# Section 1: 10-Q (10-Q)

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

# FORM 10-Q

☒ **Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

**For the Quarter Ended June 30, 2017**

**OR**

☐ **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

**For the transition period from _____ to ______**

**Commission File Number: 814-01025**

American Capital Senior Floating

# AMERICAN CAPITAL SENIOR FLOATING, LTD.
**(Exact name of registrant as specified in its charter)**

| | |
|---|---|
| **Maryland** | **46-1996220** |
| **(State or other jurisdiction of incorporation or organization)** | **(I.R.S. Employer Identification No.)** |

**245 Park Avenue, 42nd Floor,New York, NY 10167**

**(Address of principal executive offices) (Zip Code)**

**(212) 750-7300**

**(Registrant's telephone number, including area code)**

**N/A**

(Former name, former address and former fiscal year, if changed since last report)

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 and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

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

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

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act. ☐

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

| Class | Outstanding at August 7, 2017 |
|---|---|
| Common stock, $0.01 par value | 10,000,100 |

**AMERICAN CAPITAL SENIOR FLOATING, LTD.**
**FORM 10-Q FOR THE QUARTER ENDED June 30, 2017**
**TABLE OF CONTENTS**

## PART I. FINANCIAL INFORMATION

### Item 1. Financial Statements

**AMERICAN CAPITAL SENIOR FLOATING, LTD.**
**CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES**
**(in thousands, except per share data)**

| | June 30, 2017 (unaudited) | December 31, 2016 |
|---|---|---|
| **Assets:** | | |
| Investments, fair value (cost of $264,203 and $257,965, respectively) | $ 252,032 | $ 244,872 |
| Cash and cash equivalents | 1,247 | 8,795 |
| Receivable for investments sold | 1,824 | 2,272 |
| Deferred financing costs | 135 | 181 |
| Interest receivable | 417 | 779 |
| Prepaid expenses and other assets | 756 | 143 |
| Receivable from affiliate (Notes 3 and 4) | 176 | 298 |
| **Total assets** | $ 256,587 | $ 257,340 |
| **Liabilities:** | | |
| Secured revolving credit facility payable (Note 7) | $ 98,200 | $ 104,900 |
| Payable for investments purchased | 22,407 | 12,202 |
| Management fee payable (Note 3) | 533 | 2,046 |
| Interest payable (Note 7) | 24 | 34 |
| Taxes payable (Note 8) | 28 | 117 |
| Payable to affiliate (Note 4) | 13 | 156 |
| Other liabilities and accrued expenses | 298 | 126 |
| Distributions to stockholders payable (Note 10) | 970 | 970 |
| **Total liabilities** | 122,473 | 120,551 |
| Commitments and contingencies (Note 11) | | |
| **Net Assets:** | | |
| Common stock, par value $0.01 per share; 10,000 issued and outstanding; 300,000 authorized | 100 | 100 |
| Paid-in capital in excess of par | 150,949 | 150,949 |
| Accumulated undistributed net investment income | 1,809 | 2,133 |
| Accumulated net realized loss from investments | (6,573) | (3,300) |
| Net unrealized depreciation on investments | (12,171) | (13,093) |
| **Total net assets** | 134,114 | 136,789 |
| **Total liabilities and net assets** | $ 256,587 | $ 257,340 |
| **Net asset value per share outstanding** | $ 13.41 | $ 13.68 |

See notes to consolidated financial statements.

**AMERICAN CAPITAL SENIOR FLOATING, LTD.**
**CONSOLIDATED STATEMENTS OF OPERATIONS**
**(unaudited)**
**(in thousands, except per share data)**

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | **2017** | **2016** | **2017** | **2016** |
| **Investment Income:** | | | | |
| Interest | $ 4,119 | $ 4,272 | $ 8,731 | $ 8,617 |
| **Total investment income** | 4,119 | 4,272 | 8,731 | 8,617 |
| **Expenses:** | | | | |
| Interest and commitment fee (Note 7) | 746 | 617 | 1,456 | 1,258 |
| Management fee (Note 3) | 533 | 511 | 1,064 | 1,008 |
| Professional fees | 260 | 181 | 603 | 234 |
| Insurance | 91 | 109 | 239 | 220 |
| Amortization of deferred financing costs | 23 | 23 | 46 | 46 |
| Other general and administrative expenses (Note 4) | 190 | 443 | 413 | 796 |
| **Total expenses** | 1,843 | 1,884 | 3,821 | 3,562 |
| Expense reimbursement (Note 3) | (176) | (455) | (614) | (693) |
| **Net expenses** | 1,667 | 1,429 | 3,207 | 2,869 |
| **Net investment income before taxes** | 2,452 | 2,843 | 5,524 | 5,748 |
| Income tax (provision) benefit (Note 8) | (9) | 125 | (28) | 98 |
| **Net investment income** | 2,443 | 2,968 | 5,496 | 5,846 |
| **Net realized and unrealized gain (loss) on investments:** | | | | |
| Net realized loss on investments | (3,735) | (409) | (3,273) | (1,299) |
| Net unrealized appreciation on investments | 1,685 | 7,709 | 922 | 7,889 |
| Net gain (loss) on investments | (2,050) | 7,300 | (2,351) | 6,590 |
| **Net increase in net assets resulting from operations (“Net Earnings”)** | $ 393 | $ 10,268 | $ 3,145 | $ 12,436 |
| | | | | |
| **Net investment income per share** | $ 0.24 | $ 0.30 | $ 0.55 | $ 0.58 |
| **Net Earnings per share (Note 5)** | $ 0.04 | $ 1.03 | $ 0.31 | $ 1.24 |
| **Distributions to stockholders declared per share** | $ 0.29 | $ 0.29 | $ 0.58 | $ 0.58 |
| **Weighted average shares outstanding** | 10,000 | 10,000 | 10,000 | 10,000 |

See notes to consolidated financial statements.

**AMERICAN CAPITAL SENIOR FLOATING, LTD.**
**CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS**
**(unaudited, in thousands)**

| | Six Months Ended June 30, | |
|---|---|---|
| | **2017** | **2016** |
| **Operations:** | | |
| Net investment income | $ 5,496 | $ 5,846 |
| Net realized loss on investments | (3,273) | (1,299) |
| Net unrealized appreciation on investments | 922 | 7,889 |
| **Net Earnings** | 3,145 | 12,436 |
| | | |
| **Distributions to stockholders:** | | |
| From net investment income | (5,820) | (5,820) |
| | | |
| **Net increase (decrease) in net assets** | (2,675) | 6,616 |
| | | |
| Net assets, beginning of period | 136,789 | 117,929 |
| Net assets, end of period | $ 134,114 | $ 124,545 |
| | | |
| Undistributed net investment income included in net assets | $ 1,809 | $ 1,586 |
| Common shares outstanding | 10,000 | 10,000 |

See notes to consolidated financial statements.

**AMERICAN CAPITAL SENIOR FLOATING, LTD.**
**CONSOLIDATED STATEMENTS OF CASH FLOWS**
**(unaudited, in thousands)**

| | Six Months Ended June 30, | |
|---|---|---|
| | 2017 | 2016 |
| **Cash Flows from Operating Activities:** | | |
| **Net Earnings** | $ 3,145 | $ 12,436 |
| Adjustments to reconcile net increase in net assets resulting from operations: | | |
| Net realized loss on investments | 3,273 | 1,299 |
| Net unrealized appreciation on investments | (922) | (7,889) |
| Accretion of CLO interest income | (3,263) | (3,306) |
| Net amortization of discount on loans | (127) | (133) |
| Amortization of deferred financing costs | 46 | 46 |
| Purchase of investments, net | (111,685) | (34,698) |
| Proceeds from disposition of investments, net | 116,217 | 52,222 |
| Changes in operating assets and liabilities: | | |
| Interest receivable | 362 | 7 |
| Prepaid expenses and other assets | (613) | (258) |
| Receivable from affiliate | 122 | (221) |
| Management fee payable | (1,513) | 472 |
| Interest payable | (10) | (26) |
| Taxes payable | (89) | (209) |
| Payable to affiliate | (143) | (56) |
| Other liabilities and accrued expenses | 172 | (59) |
| **Net cash provided by operating activities** | 4,972 | 19,627 |
| **Cash Flows from Financing Activities:** | | |
| Distributions to stockholders paid | (5,820) | (5,820) |
| Payments on revolving credit facility, net | (6,700) | (13,100) |
| **Net cash used in financing activities** | (12,520) | (18,920) |
| **Net change in cash and cash equivalents** | (7,548) | 707 |
| **Cash and cash equivalents at beginning of period** | 8,795 | 2,474 |
| **Cash and cash equivalents at end of period** | $ 1,247 | $ 3,181 |
| **Supplemental disclosure of cash flow information:** | | |
| Cash paid for interest and commitment fees | $ 1,466 | $ 1,284 |
| Cash paid for income taxes | $ 130 | $ 240 |
| Cash received for income tax benefit | $ (126) | $ — |
| Distributions to stockholders declared and payable during the period | $ 5,820 | $ 5,820 |

See notes to consolidated financial statements.

**AMERICAN CAPITAL SENIOR FLOATING, LTD.**
**CONSOLIDATED SCHEDULE OF INVESTMENTS**
**JUNE 30, 2017**
**(unaudited, in thousands)**

| Description | Maturity | Interest Rate [1] | Basis Point Spread Above Index [2] | LIBOR Interest Rate Floor | Industry | Par Amount | Cost | Fair Value |
|---|---|---|---|---|---|---|---|---|
| **Non-Control/Non-Affiliate Investments** | | | | | | | | |
| **First Lien Floating Rate Loans —144.0% of Net Assets** | | | | | | | | |
| 24 Hour Fitness Worldwide, Inc. [5] | 05/30/2021 | 5.05% | L+ 3.75 | 1.00% | Leisure Goods/Activities/Movies | $ 1,942 | $ 1,938 | $ 1,934 |
| Academy, Ltd. [5] | 07/01/2022 | 5.17% | L+ 4.00 | 1.00% | Retailers (except food and drug) | 900 | 802 | 696 |
| Acosta, Inc. [5] | 09/26/2021 | 4.48% | L+ 3.25 | 1.00% | Business Equipment and Services | 2,425 | 2,398 | 2,185 |
| Advanced Integration Technology LP [5], [6], [7] | 04/03/2023 | 6.73% | L+ 5.50 | 1.00% | Industrial Equipment | 1,995 | 1,995 | 2,007 |
| Aegis Toxicology Sciences Corporation [5] | 02/24/2021 | 5.79% | L+ 4.50 | 1.00% | Health Care | 1,617 | 1,611 | 1,615 |
| Air Medical Group Holdings, Inc. [5] | 04/28/2022 | 4.47% | L+ 3.25 | 1.00% | Health Care | 1,960 | 1,963 | 1,927 |
| Air Medical Group Holdings, Inc. [5] | 04/28/2022 | 5.00% | L+ 4.00 | 1.00% | Health Care | 498 | 496 | 497 |
| Albertson's LLC [5] | 12/21/2022 | 4.29% | L+ 3.00 | 0.75% | Food/Drug Retailers | 985 | 964 | 976 |
| Alliant Holdings Intermediate, LLC [5] | 08/12/2022 | 4.42% | L+ 3.25 | 1.00% | Diversified Insurance | 1,711 | 1,705 | 1,711 |
| American Residential Services, LLC [5], [7] | 06/30/2022 | 5.23% | L+ 4.00 | 1.00% | Ecological Services and Equipment | 1,990 | 1,985 | 1,997 |
| American Tire Distributors, Inc. [5] | 09/01/2021 | 5.48% | L+ 4.25 | 1.00% | Retailers (except food and drug) | 961 | 958 | 967 |
| Anchor Glass Container Corporation [5] | 12/07/2023 | 4.34% | L+ 3.25 | —% | Containers and Glass Products | 1,713 | 1,705 | 1,724 |
| AqGen Ascensus, Inc. [5] | 12/05/2022 | 5.30% | L+ 4.00 | 1.00% | Financial Intermediaries | 1,728 | 1,679 | 1,749 |
| Aquilex LLC [5], [6] | 12/31/2020 | 5.12% | L+ 4.00 | 1.00% | Business Equipment and Services | 905 | 904 | 891 |
| Arctic Glacier U.S.A., Inc. [5] | 03/20/2024 | 5.48% | L+ 4.25 | 1.00% | Food Products | 997 | 993 | 1,010 |
| Ardent Legacy Acquisitions, Inc. [5] | 08/04/2021 | 6.80% | L+ 5.50 | 1.00% | Health Care | 326 | 324 | 328 |
| Ascend Learning, LLC [5] | 07/31/2019 | 5.73% | L+ 4.50 | 1.00% | Business Equipment and Services | 578 | 577 | 580 |
| AssuredPartners, Inc. [5], [7] | 10/21/2022 | 4.73% | L+ 3.50 | —% | Insurance | 1,331 | 1,331 | 1,333 |
| Asurion, LLC [5] | 08/04/2022 | 4.48% | L+ 3.25 | 1.00% | Diversified Insurance | 2,102 | 2,084 | 2,114 |
| BCP Raptor, LLC [5], [6] | 06/24/2024 | 5.25% | L+ 4.25 | 1.00% | Energy | 1,100 | 1,074 | 1,089 |
| BCPE Eagle Buyer LLC [5] | 03/18/2024 | 5.48% | L+ 4.25 | 1.00% | Health Care | 1,496 | 1,482 | 1,504 |
| Big Jack Holdings LP [5], [6], [7] | 04/05/2024 | 5.48% | L+ 4.25 | 1.00% | Food/Drug Retailers | 1,995 | 1,985 | 2,005 |
| BJ's Wholesale Club, Inc. [5] | 02/03/2024 | 4.97% | L+ 3.75 | 1.00% | Food/Drug Retailers | 1,904 | 1,900 | 1,850 |
| Blackboard, Inc. [5] | 06/30/2021 | 6.16% | L+ 5.00 | 1.00% | Electronics/Electric | 2,399 | 2,399 | 2,393 |
| Brand Energy & Infrastructure Services, Inc. [5] | 06/21/2024 | 5.25% | L+ 4.25 | 1.00% | Oil and Gas | 2,495 | 2,470 | 2,496 |
| BWAY Intermediate Company, Inc. [5], [7] | 04/03/2024 | 4.33% | L+ 3.25 | —% | Containers and Glass Products | 806 | 803 | 807 |
| Calceus Acquisition, Inc. [5] | 01/31/2020 | 5.23% | L+ 4.00 | 1.00% | Clothing/Textiles | 2,301 | 2,306 | 2,113 |
| Candy Intermediate Holdings, Inc. [5], | 06/15/2023 | 5.80% | L+ 4.50 | 1.00% | Food Products | 1,782 | 1,780 | 1,714 |
| Carecore National, LLC [5], [6] | 03/05/2021 | 5.23% | L+ 4.00 | 1.00% | Health Care | 1,951 | 1,951 | 1,975 |
| Catalina Marketing Corporation [5] | 04/09/2021 | 4.73% | L+ 3.50 | 1.00% | Business Equipment and Services | 2,387 | 2,387 | 2,004 |
| CB Poly Investments, LLC [5], [6] | 08/16/2023 | 6.48% | L+ 5.25 | 1.00% | Clothing/Textiles | 1,489 | 1,476 | 1,492 |
| CCM Merger, Inc. [5] | 08/06/2021 | 3.98% | L+ 2.75 | 0.75% | Lodging and Casinos | 724 | 721 | 728 |
| Charter NEX US, Inc. [5] | 05/16/2024 | 4.48% | L+ 3.25 | 1.00% | Manufacturing | 600 | 597 | 601 |
| CIBT Global, Inc. [5], [6] | 06/01/2024 | 5.20% | L+ 4.00 | 1.00% | Service & Equipment | 1,000 | 997 | 1,005 |

See notes to consolidated financial statements.

**AMERICAN CAPITAL SENIOR FLOATING, LTD.**
**CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)**
**JUNE 30, 2017**
**(unaudited, in thousands)**

| Description | Maturity | Interest Rate [1] | Basis Point Spread Above Index [2] | LIBOR Interest Rate Floor | Industry | Par Amount | Cost | Fair Value |
|---|---|---|---|---|---|---|---|---|
| **First Lien Floating Rate Loans —144.0% of Net Assets** | | | | | | | | |
| Comfort Holding, LLC [5] | 02/05/2024 | 5.88% | L+ 4.75 | 1.00% | Home Furnishings | $ 2,263 | $ 2,251 | $ 2,275 |
| CPI Holdco, LLC [5] | 03/21/2024 | 5.30% | L+ 4.00 | 1.00% | Industrial Equipment | 1,995 | 1,985 | 2,007 |
| CT Technologies Intermediate Holdings, Inc. [5], [6] | 12/01/2021 | 5.48% | L+ 4.25 | 1.00% | Electronics/Electric | 490 | 488 | 489 |
| DiversiTech Holdings, Inc. [5] | 06/03/2024 | 4.70% | L+ 3.50 | 1.00% | Industrials | 2,000 | 1,995 | 2,005 |
| DJO Finance LLC [5] | 06/08/2020 | 4.30% | L+ 3.25 | 1.00% | Health Care | 997 | 977 | 989 |
| Dole Food Company, Inc. [5], [7] | 04/06/2024 | 4.24% | L+ 3.00 | 1.00% | Food Products | 857 | 853 | 860 |
| DTI Holdco, Inc. [5] | 09/30/2023 | 6.42% | L+ 5.25 | 1.00% | Electronics/Electric | 746 | 744 | 730 |
| Duff & Phelps Corporation [5] | 04/23/2020 | 5.05% | L+ 3.75 | 1.00% | Financial Intermediaries | 2,381 | 2,382 | 2,400 |
| Dynacast International LLC [5], [7] | 01/28/2022 | 4.55% | L+ 3.25 | 1.00% | Industrial Equipment | 534 | 534 | 537 |
| Eastern Power, LLC [5] | 10/02/2023 | 5.23% | L+ 4.00 | 1.00% | Utilities | 1,921 | 1,911 | 1,915 |
| EIG Investors Corp. [3], [5], [7] | 02/09/2023 | 5.24% | L+ 4.00 | 1.00% | Electronics/Electric | 2,360 | 2,354 | 2,370 |
| Epicor Software Corporation [5] | 06/01/2022 | 4.98% | L+ 3.75 | 1.00% | Electronics/Electric | 1,954 | 1,940 | 1,956 |
| Erie Acquisition Holdings, Inc. [5] | 03/01/2023 | 6.05% | L+ 4.75 | 1.00% | Business Equipment and Services | 490 | 482 | 492 |
| ExamWorks Group, Inc. [5] | 07/27/2023 | 4.48% | L+ 3.25 | 1.00% | Business Equipment and Services | 993 | 996 | 998 |
| Expro Finservices S.à r.l. [3], [5] | 09/02/2021 | 5.96% | L+ 4.75 | 1.00% | Oil and Gas | 1,945 | 1,927 | 1,339 |
| Fairmount Minerals, Ltd. [3], [5] | 09/05/2019 | 4.65% | L+ 3.50 | 1.00% | Nonferrous Metals/Minerals | 396 | 397 | 375 |
| FHC Health Systems, Inc. [5] | 12/23/2021 | 5.23% | L+ 4.00 | 1.00% | Health Care | 1,485 | 1,466 | 1,390 |
| Filtration Group Corporation [5] | 11/23/2020 | 4.48% | L+ 3.25 | 1.00% | Industrial Equipment | 983 | 983 | 986 |
| Flexera Software LLC [5] | 04/02/2020 | 4.80% | L+ 3.50 | 1.00% | Electronics/Electric | 993 | 993 | 1,001 |
| Gates Global LLC [5] | 04/01/2024 | 4.55% | L+ 3.25 | 1.00% | Automotive | 1,052 | 1,051 | 1,054 |
| Genesys Telecommunications Laboratories, Inc [5] | 12/01/2023 | 5.30% | L+ 4.00 | 1.00% | Business Equipment and Services | 497 | 491 | 500 |
| GTCR Valor Companies, Inc. [5], [7] | 06/16/2023 | 7.23% | L+ 6.00 | 1.00% | Business Equipment and Services | 1,846 | 1,850 | 1,859 |
| Harland Clarke Holdings Corp. [5] | 12/31/2021 | 7.30% | L+ 6.00 | 1.00% | Publishing | 696 | 698 | 701 |
| Harland Clarke Holdings Corp. [5] | 02/09/2022 | 6.80% | L+ 5.50 | 1.00% | Publishing | 144 | 143 | 145 |
| Helix Generation, LLC [5], [7] | 06/03/2024 | 4.96% | L+ 3.75 | 1.00% | Utilities | 425 | 423 | 428 |
| HGIM Corp. [5] | 06/18/2020 | 5.75% | L+ 4.50 | 1.00% | Surface Transport | 1,444 | 1,446 | 632 |
| Hummel Station LLC [5], [6] | 10/27/2022 | 7.23% | L+ 6.00 | 1.00% | Energy | 2,000 | 1,871 | 1,860 |
| Hyland Software, Inc. [5] | 07/01/2022 | 4.48% | L+ 3.25 | 0.75% | Electronics/Electric | 2,452 | 2,436 | 2,471 |
| Hyperion Insurance Group Limited [3], [5] | 04/29/2022 | 5.25% | L+ 4.00 | 1.00% | Diversified Insurance | 706 | 707 | 712 |
| IBC Capital Limited [3], [5] | 09/09/2021 | 4.98% | L+ 3.75 | 1.00% | Business Equipment and Services | 992 | 984 | 979 |
| Immucor, Inc. [5] | 08/17/2018 | 5.00% | L+ 3.75 | 1.25% | Conglomerates | 970 | 972 | 972 |
| Immucor, Inc. [5] | 06/27/2021 | 6.25% | L+ 5.25 | 1.00% | Conglomerates | 2,500 | 2,475 | 2,526 |
| Indra Holdings Corp. [5] | 05/03/2021 | 5.42% | L+ 4.25 | 1.00% | Clothing/Textiles | 1,185 | 1,179 | 715 |
| Infoblox Inc. [5] | 11/07/2023 | 6.23% | L+ 5.00 | 1.00% | Electronics/Electric | 1,429 | 1,403 | 1,440 |
| Informatica Corporation [5] | 08/05/2022 | 4.80% | L+ 3.50 | 1.00% | Electronics/Electric | 1,938 | 1,934 | 1,939 |
| Information Resources, Inc. [5] | 01/18/2024 | 5.47% | L+ 4.25 | 1.00% | Business Equipment and Services | 2,425 | 2,414 | 2,438 |
| IPC Corp. [5] | 08/06/2021 | 5.67% | L+ 4.50 | 1.00% | Telecommunications | 1,466 | 1,461 | 1,395 |
| Jazz Acquisition, Inc. [5] | 06/21/2021 | 4.80% | L+ 3.50 | 1.00% | Aerospace and Defense | 1,942 | 1,945 | 1,892 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| JC Penney Corp Inc [(3), (5)] | 06/23/2023 | 5.45% | L+ 4.25 | 1.00% | Retailers (except food and drug) | 741 | 744 | 732 |

See notes to consolidated financial statements.

**AMERICAN CAPITAL SENIOR FLOATING, LTD.**
**CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)**
**JUNE 30, 2017**
**(unaudited, in thousands)**

| Description | Maturity | Interest Rate [1] | Basis Point Spread Above Index [2] | LIBOR Interest Rate Floor | Industry | Par Amount | Cost | Fair Value |
|---|---|---|---|---|---|---|---|---|
| **First Lien Floating Rate Loans —144.0% of Net Assets** | | | | | | | | |
| Jo-Ann Stores, Inc. [5] | 10/20/2023 | 6.39% | L+ 5.00 | 1.00% | Retailers (except food and drug) | $ 566 | $ 557 | $ 565 |
| KEMET Corporation [5], [6] | 04/26/2024 | 7.17% | L+ 6.00 | 1.00% | Electronics | 2,444 | 2,401 | 2,456 |
| Kingpin Intermediate Holdings LLC [5], [6] | 06/29/2024 | 6.25% | L+ 5.25 | 1.00% | Service & Equipment | 875 | 871 | 880 |
| Kraton Polymers LLC [3], [5] | 01/06/2022 | 5.23% | L+ 4.00 | 1.00% | Chemical/Plastics | 1,040 | 1,055 | 1,051 |
| Kronos Acquisition Intermediate Inc. [3], [5] | 08/26/2022 | 5.79% | L+ 4.50 | 1.00% | Cosmetics/Toiletries | 711 | 698 | 719 |
| Kronos Incorporated [5] | 11/01/2023 | 4.68% | L+ 3.50 | 1.00% | Electronics/Electric | 2,288 | 2,281 | 2,307 |
| LANDesk Software Group, Inc. [5] | 01/20/2024 | 5.48% | L+ 4.25 | 1.00% | Electronics/Electric | 2,595 | 2,577 | 2,586 |
| Learning Care Group (US) No. 2 Inc. [5], [6] | 05/05/2021 | 5.06% | L+ 4.00 | 1.00% | Business Equipment and Services | 987 | 987 | 992 |
| Liberty Cablevision of Puerto Rico LLC [5] | 01/07/2022 | 4.66% | L+ 3.50 | 1.00% | Cable and Satellite Television | 1,000 | 994 | 992 |
| Life Time Fitness, Inc. [5] | 06/10/2022 | 4.23% | L+ 3.00 | 1.00% | Leisure Goods/Activities/Movies | 860 | 856 | 863 |
| LSF9 Atlantis Holdings LLC [5] | 05/01/2023 | 7.06% | L+ 6.00 | 1.00% | Telecommunications/Cellular Communications | 1,000 | 990 | 1,011 |
| Marine Acquisition Corp. [5] | 01/30/2021 | 4.98% | L+ 3.75 | 1.00% | Manufacturing | 993 | 993 | 1,000 |
| McGraw-Hill Global Education Holdings, LLC [5] | 05/04/2022 | 5.23% | L+ 4.00 | 1.00% | Publishing | 1,987 | 1,975 | 1,959 |
| Meter Readings Holdings, LLC [5], [6] | 08/29/2023 | 6.95% | L+ 5.75 | 1.00% | Electronics/Electric | 662 | 653 | 668 |
| Mirion Technologies, Inc. [5] | 03/31/2022 | 6.05% | L+ 4.75 | 1.00% | Utilities | 1,995 | 1,997 | 1,996 |
| Mister Car Wash Holdings, Inc. [5] | 08/20/2021 | 5.00% | L+ 3.75 | 1.00% | Business Equipment and Services | 745 | 739 | 748 |
| Mitchell International, Inc. [5] | 10/13/2020 | 4.54% | L+ 3.50 | 1.00% | Electronics/Electric | 2,365 | 2,371 | 2,382 |
| MND Holdings III Corp [5], [6] | 06/19/2024 | 5.50% | L+ 4.50 | 1.00% | Consumer Products | 1,800 | 1,791 | 1,816 |
| Mohegan Tribal Gaming Authority [5] | 10/13/2023 | 5.23% | L+ 4.00 | 1.00% | Lodging and Casinos | 1,496 | 1,517 | 1,515 |
| Murray Energy Corporation [5] | 04/16/2020 | 8.55% | L+ 7.25 | 1.00% | Nonferrous Metals/Minerals | 992 | 952 | 972 |
| NFP Corp [5] | 01/08/2024 | 4.80% | L+ 3.50 | 1.00% | Diversified Insurance | 2,487 | 2,476 | 2,497 |
| nThrive, Inc. [5], [7] | 10/20/2022 | 5.73% | L+ 4.50 | 1.00% | Health Care | 1,990 | 1,990 | 2,003 |
| Oak Parent, Inc. [5], [6] | 10/26/2023 | 5.73% | L+ 4.50 | 1.00% | Clothing/Textiles | 1,342 | 1,332 | 1,342 |
| Omnitracs, LLC [5] | 11/25/2020 | 5.05% | L+ 3.75 | 1.00% | Electronics/Electric | 987 | 974 | 992 |
| Onex Carestream Finance LP [5] | 06/07/2019 | 5.25% | L+ 4.00 | 1.00% | Electronics/Electric | 1,561 | 1,564 | 1,555 |
| Opal Acquisition, Inc. [5] | 11/27/2020 | 5.30% | L+ 4.00 | 1.00% | Health Care | 2,891 | 2,879 | 2,690 |
| Optiv Inc. [5] | 02/01/2024 | 4.44% | L+ 3.25 | 1.00% | Business Equipment and Services | 1,039 | 1,037 | 1,022 |
| PAE Holding Corporation [5] | 10/20/2022 | 6.73% | L+ 5.50 | 1.00% | Aerospace and Defense | 558 | 548 | 563 |
| Patterson Medical Supply, Inc. [5], [6] | 08/28/2022 | 5.98% | L+ 4.75 | 1.00% | Health Care | 2,000 | 1,975 | 1,960 |
| PetSmart, Inc. [5] | 03/11/2022 | 4.22% | L+ 3.00 | 1.00% | Retailers (except food and drug) | 485 | 483 | 453 |
| Plaskolite, LLC [5] | 11/03/2022 | 5.30% | L+ 4.00 | 1.00% | Chemical/Plastics | 1,397 | 1,392 | 1,407 |
| Plaze, Inc. [5] | 07/31/2022 | 4.80% | L+ 3.50 | 1.00% | Chemical/Plastics | 820 | 819 | 826 |
| PODS, LLC [5] | 02/02/2022 | 4.34% | L+ 3.25 | 1.00% | Surface Transport | 987 | 978 | 994 |
| Pregis Holding I Corporation [5] | 05/20/2021 | 4.80% | L+ 3.50 | 1.00% | Chemical/Plastics | 1,350 | 1,334 | 1,355 |
| Presidio, Inc. [5] | 02/02/2022 | 4.40% | L+ 3.25 | 1.00% | Electronics/Electric | 1,141 | 1,141 | 1,147 |
| Press Ganey Holdings, Inc. [5] | 10/21/2023 | 4.48% | L+ 3.25 | 1.00% | Health Care | 398 | 396 | 400 |
| PrimeLine Utility Services LLC [5] | 11/14/2022 | 6.62% | L+ 5.50 | 1.00% | Utilities | 1,101 | 1,093 | 1,094 |

See notes to consolidated financial statements.

**AMERICAN CAPITAL SENIOR FLOATING, LTD.**
**CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)**
**JUNE 30, 2017**
**(unaudited, in thousands)**

| Description | Maturity | Interest Rate (1) | Basis Point Spread Above Index (2) | LIBOR Interest Rate Floor | Industry | Par Amount | Cost | Fair Value |
|---|---|---|---|---|---|---|---|---|
| **First Lien Floating Rate Loans —144.0% of Net Assets** | | | | | | | | |
| ProAmpac PG Borrower LLC (5) | 11/20/2023 | 5.21% | L+ 4.00 | 1.00% | Containers and Glass Products | $ 448 | $ 444 | $ 454 |
| Project Alpha Intermediate Holding, Inc. (5) | 04/26/2024 | 4.67% | L+ 3.50 | 1.00% | Technology | 1,765 | 1,756 | 1,756 |
| Quorum Health Corporation (3), (5) | 04/29/2022 | 7.98% | L+ 6.75 | 1.00% | Health Care | 995 | 988 | 1,002 |
| Renaissance Learning, Inc. (5) | 04/09/2021 | 5.05% | L+ 3.75 | 1.00% | Electronics/Electric | 1,913 | 1,912 | 1,923 |
| Russell Investments US Institutional Holdco, Inc. (3), (5) | 06/01/2023 | 6.98% | L+ 5.75 | 1.00% | Financial Intermediaries | 249 | 253 | 253 |
| Seahawk Holdings Limited (5) | 10/31/2022 | 7.23% | L+ 6.00 | 1.00% | Electronics/Electric | 1,949 | 1,936 | 1,982 |
| Sears Roebuck Acceptance Corp. (3), (5) | 06/30/2018 | 5.72% | L+ 4.50 | 1.00% | Retailers (except food and drug) | 732 | 729 | 723 |
| Securus Technologies Holdings, Inc. (5) | 04/30/2020 | 4.75% | L+ 3.50 | 1.25% | Telecommunications | 1,806 | 1,793 | 1,808 |
| Serta Simmons Bedding, LLC (5) | 11/08/2023 | 4.56% | L+ 3.50 | 1.00% | Home Furnishings | 1,995 | 1,986 | 1,996 |
| SMS System Maintenance Services, Inc. (5) | 10/30/2023 | 6.23% | L+ 5.00 | 1.00% | Business Equipment and Services | 1,990 | 1,981 | 1,989 |
| Solera, LLC (3), (5) | 03/03/2023 | 4.48% | L+ 3.25 | 1.00% | Electronics/Electric | 943 | 931 | 948 |
| StandardAero Aviation Holdings, Inc. (5) | 07/07/2022 | 4.98% | L+ 3.75 | 1.00% | Aerospace and Defense | 1,160 | 1,154 | 1,171 |
| Sterigenics-Nordion Holdings, LLC (5), (6) | 05/15/2022 | 4.23% | L+ 3.00 | 1.00% | Health Care | 891 | 884 | 889 |
| Strategic Partners Acquisition Corp. (5), (6), (7) | 06/30/2023 | 5.73% | L+ 4.50 | 1.00% | Clothing/Textiles | 2,244 | 2,244 | 2,244 |
| STS Operating, Inc. (5) | 02/12/2021 | 4.96% | L+ 3.75 | 1.00% | Industrial Equipment | 1,869 | 1,875 | 1,880 |
| Summit Midstream Partners Holdings, LLC (3), (5), (6) | 05/13/2022 | 7.23% | L+ 6.00 | 1.00% | Oil and Gas | 612 | 606 | 621 |
| Surgery Center Holdings, Inc. (3), (5) | 11/03/2020 | 4.83% | L+ 3.75 | 1.00% | Health Care | 1,950 | 1,945 | 1,962 |
| Syniverse Holdings, Inc (5) | 04/23/2019 | 4.17% | L+ 3.00 | 1.00% | Telecommunications | 749 | 695 | 703 |
| Syniverse Holdings, Inc. (5) | 04/23/2019 | 4.30% | L+ 3.00 | 1.00% | Telecommunications | 1,464 | 1,446 | 1,373 |
| TCH-2 Holdings, LLC (5), (6) | 05/06/2021 | 5.23% | L+ 4.00 | 1.00% | Electronics/Electric | 541 | 526 | 544 |
| Thermasys Corp. (5) | 05/03/2019 | 5.31% | L+ 4.00 | 1.25% | Industrial Equipment | 435 | 435 | 390 |
| TIBCO Software Inc (5) | 12/04/2020 | 5.73% | L+ 4.50 | 1.00% | Business Equipment and Services | 1,494 | 1,506 | 1,504 |
| Tricorbraun Holdings, Inc. (5) | 11/30/2023 | 5.05% | L+ 3.75 | —% | Containers and Glass Products | 905 | 922 | 914 |
| Tricorbraun Holdings, Inc. (5), (9) | 11/30/2023 | 4.75% | L+ 3.75 | 1.00% | Containers and Glass Products | 91 | 1 | 1 |
| Truck Hero, Inc. (5) | 04/22/2024 | 5.16% | L+ 4.00 | 1.00% | Automotive | 2,000 | 1,980 | 1,988 |
| Turbocombustor Technology, Inc. (5) | 12/02/2020 | 5.80% | L+ 4.50 | 1.00% | Aerospace and Defense | 3,377 | 3,361 | 3,175 |
| U.S. Renal Care, Inc. (5) | 12/30/2022 | 5.55% | L+ 4.25 | 1.00% | Health Care | 493 | 489 | 478 |
| Unifrax I LLC (3), (5), (7) | 04/04/2024 | 5.05% | L+ 3.75 | 1.00% | Industrial Equipment | 742 | 740 | 748 |
| University Support Services LLC (5) | 07/06/2022 | 6.48% | L+ 5.25 | 1.00% | Health Care | 1,181 | 1,181 | 1,189 |
| Veritas US Inc. (5) | 01/27/2023 | 5.80% | L+ 4.50 | 1.00% | Electronics/Electric | 1,992 | 1,949 | 1,999 |
| VF Holding Corp. (5) | 06/30/2023 | 4.55% | L+ 3.25 | 1.00% | Insurance | 1,044 | 1,040 | 1,045 |
| Wilsonart LLC (5) | 12/19/2023 | 4.80% | L+ 3.50 | 1.00% | Building & Development | 746 | 751 | 750 |
| WP CPP Holdings, LLC (5) | 12/28/2019 | 4.67% | L+ 3.50 | 1.00% | Aerospace and Defense | 2,397 | 2,394 | 2,318 |
| Zekelman Industries, Inc. (5) | 06/14/2021 | 4.79% | L+ 3.50 | 1.00% | Steel | 117 | 117 | 117 |
| **Total First Lien Floating Rate Loans** | | | | | | **$196,940** | **$195,641** | **$193,136** |

See notes to consolidated financial statements.

**AMERICAN CAPITAL SENIOR FLOATING, LTD.**
**CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)**
**JUNE 30, 2017**
**(unaudited, in thousands)**

| Description | Maturity | Interest Rate [1] | Basis Point Spread Above Index [2] | LIBOR Interest Rate Floor | Industry | Par Amount | Cost | Fair Value |
|---|---|---|---|---|---|---|---|---|
| **Second Lien Floating Rate Loans —11.0% of Net Assets** | | | | | | | | |
| Advantage Sales & Marketing Inc. [5] | 07/25/2022 | 7.80% | L+ 6.50 | 1.00% | Business Equipment and Services | $ 1,000 | $ 995 | $ 963 |
| Almonde Inc [5] | 06/13/2025 | 8.25% | L+ 7.25 | 1.00% | Technology | 609 | 603 | 622 |
| Anchor Glass Container Corporation [5] | 12/07/2024 | 8.81% | L+ 7.75 | 1.00% | Containers and Glass Products | 500 | 495 | 510 |
| Applied Systems, Inc. | 01/24/2022 | 7.80% | L+ 6.50 | 1.00% | Technology | 965 | 961 | 977 |
| Asurion, LLC [5] | 03/03/2021 | 8.73% | L+ 7.50 | 1.00% | Diversified Insurance | 1,000 | 992 | 1,006 |
| BJ's Wholesale Club, Inc. [5] | 02/03/2025 | 8.71% | L+ 7.50 | 1.00% | Food/Drug Retailers | 345 | 342 | 335 |
| CH Hold Corp. [5] | 02/01/2025 | 8.48% | L+ 7.25 | 1.00% | Automotive | 149 | 148 | 153 |
| Checkout Holding Corp. [5] | 04/11/2022 | 7.98% | L+ 6.75 | 1.00% | Business Equipment and Services | 1,000 | 1,002 | 639 |
| Del Monte Foods, Inc. [3], [5] | 08/18/2021 | 8.69% | L+ 7.25 | 1.00% | Food Products | 1,500 | 1,499 | 1,032 |
| Hyland Software Inc. [5] | 05/31/2025 | 7.75% | L+ 7.00 | 0.75% | Electronics/Electric | 298 | 297 | 304 |
| Jazz Acquisition, Inc. [5] | 06/19/2022 | 8.05% | L+ 6.75 | 1.00% | Aerospace and Defense | 1,250 | 1,254 | 1,198 |
| Mitchell International, Inc. [5] | 10/11/2021 | 8.67% | L+ 7.50 | 1.00% | Electronics/Electric | 750 | 714 | 758 |
| NVA Holdings, Inc. [5] | 08/14/2022 | 8.30% | L+ 7.00 | 1.00% | Health Care | 1,500 | 1,507 | 1,517 |
| Optiv Inc. [5] | 01/31/2025 | 8.44% | L+ 7.25 | 1.00% | Business Equipment and Services | 444 | 442 | 436 |
| ProAmpac PG Borrower LLC [5] | 11/18/2024 | 9.67% | L+ 8.50 | 1.00% | Containers and Glass Products | 500 | 493 | 510 |
| Radnet Management, Inc. [3], [5], [6] | 03/25/2021 | 8.29% | L+ 7.00 | 1.00% | Health Care | 1,000 | 1,009 | 1,005 |
| Ranpak Corp. [5], [6] | 10/03/2022 | 8.42% | L+ 7.25 | 1.00% | Containers and Glass Products | 856 | 855 | 853 |
| Solenis International, L.P. [5] | 07/31/2022 | 7.95% | L+ 6.75 | 1.00% | Chemical/Plastics | 500 | 498 | 502 |
| U.S. Renal Care, Inc. [5] | 12/29/2023 | 9.30% | L+ 8.00 | 1.00% | Health Care | 1,000 | 987 | 946 |
| WP CPP Holdings, LLC [5] | 04/30/2021 | 8.92% | L+ 7.75 | 1.00% | Aerospace and Defense | 492 | 499 | 467 |
| **Total Second Lien Floating Rate Loans** | | | | | | **$ 15,658** | **$ 15,592** | **$ 14,733** |
| **CLO Equity —32.9% of Net Assets** | | | | | | | | |
| Apidos CLO XIV, Income Notes [3], [4], [6] | 04/15/2025 | 8.86% | | | | $ 5,900 | $ 3,870 | $ 3,026 |
| Apidos CLO XVIII, Income Notes [3], [4], [6] | 07/22/2026 | 7.73% | | | | 2,500 | 1,753 | 1,511 |
| Apidos CLO XXVII, Subordinated Notes [3], [4], | 07/17/2030 | 9.92% | | | | 5,000 | 4,400 | 4,400 |
| Ares XXIX CLO Ltd., Subordinated Notes [3], [4], [6] | 04/17/2026 | 9.15% | | | | 4,750 | 3,378 | 2,703 |
| Avery Point II CLO, Income Notes [3], [4], [6] | 07/17/2025 | 17.85% | | | | 3,200 | 1,738 | 972 |
| Babson 2015-1, Income Notes [3], [4], [6] | 04/20/2027 | 15.11% | | | | 2,500 | 1,860 | 1,500 |
| Betony CLO, Ltd., Subordinated Notes [3], [4], [6] | 04/15/2027 | 5.88% | | | | 2,500 | 1,832 | 1,185 |
| Carlyle Global Market Strategies CLO 2014-3, LTD., Subordinated Notes [3], [4], [6] | 07/27/2026 | 15.33% | | | | 2,000 | 1,549 | 1,554 |
| Carlyle Global Market Strategies CLO 2015-3, LTD., Subordinated Notes [3], [4], [6] | 07/28/2028 | 12.17% | | | | 3,000 | 2,269 | 2,312 |
| Carlyle Global Market Strategies CLO 2017-3, LTD., Subordinated Notes [3], [4], [6] | 07/20/2029 | 9.43% | | | | 2,000 | 1,800 | 1,800 |
| Cent CLO 18 Limited, Subordinated Notes [3], [4], [6] | 07/23/2025 | 13.68% | | | | 4,675 | 3,180 | 2,571 |

See notes to consolidated financial statements.

**AMERICAN CAPITAL SENIOR FLOATING, LTD.**
**CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)**
**JUNE 30, 2017**
**(unaudited, in thousands)**

| Description | Maturity | Interest Rate (1) | Basis Point Spread Above Index (2) | LIBOR Interest Rate Floor | Industry | Par Amount | Cost | Fair Value |
|---|---|---|---|---|---|---|---|---|
| **CLO Equity —32.9% of Net Assets** | | | | | | | | |
| Cent CLO 19 Limited, Subordinated Notes (3), (4), (6) | 10/29/2025 | 15.38% | | | | $ 2,750 | $ 2,029 | $ 1,601 |
| Dryden 30 Senior Loan Fund, Subordinated Notes (3), (4), (6) | 11/15/2025 | 16.60% | | | | 2,500 | 1,360 | 1,125 |
| Dryden 31 Senior Loan Fund, Subordinated Notes (3), (4), (6) | 04/18/2026 | 5.28% | | | | 5,250 | 3,241 | 2,767 |
| Dryden 38 Senior Loan Fund, Subordinated Notes (3), (4), (6) | 07/15/2027 | 9.48% | | | | 3,000 | 2,365 | 2,178 |
| Galaxy XVI CLO, Ltd., Subordinated Notes (3), (4), (6) | 11/16/2025 | 11.00% | | | | 2,750 | 1,781 | 1,340 |
| Halcyon Loan Advisors Funding 2014-1 Ltd., Subordinated Notes (3), (4), (6) | 04/18/2026 | 23.41% | | | | 3,750 | 2,613 | 1,325 |
| Highbridge Loan Management 2013-2, Ltd., Subordinated Notes (3), (4), (6) | 10/20/2024 | 14.48% | | | | 1,000 | 620 | 483 |
| Magnetite VIII, Limited, Subordinated Notes (3), (4), (6) | 04/15/2026 | 8.42% | | | | 3,000 | 2,228 | 1,867 |
| Neuberger Berman CLO XV, Ltd., Subordinated Notes (3), (4), (6) | 10/15/2025 | 12.22% | | | | 3,410 | 1,946 | 1,697 |
| Octagon Investment Partners XX, Ltd., Subordinated Notes (3), (4), (6) | 08/12/2026 | 8.54% | | | | 2,500 | 1,774 | 1,331 |
| Voya 2017-2, Subordinated Notes (3), (4), (6) | 06/07/2030 | 8.77% | | | | 2,000 | 1,790 | 1,794 |
| Wind River CLO 2014-1, Ltd. (3), (4), (6) | 04/18/2026 | 10.57% | | | | 5,050 | 3,594 | 3,069 |
| **Total CLO Equity** | | | | | | **$ 74,985** | **$ 52,970** | **$ 44,111** |
| **Common Equity —0.0% of Net Assets** | | | | | | | | |
| Ameriforge Group Inc., Common Equity (10) | | | | | | 2 | — | 52 |
| **Total Common Equity** | | | | | | **$ 2** | **$ —** | **$ 52** |
| **Warrants —0.0% of Net Assets** | | | | | | | | |
| Ameriforge Group Inc., Warrants (10) | | | | | | 5 | — | — |
| **Total Warrants** | | | | | | **$ 5** | **$ —** | **$ —** |
| **Total Non-Control/Non-Affiliate Investments (8) —187.9% of Net Assets** | | | | | | **$287,590** | **$264,203** | **$252,032** |
| Liabilities in Excess of Other Assets — (87.9%) of Net Assets | | | | | | | | (117,918) |
| **Net Assets — 100.0%** | | | | | | | | **$134,114** |

(1) For each debt investment we have provided the weighted-average interest rate in effect as of June 30, 2017. For each CLO investment we have provided the yield as of June 30, 2017 determined using the effective interest method that will be applied to the current amortized cost of the investment in the following quarter. See Note 2 regarding the recognition of investment income on CLOs.

(2) Floating rate debt investments typically accrue interest at a predetermined spread relative to an index, typically the London Interbank Offered Rate ("LIBOR" or "L") or the prime index rate ("PRIME" or "P"), and reset monthly, quarterly or semi-annually. These instruments may be subject to a LIBOR or PRIME rate floor.

(3) Investments that are not "qualifying assets" under Section 55(a) of the 1940 Act. Under the 1940 Act, we may not acquire any non-qualifying asset unless, at the time such acquisition is made, qualifying assets represent at least 70% of our total assets. As of June 30, 2017, qualifying assets represented 74% of total assets at fair value.

(4) These securities are exempt from registration under Rule 144A of the Securities Act of 1933, as amended. These securities may be resold in transactions that are exempt from registration, normally to qualified institutional buyers.

(5) Assets are held at ACSF Funding I, LLC ("ACSF Funding"), a wholly owned special purpose financing vehicle, and are pledged as collateral for a secured revolving credit facility (see Note 7).

(6) Fair value was determined using significant unobservable inputs and are classified as Level 3 in the fair value hierarchy.

(7) All or a portion of this position has not settled as of June 30, 2017.

(8) Net estimated unrealized loss for federal income tax purposes is $13,181 as of June 30, 2017 based on a tax cost of $265,213. Estimated aggregate gross unrealized loss for federal income tax purposes as of June 30, 2017 is $14,767; estimated aggregate gross unrealized gain for federal income tax purposes as of June 30, 2017 is $1,586.

(9) Debt investment has an unfunded loan commitment of $90.9 (See Note 11).

(10) Common stock is non-income producing.

See notes to consolidated financial statements.

**AMERICAN CAPITAL SENIOR FLOATING, LTD.**
**CONSOLIDATED SCHEDULE OF INVESTMENTS**
**DECEMBER 31, 2016**
**(in thousands)**

| Description | Maturity | Interest Rate [1] | Basis Point Spread Above Index [2] | LIBOR Interest Rate Floor | Industry [3] | Par Amount | Cost | Fair Value |
|---|---|---|---|---|---|---|---|---|
| **Non-Control/Non-Affiliate Investments** | | | | | | | | |
| **First Lien Floating Rate Loans — 137.5% of Net Assets** | | | | | | | | |
| 24 Hour Fitness Worldwide, Inc. [6] | 05/28/2021 | 4.75% | L+ 3.75 | 1.00% | Leisure Goods/Activities/Movies | $ 1,952 | $ 1,947 | $ 1,937 |
| Acosta, Inc. [6] | 09/26/2021 | 4.25% | L+ 3.25 | 1.00% | Business Equipment and Services | 2,450 | 2,420 | 2,396 |
| ADMI Corp. [6] | 04/29/2022 | 5.25% | L+ 4.25 | 1.00% | Retailers (except food & drug) | 1,534 | 1,531 | 1,549 |
| Aegis Toxicology Sciences Corporation [6] | 02/24/2021 | 5.50% | L+ 4.50 | 1.00% | Health Care | 1,625 | 1,618 | 1,550 |
| Agrofresh Inc. [4], [6] | 07/31/2021 | 5.75% | L+ 4.75 | 1.00% | Chemical/Plastics | 641 | 639 | 594 |
| Air Medical Group Holdings, Inc. [6] | 04/28/2022 | 4.25% | L+ 3.25 | 1.00% | Health Care | 1,970 | 1,974 | 1,970 |
| Albertson's LLC [6] | 12/21/2022 | 4.25% | L+ 3.25 | 0.75% | Food/drug retailers | 988 | 965 | 1,002 |
| AlixPartners, LLP [6] | 07/28/2022 | 4.00% | L+ 3.00 | 1.00% | Financial Intermediaries | 980 | 978 | 990 |
| Alliant Holdings Intermediate, LLC [6] | 08/12/2022 | 5.25% | L+ 4.00 | 1.00% | Diversified Insurance | 497 | 493 | 503 |
| Alliant Holdings Intermediate, LLC [6] | 08/12/2022 | 4.75% | L+ 3.50 | 1.00% | Diversified Insurance | 1,034 | 1,032 | 1,042 |
| Allied Universal Holdco LLC [6], [9] | 07/28/2022 | 5.50% | L+ 4.50 | 1.00% | Business equipment and services | 84 | 82 | 86 |
| Allied Universal Holdco LLC [6] | 07/28/2022 | 5.50% | L+ 4.50 | 1.00% | Business Equipment and Services | 832 | 824 | 841 |
| Altice France S.A. [4], [6] | 01/15/2024 | 5.14% | L+ 4.25 | 0.75% | Cable and Satellite Television | 1,492 | 1,479 | 1,515 |
| American Tire Distributors, Inc. [5] | 09/01/2021 | 5.25% | L+ 4.25 | 1.00% | Retailers (except food & drug) | 966 | 962 | 965 |
| Amneal Pharmaceuticals LLC [6] | 11/01/2019 | 4.50% | L+ 3.50 | 1.00% | Drugs | 982 | 982 | 986 |
| AmWINS Group, LLC [6] | 09/06/2019 | 4.75% | L+ 3.75 | 1.00% | Diversified Insurance | 2,904 | 2,913 | 2,940 |
| Anchor Glass Container Corporation [6] | 12/07/2023 | 4.25% | L+ 3.25 | 1.00% | Containers and Glass Products | 1,722 | 1,713 | 1,739 |
| APLP Holdings Limited Partnership [4], [6] | 04/13/2023 | 6.00% | L+ 5.00 | 1.00% | Utilities | 457 | 445 | 464 |
| AqGen Ascensus, Inc. [6] | 12/05/2022 | 5.50% | L+ 4.50 | 1.00% | Financial Intermediaries | 1,486 | 1,433 | 1,488 |
| Aquilex LLC [6] | 12/31/2020 | 5.00% | L+ 4.00 | 1.00% | Business Equipment and Services | 906 | 905 | 889 |
| Ardent Legacy Acquisitions, Inc. [6] | 08/04/2021 | 6.50% | L+ 5.50 | 1.00% | Health Care | 329 | 327 | 328 |
| Arnhold and S. Bleichroeder Holdings, Inc. [6] | 12/01/2022 | 5.00% | L+ 4.00 | 0.75% | Financial Intermediaries | 707 | 695 | 715 |
| Ascend Learning, LLC [6] | 07/31/2019 | 5.50% | L+ 4.50 | 1.00% | Business Equipment and Services | 581 | 580 | 586 |
| Asurion, LLC [6] | 08/04/2022 | 5.00% | L+ 4.00 | 1.00% | Diversified Insurance | 2,144 | 2,125 | 2,176 |
| Avaya Inc. [6] | 05/29/2020 | 6.25% | L+ 5.25 | 1.00% | Electronics/Electric | 1,484 | 1,256 | 1,294 |
| Bass Pro Shops [6] | 12/15/2023 | 5.97% | L+ 5.00 | 0.75% | Retailers (except food & drug) | 1,000 | 990 | 992 |
| BJ's Wholesale Club, Inc. [6] | 09/26/2019 | 4.50% | L+ 3.50 | 1.00% | Food/Drug Retailers | 1,424 | 1,424 | 1,439 |
| Blackboard Inc. [6] | 06/30/2021 | 6.00% | L+ 5.00 | 1.00% | Electronics/Electric | 2,411 | 2,411 | 2,434 |
| BWay Intermediate Company, Inc. [6] | 08/14/2023 | 4.75% | L+ 3.75 | 1.00% | Containers and Glass Products | 2,344 | 2,330 | 2,355 |
| C.H.I. Overhead Doors, Inc. [6] | 07/29/2022 | 4.50% | L+ 3.50 | 1.00% | Building and Development | 665 | 662 | 667 |
| Calceus Acquisition, Inc. [6] | 01/31/2020 | 5.00% | L+ 4.00 | 1.00% | Clothing/Textiles | 2,313 | 2,319 | 2,030 |
| Candy Intermediate Holdings, Inc. [6] | 06/15/2023 | 5.50% | L+ 4.50 | 1.00% | Food Products | 1,791 | 1,789 | 1,807 |
| Carecore National, LLC [6] | 03/05/2021 | 5.50% | L+ 4.50 | 1.00% | Health Care | 1,999 | 1,999 | 1,971 |

**(in thousands)**

| Description | Maturity | Interest Rate (1) | Basis Point Spread Above Index (2) | LIBOR Interest Rate Floor | Industry (3) | Par Amount | Cost | Fair Value |
|---|---|---|---|---|---|---|---|---|
| **First Lien Floating Rate Loans (continued) — 137.5% of Net Assets** | | | | | | | | |
| CB Poly Investments, LLC (6) | 08/16/2023 | 6.25% | L+ 5.25 | 1.00% | Clothing/Textiles | $ 1,496 | $ 1,482 | $ 1,515 |
| CCM Merger, Inc. (6) | 08/06/2021 | 4.02% | L+ 3.25 | 0.75% | Lodging and Casinos | 793 | 789 | 803 |
| CEC Entertainment, Inc. (6) | 02/12/2021 | 4.00% | L+ 3.00 | 1.00% | Leisure Goods/Activities/Movies | 742 | 720 | 741 |
| Checkout Holding Corp. (6) | 04/09/2021 | 4.50% | L+ 3.50 | 1.00% | Business Equipment and Services | 2,437 | 2,436 | 2,133 |
| CHG Healthcare Services, Inc. (6) | 06/07/2023 | 4.75% | L+ 3.75 | 1.00% | Health Care | 662 | 662 | 670 |
| CHS/Community Health Systems, Inc. (4), (6) | 01/27/2021 | 4.00% | L+ 3.00 | 1.00% | Health Care | 1,450 | 1,394 | 1,409 |
| CityCenter Holdings, LLC (6) | 10/16/2020 | 4.25% | L+ 3.25 | 1.00% | Lodging and Casinos | 1,461 | 1,467 | 1,480 |
| CNT Holdings III Corp (6) | 01/22/2023 | 5.25% | L+ 4.25 | 1.00% | Retailers (except food & drug) | 695 | 691 | 705 |
| Compuware Corporation (6) | 12/15/2021 | 6.25% | L+ 5.25 | 1.00% | Electronics/Electric | 953 | 935 | 960 |
| Cotiviti Corporation (4), (6) | 09/28/2023 | 3.75% | L+ 2.75 | 0.75% | Health Care | 764 | 759 | 772 |
| CPG International Inc. (6) | 09/30/2020 | 4.75% | L+ 3.75 | 1.00% | Building and Development | 1,918 | 1,918 | 1,935 |
| CPI Buyer, LLC (6) | 08/16/2021 | 5.50% | L+ 4.50 | 1.00% | Industrial Equipment | 1,960 | 1,949 | 1,941 |
| CT Technologies Intermediate Holdings, Inc. (6) | 12/01/2021 | 5.25% | L+ 4.25 | 1.00% | Electronics/Electric | 493 | 491 | 472 |
| Dell International LLC (6) | 09/07/2023 | 4.02% | L+ 3.25 | 0.75% | Electronics/Electric | 2,000 | 1,990 | 2,037 |
| Dole Food Company, Inc. (6) | 11/01/2018 | 4.61% | L+ 3.50 | 1.00% | Food Products | 2,486 | 2,483 | 2,505 |
| Duff & Phelps Corporation (6) | 04/23/2020 | 4.75% | L+ 3.75 | 1.00% | Financial Intermediaries | 2,394 | 2,395 | 2,417 |
| Eastern Power, LLC (6) | 10/02/2021 | 5.00% | L+ 4.00 | 1.00% | Utilities | 1,932 | 1,923 | 1,953 |
| Electrical Components International, Inc. (6) | 05/28/2021 | 5.75% | L+ 4.75 | 1.00% | Conglomerates | 1,808 | 1,812 | 1,817 |
| Emerald Expositions Holding, Inc. (6) | 06/17/2020 | 4.75% | L+ 3.75 | 1.00% | Publishing | 2,449 | 2,462 | 2,468 |
| Epicor Software Corporation (6) | 06/01/2022 | 4.75% | L+ 3.75 | 1.00% | Electronics/Electric | 1,954 | 1,939 | 1,965 |
| Erie Acquisition Holdings, Inc. (6) | 03/01/2023 | 6.06% | L+ 4.75 | 1.00% | Business Equipment and Services | 492 | 483 | 500 |
| Expro Finservices S.à r.l. (4), (6) | 09/02/2021 | 5.75% | L+ 4.75 | 1.00% | Oil and gas | 1,955 | 1,935 | 1,667 |
| Fairmount Santrol, Inc. (4), (6) | 09/05/2019 | 4.50% | L+ 3.50 | 1.00% | Nonferrous Metals/Minerals | 423 | 424 | 412 |
| FHC Health Systems, Inc. (6) | 12/23/2021 | 5.00% | L+ 4.00 | 1.00% | Health Care | 1,492 | 1,471 | 1,455 |
| Filtration Group Corporation (6) | 11/23/2020 | 4.25% | L+ 3.25 | 1.00% | Industrial Equipment | 988 | 988 | 997 |
| Fitness International, LLC (6) | 07/01/2020 | 6.00% | L+ 5.00 | 1.00% | Leisure Goods/Activities/Movies | 1,746 | 1,724 | 1,751 |
| Flexera Software LLC (6) | 04/02/2020 | 4.50% | L+ 3.50 | 1.00% | Electronics/Electric | 998 | 998 | 1,000 |
| Gates Global LLC (6) | 07/06/2021 | 4.25% | L+ 3.25 | 1.00% | Automotive | 1,452 | 1,451 | 1,455 |
| Global Tel*Link Corporation (6) | 05/23/2020 | 5.00% | L+ 3.75 | 1.25% | Telecommunication | 1,649 | 1,632 | 1,645 |
| Gold Merger Co, Inc. (6) | 07/27/2023 | 4.75% | L+ 3.75 | 1.00% | Business Equipment and Services | 998 | 1,001 | 1,005 |
| Greeneden U.S. Holdings I, LLC (6) | 12/01/2023 | 6.25% | L+ 5.25 | 1.00% | Electronics/Electric | 500 | 493 | 510 |
| Gruden Acquisition, Inc. (6) | 08/18/2022 | 5.75% | L+ 4.75 | 1.00% | Surface Transport | 330 | 327 | 316 |
| Hercules Achievement, Inc.(6) | 12/10/2021 | 5.00% | L+ 4.00 | 1.00% | Clothing/Textiles | 748 | 744 | 760 |

AMERICAN CAPITAL SENIOR FLOATING, LTD.
CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)
DECEMBER 31, 2016
(in thousands)

| Description | Maturity | Interest Rate (1) | Basis Point Spread Above Index (2) | LIBOR Interest Rate Floor | Industry (3) | Par Amount | Cost | Fair Value |
|---|---|---|---|---|---|---|---|---|
| **First Lien Floating Rate Loans (continued) — 137.5% of Net Assets** | | | | | | | | |
| HFOTCO LLC (6) | 08/19/2021 | 4.25% | L+ 3.25 | 1.00% | Oil and Gas | $ 1,487 | $ 1,433 | $ 1,484 |
| HGIM Corp. (6) | 06/18/2020 | 5.50% | L+ 4.50 | 1.00% | Surface Transport | 1,451 | 1,454 | 1,143 |
| Hyland Software, Inc. (6) | 7/1/2022 | 4.75% | L+ 3.75 | 1.00% | Electronics/Electric | 2,458 | 2,440 | 2,477 |
| IBC Capital Limited (4), (6) | 9/9/2021 | 4.98% | L+ 3.75 | 1.00% | Business Equipment and Services | 997 | 988 | 989 |
| Immucor, Inc. (6) | 8/17/2018 | 5.00% | L+ 3.75 | 1.25% | Conglomerates | 975 | 978 | 945 |
| Indra Holdings Corp. (6) | 5/1/2021 | 5.25% | L+ 4.25 | 1.00% | Clothing/Textiles | 1,185 | 1,178 | 797 |
| Infoblox Inc. (6) | 11/7/2023 | 6.00% | L+ 5.00 | 1.00% | Electronics/Electric | 1,429 | 1,401 | 1,424 |
| Informatica Corporation (6) | 8/5/2022 | 4.50% | L+ 3.50 | 1.00% | Electronics/Electric | 1,975 | 1,971 | 1,970 |
| Information Resources, Inc. (6), (8) | 12/20/2023 | 5.25% | L+ 4.25 | 1.00% | Business Equipment and Services | 2,431 | 2,419 | 2,453 |
| Information Resources, Inc. (6) | 9/30/2020 | 5.56% | L+ 3.75 | 1.00% | Business Equipment and Services | 1,929 | 1,937 | 1,942 |
| Inmar, Inc. (6) | 1/27/2021 | 4.50% | L+ 3.50 | 1.00% | Business Equipment and Services | 2,691 | 2,673 | 2,677 |
| Ion Media Networks, Inc. (6) | 12/18/2020 | 4.50% | L+ 3.50 | 1.00% | Broadcast Radio and Television | 1,897 | 1,905 | 1,920 |
| IPC Corp. (6) | 8/6/2021 | 5.50% | L+ 4.50 | 1.00% | Electronics/Electric | 1,474 | 1,468 | 1,421 |
| Jaguar Holding Company I (6) | 8/18/2022 | 4.25% | L+ 3.25 | 1.00% | Drugs | 1,478 | 1,472 | 1,496 |
| Jazz Acquisition, Inc. (6) | 6/19/2021 | 4.50% | L+ 3.50 | 1.00% | Aerospace and Defense | 1,952 | 1,955 | 1,841 |
| Jo-Ann Stores, LLC (6) | 10/20/2023 | 6.26% | L+ 5.00 | 1.00% | Retailers (except food & drug) | 500 | 490 | 505 |
| Kronos Acquisition Intermediate Inc. (4), (6) | 8/26/2022 | 6.00% | L+ 5.00 | 1.00% | Cosmetics/Toiletries | 988 | 967 | 999 |
| Kronos Incorporated (6), (8) | 11/1/2023 | 5.00% | L+ 4.00 | 1.00% | Cosmetics/Toiletries | 2,300 | 2,292 | 2,332 |
| Landslide Holdings, Inc. (6) | 9/27/2022 | 5.50% | L+ 4.50 | 1.00% | Electronics/Electric | 648 | 641 | 657 |
| Learning Care Group (US) No. 2 Inc. (6) | 5/5/2021 | 5.00% | L+ 4.00 | 1.00% | Business Equipment and Services | 987 | 987 | 997 |
| Liberty Cablevision of Puerto Rico LLC (6) | 1/7/2022 | 4.50% | L+ 3.50 | 1.00% | Cable and Satellite Television | 1,000 | 993 | 996 |
| Life Time Fitness, Inc. (6) | 6/10/2022 | 4.25% | L+ 3.25 | 1.00% | Leisure Goods/Activities/Movies | 865 | 859 | 872 |
| Manitowoc Foodservice, Inc. (4), (6) | 3/3/2023 | 5.75% | L+ 4.75 | 1.00% | Industrial Equipment | 635 | 623 | 646 |
| McGraw-Hill Global Education Holdings, LLC (6) | 5/4/2022 | 5.00% | L+ 4.00 | 1.00% | Publishing | 995 | 991 | 998 |
| Mediware Information Systems, Inc. (6) | 9/28/2023 | 5.75% | L+ 4.75 | 1.00% | Electronics/Electric | 499 | 494 | 503 |
| Meter Readings Holdings, LLC (6) | 8/29/2023 | 6.75% | L+ 5.75 | 1.00% | Electronics/Electric | 665 | 655 | 679 |
| Mister Car Wash Holdings, Inc. (6), (8) | 8/20/2021 | 5.25% | L+ 4.25 | 1.00% | Retailers (except food & drug) | 125 | 124 | 126 |
| Mister Car Wash Holdings, Inc. (6), (8) | 8/20/2021 | 5.25% | L+ 4.25 | 1.00% | Retailers (except food & drug) | 623 | 619 | 626 |
| Mitchell International, Inc. (6) | 10/13/2020 | 4.50% | L+ 3.50 | 1.00% | Electronics/Electric | 2,377 | 2,384 | 2,384 |
| Moneygram International, Inc. (4), (6) | 3/27/2020 | 4.25% | L+ 3.25 | 1.00% | Business Equipment and Services | 583 | 561 | 578 |
| MPH Acquisition Holdings LLC (6) | 6/7/2023 | 5.00% | L+ 4.00 | 1.00% | Health Care | 464 | 462 | 473 |
| National Financial Partners Corp. (6) | 7/1/2020 | 6.25% | L+ 3.50 | 1.00% | Diversified Insurance | 1,943 | 1,951 | 1,963 |
| NFP Corp. (6), (8) | 1/8/2024 | 4.50% | L+ 3.50 | 1.00% | Insurance | 2,500 | 2,488 | 2,526 |
| NVA Holdings, Inc. (6) | 8/14/2021 | 5.50% | L+ 4.50 | 1.00% | Health Care | 394 | 393 | 396 |
| Oak Parent, Inc. (6) | 10/26/2023 | 5.50% | L+ 4.50 | 1.00% | Clothing/Textiles | 1,367 | 1,357 | 1,375 |

See notes to consolidated financial statements.

(in thousands)

| Description | Maturity | Interest Rate [1] | Basis Point Spread Above Index [2] | LIBOR Interest Rate Floor | Industry [3] | Par Amount | Cost | Fair Value |
|---|---|---|---|---|---|---|---|---|
| **First Lien Floating Rate Loans (continued) — 137.5% of Net Assets** | | | | | | | | |
| Omnitracs, LLC [6] | 11/25/2020 | 4.75% | L+ 3.75 | 1.00% | Electronics/Electric | $ 992 | $ 977 | $ 1,002 |
| Onex Carestream Finance LP [6] | 6/7/2019 | 5.00% | L+ 4.00 | 1.00% | Electronics/Electric | 1,610 | 1,613 | 1,568 |
| Opal Acquisition, Inc. [6] | 11/27/2020 | 5.00% | L+ 4.00 | 1.00% | Health Care | 2,899 | 2,885 | 2,776 |
| Ortho-Clinical Diagnostics Holdings Luxembourg S.À R.L. [4], [6] | 6/30/2021 | 4.75% | L+ 3.75 | 1.00% | Health Care | 2,445 | 2,392 | 2,432 |
| PAE Holding Corporation [6] | 10/20/2022 | 6.50% | L+ 5.50 | 1.00% | Aerospace and Defense | 571 | 560 | 577 |
| Peabody Energy Corporation [4], [6], [10] | 9/24/2020 | 4.25% | L+ 3.25 | 1.00% | Nonferrous Metals/Minerals | 771 | 647 | 755 |
| PetSmart, Inc. [6] | 3/11/2022 | 4.00% | L+ 3.00 | 1.00% | Retailers (except food & drug) | 488 | 485 | 490 |
| Plaskolite, LLC [6] | 11/3/2022 | 5.75% | L+ 4.75 | 1.00% | Chemical/Plastics | 920 | 914 | 924 |
| Plaze, Inc. [6] | 7/31/2022 | 5.25% | L+ 4.25 | 1.00% | Chemical/Plastics | 824 | 823 | 828 |
| PODS, LLC [6] | 2/2/2022 | 4.50% | L+ 3.50 | 1.00% | Surface Transport | 992 | 982 | 1,004 |
| Power Buyer, LLC [6] | 5/6/2020 | 4.25% | L+ 3.25 | 1.00% | Utilities | 993 | 992 | 996 |
| Presidio, Inc. [6] | 2/2/2022 | 5.25% | L+ 4.25 | 1.00% | Electronics/Electric | 1,281 | 1,281 | 1,297 |
| Press Ganey Holdings, Inc. [6] | 10/23/2023 | 4.25% | L+ 3.25 | 1.00% | Health Care | 400 | 398 | 403 |
| PrimeLine Utility Services LLC [6] | 11/14/2022 | 6.50% | L+ 5.50 | 1.00% | Utilities | 1,107 | 1,098 | 1,111 |
| ProAmpac PG Borrower LLC [6] | 11/20/2023 | 5.00% | L+ 4.00 | 1.00% | Containers and Glass Products | 450 | 446 | 456 |
| Quest Software US Holdings Inc. [6] | 10/31/2022 | 7.00% | L+ 6.00 | 1.00% | Electronics/Electric | 2,000 | 1,986 | 2,030 |
| Quikrete Holdings, Inc. [6] | 11/15/2023 | 4.00% | L+ 3.25 | 0.75% | Building and Development | 1,000 | 995 | 1,011 |
| Rackspace Hosting, Inc. [6] | 11/3/2023 | 4.50% | L+ 3.50 | 1.00% | Electronics/Electric | 500 | 500 | 507 |
| Ravago Holdings America, Inc. [6] | 7/13/2023 | 5.00% | L+ 4.00 | 1.00% | Chemical/Plastics | 498 | 493 | 504 |
| Renaissance Learning, Inc. [6] | 4/9/2021 | 4.50% | L+ 3.50 | 1.00% | Electronics/Electric | 1,945 | 1,944 | 1,954 |
| RGIS Services, LLC [6] | 10/18/2017 | 5.50% | L+ 4.25 | 1.25% | Business Equipment and Services | 1,506 | 1,504 | 1,393 |
| Riverbed Technology, Inc. [6] | 4/25/2022 | 4.25% | L+ 3.25 | 1.00% | Electronics/Electric | 1,975 | 1,975 | 1,992 |
| Road Infrastructure Investment Holdings, Inc. [6] | 6/13/2023 | 5.00% | L+ 4.00 | 1.00% | Chemical/Plastics | 800 | 798 | 808 |
| Scientific Games International, Inc. [4], [6] | 10/1/2021 | 6.00% | L+ 5.00 | 1.00% | Lodging and Casinos | 978 | 971 | 991 |
| Sears Roebuck Acceptance Corp. [4], [6] | 6/30/2018 | 5.50% | L+ 4.50 | 1.00% | Retailers (except food & drug) | 977 | 970 | 940 |
| Securus Technologies Holdings, Inc. [6] | 4/30/2020 | 4.75% | L+ 3.50 | 1.25% | Telecommunication | 1,866 | 1,850 | 1,859 |
| Serta Simmons Bedding, LLC [6] | 11/8/2023 | 4.50% | L+ 3.50 | 1.00% | Home furnishings | 2,000 | 1,990 | 2,025 |
| Shearer’s Foods, LLC [6] | 6/30/2021 | 5.25% | L+ 4.25 | 1.00% | Food products | 495 | 491 | 497 |
| Solera, LLC [4], [6] | 3/3/2023 | 5.75% | L+ 4.75 | 1.00% | Electronics/Electric | 496 | 483 | 504 |
| Sterigenics-Nordion Holdings, LLC [6] | 5/16/2022 | 4.25% | L+ 3.25 | 1.00% | Health Care | 895 | 888 | 902 |
| STS Operating, Inc. [6] | 2/12/2021 | 4.75% | L+ 3.75 | 1.00% | Industrial Equipment | 1,906 | 1,914 | 1,849 |
| Surgery Center Holdings, Inc. [4], [6] | 11/3/2020 | 4.75% | L+ 3.75 | 1.00% | Health Care | 1,960 | 1,954 | 1,980 |
| Syniverse Holdings, Inc. [6] | 4/23/2019 | 4.00% | L+ 3.00 | 1.00% | Telecommunication | 1,466 | 1,444 | 1,288 |

See notes to consolidated financial statements.

**AMERICAN CAPITAL SENIOR FLOATING, LTD.**
**CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)**
**DECEMBER 31, 2016**
**(in thousands)**

| Description | Maturity | Interest Rate [1] | Basis Point Spread Above Index [2] | LIBOR Interest Rate Floor | Industry [3] | Par Amount | Cost | Fair Value |
|---|---|---|---|---|---|---|---|---|
| **First Lien Floating Rate Loans (continued) — 137.5% of Net Assets** | | | | | | | | |
| TCH-2 Holdings, LLC [6] | 5/6/2021 | 5.50% | L+ 4.50 | 1.00% | Electronics/Electric | $ 543 | $ 527 | $ 545 |
| Thermasys Corp. [6] | 5/3/2019 | 5.25% | L+ 4.00 | 1.25% | Industrial Equipment | 441 | 442 | 380 |
| Travelport Finance (Luxembourg) S.à r.l. [4], [6] | 9/2/2021 | 5.00% | L+ 4.00 | 1.00% | Business Equipment and Services | 1,918 | 1,902 | 1,940 |
| Turbocombustor Technology, Inc. [6] | 12/2/2020 | 5.50% | L+ 4.50 | 1.00% | Aerospace and Defense | 3,395 | 3,376 | 3,106 |
| U.S. Renal Care, Inc. [6] | 12/30/2022 | 5.25% | L+ 4.25 | 1.00% | Health Care | 495 | 491 | 466 |
| USI, Inc. [6] | 12/27/2019 | 4.25% | L+ 3.25 | 1.00% | Diversified Insurance | 1,819 | 1,828 | 1,832 |
| VF Holding Corp. [6] | 6/30/2023 | 4.25% | L+ 3.25 | 1.00% | Electronics/Electric | 998 | 993 | 1,003 |
| Weight Watchers International, Inc. [4], [6] | 4/2/2020 | 4.07% | L+ 3.25 | 0.75% | Food Products | 987 | 845 | 823 |
| William Morris Endeavor Entertainment , LLC [6] | 5/6/2021 | 5.25% | L+ 4.25 | 1.00% | Broadcast Radio and Television | 1,945 | 1,943 | 1,969 |
| WP CPP Holdings, LLC [6] | 12/28/2019 | 4.50% | L+ 3.50 | 1.00% | Aerospace and Defense | 2,409 | 2,406 | 2,360 |
| **Total First Lien Floating Rate Loans** | | | | | | **$190,535** | **$189,009** | **$188,098** |
| **Second Lien Floating Rate Loans — 11.3% of Net Assets** | | | | | | | | |
| Advantage Sales & Marketing Inc. [6] | 7/25/2022 | 7.50% | L+ 6.50 | 1.00% | Business Equipment and Services | $ 1,000 | $ 995 | $ 979 |
| Ameriforge Group Inc. [7], [10] | 12/21/2020 | 8.75% | L+ 7.50 | 1.25% | Oil and Gas | 500 | 444 | 79 |
| Anchor Glass Container Corporation [6] | 12/7/2024 | 8.75% | L+ 7.75 | 1.00% | Containers and Glass Products | 500 | 495 | 511 |
| Applied Systems, Inc. | 1/24/2022 | 7.50% | L+ 6.50 | 1.00% | Electronics/Electric | 970 | 965 | 982 |
| Asurion, LLC [6] | 3/3/2021 | 8.50% | L+ 7.50 | 1.00% | Diversified Insurance | 1,000 | 991 | 1,019 |
| Checkout Holding Corp. [6] | 4/11/2022 | 7.75% | L+ 6.75 | 1.00% | Business Equipment and Services | 1,000 | 1,002 | 720 |
| Del Monte Foods, Inc. [4], [6] | 8/18/2021 | 8.45% | L+ 7.25 | 1.00% | Food Products | 1,500 | 1,499 | 1,154 |
| Jazz Acquisition, Inc. [6] | 6/19/2022 | 7.75% | L+ 6.75 | 1.00% | Aerospace and Defense | 1,250 | 1,254 | 1,061 |
| Jonah Energy LLC [6], [7] | 5/12/2021 | 7.50% | L+ 6.50 | 1.00% | Oil and Gas | 500 | 495 | 475 |
| Mitchell International, Inc. [6] | 10/11/2021 | 8.50% | L+ 7.50 | 1.00% | Electronics/Electric | 750 | 710 | 746 |
| NVA Holdings, Inc. [6] | 8/14/2022 | 8.00% | L+ 7.00 | 1.00% | Health Care | 1,500 | 1,507 | 1,506 |
| ProAmpac PG Borrower LLC [6] | 11/18/2024 | 9.50% | L+ 8.50 | 1.00% | Containers and Glass Products | 500 | 493 | 503 |
| Ranpak Corp. [6] | 10/3/2022 | 8.25% | L+ 7.25 | 1.00% | Containers and Glass Products | 1,375 | 1,374 | 1,341 |
| Sedgwick Claims Management Services, Inc. [6] | 2/28/2022 | 6.75% | L+ 5.75 | 1.00% | Diversified Insurance | 2,500 | 2,417 | 2,503 |
| Solenis International, L.P. [6] | 7/31/2022 | 7.75% | L+ 6.75 | 1.00% | Chemical/Plastics | 500 | 498 | 493 |
| U.S. Renal Care, Inc. [6] | 12/29/2023 | 9.00% | L+ 8.00 | 1.00% | Health Care | 1,000 | 987 | 890 |
| WP CPP Holdings, LLC [6] | 4/30/2021 | 8.75% | L+ 7.75 | 1.00% | Aerospace and Defense | 492 | 500 | 467 |
| **Total Second Lien Floating Rate Loans** | | | | | | **$ 16,837** | **$ 16,626** | **$ 15,429** |
| **CLO Equity — 30.2% of Net Assets** | | | | | | | | |
| Apidos CLO XIV, Income Notes [4], [5], [7] | 4/15/2025 | 11.02% | | | | $ 5,900 | $ 4,056 | $ 3,480 |
| Apidos CLO XVIII, Income Notes [4], [5], [7] | 7/22/2026 | 10.08% | | | | 2,500 | 1,769 | 1,450 |
| Ares XXIX CLO Ltd., Subordinated Notes [4], [5], [7] | 4/17/2026 | 5.81% | | | | 4,750 | 3,508 | 2,605 |
| Avery Point II CLO, Limited, Income Notes [4], [5], [7] | 7/17/2025 | —% | | | | 3,200 | 1,903 | 1,101 |

See notes to consolidated financial statements.

**AMERICAN CAPITAL SENIOR FLOATING, LTD.**
**CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)**
**DECEMBER 31, 2016**
**(in thousands)**

| Description | Maturity | Interest Rate [(1)] | Basis Point Spread Above Index [(2)] | LIBOR Interest Rate Floor | Industry [(3)] | Par Amount | Cost | Fair Value |
|---|---|---|---|---|---|---|---|---|
| **CLO Equity (continued) — 30.2% of Net Assets** | | | | | | | | |
| Babson 2015-1, Income Notes (4), (5), (7) | 4/20/2027 | 16.74% | | | | $ 2,500 | $ 1,920 | $ 1,811 |
| Betony CLO, Ltd., Subordinated Notes (4), (5), (7) | 4/15/2027 | 1.79% | | | | 2,500 | 1,903 | 1,278 |
| Blue Hill CLO, Ltd., Subordinated Notes (4), (5), (7) | 1/15/2026 | —% | | | | 5,400 | 3,910 | 1,636 |
| Blue Hill CLO, Ltd., Subordinated Fee Notes (4), (5), (7) | 1/15/2026 | —% | | | | 100 | 63 | 58 |
| Carlyle Global Market Strategies CLO 2015-3, Ltd., Subordinated Notes (4), (5), (7) | 7/28/2028 | 20.55% | | | | 3,000 | 2,307 | 2,456 |
| Cent CLO 18 Limited, Subordinated Notes (4), (5), (7) | 7/23/2025 | 19.36% | | | | 4,675 | 3,212 | 2,801 |
| Cent CLO 19 Limited, Subordinated Notes (4), (5), (7) | 10/29/2025 | 18.20% | | | | 2,750 | 2,012 | 1,677 |
| Dryden 30 Senior Loan Fund, Subordinated Notes (4), (5), (7) | 11/15/2025 | 22.98% | | | | 2,500 | 1,440 | 1,368 |
| Dryden 31 Senior Loan Fund, Subordinated Notes (4), (5), (7) | 4/18/2026 | 15.60% | | | | 5,250 | 3,405 | 2,954 |
| Dryden 38 Senior Loan Fund, Subordinated Notes (4), (5), (7), (8) | 7/15/2027 | 17.80% | | | | 3,000 | 2,423 | 2,456 |
| Galaxy XVI CLO, Ltd., Subordinated Notes (4), (5), (7) | 11/17/2025 | 4.28% | | | | 2,750 | 1,893 | 1,479 |
| Halcyon Loan Advisors Funding 2014-1 Ltd., Subordinated Notes (4), (5), (7) | 4/18/2026 | 2.28% | | | | 3,750 | 2,680 | 1,466 |
| Highbridge Loan Management 2013-2, Ltd., Subordinated Notes (4), (5), (7) | 10/20/2024 | 14.24% | | | | 1,000 | 660 | 636 |
| Magnetite VIII, Limited, Subordinated Notes (4), (5), (7) | 4/15/2026 | 13.95% | | | | 3,000 | 2,334 | 2,140 |
| Neuberger Berman CLO XV, Ltd., Subordinated Notes (4), (5), (7) | 10/15/2025 | 15.43% | | | | 3,410 | 2,056 | 1,937 |
| Octagon Investment Partners XIV, Ltd., Income Notes (4), (5), (7) | 1/15/2024 | 0.61% | | | | 5,500 | 3,328 | 1,805 |
| Octagon Investment Partners XX, Ltd., Subordinated Notes (4), (5), (7) | 8/12/2026 | 5.64% | | | | 2,500 | 1,850 | 1,383 |
| THL Credit Wind River 2014-1 CLO Ltd., Subordinated Notes (4), (5), (7) | 4/18/2026 | 17.49% | | | | 5,050 | 3,698 | 3,352 |
| **Total CLO Equity** | | | | | | **$ 74,985** | **$ 52,330** | **$ 41,329** |
| **Common Equity — 0.0% of Net Assets** | | | | | | | | |
| New Millennium Holdco, Inc. (9,446 shares) (6), (7), (11) | | | | | Health Care | $ — | $ — | $ 16 |
| **Total Common Equity** | | | | | | **$ —** | **$ —** | **$ 16** |
| **Total Non-Control/Non-Affiliate Investments (12) — 179.0% of net assets** | | | | | | **$282,357** | **$257,965** | **$244,872** |
| Liabilities in Excess of Other Assets — (79.0%) | | | | | | | | (108,083) |
| **Net Assets — 100.0%** | | | | | | | | **$136,789** |

(1) For each debt investment we have provided the weighted-average interest rate in effect as of December 31, 2016. For each CLO investment we have provided the accounting yield as of December 31, 2016 determined using the effective interest method. See Note 2 regarding the recognition of investment income on CLOs.

(2) Floating rate debt investments typically accrue interest at a predetermined spread relative to an index, typically LIBOR or PRIME, and reset monthly, quarterly or semi-annually. These instruments may be subject to a LIBOR or PRIME rate floor.

(3) The industry groupings as of December 31, 2016 above have been reclassified to conform with current period presentation.

(4) Investments that are not “qualifying assets” under Section 55(a) of the 1940 Act. Under the 1940 Act, we may not acquire any non-qualifying assets unless, at the time such acquisition is made, qualifying assets represent at least 70% of our total assets. As of December 31, 2016, qualifying assets represented 76% of total assets at fair value.

(5) These securities are exempt from registration under Rule 144A of the Securities Act of 1933, as amended. These securities may be resold in transactions that are exempt from registration, normally to qualified institutional buyers.

(6) Assets are held at ACSF Funding and are pledged as collateral for a secured revolving credit facility (see Note 7).

(7) Fair value was determined using significant unobservable inputs and are classified as Level 3 in the fair value hierarchy.

(8) All or a portion of this position has not settled as of December 31, 2016.

(9) Debt investment has an unfunded loan commitment of $81.5.

(10) Investment has been placed on non-accrual as of December 31, 2016. All subsequent cash received from investment will be used to reduce its cost basis until the investment is placed back on accrual status or the remaining cost basis has been collected.

(11) Common stock is non-income producing.

(12) Net estimated unrealized loss for federal income tax purposes is $14,993 as of December 31, 2016 based on a tax cost of $259,864. Estimated aggregate gross unrealized loss for federal income tax purposes as of December 31, 2016 is $17,211; estimated aggregate gross unrealized gain for federal income tax purposes as of December 31, 2016 is $2,218.

## Note 1. Organization

American Capital Senior Floating, Ltd. (which is referred to as “ACSF”, “we”, “us” and “our”) was organized in February 2013 as a Maryland corporation and commenced operations on October 15, 2013. We are structured as an externally managed, non-diversified closed-end investment management company that has elected to be regulated as a business development company (“BDC”) under the Investment Company Act of 1940, as amended and the rules and regulations promulgated thereunder (the “1940 Act”) and to be taxed as a regulated investment company (“RIC”), as defined in Subchapter M of the Internal Revenue Code of 1986, as amended (the “Code”).

In November 2013, we formed a wholly owned special purpose financing vehicle, ACSF Funding I, LLC, a Delaware limited liability company (“ACSF Funding”).

On January 3, 2017, Ivy Hill Asset Management, L.P. (“IHAM” or our “Manager”), a wholly owned portfolio company of Ares Capital Corporation (“Ares Capital”) was appointed as our new investment adviser pursuant to the Interim Management Agreement (as defined below), and on such date, we entered into the Interim Management Agreement. On May 19, 2017, a new management agreement with IHAM was approved by our stockholders (the “Management Agreement”). Ares Capital is externally managed by Ares Capital Management LLC, a subsidiary of Ares Management, L.P. (“Ares Management”), a publicly traded, leading global alternative asset manager, pursuant to an investment advisory and management agreement. Our common stock is listed on the NASDAQ Global Select Market, where it trades under the symbol “ACSF.” IHAM is a SEC-registered investment adviser that was registered under the Investment Advisers Act of 1940 on March 30, 2012.

### *Investment Objective*

Our investment objective is to provide attractive, risk-adjusted returns over the long term primarily through current income while seeking to preserve our capital. Our Manager actively manages our leveraged portfolio composed primarily of diversified investments in first lien and second lien floating rate loans principally to large-market U.S.-based companies (collectively, “Senior Floating Rate Loans” or “SFRLs”) which are commonly referred to as leveraged loans. We also invest in debt and equity tranches of collateralized loan obligations (“CLOs”) which are securitized vehicles collateralized primarily by SFRLs. In addition, we may selectively invest in loans issued by middle market companies, mezzanine and unitranche loans and high yield bonds. Additionally, we may from time to time hold or invest in other equity investments and other debt or equity securities generally arising from a restructuring of Senior Floating Rate Loan positions previously held by us.

## Note 2. Significant Accounting Policies

### *Basis of Presentation*

The accompanying consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America (“GAAP”) for interim financial information and pursuant to the requirements for reporting on Form 10-Q and Article 10 of Regulation S-X. Accordingly, certain disclosures accompanying annual financial statements prepared in accordance with GAAP are omitted. In the opinion of management, all adjustments and reclassifications which are of a normal recurring nature and considered necessary for the fair presentation of the financial statements for the interim period have been included. The current period’s results of operations are not necessarily indicative of results that ultimately may be achieved for the fiscal year ending December 31, 2017. The unaudited interim consolidated financial statements and notes thereto should be read in conjunction with the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2016.

The consolidated financial statements include our accounts and those of our wholly owned subsidiary, ACSF Funding. Intercompany accounts and transactions have been eliminated in consolidation. The accounts of ACSF Funding are prepared for the same reporting period as ours using consistent accounting policies. Subsequent events are evaluated and disclosed as appropriate for events occurring through the date the consolidated financial statements are issued.

### *Use of Estimates*

The preparation of our financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of income and expenses during the reported period. Changes in the economic environment, financial markets, and any other parameters used in determining such estimates could cause actual results to differ.

### *Investment Classification*

As required by the 1940 Act, investments are classified by level of control. "Control Investments" are defined as investments in portfolio companies that we are deemed to control, as defined in the 1940 Act. "Affiliate Investments" are investments in those companies that are affiliated companies, as defined in the 1940 Act, other than Control Investments. "Non-Control/Non-Affiliate Investments" are those that are neither Control Investments nor Affiliate Investments.

Generally, under the 1940 Act, we are deemed to control a company in which we have invested if we own more than 25% of the voting securities of such company. We are deemed to be an affiliate of a company if we own 5% or more of the voting securities of such company.

As of June 30, 2017 and December 31, 2016, all of our investments were non-control/non-affiliate investments.

### *Securities Transactions*

Securities transactions are recorded on the trade date. The trade date for loans purchased in the "primary market" is considered the date on which the loan allocations are determined. The trade date for loans and other investments purchased in the "secondary market" is the date on which the transaction is entered into. The trade date for primary CLO equity transactions and any other security transaction entered outside conventional channels is the date on which (a) we have determined all material terms have been defined for the transaction and (b) we have obtained a right to (i) demand the securities purchased and incur an obligation to pay the price of the securities purchased or (ii) collect the proceeds of a sale and incurred an obligation to deliver the securities sold. Cost is determined based on consideration given, adjusted for amortization of original issuance discounts ("OID"), market discounts and premiums.

### *Realized Gain or Loss and Unrealized Appreciation or Depreciation*

Realized gain or loss from an investment is recorded at the time of disposition and calculated using the weighted average cost method. Unrealized appreciation or depreciation reflects the changes in fair value of investments as determined in compliance with the valuation policy as discussed in Note 6.

### *Income Taxes*

As a RIC under Subchapter M of the Code, we are not subject to U.S. federal income tax on the portion of our taxable income distributed to our stockholders as a dividend. We intend to distribute 100% of our taxable income and therefore do not anticipate incurring corporate-level U.S. federal or state income tax. As a RIC, we are also subject to a nondeductible federal excise tax if we do not distribute at least 98% of net ordinary income, 98.2% of any capital gain net income and any recognized and undistributed taxable income from prior years.

ASC Topic 740, *Accounting for Uncertainty in Income Taxes* ("ASC 740"), provides guidance for how uncertain tax positions should be recognized, measured, presented and disclosed. ASC 740 requires the evaluation of tax positions taken or expected to be taken in the course of preparing the tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold are recorded as a tax benefit or provision in the current year. Determinations regarding ASC 740 may be subject to review and adjustment at a later date based upon factors, including, but not limited to, an ongoing analysis of tax laws, regulations and interpretations thereof. We are not aware of any tax positions for which it is reasonably possible that the total amount of unrecognized tax benefits will change materially in the next 12 months.

If we incur interest and/or penalties in connection with our tax obligations, such amounts shall be classified as income tax expense on our consolidated statements of operations.

### *Investment Income*

For debt investments, we record interest income on the accrual basis to the extent that such amounts are expected to be collected. OID and purchased discounts and premiums are accreted into interest income using the effective interest method, where applicable. Loan origination fees are deferred and accreted into interest income using the effective interest method. We record prepayment premiums on loans and other investments as interest income when such amounts are received. We stop accruing interest on investments when it is determined that interest is no longer collectible. As of June 30, 2017, we had no loans on non-accrual status.

Interest income on CLO equity investments is recognized using the effective interest method as required by ASC Subtopic 325-40, *Investments-Other, Beneficial Interests in Securitized Financial Assets* ("ASC 325-40"). Under ASC 325-40, at the time of purchase, we estimate the future expected cash flows and determine the effective yield of an investment based on these estimated cash flows and our cost basis. Subsequent to the purchase, these estimated cash flows are updated quarterly and a revised yield is calculated prospectively in accordance with ASC 320-10-35, *Investment-Debt and Equity Securities*. In the event that the fair value of an investment decreases below its current amortized cost basis, we may be required to write down the current amortized cost basis for a credit loss or to fair value depending on our hold expectations for the investment. Current amortized cost basis less the amount of any write down ("Reference Amount") is used to calculate the effective yield used for interest income recognition purposes over the remaining life of the investment. We are precluded from reversing write downs for any subsequent increase in the expected cash flows of an investment with the effect of increasing total interest income over the life of the investment and increasing the realized loss recorded on the sale or redemption of the investment by the amount of the credit loss write down. In estimating these cash flows, there are a number of assumptions that are subject to uncertainties and contingencies. These include the amount and timing of principal payments (including prepayments, repurchases, defaults and liquidations), the pass through or coupon rate, and interest rate fluctuations. In addition, interest payment shortfalls due to delinquencies on the underlying loans and the timing and magnitude of projected credit losses on the loans underlying the securities have to be estimated. These uncertainties and contingencies are difficult to predict and are subject to future events that may impact our estimates and interest income. As a result, actual results may differ significantly from these estimates.

During the three months ended June 30, 2017, we recorded $1.6 million in reductions to the Reference Amount on six of our CLO equity investments. During the six months ended June 30, 2017, we recorded $4.5 million in reductions to the Reference Amount on twelve of our CLO equity investments. During the three months ended June 30, 2016, there was no reduction to the Reference Amount for our CLO equity investments. During the six months ended June 30, 2016, we recorded $1.1 million in reductions to the Reference Amount on three CLO equity investments.

***Cash and Cash Equivalents***

Cash and cash equivalents consist of demand deposits and highly liquid financial instruments with original maturities of 90 days or less, including those held in overnight sweep bank deposit accounts. Cash and cash equivalents are carried at cost, which approximates fair value. We place our cash and cash equivalents with financial institutions and, at times, cash held in bank accounts may exceed the Federal Deposit Insurance Corporation insured limit.

***Consolidation***

As permitted under Article 6 of Regulation S-X and as explained by ASC 946-810-45, *Financial Services - Investment Companies - Consolidation*, we will generally not consolidate an investment in a company other than an investment company subsidiary or a controlled operating company whose business consists primarily of providing services to us. Accordingly, we have consolidated the results of ACSF Funding in our consolidated financial statements.

***Deferred Financing Costs***

Deferred financing costs represent fees and other direct expenses incurred in connection with the issuance of debt. These costs are currently amortized over the life of ACSF Funding's secured revolving credit facility using the straight line method.

***Distributions to Stockholders***

Distributions to stockholders are recorded on the ex-dividend date.

***Other General and Administrative Expenses***

Other general and administrative expenses include audit and tax fees, legal fees, board of directors' fees, rent, insurance, IT system costs, custody, transfer agent and other operating expenses. These expenses are recognized as incurred on an accrual basis.

**Note 3. Management Agreement**

Prior to January 3, 2017 we were managed by American Capital ACSF Management, LLC (our "Prior Manager"), an indirect wholly owned subsidiary of American Capital, Ltd ("American Capital"), pursuant to a management agreement dated January 15, 2014 between us and our Prior Manager (the "Prior Management Agreement"). On January 3, 2017, IHAM was appointed as our new investment adviser. Additionally, on January 3, 2017, we entered into an interim management agreement with our Manager pursuant to Rule 15a-4 adopted under the 1940 Act (the "Interim Management Agreement"). The Prior Management Agreement was automatically terminated in accordance with its terms as a result of its deemed "assignment" under the 1940 Act, following the acquisition of American Capital by Ares Capital on January 3, 2017.

The Management Agreement provides that our Manager will be compensated for serving as ACSF's investment adviser at the same rate as in the Prior Management Agreement: an annual rate of 0.80% of our total assets, excluding cash and cash equivalents and net unrealized appreciation or depreciation, each as determined under GAAP at the end of the most recently completed fiscal quarter, with no incentive fee. For the three and six months ended June 30, 2017, we recognized a management fee expense of $533 and $1,064, respectively. For the three and six months ended June 30, 2016, we recognized a management fee expense of $511 and $1,008, respectively.

Pursuant to the Prior Management Agreement, our Prior Manager agreed to be responsible for certain of our operating expenses in excess of 0.75% of our consolidated net assets, less net unrealized appreciation or depreciation, each as defined under GAAP at the end of the most recently completed fiscal quarter for the first 24 months following the date of our initial public offering (“IPO”) in January 2014 (the “Prior Expense Cap”). The Prior Expense Cap was voluntarily extended by our Prior Manager until the termination of the Prior Management Agreement, and thus the Prior Expense Cap expired on January 3, 2017.

Beginning in the first quarter of 2017, our Manager voluntarily agreed to be responsible for certain of our 2017 quarterly other operating expenses in excess of a certain percentage of our consolidated net assets, less net unrealized appreciation or depreciation, each as defined under GAAP (individually, for each such quarter, a “Voluntary Expense Cap” and collectively, the “Voluntary Expense Caps”). The first quarter 2017 Voluntary Expense Cap was calculated based on an annual rate of 0.75% of our consolidated net assets less net unrealized appreciation or depreciation as of March 31, 2017. The second quarter 2017 Voluntary Expense Cap was calculated based on an annual rate of 1.00% of our consolidated net assets less net unrealized appreciation or depreciation as of June 30, 2017.

For the three and six months ended June 30, 2017, our Manager was responsible for $176 and $614, respectively, of other operating expenses as a result of the applicable Voluntary Expense Caps. For the three and six months ended June 30, 2016, our Prior Manager was responsible for $455 and $693, respectively, of other operating expenses as a result of the Prior Expense Cap.

Additionally, for each of the remaining two quarters of fiscal 2017, our Manager has voluntarily agreed to be responsible for certain of our quarterly other operating expenses in excess of (a) with respect to the three months ended September 30, 2017, an annual rate of 1.00% of our consolidated net assets less net unrealized appreciation or depreciation as of September 30, 2017, respectively, and (b) with respect to the three months ended December 31, 2017, an annual rate of 1.25% of our consolidated net assets less unrealized appreciation or depreciation as of December 31, 2017, provided that the Management Agreement remains effective as of the date we file our Quarterly Report on Form 10-Q or Annual Report on Form 10-K, as applicable, for such quarter period.

**Note 4. Related Party Transactions**

***Administrative Services Agreement***

We are externally managed by our Manager and do not have any employees. Our Manager is responsible for administering our business activities and day-to-day operations pursuant to the Management Agreement, subject to the supervision and oversight of our Board of Directors (our “Board”). Most of the services necessary for managing our investment portfolio and making our investment decisions are provided by investment professionals employed by our Manager or certain of its affiliates. Further, pursuant to the Management Agreement, our Manager has agreed to provide us with certain administrative services. Our Manager provides such services to us via its administrative services agreement (the “Administrative Agreement”) with Ares Operations LLC (“Ares Operations”), a subsidiary of Ares Management, pursuant to which Ares Operations provides IHAM with, among other things, office facilities, equipment, clerical, bookkeeping and record keeping services, services relating to the marketing and sale of interests in vehicles managed by IHAM, managing the services and oversight of custodians, depositories, accountants, attorneys, underwriters and such other persons in any other capacity deemed to be necessary, which allows IHAM to fulfill all of its responsibilities under the Management Agreement, subject to the supervision and oversight of the Board. Pursuant to the Management Agreement, we are responsible for reimbursing our Manager for certain of these expenses incurred on our behalf. For the three and six months ended June 30, 2017, we recognized $13 and $40, respectively, of such expenses that were reimbursable to our Manager. Pursuant to our Prior Management Agreement, we were responsible for reimbursing our Prior Manager, American Capital and its affiliates for certain expenses incurred on our behalf. For the three and six months ended June 30, 2016, we recognized $161 and $340, respectively, of such expenses that were reimbursable to our Prior Manager.

(in thousands, except per share data, percentages and as otherwise indicated; for example with the words "million" or otherwise)

**Note 5. Earnings Per Share**

The following table sets forth the computation of basic and diluted earnings per share for the three and six months ended June 30, 2017 and 2016:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| Numerator — Net Earnings | $ 393 | $ 10,268 | $ 3,145 | $ 12,436 |
| Denominator — weighted average shares | 10,000 | 10,000 | 10,000 | 10,000 |
| Net Earnings per share — basic and diluted | $ 0.04 | $ 1.03 | $ 0.31 | $ 1.24 |

**Note 6. Investments**

We value our investments at fair value in accordance with the 1940 Act and ASC Topic 820, Fair Value Measurements and Disclosures ("ASC 820"), which defines fair value as the price that would be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. Due to the uncertainty inherent in the valuation process, estimates of fair value may differ significantly from the values that would have been used had a ready market for our investments existed, and the differences could be material. Additionally, changes in the market environment and other events that may occur over the life of the investments may cause the gains or losses ultimately realized on the investments to be different than the valuations currently assigned.

ASC 820 provides a framework for measuring the fair value of assets and liabilities and provides guidance regarding a fair value hierarchy, which prioritizes information used to measure fair value and the effect of fair value measurements on earnings. When available, we determine the fair value of our investments using unadjusted quoted prices from active markets. Where inputs for an asset or liability fall into more than one level in the fair value hierarchy, the investment is classified in its entirety based on the lowest level input that is significant to that investment's fair value measurement. We use judgment and consider factors specific to the investment when determining the significance of an input to a fair value measurement. Our policy is to recognize transfers in and out of levels as of the beginning of each reporting period. The three levels of the fair value hierarchy and investments that fall into each of the levels are described below:

**Level 1:** Inputs are unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

**Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. This may include valuations based on executed trades, broker quotations that constitute an executable price, and alternative pricing sources supported by observable inputs which, in each case, are either directly or indirectly observable for the asset in connection with market data at the measurement date.

**Level 3:** Inputs are unobservable and cannot be corroborated by observable market data. In certain cases, investments classified within Level 3 may include securities for which we have obtained indicative quotes from broker-dealers that do not necessarily represent prices the broker may be willing to trade on.

The valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs. Our Senior Floating Rate Loans are predominately valued based on evaluated prices from a nationally recognized independent pricing service or from third-party brokers who make markets in such debt investments. When possible, we make inquiries of third-party pricing sources to understand their use of significant inputs and assumptions. We review the third-party fair value estimates and perform procedures to validate their reasonableness, including an analysis of the range and dispersion of third-party estimates, frequency of pricing updates, comparison of recent trade activity for similar securities, and review for consistency with market conditions observed as of the measurement date.

There may be instances when independent or third-party pricing sources are not available, or cases where we believe that the third-party pricing sources do not provide sufficient evidence to support a market participant's view of the fair value of the debt investment being valued. These instances may result from an investment in a less liquid loan such as a middle market loan, a mezzanine loan or unitranche loan, or a loan to a company that has become financially distressed. In these instances, we may estimate the fair value based on a combination of a market yield valuation methodology and evaluated pricing discussed above, or solely based on a market yield valuation methodology. Under the market yield valuation methodology, we estimate the fair value based on a discounted cash flow technique. For these loans, the unobservable inputs used in the market yield valuation methodology to measure fair value reflect management's best estimate of assumptions that would be used by market participants when pricing the investment in a hypothetical transaction, including estimated remaining life, current market yield and interest rate spreads of similar loans and securities as of the measurement date. We will estimate the remaining life based on market data for the average life of similar loans. However, if we have information that the loan is expected to be repaid in the near term, we would use an estimated remaining life based on the expected repayment date. The average life to be used to estimate the fair value of our loans may be shorter than the legal maturity of the loans since many loans are prepaid prior to the maturity date. The interest rate spreads used to estimate the fair value of our loans is based on current interest rate spreads of similar loans. If there is a significant deterioration of the credit quality of a loan, we may consider other factors that a hypothetical market participant would use to estimate fair value, including the proceeds that would be received in a liquidation analysis.

(in thousands, except per share data, percentages and as otherwise indicated; for example with the words “million” or otherwise)

We estimate the fair value of our CLO equity investments using a combination of third-party broker quotes, purchases or sales of the same or similar securities, and cash flow forecasts subject to assumptions that a market participant would use regarding the investments’ underlying collateral, including, but not limited to, assumptions for default and recovery rates, reinvestment spreads and prepayment rates. Cash flow forecasts are discounted using market participant’s market yield assumptions that are derived from multiple sources, including, but not limited to, third-party broker quotes, industry research reports and transactions of securities and indices with similar structures and risk characteristics. We weight the use of third-party broker quotes, if any, when determining fair value based on our understanding of the level of actual transactions used by the broker to develop the quote and whether the quote was an indicative price or binding offer, the depth and consistency of broker quotes and the correlation of changes in broker quotes with underlying performance and other market indices.

The following fair value hierarchy tables set forth our investments measured at fair value on a recurring basis by level as of June 30, 2017 and December 31, 2016:

| | June 30, 2017 | | | |
|---|---|---|---|---|
| | Total | Level 1 | Level 2 | Level 3 |
| First lien floating rate loans | $ 193,136 | $ — | $ 165,909 | $ 27,227 |
| Second lien floating rate loans | 14,733 | — | 12,874 | 1,859 |
| CLO equity | 44,111 | — | — | 44,111 |
| Common equity | 52 | — | 52 | — |
| Warrants | — | — | — | — |
| Total Investments | $ 252,032 | $ — | $ 178,835 | $ 73,197 |

| | December 31, 2016 | | | |
|---|---|---|---|---|
| | Total | Level 1 | Level 2 | Level 3 |
| First lien floating rate loans | $ 188,098 | $ — | $ 188,098 | $ — |
| Second lien floating rate loans | 15,429 | — | 14,875 | 554 |
| CLO equity | 41,329 | — | — | 41,329 |
| Common equity | 16 | — | — | 16 |
| Total Investments | $ 244,872 | $ — | $ 202,973 | $ 41,899 |

(in thousands, except per share data, percentages and as otherwise indicated; for example with the words “million” or otherwise)

The following table provides a summary of the changes in fair value of Level 3 assets for the six months ended June 30, 2017, as well as the portion of net unrealized appreciation (depreciation) for the six months ended June 30, 2017 related to those assets still held as of June 30, 2017:

| | First Lien Floating Rate Loans | Second Lien Floating Rate Loans | CLO Equity | Common Equity | Warrants | Total |
|---|---|---|---|---|---|---|
| December 31, 2016 [(1)] | $ — | $ 554 | $ 41,329 | $ 16 | $ — | $ 41,899 |
| Purchases | 21,441 | 1,010 | 9,521 | — | — | 31,972 |
| Sales | — | — | (3,681) | (9) | — | (3,690) |
| Repayments [(2)] | (3,000) | (60) | (5,061) | — | — | (8,121) |
| Amortization of discount/premium [(3)] | 7 | (1) | 3,263 | — | — | 3,269 |
| Transfers out [(4)] | (11,811) | (1,929) | — | — | — | (13,740) |
| Transfers in [(4)] | 20,337 | 2,253 | — | — | — | 22,590 |
| Net realized gains (losses) | 4 | — | (3,402) | 9 | — | (3,389) |
| Net unrealized appreciation (depreciation) | 249 | 32 | 2,142 | (16) | — | 2,407 |
| Ending Balance – June 30, 2017 | $ 27,227 | $ 1,859 | $ 44,111 | $ — | $ — | $ 73,197 |
| Net change in net unrealized appreciation (depreciation) attributable to our Level 3 assets still held as of June 30, 2017 | $ 173 | $ 28 | $ (1,658) | $ — | $ — | $ (1,457) |

(1) Beginning balances as of December 31, 2016 are presented as stated in our December 31, 2016 Annual Report on Form 10-K and were not updated to reflect the differences resulting from exercising judgment on observability of inputs to leveling as discussed in note (4) below. The financial effects of these differences appear as transfer between Level 2 and Level 3 during the current fiscal quarter.

(2) Includes total cash distributions from CLO equity investments.

(3) Includes income accrual from CLO equity investments.

(4) Investments were transferred into and out of Level 3 and Level 2 due to changes in the quantity and quality of inputs obtained to support the fair value of each investment. Transfers into and out of the levels are recognized at the beginning of the period. Transfers into Level 3 for Floating Rate Loans were due to an accounting policy change to classify vendor priced securities with only one broker quote supporting the price as a Level 3 investment beginning in the first quarter of 2017.

The following table provides a summary of the changes in fair value of Level 3 assets for the six months ended June 30, 2016 as well as the portion of net unrealized depreciation for the six months ended June 30, 2016 related to those assets still held as of June 30, 2016:

| | First Lien Floating Rate Loans | Second Lien Floating Rate Loans | CLO Equity | Common Equity | Total |
|---|---|---|---|---|---|
| Beginning Balance – December 31, 2015 | $ — | $ 359 | $ 36,854 | $ 47 | $ 37,260 |
| Purchases | — | — | 1,493 | — | 1,493 |
| Repayments [(1)] | — | (22) | (6,684) | — | (6,706) |
| Amortization of discount/premium [(2)] | — | 1 | 3,305 | — | 3,306 |
| Net unrealized appreciation (depreciation) | — | 196 | 2,053 | (12) | 2,237 |
| Ending Balance – June 30, 2016 | $ — | $ 534 | $ 37,021 | $ 35 | $ 37,590 |
| Net change in net unrealized appreciation (depreciation) attributable to our Level 3 assets still held as of June 30, 2016 | $ — | $ 197 | $ 2,053 | $ (12) | $ 2,238 |

(1) Includes total cash distributions from CLO equity investments.

(2) Includes income accrual from CLO equity investments.

(in thousands, except per share data, percentages and as otherwise indicated; for example with the words "million" or otherwise)

The following table summarizes the significant unobservable inputs used in the determination of fair value for our Level 3 investments by category of investment and valuation technique as of June 30, 2017:

| | Fair Value | Valuation Techniques/ Methodology | Significant Unobservable Inputs | Range | | Weighted Average |
|---|---|---|---|---|---|---|
| | | | | Minimum | Maximum | |
| First lien floating rate loans | $ 24,983 | Third-party vendor pricing service | N/A | N/A | N/A | N/A |
| | 2,244 | Market Approach | EBITDA Multiple | 5.57x | 5.57x | 5.57x |
| Second lien floating rate loans | 1,859 | Third-party vendor pricing service | N/A | N/A | N/A | N/A |
| CLO equity | 44,111 | Third-party vendor pricing service and/or broker quotes | N/A | N/A | N/A | N/A |
| Total | $ 73,197 | | | | | |

The following table summarizes the significant unobservable inputs used in the determination of fair value for our Level 3 investments by category of investment and valuation technique as of December 31, 2016:

| | Fair Value | Valuation Techniques/ Methodology | Significant Unobservable Inputs | Range | | Weighted Average |
|---|---|---|---|---|---|---|
| | | | | Minimum | Maximum | |
| Second lien floating rate loans | $ 554 | Third-party vendor pricing service | N/A | N/A | N/A | N/A |
| CLO equity | 41,329 | Discounted cash flow | Discount rate | 11.7% | 26.7% | 17.0% |
| | | | Prepayment rate | 25.0% | 25.0% | 25.0% |
| | | | Default rate | 2.2% | 2.7% | 2.4% |
| Common equity | 16 | Third-party vendor pricing service | N/A | N/A | N/A | N/A |
| Total | $ 41,899 | | | | | |

The significant unobservable inputs used in the fair value measurement of CLO equity include the default and prepayment rates used to establish projected cash flows and the discount rate applied in the valuation models to those projected cash flows. An increase in any one of these individual inputs in isolation would likely result in a decrease to fair value. However, given the interrelationship between these inputs, overall market conditions would likely have a more significant impact on our Level 3 fair values than changes in any one unobservable input. Our maximum exposure to loss due to credit risk is their fair value.

(in thousands, except per share data, percentages and as otherwise indicated; for example with the words "million" or otherwise)

We use Standard & Poor's, an independent international financial data and investment services company and provider of global equity indexes, for classifying the industry groupings of our SFRL investments. The following table shows the SFRL portfolio composition by industry grouping at fair value as a percentage of total SFRLs as of June 30, 2017 and December 31, 2016. Our investments in CLOs are excluded from the table.

| | June 30, 2017 | December 31, 2016 |
|---|---|---|
| Electronics/Electric | 16.8% | 17.8% |
| Health Care | 12.6% | 11.0% |
| Business Equipment and Services | 10.2% | 11.4% |
| Aerospace and Defense | 5.2% | 4.6% |
| Industrial Equipment | 4.1% | 2.9% |
| Diversified Insurance | 3.9% | 6.9% |
| Clothing/Textiles | 3.8% | 3.2% |
| Containers and Glass Products | 2.8% | 3.4% |
| Utilities | 2.6% | 2.2% |
| Telecommunications | 2.5% | 2.4% |
| Food/Drug Retailers | 2.5% | 1.2% |
| Chemical/Plastics | 2.5% | 2.0% |
| Food Products | 2.2% | 3.3% |
| Financial Intermediaries | 2.1% | 2.8% |
| Home Furnishings | 2.1% | 1.0% |
| Oil and Gas | 2.1% | 1.8% |
| Retailers (except food and drug) | 2.0% | 3.4% |
| Conglomerates | 1.7% | 1.6% |
| Technology | 1.6% | —% |
| Automotive | 1.5% | 0.7% |
| Energy | 1.4% | —% |
| Publishing | 1.3% | 1.7% |
| Leisure Goods/Activities/Movies | 1.3% | 2.6% |
| Electronics | 1.2% | —% |
| Lodging and Casinos | 1.1% | 1.6% |
| Insurance | 1.1% | 1.2% |
| Ecological Services and Equipment | 1.0% | —% |
| Industrials | 1.0% | —% |
| Surface Transport | 0.8% | 1.2% |
| Cable and Satellite Television | 0.5% | 1.2% |
| Building & Development | 0.4% | 1.8% |
| Cosmetics/Toiletries | 0.3% | 1.4% |
| Steel | 0.1% | 1.2% |
| Broadcast Radio and Television | —% | 1.9% |
| Other | 3.7% | 0.6% |
| Total | 100.0% | 100.0% |

Certain Standard & Poor's industry classifications as of December 31, 2016 were changed to conform with the current period presentation.

## Note 7. Debt

### *Secured Revolving Credit Facility*

ACSF Funding is a party to a secured revolving credit facility with Bank of America, N.A. (as amended and restated, the "Credit Facility"), which allows ACSF Funding to borrow up to $135,000. The Credit Facility matures on December 18, 2018. ACSF Funding may make draws under the Credit Facility from time to time to purchase or acquire certain eligible assets. The Credit Facility is secured by ACSF Funding's assets pursuant to a security agreement and contains customary financial and negative covenants and events of default. On January 3, 2017, ACSF Funding entered into an amendment to the documents governing the Credit Facility that amended the relevant provisions of the Credit Facility to reflect the appointment of IHAM as ACSF's new investment adviser. As of June 30, 2017 and December 31, 2016, the fair value of the assets pledged as collateral in ACSF Funding was $206,904 and $207,827, respectively. The Credit Facility is non-recourse to ACSF. Amounts drawn under the Credit Facility bear interest at a rate per annum equal to either (a) LIBOR plus 1.80%, or (b) 0.80% plus the highest of (i) the Federal funds rate plus 0.50%, (ii) Bank of America, N.A.'s prime rate or (iii) one-month LIBOR plus 1%. ACSF Funding may borrow, prepay and reborrow loans under the Credit Facility at any time prior to November 18, 2018, the commitment termination date, subject to certain terms and conditions, including maintaining a sufficient borrowing base. Any outstanding balance on the Credit Facility as of the commitment termination date must be repaid by the maturity date unless otherwise extended.

ACSF Funding is required to pay a commitment fee in an amount equal to 0.75% on the actual daily unused amount of the current lender commitments under the Credit Facility to the extent the outstanding amount of committed loans is less than an amount equal to 90% of the aggregate commitments through the commitment termination date, payable quarterly in arrears.

As of June 30, 2017, there was $98,200 outstanding under the Credit Facility, which had a fair value of $98,200 and a stated interest rate of 3.00%. As of December 31, 2016, there was $104,900 outstanding under the Credit Facility, which had a fair value of $104,900 and a stated interest rate of 2.52%. The fair value of the Credit Facility is determined in accordance with ASC 820, which defines fair value in terms of the price that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions and is measured with Level 3 inputs. As of June 30, 2017 and December 31, 2016, ACSF and ACSF Funding were in compliance in all material respects with all covenants of the Credit Facility, including compliance with a borrowing base that applies various advance rates of up to 80% on the assets pledged as collateral by ACSF Funding.

For the three months ended June 30, 2017, we incurred interest and commitment fees on the Credit Facility of $668 and $78, respectively. For the six months ended June 30, 2017, we incurred interest and commitment fees on the Credit Facility of $1,311 and $145, respectively. For the three months ended June 30, 2016, we incurred interest and commitment fees on the Credit Facility of $545 and $72, respectively. For the six months ended June 30, 2016, we incurred interest and commitment fees on the Credit Facility of $1,128 and $130, respectively.

## Note 8. Taxes

### *Income Taxes*

We have elected to be treated as a RIC for income tax purposes. In order to qualify as a RIC, among other things, we are required to distribute annually at least 90% of our ordinary income, including net short term gains in excess of net long term losses. So long as we qualify as a RIC, we are not subject to the entity level taxes on earnings timely distributed to our stockholders. We intend to make sufficient annual distributions to substantially eliminate our corporate level income taxes.

Income determined under GAAP differs from income determined under tax because of both temporary and permanent differences in income and expense recognition, including (i) unrealized gains and losses associated with debt investments marked to fair value for GAAP but excluded from taxable income until realized or settled, (ii) timing differences on income recognition for our CLO equity investments, (iii) premium amortization and gain adjustments attributable to net built-in gains recognized upon our IPO and (iv) capital losses in excess of capital gains earned in a tax year do not reduce current year taxable income, and generally can be carried forward to offset capital gains.

At our discretion, we may delay distributions of a portion of our current year taxable income to the subsequent year and pay 4% excise taxes on such deferred distributions as calculated under the Code. If we anticipate paying excise taxes, we accrue excise taxes on a quarterly basis based on our estimates. For the three and six months ended June 30, 2017, we recorded an excise tax provision of $9 and $28, respectively. For the three and six months ended June 30, 2016, we recorded an excise tax benefit of $125 and $98, respectively.

(in thousands, except per share data, percentages and as otherwise indicated; for example with the words "million" or otherwise)

## Note 9. Consolidated Financial Highlights

| | Six Months Ended June 30, | |
|---|---|---|
| | 2017 | 2016 |
| **Per Share Data:** | | |
| Net asset value, beginning of period | $ 13.68 | $ 11.79 |
| Net investment income | 0.55 | 0.58 |
| Net realized and unrealized gain (loss) on investments | (0.24) | 0.66 |
| Net Earnings | 0.31 | 1.24 |
| Distributions to stockholders | (0.58) | (0.58) |
| Net asset value, end of period | $ 13.41 | $ 12.45 |
| Per share market value, end of period | $ 12.85 | $ 10.26 |
| Total return based on market value (1), (5) | 12.88% | 10.86% |
| Total return based on net asset value (1), (5) | 2.40% | 12.16% |
| **Ratios to Average Net Assets:** | | |
| Net investment income (2) | 8.27% | 10.00% |
| Operating expenses (2), (3) | 2.37% | 2.40% |
| Interest and related expenses (2) | 2.23% | 2.20% |
| Total expenses (2), (3) | 4.60% | 4.60% |
| **Supplemental Data:** | | |
| Net assets, end of period | $ 134,114 | $ 124,545 |
| Shares outstanding, end of period | 10,000 | 10,000 |
| Average debt outstanding | $ 96,604 | $ 100,569 |
| Asset coverage per unit, end of period (4) | $ 2,366 | $ 2,283 |
| Portfolio turnover ratio (5) | 47.55% | 18.73% |

(1) Total return is based on the change in market price or net asset value per share during the period and takes into account distributions reinvested in accordance with the dividend reinvestment and stock purchase plan.

(2) Annualized for periods less than one year.

(3) For the six months ended June 30, 2017, the ratio of operating expenses to average net assets and the ratio of total expenses to average net assets are shown net of the reimbursement as a result of the applicable Voluntary Expense Caps. The ratio of operating expenses to average net assets and the ratio of total expenses to average net assets would be 3.28% and 5.51%, respectively, without the applicable Voluntary Expense Caps for the six months ended June 30, 2017. For the six months ended June 30, 2016, the ratio of operating expenses to average net assets and the ratio of total expenses to average net assets are shown net of the reimbursement for the Prior Expense Cap. The ratio of operating expenses to average net assets and the ratio of total expenses to average net assets would be 3.57% and 5.77%, respectively, without the Prior Expense Cap for the six months ended June 30, 2016.

(4) The asset coverage ratio for a class of senior securities representing indebtedness is calculated on our consolidated total assets, less all liabilities and indebtedness not represented by senior securities, divided by the senior securities representing indebtedness. This asset coverage ratio is multiplied by $1,000 to determine the asset coverage per unit.

(5) Not annualized for periods less than one year.

## Note 10. Capital Transactions

On May 10, 2017, we declared a monthly cash distribution to stockholders of $0.097 per share for each of May, June and July 2017 (See Note 12).

## Note 11. Commitments and Contingencies

In the ordinary course of business, we may be a party to certain legal proceedings, including actions brought against us and others with respect to investment transactions. The outcomes of any such legal proceedings are uncertain and, as a result of these proceedings, the values of the investments to which they relate could decrease. We were not subject to any material litigation against us as of June 30, 2017 or December 31, 2016.

Commitments to extend credit include loan proceeds we are obligated to advance, such as delayed draws or revolving credit arrangements. Commitments generally have fixed expiration dates or other termination clauses. Unrealized gains or losses associated with unfunded commitments are recorded in the consolidated financial statements and reflected as an adjustment to the fair value of the related security in the Consolidated Schedule of Investments. The par amount of the unfunded commitments are

(in thousands, except per share data, percentages and as otherwise indicated; for example with the words "million" or otherwise)

not recognized by the Company until the commitment becomes funded. As of June 30, 2017, we had $90.9 of outstanding unused loan commitments. As of December 31, 2016, we had $81.5 of outstanding unused loan commitments.

**Note 12. Subsequent Events**

We declared a monthly cash distribution to stockholders of $0.097 per share for each of August, September and October 2017. The monthly cash distributions will be paid to common stockholders of record as set forth in the table below:

| | Distribution per Share | Record Date | Ex-Dividend Date | Payment Date |
|---|---|---|---|---|
| August 2017 | $0.097 | August 24, 2017 | August 22, 2017 | September 5, 2017 |
| September 2017 | $0.097 | September 22, 2017 | September 20, 2017 | October 4, 2017 |
| October 2017 | $0.097 | October 23, 2017 | October 19, 2017 | November 2, 2017 |

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

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

**Forward-Looking Statements**

*Some of the statements in this report constitute forward-looking statements, which relate to future events or our future performance or financial condition. We generally use words such as "anticipates," "believes," "expects," "intends" and similar expressions to identify forward-looking statements. Our actual results could differ materially from those projected in the forward-looking statements for any reason, including any factors set forth in "Risk Factors" included in our Annual Report on Form 10-K for the year ended December 31, 2016 and elsewhere in this report. The forward-looking statements contained herein involve risks and uncertainties, including statements as to: (i) our future operating results; (ii) our business prospects and the prospects of our portfolio companies; (iii) the impact of investments that we expect to make; (iv) our contractual arrangements and relationships with third-parties; (v) the dependence of our future success on the general economy and market conditions and their respective impact on the portfolio companies and industries in which we invest; (vi) the ability of our portfolio companies to achieve their objectives; (vii) our expected financings and investments; (viii) the adequacy of our cash resources and working capital; and (ix) the timing of cash flows, if any, from the operations of our portfolio companies.*

*We have based the forward-looking statements included in this report on information available to us on the date of this report, and we assume no obligation to update any such forward-looking statements. Although we undertake no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise, you are advised to consult any additional disclosures that we may make directly to you or through reports that we may file with the SEC in the future, including any annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K.*

**Overview**

American Capital Senior Floating, Ltd. ("ACSF", "we", "our" and "us"), a Maryland corporation organized in February 2013 that commenced operations on October 15, 2013, is an externally managed, non-diversified closed-end investment management company. We have elected to be treated as a business development company ("BDC") under the Investment Company Act of 1940, as amended, and the rules and regulations promulgated thereunder (the "1940 Act"). In addition, for tax purposes we have elected to be treated as a regulated investment company ("RIC") under Subchapter M of the Internal Revenue Code of 1986, as amended (the "Code"). We are an "emerging growth company," as defined in the Jumpstart Our Business Startups Act of 2012 ("JOBS Act"), and intend to take advantage of the exemption for emerging growth companies allowing us to temporarily forgo the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act of 2002. We do not intend to take advantage of other disclosure or reporting exemptions for emerging growth companies under the JOBS Act.

Prior to January 3, 2017 we were managed by American Capital ACSF Management, LLC (our "Prior Manager"), an indirect wholly owned subsidiary of American Capital, Ltd ("American Capital"), pursuant to a management agreement dated January 15, 2014 between us and our Prior Manager (the "Prior Management Agreement"). On January 3, 2017, Ivy Hill Asset Management, L.P. ("IHAM" or our "Manager") was appointed as our new investment adviser. Additionally, on January 3, 2017, we entered into an interim management agreement with our Manager pursuant to Rule 15a-4 adopted under the 1940 Act (the "Interim Management Agreement"). The Prior Management Agreement was automatically terminated in accordance with its terms as a result of its deemed "assignment" under the 1940 Act, following the acquisition of American Capital by Ares Capital Corporation ("Ares Capital") on January 3, 2017. On May 19, 2017, a new management agreement with our Manager was approved by our stockholders (the "Management Agreement" ), and on such date, we entered into the Management Agreement. The Management Agreement provides that our Manager will be compensated for serving as ACSF's investment adviser at the same rate as in the Prior Management Agreement: an annual rate of 0.80% of our total assets, excluding cash and cash equivalents and net unrealized appreciation or depreciation, each as determined under GAAP at the end of the most recently completed fiscal quarter with no incentive fee.

Pursuant to the Prior Management Agreement, our Prior Manager agreed to be responsible for certain of our operating expenses in excess of 0.75% of our consolidated net assets, less net unrealized appreciation or depreciation, each as defined under GAAP at the end of the most recently completed fiscal quarter for the first 24 months following the date of our initial public offering ("IPO") in January 2014 (the "Prior Expense Cap"). The Prior Expense Cap was voluntarily extended by our Prior Manager until the termination of the Prior Management Agreement, and thus the Prior Expense Cap expired on January 3, 2017.

Beginning in the first quarter of 2017, our Manager voluntarily agreed to be responsible for certain of our 2017 quarterly other operating expenses in excess of a certain percentage of our consolidated net assets, less net unrealized appreciation or depreciation, each as defined under GAAP (individually, for each such quarter , a "Voluntary Expense Cap" and collectively, the "Voluntary Expense Caps"). The first quarter 2017 Voluntary Expense Cap was calculated based on an annual rate of 0.75% of our consolidated net assets less net unrealized appreciation or depreciation as of March 31, 2017. The second quarter 2017 Voluntary

Expense Cap was calculated based on an annual rate of 1.00% of our consolidated net assets less net unrealized appreciation or depreciation as of June 30. 2017.

Additionally, for each of the remaining two quarters of fiscal 2017, our Manager has voluntarily agreed to be responsible for certain of our quarterly other operating expenses in excess of (a) with respect to the three months ended September 30, 2017, an annual rate of 1.00% of our consolidated net assets less net unrealized appreciation or depreciation as of September 30, 2017, and (b) with respect to the three months ended December 31, 2017, an annual rate of 1.25% of our consolidated net assets less unrealized appreciation or depreciation as of December 31, 2017, provided that the Management Agreement remains effective as of the date we file our Quarterly Report on Form 10-Q or Annual Report on Form 10-K, as applicable, for such quarter period.

***Investments***

Our investment objective is to provide attractive, risk-adjusted returns over the long term primarily through current income while seeking to preserve our capital. Our Manager actively manages our leveraged portfolio composed primarily of diversified investments in first lien and second lien floating rate loans principally to large-market U.S.-based companies (collectively, "Senior Floating Rate Loans" or "Loan Portfolio") which are commonly referred to as leveraged loans. Standard and Poor's ("S&P") defines large-market loans as loans to issuers with earnings before interest, taxes, depreciation and amortization ("EBITDA") of greater than $50 million. Senior Floating Rate Loans are typically collateralized by a company's assets and structured with first lien or second lien priority on collateral, providing for greater security and potential recovery in the event of default compared to other subordinated fixed-income products. We also invest in debt and equity tranches of collateralized loan obligations ("CLOs") which are securitized vehicles collateralized primarily by Senior Floating Rate Loans. In addition, we may selectively invest in loans issued by middle market companies, mezzanine and unitranche loans and high yield bonds. Additionally, we may from time to time hold or invest in other equity investments and other debt or equity securities generally arising from a restructuring of Senior Floating Rate Loan positions previously held by us. Under normal market conditions, we will invest at least 80% of our assets in Senior Floating Rate Loans.

Our level of investment activity can vary substantially from period to period depending on many factors, including the amount of debt and equity capital available to U.S. based large-market private companies, the level of merger and acquisition activity for such companies, the general economic environment, market conditions and the competitive environment for the types of investments we make. As a BDC, we must not acquire any assets other than "qualifying assets" as defined by Section 55(a) of 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." The definition of "eligible portfolio company" includes private operating companies and certain public companies whose securities are listed on a national securities exchange but whose market capitalization is less than $250 million, in each case organized under the laws of and with their principal place of business located in the United States. Investments in debt and equity tranches of CLOs are generally deemed nonqualified assets for BDC compliance purposes; therefore, under normal market conditions, we intend to limit our CLO investments to 20% of our portfolio.

**Current Market Conditions**

Economic and market conditions can impact our business and our investments in multiple ways, including the financial condition of the portfolio companies in which we invest, our investment returns, our funding costs, our access to the capital markets and our access to credit. The leveraged loan market has grown substantially in recent years with the amount of total leveraged loans outstanding exceeding $1 trillion as of June 30, 2017. Growth has largely been a function of the resilient performance of the asset class across multiple credit cycles coupled with the changing regulatory and investor landscape and the attractive floating rate nature of the assets. Despite uncertainties regarding economic and market conditions, the new issue loan pipeline in the leveraged loan market remains active, with first lien and second lien transactions that support leveraged buyouts, strategic acquisitions, plant expansions, recapitalizations and refinancings for mid to large-sized borrowers.

During the six months ended June 30, 2017, leveraged loan market volumes were strong with over $550 billion of new issuance, the highest ever for any first or second half of the year. Of the total new issuance, over $330 billion was driven by loan refinancings or recapitalizations. While loan volumes have remained strong, flows into retail funds tailed off toward the end of the quarter. Additionally, opportunistic issuance slowed while M&A driven deal flow remained relatively steady. Driven in part by weaker performance in the oil and gas and retail sectors, the average bid of the S&P/LSTA Leveraged Loan Index declined slightly to 98.0% of par for the second quarter from an average bid price of 98.2% of par at March 31, 2017. CLO new issue volume rebounded during the second quarter with $28.8 billion of new issuance versus $17.4 billion of new issuance in the first quarter of 2017. Overall CLO issuance, including refinancing/reset activity, was at record levels through the first six months ended June 30, 2017.

## Portfolio and Investment Activity

As of June 30, 2017, our portfolio was comprised of 77% first lien loans, 6% second lien loans (collectively, the "Loan Portfolio) and 17% CLO equity (the "CLO Portfolio" and together with the Loan Portfolio, the "Investment Portfolio"), measured at fair value. The Loan Portfolio consisted of 149 portfolio companies in 38 industries, and the CLO Portfolio included 23 CLOs managed by 16 different collateral managers with vintages ranging from 2012 to 2015. Our Loan Portfolio consisted of all floating rate investments with 97.6% having LIBOR floors ranging between 0.75% and 1.25%. The weighted average LIBOR floor in our Loan Portfolio was 0.98% as of June 30, 2017. The following table depicts a summary of the portfolio as of June 30, 2017:

| *($ in thousands)* | Cost | Fair Value | Cumulative Net Unrealized Depreciation | Yield at Cost |
|---|---|---|---|---|
| **Investment Portfolio:** | | | | |
| First lien floating rate loans | $ 195,641 | $ 193,136 | $ (2,505) | 5.87% |
| Second lien floating rate loans | 15,592 | 14,733 | (859) | 8.45% |
| Total Loan Portfolio | 211,233 | 207,869 | (3,364) | 5.60% |
| CLO Portfolio | 52,970 | 44,111 | (8,859) | 11.30% |
| Common equity | $ — | $ 52 | $ 52 | —% |
| Warrants | $ — | $ — | $ — | —% |
| Total Investment Portfolio | $ 264,203 | $ 252,032 | $ (12,171) | 6.74% |

The average yield at cost during the three months ended June 30, 2017 on the Loan Portfolio, CLO Portfolio and the total investment portfolio was 5.46%, 11.67% and 6.67%, respectively.The average yield at cost during the six months ended June 30, 2017 on the Loan Portfolio, CLO Portfolio and the Investment Portfolio was 5.49%, 12.44% and 6.84%, respectively.

The Investment Portfolio is actively managed, with a turnover ratio of 21.61% and 47.55%, respectively, for the three and six months ended June 30, 2017, respectively. During the three and six months ended June 30, 2017, the rotation of the Loan Portfolio reflected our Manager's active management style, which seeks to optimize the portfolio based on current market conditions by rotating into positions that our Manager believes have better relative values. The following tables depict the portfolio activity for the three and six months ended June 30, 2017:

| *($ in thousands)* | Three Months Ended June 30, 2017 | | | | | Six Months Ended June 30, 2017 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | First Lien | Second Lien | CLO Equity | Common Equity | Total | First Lien | Second Lien | CLO Equity | Common Equity | Total |
| Fair value, beginning of period | $190,897 | $ 14,399 | $ 42,031 | $ — | $247,327 | $188,098 | $ 15,429 | $ 41,329 | $ 16 | $244,872 |
| Purchases | 49,346 | 900 | 7,981 | — | 58,227 | 109,528 | 2,841 | 9,521 | — | 121,890 |
| Sales | (16,315) | (496) | (3,681) | — | (20,492) | (49,939) | (3,005) | (3,681) | (9) | (56,634) |
| Repayments [(1)] | (29,975) | (65) | (2,415) | — | (32,455) | (53,545) | (529) | (5,061) | — | (59,135) |
| Non-cash income accrual [(2)] | 44 | 3 | 1,428 | — | 1,475 | 116 | 11 | 3,263 | — | 3,390 |
| Net realized gains (loss) | 108 | (439) | (3,404) | — | (3,735) | 474 | (352) | (3,404) | 9 | (3,273) |
| Net unrealized appreciation (depreciation) | (969) | 431 | 2,171 | 52 | 1,685 | (1,596) | 338 | 2,144 | 36 | 922 |
| Fair value, end of period | $193,136 | $ 14,733 | $ 44,111 | $ 52 | $252,032 | $193,136 | $ 14,733 | $ 44,111 | $ 52 | $252,032 |

(1) Repayments for CLO equity reflect the amount of cash distributions from CLO investments received during the three and six months ended June 30, 2017.

(2) Non-cash income accrual includes amortization/accretion of discount/premium on the Loan Portfolio and income accrued on the CLO equity using the effective interest method during the three and six months ended June 30, 2017.

| | Three Months Ended June 30, 2017 | | | | Six Months Ended June 30, 2017 | | | |
|---|---|---|---|---|---|---|---|---|
| | Loan Portfolio | CLO Equity | Common Equity/Warrants | Total Portfolio | Loan Portfolio | CLO Equity | Common Equity/Warrants | Total Portfolio |
| Portfolio companies, beginning of period | 157 | 22 | — | 179 | 149 | 21 | — | 170 |
| Purchases | 24 | 3 | — | 27 | 68 | 4 | — | 72 |
| Complete exit | (31) | (2) | — | (33) | (67) | (2) | — | (69) |
| Restructure | (1) | — | 1 | — | (1) | — | 1 | — |
| Portfolio companies, end of period | 149 | 23 | 1 | 173 | 149 | 23 | 1 | 173 |

As of December 31, 2016, our portfolio was comprised of 77% first lien loans, 6% second lien loans and 17% CLO equity, measured at fair value. The Loan Portfolio consisted of 149 portfolio companies in 46 industries, and the CLO portfolio included 21 CLOs managed by 15 different collateral managers. Our Loan Portfolio consisted of all floating rate investments with 100% having LIBOR floors ranging between 0.75% and 1.25%. The weighted average LIBOR floor in our Loan Portfolio was 1.00% as of December 31, 2016. The following table depicts a summary of the Investment Portfolio as of December 31, 2016:

| *($ in thousands)* | Cost | Fair Value | Cumulative Net Unrealized Depreciation | Yield at Cost |
|---|---|---|---|---|
| **Investment Portfolio:** | | | | |
| First lien floating rate loans | $ 189,009 | $ 188,098 | $ (911) | 5.18% |
| Second lien floating rate loans | 16,626 | 15,429 | (1,197) | 8.29% |
| Total Loan Portfolio | 205,635 | 203,527 | (2,108) | 5.43% |
| CLO Portfolio | 52,330 | 41,329 | (11,001) | 14.14% |
| Common equity | — | 16 | 16 | —% |
| Total Investment Portfolio | $ 257,965 | $ 244,872 | $ (13,093) | 7.20% |

The average yield during the three months ended June 30, 2016 on the Loan Portfolio, the CLO Portfolio and Investment Portfolio (including common equity) was 5.42%, 11.49% and 6.73%, respectively. The average yield during the six months ended June 30, 2016, on the Loan Portfolio, the CLO Portfolio and Investment Portfolio (including common equity) was 5.40%, 11.33% and 6.68%, respectively.

The Investment Portfolio was actively managed, with a turnover ratio of 4.11% and 18.73%, respectively for the three and six months ended June 30, 2016. The following tables depict the portfolio activity for the three and six months ended June 30, 2016:

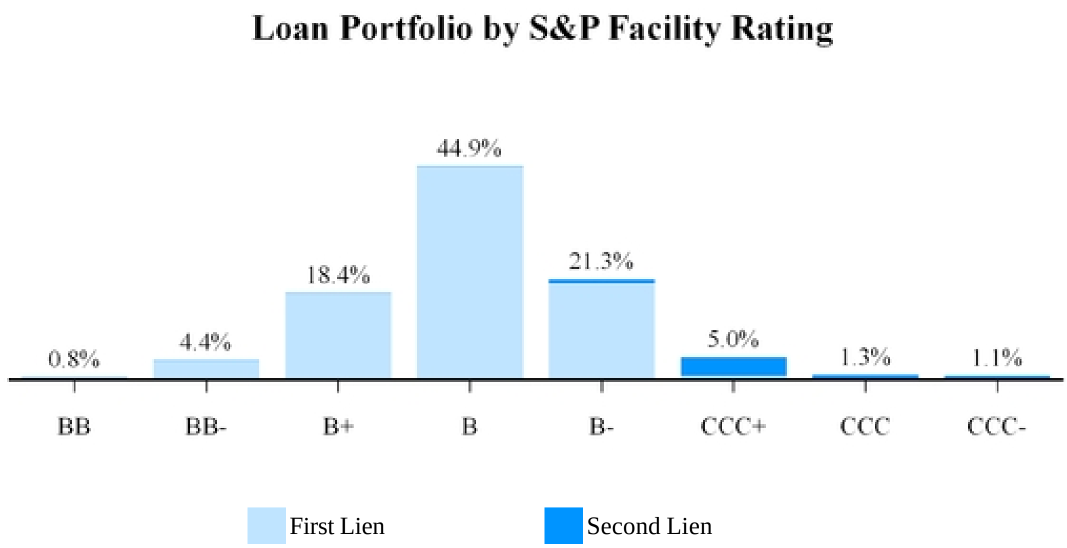
| | Three Months Ended June 30, 2016 | | | | | Six Months Ended June 30, 2016 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| *($ in thousands)* | First Lien | Second Lien | CLO Equity | Equity | Total | First Lien | Second Lien | CLO Equity | Equity | Total |
| Fair value, beginning of period | $164,186 | $ 17,868 | $ 33,817 | $ 147 | $216,018 | $169,580 | $ 22,575 | $ 36,854 | $ 47 | $229,056 |
| Purchases | 29,956 | 2,182 | — | — | 32,138 | 37,018 | 2,622 | 1,493 | — | 41,133 |
| Sales | (14,154) | — | — | — | (14,154) | (21,065) | (1,504) | — | — | (22,569) |
| Repayments [(1)] | (8,160) | (4,364) | (3,084) | — | (15,608) | (15,862) | (7,685) | (6,684) | — | (30,231) |
| Non-cash income accrual [(2)] | 68 | 7 | 1,648 | — | 1,723 | 122 | 11 | 3,305 | — | 3,438 |
| Net realized gains (losses) | (415) | 6 | — | — | (409) | (1,320) | 21 | — | — | (1,299) |
| Net unrealized appreciation (depreciation) | 2,417 | 764 | 4,640 | (112) | 7,709 | 5,425 | 423 | 2,053 | (12) | 7,889 |
| Fair value, end of period | $173,898 | $ 16,463 | $ 37,021 | $ 35 | $227,417 | $173,898 | $ 16,463 | $ 37,021 | $ 35 | $227,417 |

(1) Repayments for CLO equity reflect the amount of cash distributions from CLO investments received during the three and six months ended June 30, 2016.

(2) Non-cash income accrual includes amortization/accretion of discount/premium on the Loan Portfolio and income accrued on the CLOs using the effective interest method during the three and six months ended June 30, 2016.

| | Three Months Ended June 30, 2016 | | | Six Months Ended June 30, 2016 | | |
|---|---|---|---|---|---|---|
| | Loan Portfolio | CLO Equity | Total Portfolio | Loan Portfolio | CLO Equity | Total Portfolio |
| Portfolio companies,beginning of period | 128 | 22 | 150 | 128 | 20 | 148 |
| Purchases | 23 | — | 23 | 32 | 2 | 34 |
| Complete exit | (17) | — | (17) | (26) | — | (26) |
| Portfolio companies, end of period | 134 | 22 | 156 | 134 | 22 | 156 |

As of June 30, 2017, approximately 69% of our Loan Portfolio, at fair value, was comprised of loans with a facility rating by S&P of at least "B" or higher. As of June 30, 2017, approximately 2.8% of our Loan Portfolio, at fair value was not rated by S&P. The following chart shows the S&P facility credit rating of our rated Loan Portfolio at fair value as of June 30, 2017:



## Results of Operations

Operating results for the three and six months ended June 30, 2017 and 2016 were as follows:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| *($ in thousands)* | 2017 | 2016 | 2017 | 2016 |
| **Investment income:** | | | | |
| Senior floating rate loans | $ 2,691 | $ 2,623 | $ 5,468 | $ 5,311 |
| CLO equity | 1,428 | 1,649 | 3,263 | 3,306 |
| **Total investment income** | 4,119 | 4,272 | 8,731 | 8,617 |
| **Expenses:** | | | | |
| Interest and other debt related costs | 769 | 640 | 1,502 | 1,304 |
| Management fee | 533 | 511 | 1,064 | 1,008 |
| Other operating expenses | 541 | 733 | 1,255 | 1,250 |
| **Total expenses** | 1,843 | 1,884 | 3,821 | 3,562 |
| Expense reimbursement | (176) | (455) | (614) | (693) |
| **Net expenses** | 1,667 | 1,429 | 3,207 | 2,869 |
| **Net investment income before taxes** | 2,452 | 2,843 | 5,524 | 5,748 |
| Income tax (provision) benefit | (9) | 125 | (28) | 98 |
| **Net investment income** | 2,443 | 2,968 | 5,496 | 5,846 |
| **Net realized and unrealized gain (loss) on investments:** | | | | |
| Net realized loss on investments | (3,735) | (409) | (3,273) | (1,299) |
| Net unrealized appreciation on investments | 1,685 | 7,709 | 922 | 7,889 |
| **Net gain (loss) on investments** | (2,050) | 7,300 | (2,351) | 6,590 |
| **Net increase in net assets resulting from operations (“Net Earnings”)** | $ 393 | $ 10,268 | $ 3,145 | $ 12,436 |

### *Investment Income*

Investment income decreased $0.2 million, or 4%, to $4.1 million for the three months ended June 30, 2017 compared to the comparable period in 2016. The decrease was a result of lower yields on the Investment Portfolio during the second quarter of 2017 compared to the comparable period in 2016. The weighted average yield at cost on our Loan Portfolio, CLO Portfolio and Investment Portfolio was 5.46%, 11.67% and 6.67%, respectively, during the second quarter of 2017 as compared to 5.42%, 11.49% and 6.73%, respectively, during the second quarter of 2016.

Investment income increased $0.1 million, or 1% for the six months ended June 30, 2017 compared to the comparable period in 2016. The increase was a result of higher yields on the Investment Portfolio during the first six months of 2017 compared to the comparable period in 2016. The weighted average yield at cost on our Loan Portfolio, CLO Portfolio and Investment Portfolio was 5.49%, 12.44% and 6.84%, respectively, during the six months ended June 30, 2017, as compared to 5.40%, 11.33% and 6.68%, respectively during the six months ended June 30, 2016.

### *Net Expenses*

For the three months ended June 30, 2017, net expenses increased $0.2 million, or 16.7%, to $1.7 million as compared to the comparable period in 2016. The increase in net expenses was primarily driven by an increase in net operating expenses after the expense reimbursement due to an increase in the Voluntary Expense Cap in 2017as compared to the Prior Expense Cap that resulted in lower expense reimbursement from our Manager.

For the six months ended June 30, 2017, net expenses increased $0.3 million, or 12% for the six months ended June 30, 2017 compared to the comparable period in 2016. The increase in net expenses was primarily driven by an increase in interest expense due to an increase in LIBOR as well as an increase in net operating expenses after the expense reimbursement due to an increase in the Voluntary Expense Cap in 2017 as compared to the Prior Expense Cap that resulted in lower expense reimbursement from our Manager.

The following table outlines the costs associated with our Credit Facility during the three and six months ended June 30, 2017 and 2016:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| ***($ in thousands)*** | **2017** | **2016** | **2017** | **2016** |
| Interest expense | $ 668 | $ 545 | $ 1,311 | $ 1,128 |
| Commitment fees | 78 | 72 | 145 | 130 |
| Amortization of deferred financing costs | 23 | 23 | 46 | 46 |
| Total debt financing costs | $ 769 | $ 640 | $ 1,502 | $ 1,304 |
| | | | | |
| Average debt outstanding | $ 93,993 | $ 96,799 | $ 96,604 | $ 100,569 |
| Average cost of funds (1) | 3.20% | 2.65% | 3.04% | 2.60% |
| Weighted average stated interest rate | 2.82% | 2.23% | 2.70% | 2.22% |

(1) Includes interest, unfunded commitment fees and amortization of debt financing costs

***Net Realized Gain (Loss) on Investments***

Sales and repayments of investments during the three months ended June 30, 2017 totaled $52.9 million resulting in a net realized loss on investments of $3.7 million. Sales and repayments of investments during the six months ended June 30, 2017 totaled $115.8 million resulting in a net realized loss on investments of $3.3 million.

Sales and repayments of investments during the three months ended June 30, 2016 totaled $29.8 million resulting in a net realized loss on investments of $0.4 million. Sales and repayments of investments during the six months ended June 30, 2016 totaled $52.8 million resulting in a net realized loss on investments of $1.3 million.

***Net Unrealized Appreciation (Depreciation)***

During the three months ended June 30, 2017, we recognized net unrealized appreciation on investments of $1.7 million primarily composed of the reversal of net unrealized depreciation related to net realized losses of $3.7 million and net unrealized depreciation on investments of $2.0 million.

During the three months ended June 30, 2016, we recognized net unrealized appreciation on the investment portfolio of $7.7 million driven by net unrealized appreciation of $3.1 million on the Loan Portfolio and $4.6 million of net unrealized appreciation on the CLO Portfolio. The primary driver for the increase in fair value of the Loan Portfolio was higher prices in the broadly syndicated U.S. loan market as a result of improved loan issuance and tightening yields during the quarter. The increase in fair value of the CLO Portfolio was a result of tightening spreads and increasing trades in CLO equity.

During the six months ended June 30, 2017, we recognized net unrealized appreciation on investments of $0.9 million primarily composed of the reversal of net unrealized appreciation related to net realized gains of $2.9 million and net unrealized depreciation on investments of $2.0 million. See Note 6 to our consolidated financial statements for the three and six months ended June 30, 2017, for more information on net unrealized depreciation.

During the six months ended June 30, 2016, we recognized net unrealized appreciation on the investment portfolio of $7.9 million driven by net unrealized appreciation of $5.8 million on the Loan Portfolio and $2.1 million of net unrealized appreciation on the CLO Portfolio. The primary driver for the increase in fair value of the Loan Portfolio was higher prices in the broadly syndicated U.S. loan market as a result of improved inflows and tightening yields during the six months ended June 30, 2016. The increase in fair value of the CLO Portfolio was a result of tightening spreads and increasing trades in CLO equity.

***Income Taxes***

We have elected be treated as a RIC for income tax purposes. In order to qualify as a RIC, among other things, we are required to meet certain source of income and asset diversification requirements; additionally, we must distribute annually at least 90% of our ordinary income, including net short term gains in excess of net long term losses. So long as we qualify as a RIC, we generally are not subject to the entity level taxes on earnings timely distributed to our stockholders. At our discretion, we may delay distributions of a portion of our current year taxable income to the subsequent year and pay 4% excise taxes on such deferred distributions as calculated under the Code. If we anticipate paying excise taxes, we accrue excise taxes on a quarterly basis based on our estimates.

**Financial Condition, Liquidity and Capital Resources**

Liquidity and capital resources arise primarily from our cash flows from operations, borrowings from our wholly owned subsidiary's secured revolving credit facility and any follow-on equity offerings of common stock and other supplementary financing mechanisms.

In order to qualify as a RIC, we must annually distribute in a timely manner to our stockholders at least 90% of our taxable ordinary income. In addition, we must also distribute in a timely manner to our stockholders all of our taxable ordinary and capital income in order to not be subject to income taxes. Accordingly, our ability to retain earnings is limited.

***Equity Capital***

As a BDC, we are generally not able to issue or sell our common stock at a price below our net asset value per share, exclusive of any underwriting discount, except (i) with the prior approval of a majority of our stockholders, (ii) in connection with a rights offering to our existing stockholders or (iii) under such other circumstances as the SEC may permit. As of June 30, 2017, our net asset value was $13.41 per share and our closing market price was $12.85 per share.

***Debt Capital***

Our wholly owned special purpose financing vehicle, ACSF Funding I, LLC, a Delaware limited liability company, ("ACSF Funding") is party to a secured revolving credit facility with Bank of America, N.A. (as amended and restated, the "Credit Facility"). Under the Credit Facility, ACSF Funding can borrow up to $135 million with a maturity date of December 18, 2018. The Credit Facility generally bears interest at the London Interbank Offered Rate ("LIBOR") plus 1.80% and also has a commitment fee equal to 0.75% on the unused amount of the commitments to the extent the outstanding amount of loans is less than 90% of the aggregate commitments. The Credit Facility is secured by ACSF Funding's assets pursuant to a security agreement and contains customary financial and negative covenants and events of default. Advance rates vary on the type of collateral owned by ACSF Funding and can range up to 80%. On January 3, 2017, ACSF Funding entered into an amendment to the documents governing the Credit Facility that amended the relevant provisions of the Credit Facility to reflect the appointment of our Manager as our new investment adviser.

As of June 30, 2017, we had $98.2 million in borrowings outstanding on our Credit Facility. The fair value of the assets owned by ACSF Funding as of June 30, 2017 was $206.9 million and the borrowing base was $149.1 million. On a consolidated basis, as of June 30, 2017, ACSF's ratio of our principal debt outstanding to stockholders equity was 0.73 to 1. As of June 30, 2017, we had approximately $36.8 million of available capacity on our Credit Facility.

As a BDC, we are permitted to issue "senior securities," as defined in the 1940 Act, in any amount as long as immediately after such issuance our asset coverage is at least 200%, or equal to or greater than our asset coverage prior to such issuance, after taking into account the payment of debt with proceeds from such issuance. Asset coverage is defined in the 1940 Act as the ratio of the value of the total assets, less all liabilities and indebtedness not represented by senior securities, to the aggregate amount of senior securities representing indebtedness. However, if our asset coverage is below 200%, we may also borrow amounts up to 5% of our total assets for temporary purposes even if that would cause our asset coverage ratio to further decline. As of June 30, 2017 and December 31, 2016, our asset coverage was 237% and 230%, respectively.

**Off-Balance Sheet Arrangements**

Commitments to extend credit include loans we are obligated to advance, such as delayed draws or revolving credit arrangements. Commitments generally have fixed expiration dates or other termination clauses. We do not report the unused portion of these commitments on our Consolidated Statements of Assets and Liabilities. As of both June 30, 2017 and December 31, 2016, we had $0.1 million of outstanding unused loan commitments.

**Distributions to Stockholders**

The timing and amount of our distributions, if any, will be determined by our Board. When determining distributions to stockholders, our Board considers estimated taxable income, GAAP income and economic performance. Actual taxable income may differ from GAAP income due to temporary and permanent differences in income and expense recognition and changes in unrealized appreciation and depreciation on investments. All distributions to our stockholders are declared out of assets legally available for distribution. We expect that our distributions to stockholders will generally be from accumulated net investment income and from net realized capital gains, if any, as applicable. To the extent our taxable earnings fall below the total amount of our distributions for any given fiscal year, a portion of those distributions may be deemed to be a tax return of capital to our stockholders. Thus, the source of a distribution to our stockholders may be the original capital invested by the stockholder rather than our taxable ordinary income or capital gains. Stockholders should read any written disclosure accompanying a distribution payment carefully and should not assume that the source of any distribution is our taxable ordinary income or capital gain. The specific tax characteristics are reported to stockholders on Form 1099 after the end of each calendar year.

We have elected to be taxed as a RIC under Subchapter M of the Code. To maintain our RIC status, we must distribute at least 90% of our ordinary income and the excess of net short term gains over the net long term losses, if any, out of the assets legally available for distribution. During the years ended December 31, 2016 and 2015, 100% of our distributions were made from net investment income. A written statement identifying the nature of these distributions for tax reporting purposes for the year was posted on our website. We may not be able to achieve operating results that will allow us to make distributions at a specific level or to increase the amounts of these distributions from time to time. In addition, we may be limited in our ability to make distributions due to the asset coverage requirements applicable to us as a BDC under the 1940 Act. If we do not distribute a certain percentage of our income annually, we will suffer adverse tax consequences, including possible loss of favorable RIC tax treatment. We cannot assure stockholders that they will receive any distributions.

The table below details the distributions to stockholders declared on our shares of common stock during the six months ended June 30, 2017 and 2016 ($ in thousands except for per share data):

***($ in thousands, except per share data)***

| Monthly Declaration Date | Ex-Dividend Date | Record Date | Payment Date | Per Share Amount | Total Amount |
|---|---|---|---|---|---|
| February 3, 2017 | February 15, 2017 | February 17, 2017 | March 2, 2017 | $ 0.097 | $ 970 |
| February 3, 2017 | March 21, 2017 | March 23, 2017 | April 4, 2017 | 0.097 | 970 |
| February 3, 2017 | April 18, 2017 | April 20, 2017 | May 2, 2017 | 0.097 | 970 |
| May 10, 2017 | May 22, 2017 | May 24, 2017 | June 2, 2017 | 0.097 | 970 |
| May 10, 2017 | June 21, 2017 | June 23, 2017 | July 6, 2017 | 0.097 | 970 |
| May 10, 2017 | July 20, 2017 | July 24, 2017 | August 2, 2017 | 0.097 | 970 |
| ***Total declared during the six months ended June 30, 2017*** | | | | $ 0.582 | $ 5,820 |
| | | | | | |
| February 8, 2016 | February 17, 2016 | February 19, 2016 | March 2, 2016 | $ 0.097 | $ 970 |
| February 8, 2016 | March 21, 2016 | March 23, 2016 | April 4, 2016 | 0.097 | 970 |
| February 8, 2016 | April 19, 2016 | April 21, 2016 | May 3, 2016 | 0.097 | 970 |
| May 2, 2016 | May 19, 2016 | May 23, 2016 | June 2, 2016 | 0.097 | 970 |
| May 2, 2016 | June 21, 2016 | June 23, 2016 | July 5, 2016 | 0.097 | 970 |
| May 2, 2016 | July 19, 2016 | July 21, 2016 | August 2, 2016 | 0.097 | 970 |
| ***Total declared during the six months ended June 30, 2016*** | | | | $ 0.582 | $ 5,820 |

We maintain an "opt out" dividend reinvestment and stock purchase plan for our common stockholders. As a result, if we declare a distribution, then stockholders' cash distributions will be automatically reinvested in additional shares of our common stock, unless they, or their nominees on their behalf, specifically "opt out" of the dividend reinvestment and stock purchase plan so as to receive cash distributions. Stockholders that opt out of our dividend reinvestment and stock purchase plan may experience dilution over time.

**Critical Accounting Policies**

See Note 2 to our consolidated financial statements for the six months ended June 30, 2017, which describes our critical accounting policies. The recently issued accounting pronouncements not yet required to be adopted by us are as follows.

***New Accounting Pronouncements***

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13"), which amends the financial instruments impairment guidance so that an entity is required to measure expected credit losses for financial assets based on historical experience, current conditions, and reasonable and supportable forecasts. As such, an entity will use forward-looking information to estimate credit losses. ASU 2016-13 also amends the guidance in FASB ASC Subtopic No. 325-40, *Investments-Other, Beneficial Interests in Securitized Financial Assets* related to the subsequent measurement of accretable yield recognized as interest income over the life of a beneficial interest in securitized financial assets under the effective yield method. ASU 2016-13 is effective for public business entities that meet the U.S. GAAP definition of an SEC filer, for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Early adoption is permitted as of the fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. We are currently evaluating the impact of ASU 2016-13 on the recognition of interest income on our investments in CLO equity.

In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments (a consensus of the Emerging Issues Task Force)* ("ASU 2016-15"), which addresses the diversity in practice in how certain cash receipts and cash payments are presented and classified in the statement of cash flows under ASC 230, *Statement of Cash Flows*, and other topics. The update provides guidance on eight specific cash flow issues including the statement cash flows treatment of beneficial interests in securitized financial transactions as well as the treatment of debt prepayment and extinguishment costs. ASU 2016-15 also provides guidance on the predominance principle to clarify when cash receipts and cash payments should be separated into more than one class of cash flows. ASU 2016-15 is effective for public business entities for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted, including adoption in an interim period. We are currently evaluating the impact of ASU 2016-15 on our consolidated statements of cash flows.

**Item 3. Quantitative and Qualitative Disclosures about Market Risk**

We are subject to financial market risks, including changes in interest rates. As of June 30, 2017, all of our debt investments bore interest at floating rates, and we expect that our investment portfolio will, in the future, primarily include floating rate debt investments. The interest rates on our debt investments are usually based on a floating LIBOR, and the debt investments typically contain interest rate reset provisions that adjust applicable interest rates to current rates on a periodic basis. As of June 30, 2017, 98% of the debt investments in our portfolio had interest rate floors between 0.75% and 1.25%. In contrast, our Credit Facility has a floating interest rate provision with no LIBOR floor, and therefore, our cost of funds will fluctuate with changes in short-term interest rates.

Assuming no changes to our consolidated statement of assets and liabilities as of June 30, 2017, the following table shows the approximate annualized impact to the components of our results of operations from hypothetical base rate changes in interest rates to our Loan Portfolio and debt financing.

| *($ in thousands except per share data)* **Basis point change in base rate** | **Interest income** | **Interest expense** | **Net change to Net Earnings** | **Net change to Net Earnings per share** |
|---|---|---|---|---|
| 300 | $ 6,395 | $ 2,946 | $ 3,449 | $ 0.34 |
| 200 | $ 4,264 | $ 1,964 | $ 2,300 | $ 0.23 |
| 100 | $ 2,133 | $ 982 | $ 1,151 | $ 0.12 |
| (100) | $ (395) | $ (982) | $ 587 | $ 0.06 |
| (200) | $ (395) | $ (21) | $ (374) | $ (0.04) |
| (300) | $ (395) | $ (21) | $ (374) | $ (0.04) |

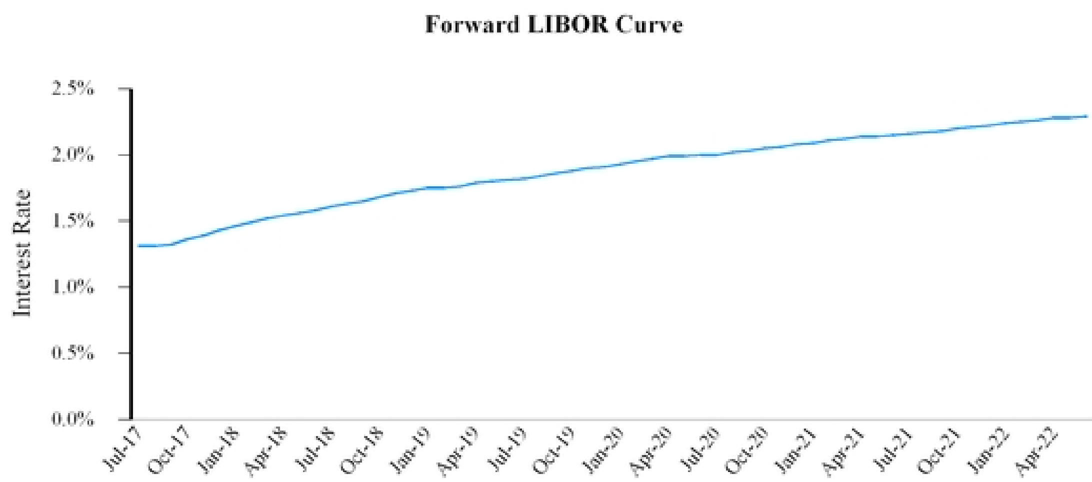
Based on our December 31, 2016, the following table shows the approximate annualized impact to the components of our results of operations from hypothetical base rate changes in interest rates to our Loan Portfolio and debt financing.

| *($ in thousands, except per share data)* **Basis point change in base rate** | **Interest Income** | **Interest Expense** | **Net change to Net Earnings** | **Net change to Net Earnings per share** |
|---|---|---|---|---|
| 300 | $ 6,071 | $ 3,147 | $ 2,924 | $ 0.29 |
| 200 | $ 4,010 | $ 2,098 | $ 1,912 | $ 0.19 |
| 100 | $ 1,949 | $ 1,049 | $ 900 | $ 0.09 |
| (100) | $ (12) | $ (45) | $ 33 | $ — |
| (200) | $ (12) | $ (45) | $ 33 | $ — |
| (300) | $ (12) | $ (45) | $ 33 | $ — |

Although management believes that this measure is indicative of our sensitivity to interest rates, it does not reflect any potential impact to the fair value of our investments as a result of changes to interest rates, nor does it adjust for potential changes in spreads or changes in the credit market, credit quality, size and composition of the assets in our consolidated statements of assets and liabilities and other business developments that could affect the net increase/(decrease) in net assets resulting from operations or net investment income. Accordingly, no assurances can be given that actual results would not differ materially from those shown above.

The above sensitivity analysis does not include our CLO equity investments. CLO equity investments are levered structures that are collateralized primarily with first lien floating rate loans that may have LIBOR floors and are levered primarily with floating rate debt that does not have a LIBOR floor. The residual cash flows available to the equity holders of the CLOs will decline as interest rates increase until interest rates surpass the LIBOR floors on the floating rate loans. However, the revenue recognized on our CLO equity investments is calculated using the effective interest method which incorporates a forward LIBOR curve in the projected cash flows. Any change to base interest rates that is not in-line with the forward LIBOR curve used in the projections, in either the timing or magnitude of the change, or change in spreads will cause actual distributions to differ from the current projections and will impact the related revenue recognized from these investments.

The below graph illustrates the forward LIBOR curve utilized in the projected cash flows from our CLO equity investments as of June 30, 2017[(1)].




(1) Forward LIBOR curve used to develop the cash flows incorporated in the June 30, 2017 valuations and the cash flows used to calculate the effective yield at cost as of June 30, 2017. Source: Bloomberg as of July 18, 2017.

## Item 4. Controls and Procedures

### *Evaluation of Disclosure Controls and Procedures*

As of June 30, 2017, we, including our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")). Based on that evaluation, our management, including the Chief Executive Officer and Chief Financial Officer, concluded that our disclosure controls and procedures were effective and provided reasonable assurance that information required to be disclosed in our periodic SEC filings is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. However, in evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of such possible controls and procedures.

### *Changes in Internal Control over Financial Reporting*

There have been no changes in our "internal control over financial reporting" (as defined in Rule 13a-15(f) of the Exchange Act) that occurred during our quarter ended June 30, 2017 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II. OTHER INFORMATION

### Item 1. Legal Proceedings

From time to time, we may be a party to certain ordinary routine litigation incidental to our business, including the enforcement of our rights under contracts with our portfolio companies. We are not currently subject to any material litigation nor, to our knowledge, is any material litigation threatened against us.

### Item 1A. Risk Factors

In addition to the other information set forth in this report, you should carefully consider the risk factors described in Part I, “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016, which could materially affect our business, financial condition and/or operating results. The risks described in our Annual Report on Form 10-K are not the only risks facing us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially and adversely affect our business, financial condition and/or operating results.

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

None.

### Item 3. Defaults Upon Senior Securities

None.

### Item 4. Mine Safety Disclosures

Not applicable.

### Item 5. Other Information

None.

## Item 6. Exhibits, Financial Statement Schedules

The following exhibits are filed as part of this report or hereby incorporated by reference to exhibits previously filed with the SEC:

| Exhibit Number | Description |
| --- | --- |
| *3.1 | American Capital Senior Floating, Ltd. Articles of Amendment and Restatement, incorporated herein by reference to Exhibit 3.1 of Form 10-Q for the quarter ended March 31, 2014 (File No. 814-01025), filed May 15, 2014. |
| *3.2 | American Capital Senior Floating, Ltd. Amended and Restated Bylaws, incorporated herein by reference to Exhibit 3.2 of Form 10-Q for the quarter ended March 31, 2014 (File No. 814-01025), filed May 15, 2014. |
| *10.1 | Management Agreement, dated as of May 19, 2017, between American Capital Senior Floating, Ltd. and Ivy Hill Asset Management, L.P., incorporated herein by reference to Exhibit 10.1 of Form 8-K (File No. 814-01025), filed May 22, 2017. |
| 31.1 | Certification of CEO Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 31.2 | Certification of CFO Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 32 | Certification of CEO and CFO Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |

* Previously filed

**SIGNATURES**

Pursuant to the requirements 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.

**AMERICAN CAPITAL SENIOR FLOATING, LTD.**

| | | |
|---|---|---|
| Date: August 8, 2017 | By: | /s/ Kevin Braddish |
| | | **Kevin Braddish**<br>**President and Chief Executive Officer**<br>**(Principal Executive Officer)** |
| Date: August 8, 2017 | By: | /s/ Penni F. Roll |
| | | **Penni F. Roll**<br>**Chief Financial Officer**<br>**(Principal Financial Officer)** |
| Date: August 8, 2017 | By: | /s/ Scott C. Lem |
| | | **Scott C. Lem**<br>**Chief Accounting Officer**<br>**(Principal Accounting Officer)** |



(Back To Top)

# Section 2: EX-10.1 (EXHIBIT 10.1)

**Exhibit 10.1**

## INDEMNIFICATION AGREEMENT

THIS INDEMNIFICATION AGREEMENT (this “Agreement”) is made and entered into effective as of January 3, 2017 (the “Effective Date”), by and between American Capital Senior Floating, Ltd., a Maryland corporation (the “Company”), and _______________ (“Indemnitee”).

WHEREAS, at the request of the Company, Indemnitee currently serves as [a director][an officer] of the Company and may, therefore, be subjected to claims, suits or proceedings arising as a result of [his][her] service as [a director][an officer] of the Company;

WHEREAS, as an inducement to Indemnitee to serve as [a director][an officer] of the Company, the Company has agreed to indemnify and to advance expenses and costs incurred by Indemnitee in connection with any claims, suits or proceedings, to the maximum extent permitted by law;

WHEREAS, the parties by this Agreement desire to set forth their agreement regarding indemnification and advancement of expenses; and

WHEREAS, Indemnitee is relying upon the rights afforded under this Agreement in continuing to serve as [a director][an officer] of the Company.

NOW, THEREFORE, in consideration of the premises and the covenants contained herein, the Company and Indemnitee do hereby covenant and agree as follows:

Section 1. Definitions. For purposes of this Agreement:

(a) "Change in Control" means a change in control of the Company occurring after the Effective Date of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or in response to any similar item on any similar schedule or form) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), whether or not the Company is then subject to such reporting requirement; provided, however, that, without limitation, such a Change in Control shall be deemed to have occurred if, after the Effective Date (i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 15% or more of the combined voting power of all of the Company's then-outstanding securities entitled to vote generally in the election of directors without the prior approval of at least two-thirds of the members of the Board of Directors in office immediately prior to such person's attaining such percentage interest; (ii) there occurs a proxy/contest, or the Company is a party to a merger, consolidation, sale of assets, plan of liquidation or other reorganization not approved by at least two-thirds of the members of the Board of Directors then in office, as a consequence of which members of the Board of Directors in office immediately prior to such transaction or event constitute less than a majority of the Board of Directors thereafter; or (iii) at any time, a majority of the members of the Board of Directors are not individuals (A) who were directors as of the Effective Date or (B) whose election by the Board of Directors or nomination for election by the Company's stockholders was approved by the affirmative vote of at least two-thirds of the directors then in office who were directors as of the Effective Date or whose election or nomination for election was previously so approved.

(b) "Corporate Status" means the status of a person as a present or former director, officer, employee or agent of the Company or as a director, trustee, officer, partner, manager, managing member, fiduciary, employee or agent of any other foreign or domestic corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise that such person is or was serving in such capacity at the request of the Company. As a clarification and without limiting the circumstances in which Indemnitee may be serving at the request of the Company, service by Indemnitee shall be deemed to be at the request of the Company: (i) if Indemnitee serves or served as a director, trustee, officer, partner, manager, managing member, fiduciary, employee or agent of any foreign or domestic corporation, partnership, limited liability company, joint venture, trust or other enterprise (A) of which a majority of the voting power or equity interest is or was owned directly or indirectly by the Company, or (B) the management of which is controlled directly or indirectly by the Company; or (ii) if, as a result of Indemnitee's service to the Company or any of its affiliated entities, Indemnitee is subject to duties by, or required to perform services for, an employee benefit plan or its participants or beneficiaries, including as a deemed fiduciary thereof.

(c) "Disinterested Director" means a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification and/or advance of Expenses is sought by Indemnitee.

(d) "Effective Date" has the meaning set forth in the first paragraph of this Agreement.

(e) "Expenses" means any and all reasonable and out-of-pocket attorneys' fees and costs, retainers, court costs, arbitration and mediation costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, federal, state, local or foreign taxes imposed on Indemnitee as a result of the actual or deemed receipt of any payments under this Agreement, ERISA excise taxes and penalties and any other disbursements or expenses incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in or otherwise participating in a Proceeding. Expenses shall also include Expenses incurred in connection with any appeal resulting from any Proceeding including, without limitation, the premium for, security for and other costs relating to any cost bond, supersedeas bond or other appeal bond or its equivalent.

(f) "Independent Counsel" means a law firm, or a member of a law firm, that is experienced in matters of corporation law and neither is, nor in the past five years has been, retained to represent: (i) the Company or Indemnitee in any matter material to either such party (other than with respect to matters concerning Indemnitee under this Agreement or of other indemnitees under similar indemnification agreements), or (ii) any other party to or participant or witness in the Proceeding giving rise to a claim for indemnification or advance of Expenses hereunder. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's rights under this Agreement.

(g) "Proceeding" means any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing, claim, demand or discovery request or any other actual, threatened or completed proceeding, whether brought by or in the right of the Company or otherwise and whether of a civil (including intentional or unintentional tort claims), criminal, administrative or investigative (formal or informal) nature, including any appeal therefrom, excluding those pending or completed on or before the [Effective Date] [January 14, 2014], unless otherwise specifically agreed in writing by the Company and Indemnitee. If Indemnitee reasonably believes that a given situation may lead to or culminate in the institution of a Proceeding, such situation shall also be considered a Proceeding.

Section 2. Services by Indemnitee. Indemnitee serves as [a director][an officer] of the Company. However, this Agreement shall not impose any independent obligation on Indemnitee or the Company to continue Indemnitee's service to the Company beyond any period otherwise required by law or by other agreements or commitments of the parties, if any. This Agreement shall not be deemed an employment contract between the Company (or any other entity) and Indemnitee.

Section 3. Indemnification - General. The Company shall indemnify, and advance Expenses to, Indemnitee (a) as provided in this Agreement and (b) as otherwise to the maximum extent permitted by Maryland law in effect on the Effective Date and as amended from time to time; provided, however, that no change in Maryland law shall have the effect of reducing the benefits available to Indemnitee hereunder based on Maryland law as in effect on the Effective Date. The rights of Indemnitee provided in this Section 3 shall include, without limitation, the rights set forth in the other sections of this Agreement, including any additional indemnification permitted by Section 2-418(g) of the Maryland General Corporation Law (the "MGCL").

Section 4. Standard for Indemnification. If, by reason of Indemnitee's Corporate Status, Indemnitee is, or is threatened to be, made a party to any Proceeding, the Company shall indemnify Indemnitee against all judgments, penalties, fines and amounts paid in settlement and all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with any such Proceeding unless it is ultimately established in a court of appropriate jurisdiction, by clear and convincing evidence, that (i) the act or omission of Indemnitee was material to the matter giving rise to the Proceeding and (A) was committed in bad faith or (B) was the result of active and deliberate dishonesty; (ii) Indemnitee actually received an improper personal benefit in money, property or services; or (iii) in the case of any criminal Proceeding, Indemnitee had reasonable cause to believe that [his] [her] conduct was unlawful.

Section 5. Certain Limits on Indemnification. Notwithstanding any other provision of this Agreement (other than Section 6), Indemnitee shall not be entitled to:

(a) indemnification hereunder if the Proceeding was one by or in the right of the Company and Indemnitee is adjudged, in a final adjudication of the Proceeding not subject to further appeal, to be liable to the Company;

(b) indemnification hereunder if Indemnitee is adjudged, in a final adjudication of the Proceeding not subject to further appeal, to be liable on the basis that personal benefit was improperly received in any Proceeding charging improper personal benefit to Indemnitee, whether or not involving action in the Indemnitee's Corporate Status; or

(c) indemnification or advance of Expenses hereunder if the Proceeding was brought by Indemnitee, unless: (i) the Proceeding was brought to enforce indemnification under this Agreement, and then only to the extent in accordance with and as authorized by Section 12 of this Agreement, or (ii) the Company's charter or bylaws, a resolution of the stockholders entitled to vote generally in the election of directors or of the Board of Directors or an agreement approved by the Board of Directors to which the Company is a party, expressly provides otherwise.

Section 6. Court-Ordered Indemnification. Notwithstanding any other provision of this Agreement (other than Section 16), a court of appropriate jurisdiction, upon application of Indemnitee and such notice as the court shall require, may order indemnification of Indemnitee by the Company in the following circumstances:

(a) if such court determines that Indemnitee is entitled to reimbursement under Section 2-418(d)(1) of the MGCL, the court shall order indemnification, in which case Indemnitee shall be entitled to recover the Expenses of securing such reimbursement; or

(b) if such court determines that Indemnitee is fairly and reasonably entitled to indemnification in view of all the relevant circumstances, whether or not Indemnitee (i) has met the standards of conduct set forth in Section 2-418(b) of the MGCL or (ii) has been adjudged liable for receipt of an improper personal benefit under Section 2-418(c) of the MGCL, the court may order such indemnification as the court shall deem proper. However, indemnification with respect to any Proceeding by or in the right of the Company or in which liability shall have been adjudged in the circumstances described in Section 2-418(c) of the MGCL shall be limited to Expenses.

Section 7. Indemnification for Expenses of an Indemnitee Who is Wholly or Partially Successful. Notwithstanding any other provision of this Agreement, and without limiting any such provision, to the extent that Indemnitee was or is, by reason of [his][her] Corporate Status, made a party to (or otherwise becomes a participant in) any Proceeding and is successful, on the merits or otherwise, in the defense of such Proceeding, Indemnitee shall be indemnified for all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection therewith. If Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company shall indemnify Indemnitee under this Section 7 for all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with each successfully resolved claim, issue or matter, allocated on a reasonable and proportionate basis. For purposes of this Section 7, and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

Section 8. Advance of Expenses for Indemnitee. If, by reason of Indemnitee's Corporate Status, Indemnitee is, or is threatened to be, made a party to (or otherwise becomes a participant in) any Proceeding, the Company shall, without requiring a preliminary determination of Indemnitee's ultimate entitlement to indemnification hereunder, advance all reasonable Expenses incurred by or on behalf of Indemnitee in connection with such Proceeding. Such advance or advances shall be made within 10 days after the receipt by the Company of a statement or statements requesting such advance or advances from time to time, whether prior to or after final disposition of such Proceeding, and may be in the form of, in the reasonable discretion of Indemnitee (but without duplication): (i) payment of such Expenses directly to third parties on behalf of Indemnitee; (ii) advancement to Indemnitee of funds in an amount sufficient to pay such Expenses; or (iii) reimbursement to Indemnitee for Indemnitee's payment of such Expenses. Such statement or statements shall reasonably evidence the Expenses incurred by Indemnitee and shall include or be preceded or accompanied by a written affirmation and undertaking by or on behalf of Indemnitee, in substantially the form attached hereto as Exhibit A or in such form as may be required under applicable law as in effect at the time of the execution thereof, to reimburse the portion of any Expenses advanced to Indemnitee relating to claims, issues or matters in the Proceeding as to which it shall ultimately be established, in a court of appropriate jurisdiction by clear and convincing evidence, that the standard of conduct has not been met by Indemnitee and which have not been successfully resolved as described in Section 7 of this Agreement. For so long as the Company is subject to the Investment Company Act of 1940 (the "Investment Company Act"), any advancement of Expenses shall be subject to at least one of the following as a condition of the advancement: (a) Indemnitee shall provide appropriate security for [his][her] undertaking, (b) the Company shall be insured against losses arising by reason of any lawful advances or (c) a majority of a quorum of the Disinterested Directors, or Independent Counsel in a written report based on a review of readily available facts (as opposed to a full-trial-type inquiry), shall determine that there is no reason to believe that Indemnitee ultimately will be found to not be entitled to indemnification. To the extent that Expenses advanced to Indemnitee do not relate to a specific claim, issue or matter in the Proceeding, such Expenses shall be allocated on a reasonable and proportionate basis. The undertaking required by this Section 8 shall be an unlimited general obligation by or on behalf of Indemnitee and shall be accepted without reference to Indemnitee's financial ability to repay such advanced Expenses and without any requirement to post security therefor.

Section 9. Indemnification and Advance of Expenses as a Witness or Other Participant. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is or may be, by reason of Indemnitee's Corporate Status, made a witness or otherwise asked to participate in any Proceeding, whether instituted by the Company or any other party, and to which Indemnitee is not a party, Indemnitee shall be advanced all reasonable Expenses and indemnified against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection therewith within 10 days after the receipt by the Company of a statement or statements requesting any such advance or indemnification from time to time, whether prior to or after final disposition of such Proceeding. Such statement or statements shall reasonably evidence the Expenses incurred by Indemnitee. In connection with any such advance of Expenses, the Company may require Indemnitee to provide a written affirmation and undertaking substantially in the form attached hereto as Exhibit A.

Section 10. Procedure for Determination of Entitlement to Indemnification.

(a) To obtain indemnification under this Agreement, Indemnitee shall submit to the Company a written request, including therein or therewith such documentation and information as is reasonably available to Indemnitee and is reasonably necessary or appropriate to determine whether and to what extent Indemnitee is entitled to indemnification. Indemnitee may submit one or more such requests from time to time and at such time(s) as Indemnitee deems appropriate in Indemnitee's sole discretion. The officer of the Company receiving any such request from Indemnitee shall, promptly upon receipt of such a request for indemnification, advise the Board of Directors of the Company that Indemnitee has requested indemnification by the Company.

(b) Upon written request by Indemnitee for indemnification pursuant to Section 10(a) above, a determination, if required by applicable law, with respect to Indemnitee's entitlement thereto shall promptly be made in the specific case: (i) if a Change in Control shall have occurred, by Independent Counsel in a written opinion to the Board of Directors, a copy of which shall be delivered to Indemnitee, which Independent Counsel shall be selected by Indemnitee and approved by the Board of Directors in accordance with Section 2-418(e)(2)(ii) of the MGCL, which approval shall not be unreasonably withheld; or (ii) if a Change in Control shall not have occurred, (A) by the Board of Directors by a majority vote of a quorum consisting of Disinterested Directors or, if such a quorum cannot be obtained, then by a majority vote of a duly authorized committee of the Board of Directors consisting solely of one or more Disinterested Directors, (B) if Independent Counsel has been selected by the Board of Directors in accordance with Section 2-418(e)(2)(ii) of the MGCL and approved by Indemnitee, which approval shall not be unreasonably withheld or delayed, by Independent Counsel in a written opinion to the Board of Directors, a copy of which shall be delivered to Indemnitee, or (C) if so directed by the Board of Directors, by the stockholders of the Company, other than the stockholders who are directors or officers party to the Proceeding. If it is so determined that Indemnitee is entitled to indemnification, payment to Indemnitee shall be made within 10 days after such determination. Indemnitee shall cooperate with the person, persons or entity making such determination with respect to Indemnitee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary or appropriate to such determination in the discretion of the Board of Directors or Independent Counsel if retained pursuant to clause (ii)(B) of this Section 10(b). Any Expenses incurred by Indemnitee in so cooperating with the person, persons or entity making such determination shall be borne by the Company (irrespective of the determination as to Indemnitee's entitlement to indemnification) and the Company shall indemnify and hold Indemnitee harmless therefrom.

(c) The Company shall pay the reasonable fees and expenses of Independent Counsel, if one is appointed.

Section 11. Presumptions and Effect of Certain Proceedings.

(a) In making any determination with respect to entitlement to indemnification hereunder, the person or persons or entity making such determination shall presume that Indemnitee is entitled to indemnification under this Agreement if Indemnitee has submitted a request for indemnification in accordance with Section 10(a) of this Agreement, and the Company shall have the burden of overcoming that presumption in connection with the making of any determination contrary to that presumption.

(b) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, upon a plea of nolo contendere or its equivalent, or entry of an order of probation prior to judgment, does not create a presumption that Indemnitee did not meet the requisite standard of conduct described herein for indemnification.

(c) The knowledge and/or actions, or failure to act, of any other director, officer, employee or agent of the Company or any other director, trustee, officer, partner, manager, managing member, fiduciary, employee or agent of any other foreign or domestic corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise shall not be imputed to Indemnitee for purposes of determining any other right to indemnification under this Agreement.

Section 12. Remedies of Indemnitee.

(a) If (i) a determination is made pursuant to Section 10(b) of this Agreement that Indemnitee is not entitled to indemnification under this Agreement; (ii) advance of Expenses is not timely made pursuant to Sections 8 or 9 of this Agreement; (iii) no determination of entitlement to indemnification shall have been made pursuant to Section 10(b) of this Agreement within 60 days after receipt by the Company of the request for indemnification; (iv) payment of indemnification is not made pursuant to Sections 7 or 9 of this Agreement within 10 days after receipt by the Company of a written request therefor; or (v) payment of indemnification pursuant to any other section of this Agreement or the charter or bylaws of the Company is not made within 10 days after a determination has been made that Indemnitee is entitled to indemnification, Indemnitee shall be entitled to an adjudication in an appropriate court located in the State of Maryland, or in any other court of competent jurisdiction, of Indemnitee's entitlement to such indemnification or advance of Expenses. Alternatively, Indemnitee, at Indemnitee's option, may seek an award in arbitration to be conducted by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association. Indemnitee shall commence a proceeding seeking an adjudication or an award in arbitration within 180 days following the date on which Indemnitee first has the right to commence such proceeding pursuant to this Section 12(a); provided, however, that the foregoing clause shall not apply to a proceeding brought by Indemnitee to enforce [his][her] rights under Section 7 of this Agreement. Except as set forth herein, the provisions of Maryland law (without regard to its conflicts of laws rules) shall apply to any such arbitration. The Company shall not oppose Indemnitee's right to seek any such adjudication or award in arbitration.

(b) In any judicial proceeding or arbitration commenced pursuant to this Section 12, Indemnitee shall be presumed to be entitled to indemnification or advance of Expenses, as the case may be, under this Agreement and the Company shall have the burden of proving that Indemnitee is not entitled to indemnification or advance of Expenses, as the case may be. If Indemnitee commences a judicial proceeding or arbitration pursuant to this Section 12, Indemnitee shall not be required to reimburse the Company for any advances pursuant to Section 8 of this Agreement until a final determination is made with respect to Indemnitee's entitlement to indemnification (as to which all rights of appeal have been exhausted or lapsed). The Company shall, to the fullest extent not prohibited by law, be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section 12 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that the Company is bound by all of the provisions of this Agreement.

(c) If a determination shall have been made pursuant to Section 10(b) of this Agreement that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding or arbitration commenced pursuant to this Section 12, absent a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification that was not disclosed in connection with the determination.

(d) In the event that Indemnitee is successful in seeking, pursuant to this Section 12, a judicial adjudication of or an award in arbitration to enforce Indemnitee's rights under, or to recover damages for breach of, this Agreement, Indemnitee shall be entitled to recover from the Company, and shall be indemnified by the Company for, any and all Expenses actually and reasonably incurred by [him][her] in such judicial adjudication or arbitration. If it shall be determined in such judicial adjudication or arbitration that Indemnitee is entitled to receive part but not all of the indemnification or advance of Expenses sought, the Expenses incurred by Indemnitee in connection with such judicial adjudication or arbitration shall be appropriately prorated.

(e) Interest shall be paid by the Company to Indemnitee at the maximum rate allowed to be charged for judgments under the Courts and Judicial Proceedings Article of the Annotated Code of Maryland for amounts which the Company pays or is obligated to pay for the period (i) commencing with either the 10th day after the date on which the Company was requested to advance Expenses in accordance with Sections 8 or 9 of this Agreement or the 60th day after the date on which the Company was requested to make the determination of entitlement to indemnification under Section 10(b) of this Agreement, as applicable, and (ii) ending on the date such payment is made to Indemnitee by the Company.

Section 13. Defense of the Underlying Proceeding.

(a) Indemnitee shall notify the Company promptly in writing upon being served with or receiving any summons, citation, subpoena, complaint, indictment, notice, request or other document relating to any Proceeding which may result in the right to indemnification or the advance of Expenses hereunder and shall include with such notice a description of the nature of the Proceeding and a summary of the facts underlying the Proceeding. The failure to give any such notice shall not disqualify Indemnitee from the right, or otherwise affect in any manner any right of Indemnitee, to indemnification or the advance of Expenses under this Agreement unless the Company's ability to defend in such Proceeding or to obtain proceeds under any insurance policy is materially and adversely prejudiced thereby, and then only to the extent the Company is thereby actually so prejudiced.

(b) Subject to the provisions of the last sentence of this Section 13(b) and of Section 13(c) below, the Company shall have the right to defend Indemnitee in any Proceeding which may give rise to indemnification hereunder; provided, however, that the Company shall notify Indemnitee of any such decision to defend within 15 days following receipt of notice of any such Proceeding under Section 13(a) above. The Company shall not, without the prior written consent of Indemnitee, which shall not be unreasonably withheld or delayed, consent to the entry of any judgment against Indemnitee or enter into any settlement or compromise of a claim against Indemnitee which (i) includes an admission of fault of Indemnitee, (ii) does not include, as an unconditional term thereof, the full release with prejudice of Indemnitee from all liability in respect of such Proceeding, which release shall be in form and substance reasonably satisfactory to Indemnitee, or (iii) would impose any Expense, judgment, fine, penalty or limitation on Indemnitee. This Section 13(b) shall not apply to a Proceeding brought by Indemnitee under Section 12 of this Agreement.

(c) Notwithstanding the provisions of Section 13(b) above, if in a Proceeding to which Indemnitee is a party by reason of Indemnitee's Corporate Status, (i) Indemnitee reasonably concludes, based upon advice of counsel approved by the Company, which approval shall not be unreasonably withheld or delayed, that Indemnitee may have separate defenses or counterclaims to assert with respect to any issue which may not be consistent with other defendants in such Proceeding, (ii) Indemnitee reasonably concludes, based upon advice of counsel approved by the Company, which approval shall not be unreasonably withheld or delayed, that an actual or apparent conflict of interest or potential conflict of interest exists between Indemnitee and the Company, or (iii) if the Company fails to assume the defense of such Proceeding in a timely manner, Indemnitee shall be entitled to be represented by separate legal counsel of Indemnitee's choice, subject to the prior approval of the Company, which approval shall not be unreasonably withheld or delayed, at the expense of the Company. In addition, if the Company fails to comply with any of its obligations under this Agreement or in the event that the Company or any other person takes any action to declare this Agreement void or unenforceable, or institutes any Proceeding to deny or to recover from Indemnitee the benefits intended to be provided to Indemnitee hereunder, Indemnitee shall have the right to retain counsel of Indemnitee's choice, subject to the prior approval of the Company, which approval shall not be unreasonably withheld or delayed, at the expense of the Company (subject to Section 12(d) of this Agreement), to represent Indemnitee in connection with any such matter.

Section 14. Non-Exclusivity; Survival of Rights; Subrogation.

(a) The rights of indemnification and advance of Expenses as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under (i) applicable law, (ii) the charter or bylaws of the Company, (iii) any agreement or (iv) a resolution of (A) the stockholders entitled to vote generally in the election of directors or (B) the Board of Directors, or otherwise. Unless consented to in writing by Indemnitee, no amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee in [his][her] Corporate Status prior to such amendment, alteration or repeal, regardless of whether a claim with respect to such action or inaction is raised prior or subsequent to such amendment, alteration or repeal. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right or remedy shall be cumulative and in addition to every other right or remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion of any right or remedy hereunder, or otherwise, shall not prohibit the concurrent assertion or employment of any other right or remedy.

(b) In the event of any payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

Section 15. Insurance.

(a) The Company will use its reasonable best efforts to acquire directors and officers liability insurance, on terms and conditions deemed appropriate by the Board of Directors, with the advice of counsel, covering Indemnitee or any claim made against Indemnitee by reason of [his][her] Corporate Status and covering the Company for any indemnification or advance of Expenses made by the Company to Indemnitee for any claims made against Indemnitee by reason of [his][her] Corporate Status. In the event that the Company receives notice of cancellation of any policy providing such directors and officers liability insurance, it shall promptly give notice of such cancellation to Indemnitee.

(b) Without in any way limiting any other obligation under this Agreement, the Company shall indemnify Indemnitee for any payment by Indemnitee which would otherwise be indemnifiable hereunder arising out of the amount of any deductible or retention and the amount of any excess of the aggregate of all judgments, penalties, fines, settlements and Expenses incurred by Indemnitee in connection with a Proceeding over the coverage of any insurance referred to in Section 15(a). The purchase, establishment and maintenance of any such insurance shall not in any way limit or affect the rights or obligations of the Company or Indemnitee under this Agreement except as expressly provided herein, and the execution and delivery of this Agreement by the Company and Indemnitee shall not in any way limit or affect the rights or obligations of the Company under any such insurance policies. If, at the time the Company receives notice from any source of a Proceeding to which Indemnitee is a party or a participant (as a witness or otherwise), the Company has director and officer liability insurance in effect, the Company shall give prompt notice of such Proceeding to the insurers in accordance with the procedures set forth in the respective policies.

(c) Indemnitee shall provide reasonable cooperation with the Company or any insurance carrier of the Company with respect to any Proceeding.

Section 16. Coordination of Payments; Investment Company Act. Notwithstanding any other provision of this Agreement, the Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable or payable or reimbursable as Expenses hereunder if and to the extent that (i) Indemnitee has otherwise actually received such payment under any insurance policy, contract, agreement or otherwise, or (ii) for so long as the Company is subject to the Investment Company Act, indemnification or payment or reimbursement of Expenses would not be permissible under the Investment Company Act, whether pursuant to Section 17(h) thereunder or otherwise.

Section 17. Contribution. If the indemnification provided in this Agreement is unavailable in whole or in part and may not be paid to Indemnitee for any reason, other than for failure to satisfy the standard of conduct set forth in Section 4 or due to the provisions of Section 5, then, with respect to any Proceeding in which the Company is jointly liable with Indemnitee (or would be if joined in such Proceeding), to the fullest extent permissible under applicable law, the Company, in lieu of indemnifying and holding harmless Indemnitee, shall pay, in the first instance, the entire amount incurred by Indemnitee, whether for Expenses, judgments, penalties, and/or amounts paid or to be paid in settlement, in connection with any Proceeding without requiring Indemnitee to contribute to such payment, and the Company hereby waives and relinquishes any right of contribution it may have at any time against Indemnitee.

Section 18. Reports to Stockholders. To the extent required by the MGCL, the Company shall report in writing to its stockholders the payment of any amounts for indemnification of, or advance of Expenses to, Indemnitee under this Agreement arising out of a Proceeding by or in the right of the Company with the notice of the meeting of stockholders of the Company next following the date of the payment of any such indemnification or advance of Expenses or prior to such meeting.

Section 19. Duration of Agreement; Binding Effect.

(a) This Agreement shall continue until and terminate on the later of: (i) the date that Indemnitee shall have ceased to serve as a director, officer, employee or agent of the Company or as a director, trustee, officer, partner, manager, managing member, fiduciary, employee or agent of any other foreign or domestic corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise that such person is or was serving in such capacity at the request of the Company and (ii) the date that Indemnitee is no longer subject to any actual or possible Proceeding (including any rights of appeal thereto and any Proceeding commenced by Indemnitee pursuant to Section 12 of this Agreement).

(b) The indemnification and advance of Expenses provided by, or granted pursuant to, this Agreement shall be binding upon and be enforceable by the parties hereto and their respective successors and assigns (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all, substantially all or a substantial part, of the business and/or assets of the Company), shall continue as to an Indemnitee who has ceased to be a director, officer, employee or agent of the Company or a director, trustee, officer, partner, manager, managing member, fiduciary, employee or agent of any other foreign or domestic corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise that such person is or was serving in such capacity at the request of the Company, and shall inure to the benefit of Indemnitee and Indemnitee's spouse, assigns, heirs, devisees, executors and administrators and other legal representatives.

(c) The Company shall require and cause any successor (whether direct or indirect by purchase, merger, consolidation or otherwise) to all, substantially all or a substantial part, of the business and/or assets of the Company, by written agreement in form and substance satisfactory to Indemnitee, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

(d) The Company and Indemnitee agree that a monetary remedy for breach of this Agreement, at some later date, may be inadequate, impracticable and difficult to prove, and further agree that such breach may cause Indemnitee irreparable harm. Accordingly, the parties hereto agree that Indemnitee may enforce this Agreement by seeking injunctive relief and/or specific performance hereof, without any necessity of showing actual damage or irreparable harm and that by seeking injunctive relief and/or specific performance, Indemnitee shall not be precluded from seeking or obtaining any other relief to which Indemnitee may be entitled. Indemnitee shall further be entitled to such injunctive relief and/or specific performance, including temporary restraining orders, preliminary injunctions and permanent injunctions, without the necessity of posting bonds or other undertakings in connection therewith. The Company acknowledges that, in the absence of a waiver, a bond or undertaking may be required of Indemnitee by a court, and the Company hereby waives any such requirement of such a bond or undertaking.

Section 20. Severability. If any provision or provisions of this Agreement shall be held to be invalid, void, illegal or otherwise unenforceable for any reason whatsoever: (i) the validity, legality and enforceability of the remaining provisions of this Agreement (including, without limitation, each portion of any Section, paragraph or sentence of this Agreement containing any such provision held to be invalid, illegal or unenforceable that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and shall remain enforceable to the fullest extent permitted by law; (ii) such provision or provisions shall be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto; and (iii) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any Section, paragraph or sentence of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested thereby.

Section 21. Identical Counterparts. This Agreement may be executed in one or more counterparts (delivery of which may be by facsimile or via e-mail as a portable document format (.pdf) or other electronic format), each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same Agreement. One such counterpart signed by the party against whom enforceability is sought shall be sufficient to evidence the existence of this Agreement.

Section 22. Headings. The headings of the paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

Section 23. Modification and Waiver. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar) nor, unless otherwise expressly stated, shall such waiver constitute a continuing waiver.

Section 24. Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given if (i) delivered by hand or overnight courier service and receipted for by the party to whom said notice, request, demand or other communication shall have been directed, on the day of such delivery, or (ii) mailed by certified or registered mail with postage prepaid, on the third business day after the date on which it is so mailed:

(a) If to Indemnitee, to the address set forth on the signature page hereto.

(b) If to the Company, to:

American Capital Senior Floating, Ltd.
245 Park Avenue
42nd Floor
New York, New York 10167
Attn: General Counsel

or to such other address as may have been furnished in writing to Indemnitee by the Company or to the Company by Indemnitee, as the case may be.

Section 25. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Maryland, without regard to its conflicts of laws rules.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

AMERICAN CAPITAL SENIOR FLOATING, LTD.

By: ____________________________
Name:
Title:

INDEMNITEE

____________________________
Name:

Address:

**EXHIBIT A**

AFFIRMATION AND UNDERTAKING TO REPAY EXPENSES ADVANCED

To: The Board of Directors of American Capital Senior Floating, Ltd.

Re: Affirmation and Undertaking

Ladies and Gentlemen:

This Affirmation and Undertaking is being provided pursuant to the Indemnification Agreement, dated as of the 3rd day of January, 2017, by and between American Capital Senior Floating, Ltd., a Maryland corporation (the “Company”), and me as the undersigned Indemnitee (the “Indemnification Agreement”), pursuant to which I am entitled to advance of Expenses in connection with **[Description of Proceeding]** (the “Proceeding”).

Terms used herein and not otherwise defined shall have the meanings specified in the Indemnification Agreement.

I am subject to the Proceeding by reason of my Corporate Status or by reason of alleged actions or omissions by me in such capacity. I hereby affirm my good faith belief that at all times, insofar as I was involved as [a director][an officer] of the Company, in any of the facts or events giving rise to the Proceeding, I (i) did not act with bad faith or active and deliberate dishonesty, (ii) did not receive any improper personal benefit in money, property or services and (iii) in the case of any criminal proceeding, had no reasonable cause to believe that any act or omission by me was unlawful.

In consideration of the advance of Expenses by the Company for Expenses incurred by me in connection with the Proceeding (the "Advanced Expenses"), I hereby agree that if, in connection with the Proceeding, it is established that (i) an act or omission by me was material to the matter giving rise to the Proceeding and (A) was committed in bad faith or (B) was the result of active and deliberate dishonesty, (ii) I actually received an improper personal benefit in money, property or services, or (iii) in the case of any criminal proceeding, I had reasonable cause to believe that the act or omission was unlawful, then I shall promptly reimburse the portion of the Advanced Expenses relating to the claims, issues or matters in the Proceeding as to which the foregoing findings have been established.

IN WITNESS WHEREOF, I have executed this Affirmation and Undertaking on this _____ day of _______________, 20____.

_______________________________
Name:



(Back To Top)

# Section 3: EX-31.1 (EXHIBIT 31.1)

**Exhibit 31.1**

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER**

I, Kevin Braddish, certify that:

1. I have reviewed this quarterly report on Form 10-Q of American Capital Senior Floating, Ltd.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2017

/s/ Kevin Braddish

Kevin Braddish
Chief Executive Officer
(Principal Executive Officer)

(Back To Top)

# Section 4: EX-31.2 (EXHIBIT 31.2)

**Exhibit 31.2**

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER**

I, Penni F. Roll, certify that:

1. I have reviewed this quarterly report on Form 10-Q of American Capital Senior Floating, Ltd.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2017

/s/ Penni F. Roll

Penni F. Roll
Chief Financial Officer
(Principal Financial Officer)

(Back To Top)

# Section 5: EX-32 (EXHIBIT 32)

**Exhibit 32**

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER**
**PURSUANT TO 18 U.S.C. SECTION 1350,**
**AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of American Capital Senior Floating, Ltd. (the “Company”), for the fiscal quarter ended June 30, 2017, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), Malon Wilkus as Chief Executive Officer of the Company, and John R. Erickson, as Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of his knowledge, respectively, that:

1. The Report fully complies with the requirements of Section 13(a) 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 Company.

| | |
|---|---|
| | /s/ Kevin Braddish |
| Name: | Kevin Braddish |
| Title: | President and Chief Executive Officer (Principal Executive Officer) |
| Date: | August 8, 2017 |

| | |
|---|---|
| | /s/ Penni F. Roll |
| Name: | Penni F. Roll |
| Title: | Chief Financial Officer (Principal Financial Officer) |
| Date: | August 8, 2017 |

The certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended. A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

(Back To Top)