facility with an effective interest rate of 3.92% per annum.

Investment in Tax Receivable Agreement Payment Rights

In June 2012, the Company invested in a TRA that entitles it to certain 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 years ended December 31, 2018 and 2017, the Company recognized interest income totaling $1,438 and $2,027, respectively, related to the TRA. In December 2018, the Company sold its TRA investment in Duff & Phelps Corporation, which resulted in proceeds of $9,775, including a $785 realized gain.

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

Prior Investment Management Agreement

On March 5, 2019, the Company’s investment management agreement (“original investment management agreement”) was re-approved by its board of directors, including a majority of the Company’s directors who are not interested persons of the Company. Under the investment management agreement, the Advisor, subject to the overall supervision of the Company’s board of directors, manages the day-to-day operations of, and provides investment advisory services to the Company.

Base Management Fee

The Company's amended and restated investment management agreement provides that the base management fee is calculated at an annual rate of 1.0% of its gross assets payable quarterly in arrears on a calendar quarter basis. The amended and restated investment management agreement was approved by stockholders on June 14, 2019. Commencing April 1, 2019, the Advisor waived base management fees in excess of 1.0% per annum. Prior to June 14, 2019, the contractual base management fee was 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 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 years ended December 31, 2019, 2018 and 2017, the Company incurred base management fees of $6,043, $9,006 and $10,389, respectively. As of December 31, 2019 and 2018, $1,103 and $2,112, respectively, was payable to the Advisor.

Incentive Fee

The incentive fee consists of two components as described in detail below: incentive fee on net investment income and incentive fee on capital gains. The two components are determined independent of each other.

The Company accepted the Advisor's proposals to waive 100% of the incentive fees accrued for the period commencing on January 1, 2018 and ending on December 31, 2019 ("Incentive Fee Waiver"). Such waived incentive fees shall not be subject to recoupment. Additionally, if, at any time during the fiscal year 2020, the aggregate incentive fees on Net Investment Income on a quarterly basis, as calculated based on the amended and restated investment management agreement, described herein as the Reduced Incentive Fee on Net Investment Income is greater than the aggregate incentive fees on such applicable quarter, as calculated based on the incentive fee formula as reflected in the original investment management agreement prior to giving effect to such amendment, the Advisor will waive such excess.

Incentive Fee on Net Investment Income as of January 1, 2020

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

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

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

- The Advisor receives no incentive fee for any calendar quarter in which the Company's pre-incentive fee net investment income does not exceed the minimum income level.
- Subject to the Incentive Fee Cap (as defined below), the Advisor receives 100% of the Company's pre-incentive fee net investment income for the Trailing Twelve Quarters with respect to that portion of the pre-incentive net investment income for such quarter, if any, that exceeds the minimum income level but is less than 2.5% (which is 10.0% annualized) (also referred to as the "catch-up" provision); and
- 17.5% of the Company's pre-incentive fee net investment income, if any, greater than 2.5% (10.0% annualized) for the Trailing Twelve Quarter Period.

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

The foregoing incentive fee is subject to an Incentive Fee Cap (as defined below). The Incentive Fee Cap for any quarter is an amount equal to (a) 17.5% of the Cumulative Net Return (as defined below) during the relevant Trailing Twelve Quarter Period, minus (b) the aggregate incentive fees based on income that were paid in respect of the first eleven calendar quarters (or the portion thereof) included in the relevant Trailing Twelve Quarter Period. "Cumulative Net Return" means (x) pre-incentive fee net investment income in respect of the relevant Trailing Twelve Quarter Period minus (y) any Net Capital Loss, if any, in respect of the relevant Trailing Twelve Quarter Period. If, in any quarter, the Incentive Fee Cap is zero or a negative value, the Company pays no incentive fee based on income to the Advisor for such quarter. If, in any quarter, the Incentive Fee Cap for such quarter is a positive value but is less than the incentive fee based on pre-incentive net investment income that is payable to the Advisor for such quarter (before giving effect to the Incentive Fee Cap) calculated as described above, the Company pays an incentive fee based on pre-incentive fee net investment income to the Advisor equal to the Incentive Fee Cap for such quarter. If, in any quarter, the Incentive Fee Cap for such quarter is equal to or greater than the incentive fee based on pre-incentive fee net investment income that is payable to the Advisor for such quarter (before giving effect to the Incentive Fee Cap) calculated as described above, the Company pays an incentive fee based on income to the Advisor equal to the incentive fee calculated as described above for such quarter without regard to the Incentive Fee Cap. "Net Capital Loss" in respect of a particular period means the difference, if positive, between (i) aggregate capital losses, whether realized or unrealized, in such period and (ii) aggregate capital gains, whether realized or unrealized, in such period.

Additionally, if, at any time during the fiscal year 2020, the aggregate incentive fees on a quarterly basis, as calculated based on the amended and restated investment management agreement, described herein as the Reduced Incentive Fee on Net Investment Income is greater than the aggregate incentive fees on such applicable quarter, as calculated based on the incentive fee formula as reflected in the original investment management agreement prior to giving effect to such amendment, the Advisor will waive such excess.

For the year ended December 31, 2019, the Company would have incurred $0 of incentive fees related to ordinary income under this calculation.

For the year ended December 31, 2018, the Company would have incurred $2,645 of incentive fees related to ordinary income under the new calculation. These fees were calculated based on the incentive fee rate of 20.0% which was in effect through June 14, 2019, the date when a reduced rate of 17.5% was approved by the shareholders. These fees under the new formula were greater on a cumulative basis than the fees calculated based on the formula as in effect under the original investment management agreement and therefore, the fees under the old formula were reflected as an expense as well as a corresponding waiver in the same amount.

Incentive Fee on Net Investment Income Prior to January 1, 2018 Pursuant to the Original Investment Management Agreement

The incentive fee on net investment income is calculated, and payable, quarterly in arrears based on the Company's pre-incentive 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 pre-incentive fee net investment income, which is expressed as a rate of return on the value of the Company's net assets attributable to its 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"). Pre-incentive fee net investment income means interest income, dividend income and any other income (including any other fees, such as commitment, origination, 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. Pre-incentive fee net investment income includes, in the case of investments with a deferred interest feature (such as original issue discount, debt instruments with PIK interest and zero coupon securities), and 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 pre-incentive 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 pre-incentive fee net investment income for any calendar quarter with respect to that portion of the pre-incentive fee 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 pre-incentive 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 pre-incentive 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 pre-incentive 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 pre-incentive 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 the Advisor, 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.

Pre-incentive fee net investment income does not include any realized capital gains, realized capital losses or unrealized capital appreciation or depreciation. Because of the structure of the incentive fee, it is possible that the Company may pay an incentive fee in a quarter where it incurs a loss, subject to the total return requirement and deferral of non-cash amounts. For example, if the Company receives pre-incentive fee net investment income in excess of the quarterly minimum hurdle rate, it will pay the applicable incentive fee even if the Company has incurred a loss in that quarter due to realized and unrealized capital losses. The Company's net investment income used to calculate this component of the incentive fee is also included in the amount of its gross assets used to calculate the base management fee. These calculations will be appropriately prorated for any period of less than three months and adjusted for any share issuances or repurchases during the current quarter.

For the year ended December 31, 2019, the Company would have incurred no incentive fees related to ordinary income under the old calculation.

For the year ended December 31, 2018, the Company incurred $(45), net of incentive fees waived of $1,741, of incentive fees related to ordinary income under the old calculation. These fees were less on a cumulative basis than the fees calculated based on the formula in place after January 1, 2018, therefore, these fees were booked as an expenses for the period.

For the year ended December 31, 2017, the Company incurred $2,374, net of incentive fees waived of $811, of incentive fees related to ordinary income.

Incentive Fee on Net Investment Income Payable

For the years ended December 31, 2019, 2018 and 2017, the Company reversed $109, $45 and $104, respectively, of incentive fees related to the adjustment of previously deferred incentive fee.

As of December 31, 2019 and 2018, $0 and $143, respectively, of such incentive fees related to previously deferred income now received in cash are currently payable to the Advisor, and reflected in accrued expenses and other payables on the Consolidated Statements of Assets and Liabilities. As of December 31, 2019 and 2018, $568 and $677, respectively of incentive fees incurred by the Company were generated from deferred interest (i.e. PIK, certain discount accretion and deferred interest) and are not payable until such amounts are received in cash. These amounts are reflected in accrued incentive fees on the Consolidated Statements of Assets and Liabilities.

Incentive Fee on Capital Gains

The second component of the incentive fee (capital gains incentive fee) is determined and payable in arrears as of the end of each calendar year (or upon termination of the investment management agreement, as of the termination date). Effective June 14, 2019, this component is equal to 17.5% (prior thereto before giving effect to any waivers was 20.0%) of the Company's cumulative aggregate realized capital gains from inception through the end of that calendar year, computed net of the cumulative aggregate realized capital losses and cumulative aggregate unrealized capital depreciation through the end of such year. The calculation of the capital gains incentive fee has not been modified or waived. The aggregate amount of any previously paid capital gains incentive fees is subtracted from such capital gains incentive fee calculated. There was no capital gains incentive fee payable to the Company's Advisor under the investment management agreement as of December 31, 2019 and 2018.

GAAP Incentive Fee Accrual

GAAP requires that the incentive fee accrual be calculated assuming a hypothetical liquidation of the Company at the balance sheet date. A hypothetical liquidation considers the cumulative aggregate realized gains and losses and unrealized capital appreciation or depreciation of investments or other financial instruments, in the calculation, as an incentive fee would be payable if such realized gains and losses or unrealized capital appreciation or depreciation were realized, even though such realized gains and losses and unrealized capital appreciation or depreciation is not permitted to be considered in calculating the fee actually payable under the investment management agreement ("GAAP Incentive Fee"). There can be no assurance that such unrealized appreciation or depreciation will be realized in the future. Accordingly, such fee, as calculated and accrued, would not necessarily be payable under the investment management agreement, and may never be paid based upon the computation of incentive fees in subsequent periods. For the years ended December 31, 2019, 2018 and 2017, the Company incurred no incentive fees related to the GAAP incentive fee.

Administration Agreement

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

For the years ended December 31, 2019, 2018 and 2017, the Company incurred administrator expenses of $1,498, $2,083 and $2,869, respectively. As of December 31, 2019 and December 31, 2018, $122 and $81 of administrator expenses was due from the Advisor, respectively, which was included in Due from affiliate on the Consolidated Statement of Assets and Liabilities.

License Agreement

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

Managed Funds

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

The 1940 Act generally prohibits BDCs from making certain negotiated co-investments with affiliates absent an order from the SEC permitting the BDC to do so. The SEC has granted the Company the relief it sought in an exemptive application that expands the Company's ability to co-invest in portfolio companies with certain other funds managed by the Advisor or its affiliates ("Affiliated Funds") and, subject to certain conditions, proprietary accounts of the Advisor or its affiliates ("THL Proprietary Accounts") 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 and/or THL Proprietary Accounts 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 December 31, 2019, Greenway's committed capital had been fully called. The Company's nominal investment in Greenway is reflected in the December 31, 2019 and 2018 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 years ended December 31, 2019, 2018 and 2017, the Company earned $59, $87 and $0, 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 December 31, 2019 and 2018, $10 and $12 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 December 31, 2019, Greenway II's committed capital had been fully called. The Company's nominal investment in Greenway II is reflected in the December 31, 2019 and 2018 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 years ended December 31, 2019, 2018 and 2017, the Company earned $415, $805 and $1,101, 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 December 31, 2019 and 2018, $55 and $145, respectively, of fees related to Greenway II were included in due from affiliate 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.

Due To and From Affiliates

The Advisor paid certain other general and administrative expenses on behalf of the Company. As of December 31, 2019 and 2018, there were fees of $120 and $166, respectively, due to affiliate, which was included in accrued expenses and other payables on the Consolidated Statements of Assets and Liabilities.

As of December 31, 2019, the Advisor owed $122, respectively, of administrator expenses as a reimbursement to the Company, which was included in due from affiliate on the Consolidated Statements of Assets and Liabilities. As of December 31, 2018, the Advisor owed $81, respectively, of administrator expenses reimbursable to the Company, which was included in due from affiliate on the Consolidated Statements of Assets and Liabilities.

The Company acts as the investment adviser to Greenway and Greenway II and is entitled to receive certain fees. As a result, Greenway and Greenway II are classified as affiliates of the Company. As of December 31, 2019 and 2018, $65 and $267 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 December 31, 2019, it had $3,290 of dividends receivable from Logan JV and C&K Market, Inc. and $257 of interest and fees from OEM Group, LLC, included in interest, dividends, and fees receivable on the Consolidated Statements of Assets and Liabilities. As of December 31, 2018, it had $3,154 of dividends receivable from Logan JV, Copperweld Bimetallics, LLC and C&K Market, Inc. and $217 of interest and fees from OEM Group, LLC, included in interest, dividends, and fees receivable on the Consolidated Statements of Assets and Liabilities.

Advisor stock trading plan

On March 12, 2018, the Advisor adopted a stock trading plan in accordance with Rule 10b5-1 of the Securities Exchange Act of 1934, as amended, to purchase up to $10,000 of shares of the Company's common stock. The Advisor previously informed the Company that it intended to enter into such plan. As part of this plan, during the year ended December 31, 2018, the Advisor purchased 1,259 shares at an average cost of $7.94 per share, inclusive of commissions.

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 years ended December 31, 2019, 2018 and 2017:

	For the years ended December 31,		
	2019	2018	2017
Aerogroup International Inc. (1)	$ (2,376)	$ (7,200)	$ —
Alex Toys, LLC (2)	(1,460)	—	—
Charming Charlie LLC (3)	(24,652)	(11,494)	—
Copperweld Bimetallics, LLC (4)	16,349	—	—
Constructive Media, LLC	163	366	—
CRS Reprocessing, LLC (5)	—	—	(11,924)
Duff & Phelps Corporation	—	785	—
Fairstone Financial Inc. (6)	249	157	—
Firebirds International, LLC	16	139	—
Food Processing Holdings, LLC	—	28	693
Flagship VII, Ltd.	—	—	(808)
Flagship VIII, Ltd.	—	—	(649)
Gryphon Partners 3.5, L.P.	495	342	589
Hostway Corporation	—	—	(951)
LAI International, Inc. (7)	(22,977)	—	—
Martex Fiber Southern Corp. (8)	(5,472)	—	—
Specialty Brands Holdings, LLC (9)	(125)	(21,013)	—
Thibaut, Inc. (10)	3	101	4,535
Tri Starr Management Services, Inc. (11)	366	5,470	—
Washington Inventory Service (12)	—	—	(10,378)
YP Equity Investors, LLC (13)	—	21	1,263
Other	(125)	(62)	392
Net realized losses	$ (39,546)	$ (32,360)	$ (17,238)

(1) In March 2018, Aerogroup International Inc. was sold through bankruptcy proceedings and the Company received $2,494 in proceeds with an additional $6,295 reflected as escrow receivable. Subsequently, the Company collected the outstanding escrow proceeds in cash through June 2019 realizing additional losses to reflect amounts collected and associated expenses.

(2) On January 11, 2019, the Company sold its first lien senior secured term loan in Alex Toys, LLC for total proceeds of $7,699. The realized loss of $1,460 was offset by a corresponding change in unrealized appreciation in the same amount.

(3) On July 11, 2019, Charming Charlie LLC filed for Chapter 11 bankruptcy protection in Delaware with plans to liquidate the company and any of its remaining assets. In connection with the liquidation, the Company removed Charming Charlie from Investments, at fair value and reflected $3,097 of the expected liquidation proceeds as Escrow and other receivable on the Consolidated Statements of Assets and Liabilities as of December 31, 2019. As of the reporting date, Charming Charlie has ceased its operations and has been actively liquidating its assets. The realized loss of $24,652 was offset by a corresponding change in unrealized appreciation. For further detail on the restructuring loss incurred in 2018, please refer to prior year filings.

(4) On September 28, 2019, the Company was repaid on its second lien term loan in connection with the sale of its controlling common and preferred equity positions in Copperweld Bimetallics LLC with proceeds received of $32,519 and expects an additional $1,748 in escrow proceeds that are reflected as Escrow and other receivables on the Consolidated Statements of Assets and Liabilities as of December 31, 2019. The escrow proceeds are expected to be received throughout 2020 and 2021. The realized gain was largely offset by a corresponding change in unrealized depreciation.

(5) On September 11, 2017, the Company sold its senior secured term loan realizing proceeds of $3,160.

(6) Includes the impact of foreign exchange gain.

(7) During 2019, the Company received $19,730 in proceeds from the sale of certain business segments of LAI International Inc. An additional $1,239 in proceeds, reflected as Escrow and other receivables on the Consolidated Statements of Assets and Liabilities as of December 31, 2019, are expected from the sale of other segments of the business and realization of certain receivables. The realized loss of $22,977 was largely offset by a corresponding change in unrealized appreciation.

(8) On December 31, 2019, the Company sold its subordinated debt investment in Martex Fiber Southern Corp., resulting in a receivable of $4,333. The proceeds were subsequently received in January 2020. The realized loss of $5,472 was partially offset by a corresponding change in unrealized appreciation.

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

(10) On December 29, 2017, the Company sold its preferred and common equity investments with a cost basis of $4,729 for $9,264 resulting in a realized gain of $4,535, which includes an escrow receivable of $60.

(11) On October 26, 2018, the Company sold its senior secured term loans and common equity interest in Tri Starr Management Services, Inc., resulting in a $5,470 net realized gain, which was offset by a corresponding change in unrealized appreciation. The Company expects an additional $1,148 in escrow proceeds that are reflected as Escrow and other receivables on the Consolidated Statements of Assets and Liabilities as of December 31, 2019.

(12) 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.

(13) In connection with the proceeds received from the 2017 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 $0 and $842, respectively, for the years ended December 31, 2018 and 2017.

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

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

	For the years ended December 31,		
	2019	2018	2017
Numerator—net decrease in net assets resulting from operations:	$ (24,610)	$ (10,599)	$ (7,904)
Denominator—basic and diluted weighted average common shares:	31,313	32,634	32,797
Basic and diluted net decrease in net assets per common share resulting from operations:	$ (0.79)	$ (0.32)	$ (0.24)

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

7. Borrowings

The following shows a summary of the Company's borrowings as of December 31, 2019 and December 31, 2018:

	As of							
	December 31, 2019				December 31, 2018			
Facility	Commitments	Borrowings Outstanding (1)	Weighted Average Borrowings Outstanding (2)(3)	Weighted Average Interest Rate (7)	Commitments	Borrowings Outstanding (4)(6)	Weighted Average Borrowings Outstanding (5)(6)	Weighted Average Interest Rate (7)
Revolving Facility (8)(9)	$ 190,000	$ 66,161	$ 92,101	4.25%	$ 275,000	$ 107,657	$ 135,121	4.90%
2021 Notes	-	-	-	-	-	-	42,361	-
2022 Notes	60,000	60,000	60,000	6.75%	60,000	60,000	15,000	6.75%
2023 Notes	51,607	51,607	51,607	6.13%	51,607	51,607	12,136	6.13%
Total	$ 301,607	$ 177,768	$ 203,708	5.64%	$ 386,607	$ 219,264	$ 204,618	5.70%

(1) As of December 31, 2019, borrowings outstanding excludes deferred financing costs of $1,081 for the 2022 Notes and $1,661 for the 2023 Notes presented as a reduction to the respective balances outstanding in the Consolidated Statements of Assets and Liabilities.

(2) Represents the weighted average borrowings outstanding for the year ended December 31, 2019.

(3) Canadian denominated borrowings are converted to United States dollars (USD) using the spot rate on the date of repayment (July 2, 2019) for purposes of this calculation.

(4) As of December 31, 2018, borrowings outstanding excludes deferred financing costs of $1,443 for the 2022 Notes and $2,097 for the 2023 Notes presented as a reduction to the respective balances outstanding in the Consolidated Statements of Assets and Liabilities.

(5) Represents the weighted average borrowings outstanding for the year ended December 31, 2018.

(6) Canadian denominated borrowings are converted to United States dollars (USD) using the year-end spot rate for purposes of this calculation.

(7) Represents the weighted average interest rate as of December 31, 2019 and December 31, 2018.

(8) As part of Amendment No. 1 to Second Amended and Restated Senior Secured Revolving Credit Agreement and Third Amended and Restated Guarantee, Pledge and Security Agreement ("Amendment No.1") dated March 26, 2019, the revolver commitments have been reduced to $190,000 from $275,000.

(9) The Company may borrow amounts in U.S. dollars or certain other permitted currencies. As of December 31, 2019, the Company had no Canadian denominated debt outstanding on its Revolving Facility. As of December 31, 2018, the Company had outstanding debt denominated in Canadian Dollars (CAD) of CAD 19,389 on its Revolving Facility. The CAD was converted to USD at a sport exchange rate of $0.73 CAD to $1.00 USD as of December 31, 2018.

Credit Facility

On December 15, 2017, the Company entered into an amendment, or the Revolving Amendment, to its existing revolving credit agreement, or Revolving Facility. The Revolving Amendment revised the Revolving Facility dated August 19, 2015 to, among other things, extend the maturity date from August 2019 to December 2022 (with a one year term out period beginning in December 2021). The one year term out period is the one year anniversary between the revolver termination date, or the end of the availability period, and the maturity date. During this time, the Company is required to make mandatory prepayments on its loans from the proceeds it receives from the sale of assets, extraordinary receipts, returns of capital or the issuances of equity or debt. The Revolving Amendment also reduced the size of the revolver commitments from $303,500 to $275,000 and terminated the $75,000 Term Loan Facility. On March 26, 2019, the Company entered into Amendment No.1 which amended the Revolving Facility to, among other things, reduce the size of the commitments thereunder to $190,000, provide a $20,000 letter of credit subfacility and lower the testing levels of certain financial covenants.

The Revolving Facility, denominated in USD, 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 has 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 December 31, 2019.

As of December 31, 2019, the Company had USD borrowings of $66,161 outstanding under the Revolving Facility with a weighted average interest rate of 4.25%. The borrowings denominated in Canadian dollars were translated into United States dollars based on the spot rate at date of repayment. The impact resulting from changes in foreign exchange rates on the Revolving Facility borrowings is included in net realized gain (loss) on foreign currency transactions in the Consolidated Statements of Operations. As of December 31, 2019, there were no Canadian borrowings outstanding on the Revolving Facility.

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

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

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

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

For the year ended December 31, 2019, the Company borrowed $105,450 and repaid $147,529 (includes CAD 19,389 converted at the time of the repayment to USD $14,779). For the year ended December 31, 2018, the Company borrowed $177,500 and repaid $235,588 (includes CAD 10,000 converted at the time of the repayment to USD $7,688) under the Revolving Facility. For the year ended December 31, 2017, the Company borrowed $103,360 (includes CAD 29,389 converted to USD $23,456) and repaid $120,250 under Revolving Facility.

As of December 31, 2019 and December 31, 2018, the carrying amount of the Company's outstanding Revolving Facility approximated fair value. The fair values of the Company's Revolving Facility are determined in accordance with ASC 820, which defines fair value in terms of the price that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. The fair value of the Company's Revolving Facility is estimated based upon market interest rates and entities with similar credit risk. As of December 31, 2019 and December 31, 2018, the Revolving Facility would be deemed to be Level 3 of the fair value hierarchy.

Interest expense and related fees, excluding amortization of deferred financing costs, of $5,209, $6,829 and $8,583, respectively, were incurred in connection with the Revolving Facility and Term Loan Facility for the years ended December 31, 2019, 2018 and 2017, respectively.

Amortization of deferred financing costs of $906, $584 and $2,080, which included $353, $0 and $1,193 of accelerated unamortized deferred financing costs, respectively, were incurred in connection with the Revolving Facility and Term Loan Facility for the years ended December 31, 2019, 2018 and 2017. As of December 31, 2019, the Company had $1,619 of deferred financing costs related to the Revolving Facility, which is presented as an asset. As of December 31, 2018, the Company had $2,314 of deferred financing costs related to the Revolving Facility, which is presented as an asset.

Recent legislation has modified the 1940 Act by allowing a BDC to increase the maximum amount of leverage it may incur under the 1940 Act from an asset coverage ratio of 200% to an asset coverage ratio of 150%, if certain requirements are met. At the Company's Annual Meeting of Stockholders on June 14, 2019, stockholders approved a proposal to reduce our asset coverage ratio to 150%. Such asset coverage ratio became effective on June 15, 2019. The Company may be able to increase its leverage up to an amount that reduces its asset coverage ratio to 150% once it amends the Revolving Facility, which would require its lender consent. The Company's asset coverage ratio as of December 31, 2019 was in excess of 200%.

Notes

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".

On October 5, 2018, the Company completed a public offering of $50,000 in aggregate principal amount of 6.125% notes due 2023 ("2023 Notes"). The 2023 Notes mature on October 30, 2023, and may be redeemed in whole or in part at any time or from time to time at our option on or after October 30, 2021. The 2023 Notes bear interest at a rate of 6.125% per year payable quarterly on March 30, June 30, September 30 and December 30, of each year, beginning December 30, 2018 and trade on the New York Stock Exchange under the trading symbol "TCRW". On October 16, 2018, the underwriters exercised their option to purchase an additional $1,607 to cover overallotments. The proceeds from this public offering were used to redeem the 2021 Notes and partially repay the Revolving Facility. The redemption of the 2021 Notes was completed on November 5, 2018.

The 2022 Notes and 2023 Notes are collectively referred to as the Notes. The 2021 Notes are included and the 2023 Notes are excluded from the definition for the prior years presented.

As of December 31, 2019, the carrying amount and fair value of the Notes was $111,607 and $114,887, respectively. As of December 31, 2018, the carrying amount and fair value of the Notes was $111,607 and $111,029, respectively. The fair value of the 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 2022 and 2023 Notes, the Company incurred $4,771 of fees and expenses. 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 years ended December 31, 2019, 2018 and 2017, the Company amortized approximately $809, $1,648 and $667 of deferred financing costs, respectively, which included $0, $920 and $0 of accelerated amortization in connection with redemption of 2021 Notes, respectively, and is reflected in amortization of deferred financing costs on the Consolidated Statements of Operations. As of December 31, 2019 and 2018, the Company had $2,742 and $3,541 remaining deferred financing costs on the Notes, which reduced the notes payable balance on the Consolidated Statements of Assets and Liabilities.

For the years ended December 31, 2019, 2018 and 2017, the Company incurred interest expense on the Notes of $7,211, $7,656 and $7,425, 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, meets the definition in the 1940 Act, after such borrowing and (ii) if we are not subject to the reporting requirements under the Securities and Exchange Act of 1934 to file periodic reports with the SEC we will provide interim and consolidated financial information to the holders of the Notes and the trustee.

8. Contractual Obligations and Off-Balance Sheet Arrangements

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

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

As of December 31, 2019 and 2018, the Company has the following unfunded commitments to portfolio companies:

	As of	
	December 31, 2019	December 31, 2018
Unfunded delayed draw facilities		
BCDI Rodeo Dental Buyer, LLC	$ 1,980	$ —
Certify, Inc.	105	—
Charming Charlie LLC (2)	—	8,275
Home Partners of America, Inc.	—	5,858
PDFTron Systems	1,089	—
Simplicity Financial Marketing Holdings Inc.	984	—
Women's Health USA, Inc.	—	29
	4,158	14,162
Unfunded revolving commitments		
1-800 Hansons, LLC (1)	103	103
ABC Legal Intermediate Holding II, LLC	663	—
BCDI Rodeo Dental Buyer, LLC	808	—
Certify, Inc.	60	—
Communication Technology Intermediate	456	
EBS Intermediate LLC	1,667	1,667
Gener8, LLC	1,500	950
HealthDrive Corporation(2)	2,111	1,761
Holland Intermediate Acquisition Corp. (1)	3,000	3,000
IRC Opco LLC	818	—
Loadmaster Derrick & Equipment, Inc.	612	—
NCP Investor, Inc.	1,000	1,000
OEM Group, LLC (2)	3,750	2,326
PDFTron Systems Inc.	533	—
Sciens Building Solutions, LLC	—	2,556
Simplicity Financial Marketing Holdings Inc.	370	—
SolutionReach, Inc.	933	—
SPST Holdings, LLC	755	755
SRS Acquiom Holdings, LLC	400	400
Women's Health USA, Inc.	1,500	1,500
	21,039	16,018
Unfunded commitments to investments in funds		
Freeport Financial SBIC Fund LP	680	680
Gryphon Partners 3.5, L.P.	184	380
	864	1,060
Total unfunded commitments	$ 26,061	$ 31,240

(1) The Company has sole discretion as to whether to lend under this revolving commitment.
(2) Includes amounts set aside for issues standby letters of credit.

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.

9. Distributable Taxable Income

The following reconciles net decrease in net assets resulting from operations to taxable income:

	For the years ended December 31, 2019	2018
Net decrease in net assets resulting from operations	$ (24,610)	$ (10,599)
Net realized loss on investments	39,735	32,565
Net change in unrealized depreciation on investments	12,494	11,871
Net change in unrealized (depreciation) appreciation attributable to non-controlling interests	-	703
(Benefit) provision for taxes on unrealized gain on investments	(254)	284
Expenses not currently deductible and income and realized losses not currently includable	(834)	(2,205)
Non-deductible expenses and income not includable	(1,168)	178
Taxable income before deductions for distributions paid	$ 25,363	$ 32,797

The above amount of 2019 taxable income before deductions for distributions is an estimate. Taxable income will be finalized before the Company files its Federal tax return for 2019 by September 2020.

For the years ended December 31, 2019 and 2018, the Company recorded the following adjustments for permanent book to tax differences to reflect their tax characteristics. The adjustments only change the classification in net assets in the Consolidated Statements of Assets and Liabilities.

	For the years ended December 31, 2019	2018
Accumulated undistributed net realized gains	$ 1,513	$ (960)
Accumulated undistributed net investment income	(1,156)	1,239
Paid-in capital in excess of par	$ (357)	$ (279)
Distributable earnings	357	279

As of December 31, 2019 and 2018, the cost of investments for tax purposes was $447,230 and $561,630, respectively, resulting in net unrealized depreciation of ($63,105) and ($67,977) respectively. As of December 31, 2019 and 2018, the Company had estimated net operating losses of $13,005 and $9,216, respectively, which can be carried back to the two preceding tax years or carried forward twenty years before expiration. As of December 31, 2019 and 2018, the Company recorded an allowance of $5,156 and $1,920, respectively, against these federal and state net operating loss carryforwards. As of December 31, 2019 and 2018, the Company had estimated capital loss carryforwards of $7,375, which can be carried back to the three preceding years or carried forward five years before expiration. As of December 31, 2019 and 2018, the Company recorded an allowance of $7,154 against these federal and state capital loss carryforwards. As of December 31, 2019 and 2018, the Company had estimated long-term net capital loss carryforwards not subject to expiration of $122,087 and $74,561, respectively. As of December 31, 2019 and 2018, the Company has estimated short-term net capital loss carryforwards not subject to expiration of $4,887 and $0, respectively.

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.

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, the Company is required to distribute annually to its stockholders at least 90% of its investment company taxable income. 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 capital gain net income 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 the Company paid no federal income tax.

The Company's quarterly distributions, if any, will be determined by its board of directors. The Company intends to make distributions to stockholders on a quarterly basis of substantially all of its net investment income. 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, the Company 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 its board of directors and will largely be driven by portfolio specific events and tax considerations at the time.

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	
March 7, 2017	March 20, 2017	March 31, 2017	$	0.27
May 5, 2017	June 15, 2017	June 30, 2017	$	0.27
August 1, 2017	September 15, 2017	September 29, 2017	$	0.27
November 7, 2017	December 15, 2017	December 29, 2017	$	0.27
March 2, 2018	March 20, 2018	March 30, 2018	$	0.27
May 1, 2018	June 15, 2018	June 29, 2018	$	0.27
August 7, 2018	September 14, 2018	September 28, 2018	$	0.27
November 6, 2018	December 14, 2018	December 31, 2018	$	0.27
March 5, 2019	March 20, 2019	March 29, 2019	$	0.21
May 7, 2019	June 14, 2019	June 28, 2019	$	0.21
August 6, 2019	September 16, 2019	September 30, 2019	$	0.21
October 31, 2019	December 16, 2019	December 31, 2019	$	0.21
March 3, 2020	March 20, 2020	March 31, 2020	$	0.21

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 $0, $0 and $3, respectively, of dividends reinvested for the years ended December 31, 2019, 2018 and 2017 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 the Company's current and accumulated earnings and profits would generally be treated as a return of capital to the extent of a stockholder's adjusted tax basis in its shares. If a stockholder's tax basis is reduced to zero, the stockholder would generally treat any remaining distributions in excess of the Company's current and accumulated earnings and profits 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. Each year, a statement on Form 1099-DIV identifying the source of the distributions will be sent to its U.S. stockholders of record (other than certain exempt recipients). The Company's board of directors presently intends to declare and pay quarterly distributions. The Company's ability to pay distributions could be affected by future business performance, liquidity, capital needs, alternative investment opportunities and loan covenants.

The tax character of distributions declared and paid in 2019 represented $26,174 from ordinary income, $0 from capital gains and $0 from tax return of capital. The tax character of distributions declared and paid in 2018 represented $35,191 from ordinary income, $0 from capital gains and $0 from tax return of capital. The tax character of distributions declared and paid in 2017 represented $35,397 from ordinary income, $0 from capital gains and $0 from tax return of capital. Generally accepted accounting principles require adjustments to certain components of net assets to reflect permanent differences between financial and tax reporting. These adjustments have no effect on net asset value per share. Permanent differences between financial and tax reporting at December 31, 2019 and 2018 were $323 and $279, respectively.

11. Financial Highlights

	For the years ended December 31,				
	2019	2018	2017	2016	2015
Per Share Data[1]:					
Net asset value attributable to THL Credit, Inc., beginning of period	$ 9.15	$ 10.51	$ 11.82	$ 12.58	$ 13.08
Net investment income, after taxes[2]	0.87	1.07	1.21	1.35	1.41
Net realized (loss) gain on investments[2]	(1.27)	(1.00)	(0.53)	(1.17)	0.01
Income tax provision, realized gain[2]	—	—	(0.03)	—	—
Net change in unrealized appreciation (depreciation) on investments[2][5]	(0.40)	(0.38)	(0.96)	0.33	(0.53)
Benefit (provision) for taxes on unrealized gain on investments[2]	0.01	(0.01)	0.07	0.01	(0.04)
Interest rate derivative periodic interest payments, net [2]	—	—	—	(0.01)	(0.01)
Net increase (decrease) in net assets resulting from operations attributable to THL Credit, Inc.	(0.79)	(0.32)	(0.24)	0.51	0.84
Accretive effect of repurchase of common stock	0.12	0.04	0.01	0.02	0.02
Distributions to stockholders from net investment income	(0.84)	(1.08)	(1.08)	(1.29)	(1.36)
Total distributions	(0.84)	(1.08)	(1.08)	(1.29)	(1.36)
Net asset value attributable to THL Credit, Inc., end of period	$ 7.64	$ 9.15	$ 10.51	$ 11.82	$ 12.58
Per share market value at end of period	$ 6.31	$ 6.08	$ 9.05	$ 10.01	$ 10.70
Total return[3]	17.70%	(22.38%)	1.14%	5.76%	2.41%
Shares outstanding at end of period	30,022	32,318	32,674	32,925	33,311
Ratio/Supplemental Data:					
Net assets at end of period, attributable to THL Credit Inc.	$ 229,455	$ 295,681	$ 343,327	$ 389,820	$ 418,899
Ratio of total expenses to average net assets, attributable to THL Credit Inc.[4][6][8]	9.29%	9.62%	9.90%	9.96%	10.87%
Ratio of net investment income to average net assets, attributable to THL Credit Inc. [7][9]	10.21%	10.34%	10.43%	11.19%	10.81%
Portfolio turnover, attributable to THL Credit, Inc.	32.55%	21.94%	17.13%	18.94%	22.85%

(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 years ended December 31, 2019, 2018, 2017, 2016, and 2015, the ratio components included 2.06%, 2.67%, 2.73%, 2.75% and 2.69% of net base management fee, (0.04%), (0.01%), 0.62%, 1.12% and 2.70% of net incentive fee, 5.27%, 4.97%, 4.92%, 3.06% and 3.29% of the cost of borrowing, 1.93%, 1.80%, 1.93%, 2.02% and 1.95% of other operating expenses, and 0.07%, 0.19%, (0.30%), 0.01% and 0.22% of the impact of all taxes, respectively.
(5) Includes the net change in unrealized appreciation (depreciation) on foreign currency transactions, as applicable.
(6) Ratio of total expenses before incentive fee waiver to average net assets attributable to THL Credit Inc. was 10.13% and 10.12% for the years ended December 31, 2018 and 2017, respectively. The incentive fee waiver was not applicable to fiscal years 2019, 2016 or 2015.
(7) Ratio of net investment income before incentive fee waiver to average net assets attributable to THL Credit Inc. was 9.82% and 10.21% for the years ended December 31, 2018 and 2017, respectively. The incentive fee waiver was not applicable to fiscal years 2019, 2016 or 2015.
(8) Ratio of total expenses before management fee waiver to average net assets attributable to THL Credit Inc. was 9.49% for the year ended December 31, 2019. The management fee waiver was not applicable to fiscal years 2018, 2017, 2016 or 2015.
(9) Ratio of net investment income before management fee waiver to average net assets attributable to THL Credit Inc. was 10.02% for the year ended December 31, 2019. The management fee waiver was not applicable to fiscal years 2018, 2017, 2016 or 2015.

12. Stock Repurchase Program

On March 2, 2018 the Company’s board of directors authorized a $20,000 stock repurchase program, which was extended and modified on March 5, 2019 to authorize the repurchase of outstanding shares in an aggregate amount of up to $15,000. Effective March 14, 2019, the Company adopted a stock trading plan in accordance with Rule 10b5-1 of the Exchange Act. This plan was completed in November of 2019. On December 16, 2019, the Company’s board of directors authorized a new $10,000 stock repurchase program, which, unless extended by the Company’s board of directors, will expire on December 16, 2020 and may be modified or terminated at any time for any reason without prior notice. Effective December 17, 2019, the Company adopted a stock trading plan in accordance with Rule 10b5-1 of the Exchange Act. The Company has provided its stockholders with notice of its ability to repurchase shares of our common stock in accordance with 1940 Act requirements. The Company will retire immediately all such shares of common stock that it purchases in connection with the stock repurchase program.

The following table summarizes the Company’s share repurchases under its stock repurchase program for the years ended December 31, 2019, 2018 and 2017:

	For the years ended December 31,		
	2019	2018	2017
Dollar amount repurchased [1]	$ 15,442	$ 2,558	$ 2,493
Shares repurchased	2,296	356	252
Average price per share (including commission)	$ 6.73	$ 7.18	$ 9.89
Weighted average discount to net asset value	22.37%	29.07%	15.02%

(1) The Company purchased 55,400 shares at an average price of $6.75, inclusive of commissions, during 2019 prior to the adoption of the stock trading plan in accordance with Rule 10b5-1 of the Exchange Act. Subsequent to March 13, 2019, all shares were purchased under the 10b5-1 plan.

13. Subsequent Events

The Company's management has evaluated subsequent events through the date of issuance of the consolidated financial statements included herein. There have been no subsequent events that occurred during such period that would require disclosure in this Form 10-K or would be required to be recognized in the consolidated financial statements as of and for the year ended December 31, 2019, except as discussed below.

On December 8, 2019, THL Credit Advisors LLC and First Eagle Investment Management, LLC (“First Eagle”) entered into a definitive agreement, whereby First Eagle agreed, subject to the satisfaction of certain closing conditions, to merge a newly formed subsidiary of First Eagle with and into the Advisor, with the Advisor as the surviving company (the “Transaction”). The Transaction closed on January 31, 2020. Immediately after closing of the Transaction, the Advisor changed its name to First Eagle Alternative Credit, LLC.

The Transaction resulted in a change of control of the Advisor and an “assignment” of the prior investment management agreement (“Prior Investment Management Agreement”) between the Company and the Advisor under the 1940 Act, meaning that the Prior Investment Management Agreement terminated automatically by its terms. On January 28, 2020, the Company’s Board unanimously approved an interim management agreement (the “Interim Investment Management Agreement”) that includes substantially the same terms as the Prior Investment Advisory Agreement. The Interim Investment Management Agreement became effective January 31, 2020.

On January 28, 2020, the Company’s Board also unanimously approved a new investment management agreement (the “New Investment Management Agreement”) between the Company and the Advisor. All material terms of the New Investment Management Agreement will remain unchanged from the material terms of the Prior Investment Advisory Agreement. The New Investment Management Agreement is subject to stockholder approval. Advisory fees earned under the Interim Investment Management Agreement will be escrowed pending stockholder approval of the New Investment Management Agreement.

In connection with the Transaction, First Eagle and the sellers of the Advisor, including certain members of management of the Advisor (collectively, the “Investors”), agreed, subject to the satisfaction of certain conditions, to purchase newly issued common stock of the Company at the net asset value per share determined as of a time within forty-eight hours prior to the sale (excluding Sundays and holidays) in one or more primary issuances. On March 3, 2020, the Company entered into a commitment letter (the “Commitment Letter”) with First Eagle and the Investors. Pursuant to the Commitment Letter, First Eagle and the Investors agreed to purchase from the Company, in aggregate, approximately $30,000 of the Company’s common stock in a publicly registered issuance on or before April 21, 2020. First Eagle and the Investors committed to purchase the shares at the Company’s net asset value per share, as approved in accordance with the 1940 Act. First Eagle’s share of the commitment is approximately $20,000 and the Investors’ share is approximately $10,000. Using the Company’s net asset value per share of $7.64 as of December 31, 2019, the issuance would increase First Eagle’s (including through its subsidiaries) and all Investors aggregate share ownership from approximately 4.7% to approximately 15.8% of the Company’s total outstanding common stock, based on the Company’s outstanding shares as of March 4, 2020 plus the estimated number of shares to be issued pursuant to the Commitment Letter. The stock issuance may be at a price higher or lower than $7.64 based on potential changes in valuations, distributions, issuances of securities and earnings as of the issuance date. The Company’s Board has not yet approved the fair value of portfolio investments as of any date subsequent to December 31, 2019.

On March 3, 2020, the Company’s Board approved using the proceeds from the issuance of the Company’s stock pursuant to the Commitment letter to repurchase shares of the Company’s common stock at a price below net asset value per share pursuant to a cash tender offer, contingent upon (i) stockholders’ approval of the New Investment Management Agreement by and between the Company and the Advisor and (ii) the Company's common stock trading at a discount to net asset value per share on the date of such approval.

On March 3, 2020, the Company approved a proposal from the Advisor to irrevocably waive management and incentive fees for the Company for the period from July 1, 2020 through December 31, 2020, assuming the Company's stockholders approve the New Investment Management Agreement by and between the Company and the Advisor.

From January 1, 2020 through March 4, 2020, the Company made three new investments totaling $17,778 at par and revolver and delayed draw fundings totaling $6,621 at a combined weighted average yield based upon cost at time of investment of 7.6%. Additionally, from January 1, 2020 through March 5, 2020, the Company sold its eight first lien senior secured broadly syndicated investments for total proceeds of $23,279.

From January 1, 2020 through March 4, 2020, the Company repurchased 308,827 shares of common stock for a total cost of $1,991 as part of a previously approved 10b5-1 Stock Repurchase Plan. This brings the total number of shares repurchased since adoption of the $10,000 stock repurchase program on December 16, 2019 to 376,569 shares at an aggregate cost of $2,432.

On March 3, 2020, the Board declared a dividend of $0.21 per share payable on March 31, 2020 to stockholders of record at the close of business on March 20, 2020.

THL Credit, Inc. and Subsidiaries

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

Type of Investment/Portfolio company [1][2][9]	Principal/No.of Shares /No.of Units	Purchases	Sales	Net Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Dividends/ Interest Income/ Other Income	Fair Value at December 31, 2019
Control Investments —61.86% of net asset value							
Control Investments - Majority Owned —55.25% of net asset value							
First lien senior secured debt —18.92% of net asset value							
Southeast —3.60% of net asset value							
Loadmaster Derrick & Equipment, Inc. - Senior secured revolving term loan [3] 12.4% (LIBOR+ 10.3% PIK) due 12/31/2020	$ 7,553	$ 1,370	$ (50)	$ —	$ 1,234	$ —	$ 7,553
Loadmaster Derrick & Equipment, Inc. - Senior secured term loan 12.4% (LIBOR + 10.3% PIK) [3] due 12/31/2020	9,707	—	—	—	(935)	—	728
Loadmaster Derrick & Equipment, Inc. - Senior secured term loan 14.1% (LIBOR + 12% PIK) [3] due 12/31/2020	2,248	—	—	—	—	—	—
Subtotal Southeast	$ 19,508	$ 1,370	$ (50)	$ —	$ 299	$ —	$ 8,281
Southwest —15.32% of net asset value							
OEM Group, LLC - Senior secured term loan 11.3% (LIBOR+9.5%)(7.3% Cash and 4.0% PIK) due 6/30/2022	$ 19,879	$ —	$ —	$ —	$ (5,964)	$ 2,298	$ 13,916
OEM Group, LLC - Senior secured revolving term loan 11.3% (LIBOR+9.5%)(7.3% Cash and 4.0% PIK) due 6/30/2022	14,562	8,711	(1,000)	—	(5)	1,170	14,562
OEM Group, LLC - Senior secured revolving term loan 11.3% (LIBOR+9.5%)(7.3% Cash and 4.0% PIK) due 6/30/2022	9,492	—	—	—	(2,849)	1,100	6,644
Subtotal Southwest	$ 43,933	$ 8,711	$ (1,000)	$ —	$ (8,818)	$ 4,568	$ 35,122
Subtotal first lien senior secured debt	$ 63,441	$ 10,081	$ (1,050)	$ —	$ (8,519)	$ 4,568	$ 43,403
Second lien debt —0.00% of net asset value							
Southeast —0.00% of net asset value							
Copperweld Bimetallics, LLC - 12% cash due 10/5/2021	$ 5,415	$ —	$ (5,415)	$ —	$ —	$ 540	$ -
Subtotal Southeast	$ 5,415	$ —	$ (5,415)	$ —	$ —	$ 540	$ -
Subtotal second lien debt	$ 5,415	$ —	$ (5,415)	$ —	$ —	$ 540	$ -
Equity Investments —0.00% of net asset value							
Southeast —0.00% of net asset value							
Copperweld Bimetallics, LLC [5]	677	$ —	$ (4,036)	$ 535	$ (538)	$ 365	$ —
Copperweld Bimetallics, LLC [6]	609,230	—	(23,014)	15,813	(6,294)	1,828	—
Loadmaster Derrick & Equipment, Inc. [3][5]	2,956	—	—	—	—	—	—
Loadmaster Derrick & Equipment, Inc. [3][6]	12,131	—	—	—	—	—	—
Subtotal Southeast		$ —	$ (27,050)	$ 16,348	$ (6,832)	$ 2,193	$ —

THL Credit, Inc. and Subsidiaries

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

Type of Investment/Portfolio company [(1)(2)(9)]	Principal/No.of Shares /No.of Units	Purchases	Sales	Net Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Dividends/ Interest Income/ Other Income	Fair Value at December 31, 2019
Southwest							
—0.00% of net asset value							
OEM Group, LLC [(6)]	10,000	$ —	$ —	$ —	$ (1,674)	$ —	$ —
Subtotal Southwest		$ —	$ —	$ —	$ (1,674)	$ —	$ —
Subtotal equity investments		$ —	$ (27,050)	$ 16,348	$ (8,506)	$ 2,193	$ —
Investments in funds							
—36.34% of net asset value							
Northeast							
—36.34% of net asset value							
THL Credit Logan JV LLC [(4) (7)]		$ 8,000	$ (3,320)	$ —	$ (6,113)	$ 9,758	$ 83,393
Subtotal investments in funds		$ 8,000	$ (3,320)	$ —	$ (6,113)	$ 9,758	$ 83,393
Total Control Investments - Majority Owned		$ 18,081	$ (36,835)	$ 16,348	$ (23,138)	$ 17,059	$ 126,796
Control Investments - Less Than Majority Owned							
—6.60% of net asset value							
Equity Investments							
West							
—6.60% of net asset value							
C&K Market, Inc. [(6)]	1,992,365	$ —	$ —	$ —	$ (107)	$ 2,641	$ 5,174
C&K Market, Inc. due 7/1/2024 [(5)]	1,992,365	—	—	—	—	—	9,962
Subtotal West		$ —	$ —	$ —	$ (107)	$ 2,641	$ 15,136
Subtotal equity investments		$ —	$ —	$ —	$ (107)	$ 2,641	$ 15,136
Total Control Investments - Less Than Majority Owned		$ —	$ —	$ —	$ (107)	$ 2,641	$ 15,136
Total Control Investments		$ 18,081	$ (36,835)	$ 16,348	$ (23,245)	$ 19,700	$ 141,932
Non-controlled, affiliated Investments							
—0.00% of net asset value							
First lien senior secured debt							
—0.00% of net asset value							
Southwest							
—0.00% of net asset value							
Charming Charlie LLC Senior Secured Term Loan [(10)] 12.6% (LIBOR+10%)(7.5% Cash and 5.0% PIK) due 4/23/2023	$ 12,209	$ —	$ —	$ (11,064)	5,215	$ —	$ —
Charming Charlie LLC Senior Secured Term Loan [(10)] 12.6% (LIBOR+10%)(3.5% Cash and 9.0% PIK) due 4/23/2023	14,949	—	—	(13,554)	8,001	—	—
Charming Charlie LLC Senior Secured Term Loan [(10)] 20% Cash Due 5/15/19	671	—	—	(34)	—	154	—
Charming Charlie LLC Senior Secured Delayed Draw Term Loan [(10)] due 5/15/2019	—	—	—	—	—	—	—
Charming Charlie LLC Senior Secured Delayed Draw Term Loan [(10)] due 5/15/2019	—	3,802	—	—	—	—	—
Subtotal Southwest	$ 27,829	$ 3,802	$ —	$ (24,652)	$ 13,216	$ 154	$ —

THL Credit, Inc. and Subsidiaries

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

Type of Investment/Portfolio company [1][2][9]	Principal/No.of Shares /No.of Units	Purchases	Sales	Net Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Dividends/ Interest Income/ Other Income	Fair Value at December 31, 2019
Subtotal first lien senior secured debt	$ 27,829	$ 3,802	$ —	$ (24,652)	$ 13,216	$ 154	$ —
Equity Investments —0.00% of net asset value							
Southwest —0.00% of net asset value							
Charming Charlie LLC [6]	128,307,716	$ —	$ —	$ —	(465)	$ —	$ —
Subtotal Southwest		$ —	$ —	$ —	$ (465)	$ —	$ —
Subtotal equity investments		$ —	$ —	$ —	$ (465)	$ —	$ —
Investments in funds —0.00% of net asset value							
Northeast —0.00% of net asset value							
THL Credit Greenway Fund LLC [4][8]		$ —	$ —	$ —	$ —	$ 59	$ 1
THL Credit Greenway Fund II LLC [4][8]		—	—	—	—	416	3
Subtotal Northeast		$ —	$ —	$ —	$ —	$ 475	$ 4
Subtotal investments in funds		$ —	$ —	$ —	$ —	$ 475	$ 4
Total Affiliate Investments		$ 3,802	$ —	$ (24,652)	$ 12,751	$ 629	$ 4
Total Control and Affiliate Investments—— 61.86% of net asset value		$ 21,883	$ (36,835)	$ (8,304)	$ (10,494)	$ 20,329	$ 141,936

(1) The principal amount and ownership detail as shown in the Consolidated Schedule of Investments as of December 31, 2019. Unless otherwise noted, all investments are valued using significant unobservable inputs.

(2) Variable interest rate investments bear interest in reference to London Interbank offer rate, or LIBOR, or Alternate Base Rate, or ABR, which are effective as of December 31, 2019. LIBOR loans are typically indexed to 30-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. Each of LIBOR and ABR rates may be subject to interest floors. As of December 31, 2019, the 30-day, 90-day and 180-day LIBOR rates were 1.76%, 1.91%, and 1.91%, respectively. As of December 31, 2018, the 30-day, 90-day and 180-day LIBOR rates were 2.52%, 2.80%, and 2.87%, respectively.

(3) Loan was on non-accrual as of December 31, 2019.

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

(5) Preferred Stock.

(6) Common stock and member interest.

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

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

(9) All debt investments are income-producing, unless otherwise noted. Equity and member interests are non-income-producing unless otherwise noted. The Company generally acquires its investments in private transactions exempt from registration under the Securities Act of 1933, as amended, or the Securities Act. Its investments are therefore generally subject to certain limitations on resale, and may be deemed to be "restricted securities" under the Securities Act.

(10) On July 11, 2019, Charming Charlie LLC filed for Chapter 11 bankruptcy protection in Delaware with plans to liquidate the company and any of its remaining assets. In connection with the liquidation, the investment was removed from Investments, at fair value and the expected liquidation proceeds were reflected as Escrow and other receivables on the Consolidated Statements of Assets and Liabilities. As of December 31, 2019, $3,097 of remaining liquidation proceeds are reflected as Escrow and other receivables on the Consolidated Statements of Assets and Liabilities. As of the reporting date, Charming Charlie LLC has ceased its operations and has been actively liquidating its assets. The Company expects to collect its share of liquidation proceeds in the near term.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

(a) Disclosure Controls and Procedures

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

(b) Management's Report on Internal Control Over Financial Reporting

The management of THL Credit, Inc. and its Subsidiaries (except where the context suggests otherwise, the terms "we," "us," "our," and "THL Credit" refer to THL Credit, Inc. and its Subsidiaries) is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined in Exchange Act Rule 13a-15(f), and for performing an assessment of the effectiveness of internal control over financial reporting as of December 31, 2019. Internal control over financial reporting is a process designed by, or under the supervision of, our principal executive and principal financial officers, or persons performing similar functions, and effected by our board of directors, management and other personnel, 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. Our internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with authorizations; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Management performed an assessment of the effectiveness of our internal control over financial reporting as of December 31, 2019 based upon the criteria set forth in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on its assessment, management determined that our internal control over financial reporting was effective as of December 31, 2019.

(c) Report of the Independent Registered Public Accounting Firm

The effectiveness of our internal control over financial reporting as of December 31, 2019 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears herein.

(d) 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.

Item 9B. Other Information

None

PART III

We will file a definitive Proxy Statement for our 2020 Annual Meeting of Stockholders with the Securities and Exchange Commission pursuant to Regulation 14A, not later than 120 days after the end of our fiscal year. Accordingly, certain information required by Part III has been omitted under General Instruction G(3) to Form 10-K. Only those sections of our definitive Proxy Statement that specifically address the items set forth herein are incorporated by reference.

Item 10. Directors, Executive Officers and Corporate Governance

The information required by Item 10 is hereby incorporated by reference from our definitive Proxy Statement relating to our 2020 Annual Meeting of Stockholders, to be filed with the Securities and Exchange Commission within 120 days following the end of our fiscal year.

Item 11. Executive Compensation

The information required by Item 11 is hereby incorporated by reference from our definitive Proxy Statement relating to our 2020 Annual Meeting of Stockholders, to be filed with the Securities and Exchange Commission within 120 days following the end of our fiscal year.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by Item 12 is hereby incorporated by reference from our definitive Proxy Statement relating to our 2020 Annual Meeting of Stockholders, to be filed with the Securities and Exchange Commission within 120 days following the end of our fiscal year.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information required by Item 13 is hereby incorporated by reference from our definitive Proxy Statement relating to our 2020 Annual Meeting of Stockholders, to be filed with the Securities and Exchange Commission within 120 days following the end of our fiscal year.

Item 14. Principal Accountant Fees and Services

The information required by Item 14 is hereby incorporated by reference from our definitive Proxy Statement relating to our 2020 Annual Meeting of Stockholders, to be filed with the Securities and Exchange Commission within 120 days following the end of our fiscal year.

PART IV

Item 15. Exhibits and Financial Statement Schedules

The following documents are filed or incorporated by reference as part of this Annual Report:

1. Consolidated Financial Statements

2. Financial Statement Schedule

Schedule 12-14 – Page 192

3. Exhibits required to be filed by Item 601 of Regulation S-K

Please note that the agreements included as exhibits to this Form 10-K are included to provide information regarding their terms and are not intended to provide any other factual or disclosure information about us or the other parties to the agreements. The agreements contain representations and warranties by each of the parties to the applicable agreement that have been made solely for the benefit of the other parties to the applicable agreement and may not describe the actual state of affairs as of the date they were made or at any other time.

The following exhibits are filed as part of this report or hereby incorporated by reference to exhibits previously filed with the SEC:

3.1 Amended and Restated Certificate of Incorporation (Incorporated by reference from the Registrant's pre-effective Amendment No. 4 to the Registration Statement under the Securities Act of 1933, as amended, on Form N-2, filed on April 20, 2010)

3.2 Certificate of Amendment of Amended and Restated Certificate of Incorporation (Incorporated by reference from Appendix A to the Registrant's Proxy Statement, filed on April 24, 2012)

3.3 Bylaws (Incorporated by reference from the Registrant's pre-effective Amendment No. 1 to the Registration Statement under the Securities Act of 1933, as amended, on Form N-2, filed on July 15, 2009)

3.4 Amendment to Bylaws (Incorporated by reference from the Registrant's Current Report on Form 8-K, filed on June 15, 2015).

3.5 Amendment to Bylaws (Incorporated by reference from the Registrant's Current Report on Form 8-K, filed on January 11, 2019).

4.1 Form of Specimen Certificate (Incorporated by reference from the Registrant's pre-effective Amendment No. 4 to the Registration Statement under the Securities Act of 1933, as amended, on Form N-2, filed on April 20, 2010)

4.2 Form of Indenture and related exhibits. (Incorporated by reference from the Registrant's pre-effective Amendment No. 1 to the Registration Statement under the Securities Act of 1933, as amended, on Form N-2, filed on August 25, 2011).

4.3 Second Supplemental Indenture, dated as of December 14, 2015, between the Registrant and U.S. Bank National Association. (Incorporated by reference from the Registrant's Registration Statement on Form N-2 filed on December 14, 2015).

4.4 Form of 6.75% Note due 2022 (included as part of Exhibit 4.3).

4.5 Third Supplemental Indenture, dated as of October 5, 2018, between the Registrant and U.S. Bank National Association. (Incorporated by reference from the Registrant's Registration Statement on Form N-2 filed on October 5, 2018).

4.6 Form of 6.125% Note due 2023 (included as part of Exhibit 4.5).

4.7 Description of THL Credit, Inc.'s Registered Securities*

10.1 Dividend Reinvestment Plan (Incorporated by reference from the Registrant's Quarterly Report on Form 10-Q, filed on August 9, 2010)

10.2 Interim Investment Management Agreement, dated as of January 31, 2020, between THL Credit, Inc. and First Eagle Alternative Credit, LLC. (Incorporated by reference from the Registrant's Current Report on Form 8-K, filed on February 4, 2020).

10.3 Custodian Agreement (Incorporated by reference from the Registrant's Quarterly Report on Form 10-Q, filed on August 9, 2010)

10.4 Administration Agreement, dated as of January 31, 2020, between THL Credit, Inc. and First Eagle Alternative Credit, LLC. (Incorporated by reference from the Registrant's Current Report on Form 8-K, filed on February 4, 2020).

10.5 Sub-Administration Agreement (Incorporated by reference from the Registrant's Quarterly Report on Form 10-Q, filed on August 9, 2010)

10.6 License Agreement (Incorporated by reference from the Registrant's pre-effective Amendment No. 4 to the Registration Statement under the Securities Act of 1933, as amended, on Form N-2, filed on April 20, 2010)

10.7 Amended and Restated Senior Secured Term Loan Credit Agreement dated as of August 19, 2015, by and among the Company as borrower, each of the subsidiary guarantors party thereto, the Lenders party thereto and ING Capital LLC, as Administrative Agent. (Incorporated by reference from the Registrant's Current Report on Form 8-K filed on August 20, 2015)

10.9 Second Amended and Restated Senior Secured Revolving Credit Agreement dated as of December 15, 2017, by and among the Company as borrower, the Lenders party thereto and ING Capital LLC, as Administrative Agent, Arranger and Borrower. (Incorporated by reference from the Registrant's Current Report on Form 8-K filed on December 19, 2017)

10.10 Amendment No.3 to the Second Amended and Restated Senior Secured Revolving Credit Agreement dated as of December 15, 2017, by and among the Company as borrower, the Lenders party thereto and ING Capital LLC, as Administrative Agent, Arranger and Borrower.*

10.11 Amendment No. 1 to Second Amended and Restated Senior Secured Revolving Credit Agreement and Third Amended and Restated Guarantee, Pledge and Security Agreement, dated as of March 26, 2019, by and among the Company as borrower, the Lenders party thereto and ING Capital LLC, as Administrative Agent. (Incorporated by reference from the Registrant's Current Report on Form 8-K, filed on March 29, 2019).

10.12 Amended and Restated Investment Management Agreement, dated as of June 14, 2019, between THL Credit, Inc., a Delaware corporation, and THL Credit Advisors LLC, a Delaware limited liability company (Incorporated by reference from the Registrant's post-effective Amendment No. 4 to the Registration Statement under the Securities Act of 1933, as amended, on Form N-2, filed on June 19, 2019)

10.13 THL Credit Logan JV LLC Limited Liability Company Agreement dated December 3, 2014 between THL Credit, Inc. and Perspecta Trident LLC (Incorporated by reference from the Registrant's Current Report on Form 8-K filed on December 3, 2014)

21 Subsidiaries of the Registrant
THL Credit Holdings, Inc.—Delaware
THL Corporate Finance, Inc.—Delaware
THL Credit SBIC, L.P. —Delaware
THL Credit SBIC GP, LLC—Delaware
THL Credit OEMG Investor, Inc.—Delaware

31.1 Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934*

31.2 Certification of Chief Financial Officer Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934*

32.1 Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350)*

32.2 Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350)*

99.1 Financial Statements of THL Credit Logan JV LLC as of and for the year ended December 31, 2019 (audited)*

(*) Filed herewith

Item 16. Form 10-K Summary.

None

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.

Date: March 5, 2020	By: /s/ CHRISTOPHER J. FLYNN **THL Credit, Inc.** **Christopher J. Flynn** **Chief Executive Officer**

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Date: March 5, 2020	By: /S/ CHRISTOPHER J. FLYNN **Christopher J. Flynn** **Director and Chief Executive Officer** **(Principal Executive Officer)**
Date: March 5, 2020	By: /S/ TERRENCE W. OLSON **Terrence W. Olson** **Chief Financial Officer (Principal Financial and Accounting Officer)**
Date: March 5, 2020	By: /S/ NANCY HAWTHORNE **Nancy Hawthorne** **Chairman of the Board of Directors**
Date: March 5, 2020	By: /S/ EDMUND P. GIAMBASTIANI, JR **Edmund P. Giambastiani, Jr** **Director**
Date: March 5, 2020	By: /S/ DEBORAH MCANENY **Deborah McAneny** **Director**
Date: March 5, 2020	By: /S/ JAMES D. KERN **James D. Kern** **Director**
Date: March 5, 2020	By: /S/ JANE NELSON **Jane Nelson** **Director**

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-K/A
Amendment No. 1

(Mark One)

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

For the fiscal year ended December 31, 2019

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:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.001 per share	**TCRD**	**NASDAQ Global Select Market**
6.75% Senior Notes due 2022	**TCRZ**	**The New York Stock Exchange**
6.125% Senior Notes due 2023	**TCRW**	**The New York Stock Exchange**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ No ☒

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

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

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

Large accelerated filer ☐	Accelerated filer ☒
Non-Accelerated filer ☐	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 aggregate market value of common stock held by non-affiliates of the Registrant as of the last business day of the Registrant's most recently completed second fiscal quarter was approximately $255.5 million based on the closing price on that date of $7.82 on the NASDAQ Global Select Market. For the purposes of calculating this amount only, all directors and executive officers of the Registrant have been treated as affiliates.

As of March 4, 2020, there were 29,712,915 shares of the Registrant's common stock outstanding.

Documents Incorporated by Reference

Portions of the Registrant's definitive Proxy Statement relating to its 2020 Annual Meeting of Stockholders, to be filed pursuant to Regulation 14A with the Securities and Exchange Commission, are incorporated by reference into Part III of this Annual Report on Form 10-K as indicated herein.

EXPLANATORY NOTE

THL Credit, Inc., a Delaware corporation, or together with its subsidiaries, where applicable, the Company, which may also be referred to as "we", "us" or "our", is filing this Amendment No. 1 (the "Amendment") to our Annual Report on Form 10-K for the fiscal year ended December 31, 2019, which was filed with the SEC on March 5, 2020 (the "Form 10-K"), to provide stand-alone audited financial statements for our investments in two unconsolidated controlled portfolio companies, OEM Group, LLC ("OEM Group") and Copperweld Bimetallics LLC ("Copperweld"), for the years ended December 31, 2019 and December 31, 2018, respectively. The OEM Group audited consolidated financial statements for the fiscal years ended December 31, 2019 and 2018 (Exhibit 99.1), and unaudited consolidated financial statements for the fiscal year ended December 31, 2017 (Exhibit 99.2), and Copperweld's audited consolidated financial statements for the fiscal year ended December 31, 2018 (Exhibit 99.3) and unaudited consolidated financial statements for the fiscal year ended December 31, 2017 (Exhibit 99.4) are included in Part IV, Item 15 of this filing.

We have determined that each of these unconsolidated controlled portfolio companies have met the conditions of a significant subsidiary under Rule 1-02(w) of Regulation S-X for which we are required, pursuant to Rule 3-09 of Regulation S-X, to attach separate financial statements as exhibits to the Form 10-K. The separate financial statements of OEM Group and Copperweld are being filed as an amendment to the Form 10-K.

This Amendment also updates, amends and supplements Part IV, Item 15 of the Form 10-K to include the filing of new Exhibits 31.1, 31.2, 32.1 and 32.2, certifications of our Chief Executive Officer and Chief Financial Officer, pursuant to Rule 13a-14(a) and (b) of the Securities Exchange Act of 1934, as amended.

No other changes have been made to the Form 10-K. This Amendment does not reflect subsequent events that may have occurred after the original filing date of the Form 10-K or modify or update in any way disclosures made in the Form 10-K. Among other things, forward-looking statements made in the Form 10-K have not been revised to reflect events that occurred or facts that became known to us after filing of the Form 10-K, and such forward-looking statements should be read in their historical context. Furthermore, this Amendment should be read in conjunction with the Form 10-K and with our subsequent filings with the SEC.

PART IV

Item 15. *Exhibits and Financial Statement Schedules*

(a) The following documents are filed as part of this Amendment to the Annual Report on Form 10-K:

1. **Financial Statements**

   (a) OEM Group

Audited

Consolidated balance sheets as of December 31, 2019 and 2018
Consolidated statements of operations and comprehensive loss for the years ended December 31, 2019 and 2018
Consolidated statements of members' deficit for the years ended December 31, 2019 and 2018
Consolidated statements of cash flows for the years ended December 31, 2019 and 2018
Notes to consolidated financial statements

Unaudited

Consolidated balance sheet as of December 31, 2017
Consolidated statement of operations and comprehensive loss for the year ended December 31, 2017
Consolidated statement of members' equity for the year ended December 31, 2017
Consolidated statement of cash flows for the year ended December 31, 2017
Notes to consolidated financial statements

(b) Copperweld Financial Statements

Audited

Consolidated balance sheet as of December 31, 2018
Consolidated statement of comprehensive income for the year ended December 31, 2018
Consolidated statement of changes in member's equity (deficit) for the year ended December 31, 2018
Consolidated statement of cash flows for the year ended December 31, 2018
Notes to consolidated financial statements

Unaudited

Consolidated balance sheet as of December 31, 2017
Consolidated statements of comprehensive loss for the years ended December 31, 2017
Consolidated statement of changes in member's equity (deficit) for the years ended December 31, 2017
Consolidated statement of cash flows for the years ended December 31, 2017
Notes to consolidated financial statements

2. Financial Statement Schedule

None

3. Exhibits required to be filed by Item 601 of Regulation S-K

The following exhibits are filed as part of this Amendment to the Annual Report on Form 10-K:

31.1	Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934
31.2	Certification of Chief Financial Officer Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934
32.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350)
32.2	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350)
99.1	Financial Statements of OEM Group, LLC as of and for the years ended December 31, 2019 and 2018 (audited)
99.2	Financial Statements of OEM Group, LLC as of and for the year ended December 31, 2017
99.3	Financial Statements of Copperweld Bimetallics LLC as of and for the year ended December 31, 2018 (audited)
99.4	Financial Statements of Copperweld Bimetallics LLC as of and for the year ended December 31, 2017

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.

Date: March 30, 2020	By: /s/ CHRISTOPHER J. FLYNN
	THL Credit, Inc.
	Christopher J. Flynn
	Chief Executive Officer

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Christopher J. Flynn, certify that:

1. I have reviewed this Amendment to the Annual Report on Form 10-K for the year ended December 31, 2019, 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;

Date: March 30, 2020

By: /s/ CHRISTOPHER J. FLYNN
Christopher J. Flynn
Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Terrence W. Olson, certify that:

1. I have reviewed this Amendment No. 1 to the Annual Report on Form 10-K for the year ended December 31, 2019 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;

Date: March 30, 2020

By: /s/ TERRENCE W. OLSON

Terrence W. Olson
Chief 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 Amendment to the Annual Report on Form 10-K of THL Credit, Inc. (the "Registrant") for the year ended December 31, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Christopher J. Flynn, the 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: Chief Executive Officer
Date: March 30, 2020

EXHIBIT 32.2

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 Amendment to the Annual Report on Form 10-K of THL Credit, Inc. (the “Registrant”) for the year ended December 31, 2019 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
Date: March 30, 2020

Executive Management

CHRISTOPHER J. FLYNN
Chief Executive Officer

TERRENCE W. OLSON
Chief Operating Officer &
Chief Financial Officer

SABRINA RUSNAK-CARLSON
General Counsel

ANDREW MORRIS
Chief Compliance Officer

Board of Directors

NANCY HAWTHORNE
Chairman of Board of Directors and Member of Audit Committee and Governance and Compensation Committee

CHRISTOPHER J. FLYNN
Chief Executive Officer

EDMUND P. GIAMBASTIANI, JR.
Member of Governance and Compensation Committee

JAMES D. KERN
Chairperson of Governance and Compensation Committee

DEBORAH MCANENY
Chairperson of Audit Committee

JANE MUSSER NELSON
Member of Audit Committee

Company Information

ACCOUNTING FIRM
PricewaterhouseCoopers LLP
101 Seaport Boulevard, Suite 500
Boston, MA 02210

CORPORATE COUNSEL
Simpson Thacher & Bartlett LLP
900 G Street, N. W.
Washington, D. C. 20001

TRANSFER AGENT
American Stock Transfer
& Trust Company
6201 15th Avenue
Brooklyn, NY 11219

ANNUAL SHAREHOLDER MEETING (Virtual)
Monday, June 22, 2020
9:30 am EDT
www.virtualshareholdermeeting.com/TCRD2020AM

THL CREDIT, INC.
500 Boylston Street
Suite 1250
Boston, MA 02116