

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, 2018
OR
- Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the transition period from _____ to _____
Commission File Number: 814-01025



AMERICAN CAPITAL SENIOR FLOATING, LTD.

(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction
of incorporation or
organization)

46-1996220

(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	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input checked="" type="checkbox"/>		

(Do not check if a smaller reporting company)

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the 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 2, 2018

Common stock, \$0.01 par value

10,000,100

AMERICAN CAPITAL SENIOR FLOATING, LTD.
FORM 10-Q FOR THE QUARTER ENDED JUNE 30, 2018
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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, 2018 (unaudited)	December 31, 2017
Assets:		
Investments, fair value (cost of \$233,842 and \$241,228, respectively)	\$ 223,926	\$ 229,240
Cash and cash equivalents	3,539	1,756
Receivable for investments sold	2,693	2,324
Deferred financing costs	43	89
Interest receivable	417	669
Prepaid expenses and other assets	696	579
Total assets	\$ 231,314	\$ 234,657
Liabilities:		
Secured revolving credit facility payable (see Note 7)	\$ 92,300	\$ 87,500
Payable for investments purchased	9,239	14,413
Distributions to stockholders payable (see Note 9)	970	970
Management fee payable (see Note 3)	473	494
Interest payable (see Note 7)	33	36
Taxes payable	—	70
Payable to affiliate (see Note 4)	10	14
Other liabilities and accrued expenses	651	304
Total liabilities	103,676	103,801
Commitments and contingencies (see Note 10)		
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	150,879	150,879
Accumulated overdistributed net investment income	(1,640)	(136)
Accumulated net realized loss from investments	(11,785)	(7,999)
Net unrealized loss on investments	(9,916)	(11,988)
Total net assets	127,638	130,856
Total liabilities and net assets	\$ 231,314	\$ 234,657
Net asset value per share outstanding	\$ 12.76	\$ 13.09

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,	
	2018	2017	2018	2017
Investment Income:				
Interest	\$ 4,201	\$ 4,119	\$ 8,279	\$ 8,731
Total investment income	4,201	4,119	8,279	8,731
Expenses:				
Interest and commitment fee (see Note 7)	929	746	1,805	1,456
Management fee (see Note 3)	473	533	942	1,064
Professional fees	350	260	573	603
Insurance	100	91	204	239
Amortization of deferred financing costs	23	23	46	46
Other general and administrative expenses	219	190	387	413
Total expenses	2,094	1,843	3,957	3,821
Expense reimbursement (see Note 3)	—	(176)	—	(614)
Net expenses	2,094	1,667	3,957	3,207
Net investment income before taxes	2,107	2,452	4,322	5,524
Income tax provision, including excise tax	(6)	(9)	(6)	(28)
Net investment income	2,101	2,443	4,316	5,496
Net gain (loss) on investments:				
Net realized loss on investments	(2,100)	(3,735)	(3,786)	(3,273)
Net unrealized gain (loss) on investments	(524)	1,685	2,072	922
Net loss on investments	(2,624)	(2,050)	(1,714)	(2,351)
Net increase (decrease) in net assets resulting from operations (“Net Earnings (Losses)”)	\$ (523)	\$ 393	\$ 2,602	\$ 3,145
Net investment income per share	\$ 0.21	\$ 0.24	\$ 0.43	\$ 0.55
Net Earnings (Losses) per share (see Note 5)	\$ (0.05)	\$ 0.04	\$ 0.26	\$ 0.31
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,	
	2018	2017
Operations:		
Net investment income	\$ 4,316	\$ 5,496
Net realized loss on investments	(3,786)	(3,273)
Net unrealized gain on investments	2,072	922
Net earnings	2,602	3,145
Distributions to stockholders:		
From net investment income	(5,820)	(5,820)
Net decrease in net assets	(3,218)	(2,675)
Net assets, beginning of period	130,856	136,789
Net assets, end of period	<u>\$ 127,638</u>	<u>\$ 134,114</u>
Undistributed (overdistributed) net investment income included in net assets	\$ (1,640)	\$ 1,809
Common shares outstanding	10,000	10,000

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

	<u>Six Months Ended June 30,</u>	
	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities:		
Net increase in stockholders' equity resulting from operations	\$ 2,602	\$ 3,145
Adjustments to reconcile net increase in net assets resulting from operations:		
Net realized loss on investments	3,786	3,273
Net unrealized gain on investments	(2,072)	(922)
Accretion of CLO interest income	(2,517)	(3,263)
Net amortization of premium/discount on loans	(95)	(127)
Amortization of deferred financing costs	46	46
Purchase of investments	(55,309)	(121,890)
Proceeds from disposition of investments	61,521	116,665
Changes in operating assets and liabilities:		
Payable for investments purchased	(5,174)	10,205
Receivable for investments sold	(369)	(448)
Interest receivable	252	362
Prepaid expenses and other assets	(117)	(613)
Receivable from affiliate	—	122
Management fee payable	(20)	(1,513)
Interest payable	(3)	(10)
Taxes payable	(70)	(89)
Payable to affiliate	(4)	(143)
Other liabilities and accrued expenses	346	172
Net cash provided by operating activities	<u>2,803</u>	<u>4,972</u>
Cash Flows from Financing Activities:		
Distributions to stockholders	(5,820)	(5,820)
Borrowings (repayments) on revolving credit facility	4,800	(6,700)
Net cash used in financing activities	<u>(1,020)</u>	<u>(12,520)</u>
Net increase (decrease) in cash and cash equivalents	1,783	(7,548)
Cash and cash equivalents at beginning of period	1,756	8,795
Cash and cash equivalents at end of period	<u>\$ 3,539</u>	<u>\$ 1,247</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest and commitment fees	\$ 1,809	\$ 1,466
Cash paid for income taxes	\$ 106	\$ 130
Cash received for income tax benefit	\$ (30)	\$ (126)
Distributions to stockholders declared and payable during the period	\$ 5,820	\$ 5,820

AMERICAN CAPITAL SENIOR FLOATING, LTD.
CONSOLIDATED SCHEDULE OF INVESTMENTS
JUNE 30, 2018
(unaudited, in thousands)

Description ^{(5), (12)}	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 —135.9% of Net Assets								
1A Smart Start LLC	02/21/2022	6.59%	L+ 4.50	1.00%	Electronics/electric	\$ 751	\$ 749	\$ 753
24 Hour Fitness Worldwide, Inc.	05/30/2025	5.59%	L+ 3.50	—%	Leisure goods/activities/movies	1,931	1,921	1,933
Academy, Ltd.	07/01/2022	6.00%	L+ 4.00	1.00%	Retailers (except food and drug)	890	813	743
Access CIG, LLC	02/27/2025	5.84%	L+ 3.75	—%	Service & Equipment	2,217	2,208	2,224
Access CIG, LLC ⁽⁹⁾	02/27/2025	5.65%	L+ 3.75	—%	Service & Equipment	277	—	1
Access CIG, LLC ⁽⁷⁾	02/27/2025	6.09%	L+ 3.75	—%	Service & Equipment	500	500	502
Acrisure, LLC	11/22/2023	6.61%	L+ 4.25	1.00%	Banking, Finance & Insurance	329	328	328
Advanced Integration Technology LP ⁽⁶⁾	04/03/2023	7.22%	L+ 4.75	1.00%	Industrial Equipment	1,975	1,975	1,975
Air Medical Group Holdings Inc	04/28/2022	5.28%	L+ 3.25	1.00%	Health Care	2,434	2,434	2,370
Albertson's LLC	12/21/2022	5.34%	L+ 3.00	0.75%	Food/drug retailers	975	958	968
American Residential Services, LLC	06/30/2022	6.09%	L+ 4.00	1.00%	Ecological services and equipment	1,969	1,966	1,962
American Tire Distributors, Inc.	09/01/2021	6.34%	L+ 4.25	1.00%	Retailers (except food and drug)	951	949	615
AqGen Ascensus, Inc. ⁽⁶⁾	12/05/2022	5.59%	L+ 3.50	1.00%	Financial Intermediaries	1,711	1,671	1,713
Arctic Glacier U.S.A., Inc.	03/20/2024	5.59%	L+ 3.50	1.00%	Food Products	1,047	1,043	1,053
Argon Medical Devices, Inc.	01/23/2025	5.84%	L+ 3.75	1.00%	Health Care	1,496	1,489	1,503
Asurion, LLC ^{(6) (7)}	11/29/2024	5.34%	L+ 3.00	—%	Diversified Insurance	1,488	1,480	1,484
AVSC Holding Corp.	03/01/2025	5.23%	L+ 3.25	1.00%	Service & Equipment	1,807	1,802	1,792
BCP Raptor, LLC	06/24/2024	6.42%	L+ 4.25	1.00%	Energy	1,089	1,067	1,067
BCPE Eagle Buyer LLC ⁽⁶⁾	03/18/2024	6.34%	L+ 4.25	1.00%	Health Care	1,283	1,273	1,222
BJ's Wholesale Club, Inc.	02/03/2024	5.53%	L+ 3.50	1.00%	Food/drug retailers	1,884	1,882	1,886
Blackboard, Inc.	06/30/2021	7.36%	L+ 5.00	1.00%	Electronics/electric	2,375	2,375	2,255
Blackhawk Network Holdings Inc.	06/15/2025	5.07%	L+ 3.00	—%	Banking, Finance & Insurance	1,186	1,183	1,184
Brand Energy & Infrastructure Services, Inc.	06/21/2024	6.61%	L+ 4.25	1.00%	Oil and Gas	2,470	2,449	2,478
Brazos Delaware II, LLC ⁽⁶⁾	05/21/2025	6.09%	L+ 4.00	—%	Energy	1,087	1,082	1,090
Calceus Acquisition, Inc.	01/31/2020	6.10%	L+ 4.00	1.00%	Clothing/Textiles	2,274	2,277	2,242
Carestream Health, Inc.	06/07/2019	6.09%	L+ 4.00	1.00%	Health Care	771	771	772
CB Poly Investments, LLC ⁽⁶⁾	08/16/2023	5.84%	L+ 3.75	1.00%	Clothing/Textiles	1,721	1,710	1,730
Central Security Group, Inc.	10/06/2021	7.72%	L+ 5.63	1.00%	Electronics/electric	1,985	1,997	1,995
CIBT Global, Inc.	06/03/2024	6.05%	L+ 3.75	1.00%	Service & Equipment	993	990	996
CT Technologies Intermediate Holdings, Inc.	12/01/2021	6.34%	L+ 4.25	1.00%	Electronics/electric	485	484	460
Curvature, Inc.	10/30/2023	7.09%	L+ 5.00	1.00%	Business Equipment and Services	1,970	1,962	1,550
DJO Finance LLC	06/08/2020	5.56%	L+ 3.25	1.00%	Health Care	987	974	985
DTI Holdco, Inc.	09/29/2023	6.84%	L+ 4.75	1.00%	Electronics/electric	1,219	1,218	1,220
Dynacast International LLC	01/28/2022	5.58%	L+ 3.25	1.00%	Industrial Equipment	529	529	528
ECi Software Solutions, Inc.	09/27/2024	6.58%	L+ 4.25	1.00%	Technology	1,489	1,475	1,496
The Edelman Financial Center, LLC	11/11/2024	6.73%	L+ 4.25	1.00%	Banking, Finance & Insurance	1,531	1,527	1,537

The Edelman Financial Center, LLC ⁽³⁾⁽⁷⁾	06/26/2025	5.59%	L+ 3.25	—%	Banking, Finance & Insurance	3,000	2,985	3,000
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AMERICAN CAPITAL SENIOR FLOATING, LTD.
CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)
JUNE 30, 2018
(unaudited, in thousands)

Description ^{(5), (12)}	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 (continued) —135.9% of Net Assets (5)								
EIG Investors Corp. ⁽³⁾	02/09/2023	6.07%	L+ 3.75	1.00%	Electronics/electric	2,173	2,169	2,176
Epicor Software Corporation ⁽⁷⁾	06/01/2022	5.35%	L+ 3.25	1.00%	Electronics/electric	2,039	2,027	2,035
ExamWorks Group, Inc.	07/27/2023	5.34%	L+ 3.25	1.00%	Business Equipment and Services	1,232	1,235	1,235
FHC Health Systems, Inc.	12/23/2021	6.09%	L+ 4.00	1.00%	Health Care	1,470	1,455	1,378
Go Wireless Inc. ⁽⁶⁾	12/22/2024	8.59%	L+ 6.50	1.00%	Telecommunications	1,432	1,419	1,421
Greeneden U.S. Holdings I, LLC	12/01/2023	5.59%	L+ 3.50	—%	Business Equipment and Services	494	488	494
Greenway Health, LLC	02/16/2024	6.08%	L+ 3.75	1.00%	Computers & Electronics	1,995	1,995	1,996
HGIM Corp. ⁽¹⁰⁾	06/18/2020	8.50%	L+ 3.50	1.00%	Surface transport	1,444	1,449	609
Highline Aftermarket Acquisition, LLC	04/26/2025	5.63%	L+ 3.50	1.00%	Automotive	3,000	3,000	3,013
Hummel Station LLC	10/27/2022	8.09%	L+ 6.00	1.00%	Energy	2,000	1,895	1,958
Hyland Software, Inc.	07/01/2022	5.34%	L+ 3.25	0.75%	Electronics/electric	2,427	2,415	2,437
Immucor, Inc.	06/15/2021	7.09%	L+ 5.00	1.00%	Conglomerates	2,475	2,456	2,511
Indra Holdings Corp.	05/01/2021	6.34%	L+ 4.25	1.00%	Clothing/Textiles	1,185	1,181	711
Infoblox Inc.	11/07/2023	6.59%	L+ 4.50	—%	Electronics/electric	1,869	1,846	1,889
Information Resources, Inc.	01/18/2024	6.57%	L+ 4.25	1.00%	Business Equipment and Services	2,401	2,391	2,405
Innovative XCcessories & Services LLC ⁽⁶⁾	11/29/2022	6.84%	L+ 4.75	1.00%	Automotive	1,985	1,976	1,987
IPC Corp.	08/06/2021	6.86%	L+ 4.50	1.00%	Telecommunications	777	775	762
Ivanti Software, Inc.	01/20/2024	6.35%	L+ 4.25	1.00%	Electronics/electric	2,571	2,556	2,553
Jazz Acquisition, Inc.	06/19/2021	5.83%	L+ 3.50	1.00%	Aerospace and Defense	1,922	1,925	1,884
JC Penney Co Inc ⁽³⁾	06/23/2023	6.57%	L+ 4.25	1.00%	Retailers (except food and drug)	722	724	691
KEMET Corporation ^{(3) (6)}	04/26/2024	8.09%	L+ 6.00	1.00%	Electronics	2,642	2,612	2,682
Kestra Financial, Inc.	06/24/2022	6.59%	L+ 4.50	1.00%	Banking, Finance & Insurance	995	986	995
Kingpin Intermediate Holdings LLC ⁽⁶⁾	07/03/2024	6.35%	L+ 4.25	1.00%	Service & Equipment	999	995	999
K-Mac Holdings Corp.	03/14/2025	5.34%	L+ 3.25	—%	Food service	998	995	993
Kronos Acquisition Intermediate Inc. ⁽⁷⁾	05/15/2023	6.09%	L+ 4.00	1.00%	Cosmetics/Toiletries	811	799	808
Learning Care Group (US) No. 2 Inc.	03/13/2025	5.61%	L+ 3.25	1.00%	Business Equipment and Services	1,247	1,244	1,242
Legalzoom.com, Inc. ⁽⁶⁾	11/21/2024	6.59%	L+ 4.50	1.00%	Technology	1,921	1,904	1,933
Liberty Cablevision of Puerto Rico LLC	01/07/2022	5.85%	L+ 3.50	1.00%	Cable and Satellite Television	1,000	995	972
LSF9 Atlantis Holdings LLC	05/01/2023	8.00%	L+ 6.00	1.00%	Telecommunications/Cellular Communications	2,068	2,067	2,052
MB Aerospace Holdings II Corp.	01/22/2025	5.59%	L+ 3.50	1.00%	Aerospace and Defense	1,990	1,981	1,996
McGraw-Hill Global Education Holdings, LLC	05/04/2022	6.09%	L+ 4.00	1.00%	Publishing	1,967	1,957	1,928
Mirion Technologies, Inc. ⁽⁶⁾	03/31/2022	7.08%	L+ 4.75	1.00%	Utilities	1,974	1,976	1,977
Mohegan Tribal Gaming Authority	10/13/2023	6.09%	L+ 4.00	1.00%	Lodging and Casinos	1,443	1,460	1,367
Murray Energy Corporation ⁽⁶⁾	10/16/2022	9.34%	L+ 7.25	1.00%	Nonferrous metals/minerals	981	956	922
Navicure, Inc. ⁽⁶⁾	11/01/2024	5.84%	L+ 3.75	1.00%	Health Care	1,990	1,981	1,990
Navitas Midstream Midland Basin, LLC	12/13/2024	6.59%	L+ 4.50	1.00%	Oil and Gas	1,990	1,981	1,975

AMERICAN CAPITAL SENIOR FLOATING, LTD.
CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)
JUNE 30, 2018
(unaudited, in thousands)

Description ^{(5), (12)}	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 (continued) —135.9% of Net Assets (5)								
NFP Corp	01/08/2024	5.09%	L+ 3.00	1.00%	Diversified Insurance	2,463	2,453	2,449
nThrive, Inc.	10/20/2022	6.59%	L+ 4.50	1.00%	Health Care	1,970	1,970	1,961
Oak Parent, Inc.	10/26/2023	6.59%	L+ 4.50	1.00%	Clothing/Textiles	946	940	878
Optiv Inc.	02/01/2024	5.31%	L+ 3.25	1.00%	Business Equipment and Services	1,029	1,026	1,003
PAE Holding Corporation	10/20/2022	7.59%	L+ 5.50	1.00%	Aerospace and Defense	535	527	538
Patterson Medical Supply, Inc.	08/29/2022	7.11%	L+ 4.75	1.00%	Health Care	1,988	1,967	1,904
Pike Corporation	03/23/2025	5.60%	L+ 3.50	1.00%	Utilities	1,418	1,415	1,425
Plaskolite, LLC ⁽⁶⁾	11/03/2022	5.59%	L+ 3.50	1.00%	Chemical/plastics	1,397	1,393	1,396
Plaze, Inc.	07/31/2022	5.83%	L+ 3.50	1.00%	Chemical/plastics	802	802	806
Pregis Holding I Corporation ⁽⁷⁾	05/20/2021	5.80%	L+ 3.50	1.00%	Chemical/plastics	1,587	1,574	1,583
ProAmpac PG Borrower LLC	11/20/2023	5.58%	L+ 3.50	1.00%	Containers and Glass Products	1,995	1,995	1,989
Project Alpha Intermediate Holding, Inc.	04/26/2024	5.99%	L+ 3.50	1.00%	Technology	1,747	1,740	1,741
Renaissance Learning, Inc.	05/30/2025	5.58%	L+ 3.25	—%	Electronics/electric	1,000	998	996
SciQuest, Inc. ⁽⁶⁾	12/28/2024	6.09%	L+ 4.00	1.00%	Technology	2,494	2,482	2,494
Serta Simmons Bedding, LLC	11/08/2023	5.81%	L+ 3.50	1.00%	Home Furnishings	1,975	1,967	1,687
SRS Distribution Inc.	05/23/2025	5.58%	L+ 3.25	—%	Building & Development	1,250	1,247	1,233
St. George's University Scholastic Services LLC	07/06/2022	5.85%	L+ 3.75	1.00%	Education	2,432	2,432	2,455
St. George's University Scholastic Services LLC ^{(6) (7)}	06/15/2025	5.84%	L+ 3.50	—%	Education	2,077	2,067	2,082
St. George's University Scholastic Services LLC ^{(6) (7) (9)}	06/22/2025	5.84%	L+ 3.50	—%	Education	646	(3)	2
StandardAero Aviation Holdings, Inc.	07/07/2022	5.84%	L+ 3.75	1.00%	Aerospace and Defense	1,148	1,144	1,151
Sterigenics-Nordion Holdings, LLC	05/15/2022	5.33%	L+ 3.00	1.00%	Health Care	882	877	881
Strategic Partners Acquisition Corp.	06/30/2023	5.84%	L+ 3.75	1.00%	Clothing/Textiles	1,905	1,905	1,924
Summit Midstream Partners Holdings, LLC ⁽³⁾	05/13/2022	8.09%	L+ 6.00	1.00%	Oil and Gas	513	509	519
Syniverse Holdings Inc	03/09/2023	7.05%	L+ 5.00	1.00%	Telecommunications	998	988	998
Thermasys Corp.	05/03/2019	6.34%	L+ 4.00	1.25%	Industrial Equipment	423	423	411
TIBCO Software Inc	12/04/2020	5.60%	L+ 3.50	1.00%	Business Equipment and Services	1,479	1,487	1,481
TravelCLICK, Inc. ⁽³⁾	05/06/2021	5.59%	L+ 3.50	1.00%	Food service	535	524	541
Tricorbraun Holdings, Inc.	11/30/2023	6.08%	L+ 3.75	1.00%	Containers and Glass Products	90	91	90
Tricorbraun Holdings, Inc.	11/30/2023	6.08%	L+ 3.75	—%	Containers and Glass Products	895	910	896
Truck Hero, Inc.	04/22/2024	5.84%	L+ 3.75	1.00%	Automotive	2,620	2,601	2,624
Turbocombustor Technology, Inc. ⁽⁶⁾	12/02/2020	6.59%	L+ 4.50	1.00%	Aerospace and Defense	3,343	3,331	3,192
TVC Albany, Inc. ⁽⁶⁾	09/18/2024	6.09%	L+ 4.00	1.00%	Utilities	1,990	1,990	1,995
U.S. Security Associates Holdings, Inc.	07/14/2023	5.83%	L+ 3.50	1.00%	Service & Equipment	1,990	1,990	1,996
Valeant Pharmaceuticals International, Inc. ⁽³⁾	06/02/2025	4.98%	L+ 3.00	—%	Drugs	457	454	456
Vantage Specialty Chemicals, Inc.	10/28/2024	6.09%	L+ 4.00	1.00%	Chemical/plastics	668	665	673
Veritas US Inc. ⁽³⁾	01/27/2023	6.59%	L+ 4.50	1.00%	Electronics/electric	1,973	1,938	1,812

AMERICAN CAPITAL SENIOR FLOATING, LTD.
CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)
JUNE 30, 2018
(unaudited, in thousands)

Description ^{(5), (12)}	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 (continued) —135.9% of Net Assets (5)								
VF Holding Corp.	06/30/2023	5.34%	L+ 3.25	1.00%	Insurance	1,033	1,030	1,028
VF Holding Corp. ⁽⁷⁾	06/04/2025	4.81%	L+ 2.50	—%	Insurance	1,000	995	995
West Corporation	10/10/2024	5.59%	L+ 3.50	1.00%	Conglomerates	2,462	2,459	2,446
Woodford Express, LLC	01/27/2025	7.09%	L+ 5.00	1.00%	Energy	1,995	1,976	1,937
WP CPP Holdings, LLC	04/30/2025	6.28%	L+ 3.75	1.00%	Aerospace and Defense	2,500	2,494	2,515
YI, LLC	11/07/2024	6.33%	L+ 4.00	1.00%	Health Care	1,416	1,410	1,421
YI, LLC ⁽⁹⁾	11/07/2024	6.33%	L+ 4.00	1.00%	Health Care	553	265	268
Zest Acquisition Corp. ⁽⁶⁾	03/14/2025	5.84%	L+ 3.50	—%	Health Care	1,995	1,985	1,997
Total First Lien Floating Rate Loans						\$178,319	\$176,195	\$173,457
Second Lien Floating Rate Loans —10% of Net Assets								
Advantage Sales & Marketing Inc.	07/25/2022	8.59%	L+ 6.50	1.00%	Business Equipment and Services	\$ 1,000	\$ 996	\$ 905
Albany Molecular Research, Inc.	08/30/2025	9.09%	L+ 7.00	1.00%	Health Care	3,002	3,052	3,006
Almonde Inc ⁽³⁾	06/13/2025	9.56%	L+ 7.25	1.00%	Technology	608	603	588
Anchor Glass Container Corporation	12/07/2024	9.81%	L+ 7.75	1.00%	Containers and Glass Products	500	496	330
Applied Systems, Inc.	09/19/2025	9.33%	L+ 7.00	1.00%	Technology	344	344	356
Asurion, LLC ^{(6) (7)}	08/04/2025	8.09%	L+ 6.00	—%	Diversified Insurance	823	822	836
AVSC Holding Corp.	09/01/2025	9.34%	L+ 7.25	1.00%	Service & Equipment	1,077	1,075	1,072
BJ's Wholesale Club, Inc.	02/03/2025	9.53%	L+ 7.50	1.00%	Food/drug retailers	841	822	852
CH Hold Corp. ⁽⁶⁾	02/03/2025	9.34%	L+ 7.25	1.00%	Automotive	149	148	151
Hyland Software Inc.	07/07/2025	9.09%	L+ 7.00	0.75%	Electronics/electric	605	604	616
Jazz Acquisition, Inc.	06/19/2022	9.08%	L+ 6.75	1.00%	Aerospace and Defense	1,250	1,253	1,194
Navicare, Inc. ⁽⁶⁾	10/31/2025	9.59%	L+ 7.50	1.00%	Health Care	500	495	503
Optiv Inc.	01/31/2025	9.31%	L+ 7.25	1.00%	Business Equipment and Services	444	443	431
ProAmpac PG Borrower LLC	11/18/2024	10.58%	L+ 8.50	1.00%	Containers and Glass Products	500	494	508
Ranpak Corp.	10/03/2022	9.34%	L+ 7.25	1.00%	Containers and Glass Products	820	820	826
Vantage Specialty Chemicals, Inc.	10/27/2025	10.35%	L+ 8.25	1.00%	Chemical/plastics	125	123	126
WP CPP Holdings, LLC	04/30/2026	10.28%	L+ 7.75	1.00%	Aerospace and Defense	500	495	501
Total Second Lien Floating Rate Loans						\$ 13,088	\$ 13,085	\$ 12,801
CLO Equity —29.4% of Net Assets								
AMMC 2017-21A, Subordinated Notes ^{(3) (4) (6)}	11/02/2030	8.50%				\$ 2,750	\$ 2,597	\$ 2,272
Apidos CLO XIV, Income Notes ^{(3) (4) (6)}	04/15/2025	—%				5,900	1,277	75
Apidos CLO XVIII, Income Notes ^{(3) (4) (6)}	07/22/2026	—%				2,500	1,630	1,323
Apidos CLO XXVII, Subordinated Notes ^{(3) (4) (6)}	07/17/2030	7.78%				5,000	4,103	3,728
Ares XXIX CLO Ltd., Subordinated Notes ^{(3) (4) (6)}	04/17/2026	5.92%				4,750	3,115	2,028
Avery Point II CLO, Income Notes ^{(3) (4) (6)}	07/17/2025	—%				3,200	1,255	48
Babson 2015-1, Income Notes ^{(3) (4) (6)}	01/20/2031	15.12%				2,840	1,979	1,812

AMERICAN CAPITAL SENIOR FLOATING, LTD.
CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)
JUNE 30, 2018
(unaudited, in thousands)

Description ^{(5), (12)}	Maturity	Interest Rate ⁽¹⁾	Basis Point Spread Above Index ⁽²⁾	LIBOR Interest Rate Floor	Industry	Par Amount	Cost	Fair Value
CLO Equity (continued) —29.4% of Net Assets								
Carlyle Global Market Strategies CLO 2015-3, LTD., Subordinated Notes ^{(3) (4) (6)}	07/28/2028	10.55%				3,000	2,208	2,282
Carlyle Global Market Strategies CLO 2017-3, LTD., Subordinated Notes ^{(3) (4) (6)}	07/20/2029	10.16%				2,000	1,731	1,805
Cent CLO 18 Limited, Subordinated Notes ^{(3) (4) (6)}	07/23/2025	—%				4,675	2,346	1,994
Cent CLO 19 Limited, Subordinated Notes ^{(3) (4) (6)}	10/29/2025	13.45%				2,750	2,064	1,614
Dryden 30 Senior Loan Fund, Subordinated Notes ^{(3) (4) (6)}	11/15/2028	19.37%				2,500	1,399	1,400
Dryden 30A Senior Loan Fund, Subordinated Notes ^{(3) (4) (6)}	11/15/2028	17.97%				250	126	140
Dryden 38 Senior Loan Fund, Subordinated Notes ^{(3) (4) (6)}	07/15/2027	8.65%				3,000	2,272	2,062
Galaxy XVI CLO, Ltd., Subordinated Notes ^{(3) (4) (6)}	11/16/2025	10.94%				2,750	1,682	1,201
Highbridge Loan Management 2013-2, Ltd., Subordinated Notes ^{(3) (4) (6)}	10/20/2029	11.67%				1,401	847	817
Magnetite VIII, Limited, Subordinated Notes ^{(3) (4) (6)}	04/15/2031	11.08%				3,000	2,063	2,071
Neuberger Berman CLO XV, Ltd., Subordinated Notes ^{(3) (4) (6)}	10/15/2029	8.14%				3,410	1,949	1,733
Octagon Investment Partners XX, Ltd., Subordinated Notes ^{(3) (4) (6)}	08/12/2026	6.46%				2,500	1,639	1,180
OZLM XIX, Subordinated Notes ^{(3) (4) (6)}	11/22/2030	8.90%				1,500	1,364	1,275
OZLM XXI, Subordinated Notes ^{(3) (4) (6)}	01/20/2031	9.72%				1,750	1,664	1,636
Venture XVIII CLO, Subordinated Notes ^{(3) (4) (6)}	10/15/2029	12.60%				1,750	1,223	1,257
Voya 2017-2, Subordinated Notes ^{(3) (4) (6)}	06/07/2030	8.58%				2,000	1,760	1,727
Voya CLO 2017-4, Subordinated Notes ^{(3) (4) (6)}	10/15/2030	8.63%				2,270	2,269	2,087
Total CLO Equity						\$ 67,446	\$ 44,562	\$ 37,567
Common Equity —0.1% of Net Assets								
Ameriforge Group Inc., Common Equity (1,570 shares) ^{(6) (11)}						\$ 2	\$ —	\$ 101
Total Common Equity						\$ 2	\$ —	\$ 101
Warrants —0% of Net Assets								
Ameriforge Group Inc., Warrants (4,984 shares) ^{(6) (11)}						\$ 5	\$ —	\$ —
Total Warrants						\$ 5	\$ —	\$ —
Total Non-Control/Non-Affiliate Investments (8) —175.4% of Net Assets						\$258,860	\$233,842	\$223,926
Liabilities in Excess of Other Assets — (75.4%) of Net Assets								(96,288)
Net Assets — 100.0%								\$127,638

(1) For each debt investment we have provided the weighted-average interest rate in effect as of June 30, 2018. For each CLO investment we have provided the yield as of June 30, 2018 determined using the effective interest method that will be applied to the current amortized cost of the investment

AMERICAN CAPITAL SENIOR FLOATING, LTD.
CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)
JUNE 30, 2018
(unaudited, in thousands)

in the following quarter. See “Note 2 - Significant Accounting Policies” to the consolidated financial statements 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, 2018, qualifying assets represented 78% 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) All first lien floating rate loans and second lien floating rate loans 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 - Debt”).
- (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, 2018.
- (8) Net estimated unrealized loss for federal income tax purposes was \$12,323 as of June 30, 2018 based on a tax cost of \$236,249. Estimated aggregate gross unrealized loss for federal income tax purposes as of June 30, 2018 is \$13,810; estimated aggregate gross unrealized gain for federal income tax purposes as of June 30, 2018 was \$1,487.
- (9) As of June 30, 2018, the Company had the following commitments to fund various delayed draw “Senior Floating Rate Loans” or “SFRLs.” Such commitments are subject to the satisfaction of certain conditions set forth in the documents governing these loans and there can be no assurance that such conditions will be satisfied. See Note 10 to the consolidated financial statements for further information on delayed draw loan commitments.

(in thousands) Portfolio Company	Total revolving and delayed draw loan commitments	Less: drawn commitments	Total undrawn commitments
Access CIG, LLC	\$ 277	\$ —	\$ 277
St. George's University Scholastic Services LLC	646	—	646
YI, LLC	553	266	287
	<u>\$ 1,476</u>	<u>\$ 266</u>	<u>\$ 1,210</u>

(10) Investment was placed on non-accrual status as of June 30, 2018.

(11) Non-income producing.

(12) All of the Company’s portfolio company investments, which as of June 30, 2018 represented 175.4% of the Company’s net assets or 96.8% of the Company’s total assets, were subject to legal restrictions on sales.

AMERICAN CAPITAL SENIOR FLOATING, LTD.
CONSOLIDATED SCHEDULE OF INVESTMENTS
DECEMBER 31, 2017
(in thousands)

Description ⁽¹²⁾	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 —130.6% of Net Assets (5)								
1A Smart Start LLC ^{(6) (7)}	2/21/2022	6.19%	L+ 4.50	1.00%	Electronics/Electric	\$ 753	\$ 751	\$ 754
24 Hour Fitness Worldwide, Inc.	5/28/2021	5.44%	L+ 3.75	1.00%	Leisure Goods/Activities/Movies	1,932	1,928	1,937
Academy, Ltd.	7/1/2022	5.57%	L+ 4.00	1.00%	Retailers (except Food and Drug)	895	807	709
Acosta, Inc.	9/26/2021	4.82%	L+ 3.25	1.00%	Business Equipment and Services	2,425	2,401	2,142
Acrisure, LLC	11/22/2023	5.65%	L+ 4.25	1.00%	Banking, Finance & Insurance	330	329	334
Advanced Integration Technology LP ⁽⁶⁾	4/3/2023	6.32%	L+ 4.75	1.00%	Industrial Equipment	1,985	1,985	2,000
Aegis Toxicology Sciences Corporation	2/24/2021	6.17%	L+ 4.50	1.00%	Health Care	1,608	1,603	1,558
Air Medical Group Holdings, Inc.	4/28/2022	4.94%	L+ 3.25	1.00%	Health Care	1,950	1,953	1,946
Air Medical Group Holdings, Inc.	4/28/2022	5.67%	L+ 4.00	1.00%	Health Care	496	494	497
Albertson's LLC	12/21/2022	4.67%	L+ 3.00	0.75%	Food/Drug Retailers	980	961	962
American Residential Services, LLC	6/30/2022	5.57%	L+ 4.00	1.00%	Ecological Services and Equipment	1,980	1,975	1,987
American Tire Distributors, Inc.	9/1/2021	5.82%	L+ 4.25	1.00%	Retailers (except Food and Drug)	956	953	964
AqGen Ascensus, Inc.	12/5/2022	5.69%	L+ 4.00	1.00%	Financial Intermediaries	1,719	1,675	1,728
Arctic Glacier U.S.A., Inc.	3/20/2024	5.82%	L+ 4.25	1.00%	Food Products	993	988	1,005
Ardent Legacy Acquisitions, Inc.	8/4/2021	7.07%	L+ 5.50	1.00%	Health Care	321	319	322
Argon Medical Devices, Inc. ⁽⁷⁾	10/27/2024	5.25%	L+ 4.25	1.00%	Health Care	1,500	1,493	1,512
AssuredPartners, Inc.	10/22/2024	5.07%	L+ 3.50	—%	Insurance	1,327	1,327	1,337
BCP Raptor, LLC	6/24/2024	5.73%	L+ 4.25	1.00%	Energy	1,095	1,071	1,101
BCPE Eagle Buyer LLC ⁽⁶⁾	3/16/2024	5.82%	L+ 4.25	1.00%	Health Care	1,290	1,278	1,264
Big Jack Holdings LP ⁽⁶⁾	4/5/2024	5.57%	L+ 4.00	1.00%	Food/Drug Retailers	1,858	1,850	1,865
BJ's Wholesale Club, Inc.	2/3/2024	4.95%	L+ 3.50	1.00%	Food/Drug Retailers	1,894	1,891	1,866
Blackboard, Inc.	6/30/2021	6.35%	L+ 5.00	1.00%	Electronics/Electric	2,387	2,387	2,369
Brand Energy & Infrastructure Services, Inc.	6/21/2024	5.61%	L+ 4.25	1.00%	Oil and Gas	2,483	2,459	2,495
Calceus Acquisition, Inc.	1/31/2020	5.57%	L+ 4.00	1.00%	Clothing/Textiles	2,286	2,289	2,143
Catalina Marketing Corporation	4/9/2021	5.07%	L+ 3.50	1.00%	Business Equipment and Services	2,388	2,387	1,883
CB Poly Investments, LLC	8/16/2023	6.32%	L+ 4.75	1.00%	Clothing/Textiles	1,731	1,719	1,745
Central Security Group, Inc.	10/6/2021	7.19%	L+ 5.63	1.00%	Electronics/Electric	1,995	2,009	2,005
Charter NEX US, Inc.	5/16/2024	4.82%	L+ 3.25	1.00%	Manufacturing	597	594	599
CIBT Global, Inc.	6/1/2024	5.44%	L+ 3.75	1.00%	Service & Equipment	995	993	1,000
Comfort Holding, LLC	2/5/2024	6.18%	L+ 4.75	1.00%	Home Furnishings	2,252	2,240	2,056
CT Technologies Intermediate Holdings, Inc.	12/1/2021	5.82%	L+ 4.25	1.00%	Electronics/Electric	488	486	487
DiversiTech Holdings, Inc.	6/3/2024	5.20%	L+ 3.50	1.00%	Industrials	1,990	1,985	2,002
DJO Finance LLC	6/8/2020	4.59%	L+ 3.25	1.00%	Health Care	992	976	981
DTI Holdco, Inc.	10/2/2023	6.63%	L+ 5.25	1.00%	Electronics/Electric	742	741	742
Dynacast International LLC	1/28/2022	4.94%	L+ 3.25	1.00%	Industrial Equipment	531	531	535
Eastern Power, LLC	10/2/2023	5.32%	L+ 3.75	1.00%	Utilities	1,885	1,876	1,904
ECi Software Solutions, Inc.	9/27/2024	5.94%	L+ 4.25	1.00%	Technology	1,496	1,482	1,511
EIG Investors Corp. ⁽³⁾	2/9/2023	5.46%	L+ 4.00	1.00%	Electronics/Electric	2,244	2,238	2,261

AMERICAN CAPITAL SENIOR FLOATING, LTD.
CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)
DECEMBER 31, 2017
(in thousands)

Description ⁽¹²⁾	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 (continued) —130.6% of Net Assets (5)								
ExamWorks Group, Inc.	7/27/2023	4.82%	L+ 3.25	1.00%	Business Equipment and Services	\$ 988	\$ 991	\$ 995
Fairmount Santrol Inc.	11/1/2022	7.69%	L+ 6.00	1.00%	Nonferrous Metals/Minerals	1,811	1,785	1,837
FHC Health Systems, Inc.	12/23/2021	5.57%	L+ 4.00	1.00%	Health Care	1,477	1,461	1,449
Flexera Software LLC	4/2/2020	5.07%	L+ 3.50	1.00%	Electronics/Electric	993	993	999
Genesys Telecommunications Laboratories, Inc	12/1/2023	5.44%	L+ 3.75	—%	Business Equipment and Services	496	490	500
Go Wireless Inc. ⁽⁷⁾	12/24/2024	7.50%	L+ 6.50	1.00%	Telecommunications	1,469	1,454	1,458
HGIM Corp. ^{(6) (10)}	6/18/2020	7.75%	L+ 3.50	1.00%	Surface Transport	1,444	1,449	570
Hummel Station LLC ⁽⁶⁾	10/27/2022	7.57%	L+ 6.00	1.00%	Energy	2,000	1,883	1,900
Hyland Software, Inc.	7/1/2022	4.82%	L+ 3.25	0.75%	Electronics/Electric	2,440	2,425	2,460
IBC Capital Limited ⁽³⁾	9/9/2021	5.29%	L+ 3.75	1.00%	Business Equipment and Services	987	980	989
ImmuCor, Inc.	6/15/2021	6.57%	L+ 5.00	1.00%	Conglomerates	2,488	2,465	2,533
Indra Holdings Corp.	5/1/2021	5.63%	L+ 4.25	1.00%	Clothing/Textiles	1,185	1,180	701
Infoblox Inc.	11/7/2023	6.57%	L+ 5.00	1.00%	Electronics/Electric	1,920	1,894	1,935
Informatica Corporation	8/5/2022	5.19%	L+ 3.50	1.00%	Electronics/Electric	1,928	1,925	1,937
Information Resources, Inc.	1/18/2024	5.62%	L+ 4.25	1.00%	Business Equipment and Services	2,413	2,403	2,429
Innovative XCcessories & Services LLC ^{(6) (7)}	11/29/2022	6.21%	L+ 4.75	1.00%	Automotive	1,997	1,987	2,022
IPC Corp. ⁽⁶⁾	8/6/2021	5.88%	L+ 4.50	1.00%	Telecommunications	1,459	1,455	1,433
JAGGAER, Inc. ^{(6) (7)}	12/21/2024	5.00%	L+ 4.00	1.00%	Technology	2,500	2,487	2,494
Jazz Acquisition, Inc.	6/19/2021	5.19%	L+ 3.50	1.00%	Aerospace and Defense	1,932	1,935	1,891
JC Penney Co Inc ⁽³⁾	6/23/2023	5.73%	L+ 4.25	1.00%	Retailers (except Food and Drug)	731	734	686
Jo-Ann Stores, Inc.	10/20/2023	6.55%	L+ 5.00	1.00%	Retailers (except Food and Drug)	564	555	545
KEMET Corporation ^{(3), (6)}	4/26/2024	7.57%	L+ 6.00	1.00%	Electronics	2,712	2,678	2,742
Kingpin Intermediate Holdings LLC ⁽⁶⁾	7/3/2024	5.73%	L+ 4.25	1.00%	Service & Equipment	871	867	881
Kronos Acquisition Intermediate Inc.	8/26/2022	6.17%	L+ 4.50	1.00%	Cosmetics/Toiletries	711	699	717
Kronos Incorporated ⁽³⁾	11/1/2023	4.90%	L+ 3.50	1.00%	Electronics/Electric	2,277	2,270	2,295
LANDesk Software Group, Inc.	1/20/2024	5.82%	L+ 4.25	1.00%	Electronics/Electric	2,583	2,567	2,463
Learning Care Group (US) No. 2 Inc. ⁽⁶⁾	5/5/2021	5.33%	L+ 4.00	1.00%	Business Equipment and Services	987	987	994
Legalzoom.com, Inc. ⁽⁶⁾	11/21/2024	5.94%	L+ 4.50	1.00%	Technology	1,931	1,912	1,936
Liberty Cablevision of Puerto Rico LLC	1/7/2022	4.86%	L+ 3.50	1.00%	Cable and Satellite Television	1,000	995	973
LSF9 Atlantis Holdings LLC	5/1/2023	7.36%	L+ 6.00	1.00%	Telecommunications/Cellular Communications	2,095	2,094	2,106
MB Aerospace Holdings II Corp. ⁽⁷⁾	12/28/2024	5.00%	L+ 4.00	1.00%	Aerospace and Defense	2,000	1,990	2,005
McGraw-Hill Global Education Holdings, LLC	5/4/2022	5.57%	L+ 4.00	1.00%	Publishing	1,976	1,966	1,977
Meter Readings Holdings, LLC ⁽⁶⁾	8/29/2023	7.23%	L+ 5.75	1.00%	Electronics/Electric	658	650	662
Mirion Technologies, Inc.	3/31/2022	6.44%	L+ 4.75	1.00%	Utilities	1,985	1,987	1,985
MND Holdings III Corp ⁽⁶⁾	6/19/2024	5.44%	L+ 3.75	1.00%	Consumer Products	1,791	1,783	1,804
Mohegan Tribal Gaming Authority	10/13/2023	5.57%	L+ 4.00	1.00%	Lodging and Casinos	1,489	1,508	1,504
Murray Energy Corporation	4/16/2020	8.94%	L+ 7.25	1.00%	Nonferrous Metals/Minerals	986	954	872

AMERICAN CAPITAL SENIOR FLOATING, LTD.
CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)
DECEMBER 31, 2017
(in thousands)

Description ⁽¹²⁾	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 (continued) —130.6% of Net Assets (5)								
Navicare, Inc. ⁽⁶⁾	11/1/2024	5.11%	L+ 3.75	1.00%	Health Care	\$ 2,000	\$ 1,990	\$ 2,000
Navitas Midstream Midland Basin, LLC ⁽⁶⁾	12/13/2024	5.98%	L+ 4.50	1.00%	Oil and Gas	2,000	1,990	2,008
NFP Corp	1/8/2024	4.85%	L+ 3.50	1.00%	Diversified Insurance	2,475	2,464	2,491
nThrive, Inc.	10/20/2022	6.07%	L+ 4.50	1.00%	Health Care	1,980	1,980	1,987
Oak Parent, Inc. ⁽⁶⁾	10/26/2023	6.07%	L+ 4.50	1.00%	Clothing/Textiles	1,335	1,326	1,274
Omnitracs, LLC	11/25/2020	5.45%	L+ 3.75	1.00%	Electronics/Electric	982	971	992
Onex Carestream Finance LP	6/7/2019	5.69%	L+ 4.00	1.00%	Health Care	771	772	773
Optiv Inc.	2/1/2024	4.63%	L+ 3.25	1.00%	Business Equipment and Services	1,034	1,032	968
PAE Holding Corporation	10/20/2022	7.12%	L+ 5.50	1.00%	Aerospace and Defense	543	534	547
Patterson Medical Supply, Inc. ⁽⁶⁾	8/29/2022	6.23%	L+ 4.75	1.00%	Health Care	1,997	1,975	1,918
PetSmart, Inc.	3/11/2022	4.57%	L+ 3.00	1.00%	Retailers (except Food and Drug)	483	481	385
Plaskolite, LLC ⁽⁶⁾	11/3/2022	5.69%	L+ 4.00	1.00%	Chemical/Plastics	1,397	1,392	1,408
Plaze, Inc.	7/31/2022	5.19%	L+ 3.50	1.00%	Chemical/Plastics	818	817	826
Pregis Holding I Corporation	5/20/2021	5.19%	L+ 3.50	1.00%	Chemical/Plastics	1,344	1,330	1,350
Presidio, Inc.	2/2/2022	4.59%	L+ 3.25	1.00%	Electronics/Electric	1,050	1,050	1,055
PrimeLine Utility Services LLC	11/14/2022	6.88%	L+ 5.50	1.00%	Utilities	1,095	1,088	1,102
Project Alpha Intermediate Holding, Inc.	4/26/2024	5.04%	L+ 3.50	1.00%	Technology	1,756	1,748	1,721
Renaissance Learning, Inc.	4/9/2021	5.44%	L+ 3.75	1.00%	Electronics/Electric	1,911	1,911	1,926
Serta Simmons Bedding, LLC	11/8/2023	4.84%	L+ 3.50	1.00%	Home Furnishings	1,985	1,977	1,827
SMS System Maintenance Services, Inc.	10/30/2023	6.57%	L+ 5.00	1.00%	Business Equipment and Services	1,980	1,971	1,703
Solera, LLC ⁽³⁾	3/3/2023	4.82%	L+ 3.25	1.00%	Electronics/Electric	939	928	946
StandardAero Aviation Holdings, Inc.	7/7/2022	5.32%	L+ 3.75	1.00%	Aerospace and Defense	1,154	1,149	1,165
Sterigenics-Nordion Holdings, LLC	5/15/2022	4.57%	L+ 3.00	1.00%	Health Care	887	881	887
Strategic Partners Acquisition Corp. ⁽⁶⁾	6/30/2023	6.07%	L+ 4.50	1.00%	Clothing/Textiles	1,910	1,910	1,922
Summit Midstream Partners Holdings, LLC ⁽³⁾	5/13/2022	7.57%	L+ 6.00	1.00%	Oil and Gas	563	558	574
Syniverse Holdings, Inc	4/23/2019	4.57%	L+ 3.00	1.00%	Telecommunications	1,464	1,451	1,442
TCH-2 Holdings, LLC	5/6/2021	5.57%	L+ 4.00	1.00%	Electronics/Electric	538	525	542
The Edelman Financial Center, LLC	11/11/2024	5.65%	L+ 4.25	1.00%	Banking, Finance & Insurance	1,538	1,535	1,559
Thermasys Corp.	5/3/2019	5.35%	L+ 4.00	1.25%	Industrial Equipment	429	429	405
TIBCO Software Inc	12/4/2020	5.07%	L+ 3.50	1.00%	Business Equipment and Services	1,486	1,497	1,492
Traverse Midstream Partners LLC	9/21/2024	5.85%	L+ 4.00	1.00%	Oil and Gas	1,495	1,488	1,517
Tricorbraun Holdings, Inc.	11/30/2023	5.39%	L+ 3.75	1.00%	Containers and Glass Products	900	916	899
Tricorbraun Holdings, Inc.	11/30/2023	5.44%	L+ 3.75	—	Containers and Glass Products	91	91	91
Truck Hero, Inc.	4/22/2024	5.64%	L+ 4.00	1.00%	Automotive	2,633	2,612	2,637
Turbocombustor Technology, Inc. ⁽⁶⁾	12/2/2020	5.83%	L+ 4.50	1.00%	Aerospace and Defense	3,360	3,346	3,310
U.S. Renal Care, Inc.	12/30/2022	5.94%	L+ 4.25	1.00%	Health Care	490	486	484
University Support Services LLC	7/6/2022	5.82%	L+ 4.25	1.00%	Health Care	1,133	1,133	1,148
Vantage Specialty Chemicals, Inc.	10/28/2024	5.37%	L+ 4.00	1.00%	Chemical/Plastics	671	668	677
Veritas US Inc. ⁽³⁾	1/27/2023	6.19%	L+ 4.50	1.00%	Electronics/Electric	1,983	1,944	1,990

AMERICAN CAPITAL SENIOR FLOATING, LTD.
CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)
DECEMBER 31, 2017
(in thousands)

Description ⁽¹²⁾	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 (continued) —130.6% of Net Assets (5)								
VF Holding Corp.	6/30/2023	4.82%	L+ 3.25	1.00%	Insurance	\$ 1,039	\$ 1,035	\$ 1,048
WP CPP Holdings, LLC	12/28/2019	4.88%	L+ 3.50	1.00%	Aerospace and Defense	2,383	2,382	2,388
YI, LLC ⁽⁶⁾	11/7/2024	5.69%	L+ 4.00	1.00%	Health Care	1,423	1,416	1,421
YI, LLC ^{(6) (9)}	11/7/2024	5.00%	L+ 4.00	1.00%	Health Care	553	(3)	(1)
Total First Lien Floating Rate Loans						\$174,990	\$173,374	\$170,947
Second Lien Floating Rate Loans —11% of Net Assets (5)								
Advantage Sales & Marketing Inc.	7/25/2022	7.88%	L+ 6.50	1.00%	Business Equipment and Services	\$ 1,000	\$ 995	\$ 940
Albany Molecular Research, Inc. ⁽⁷⁾	8/30/2025	8.57%	L+ 7.00	1.00%	Health Care	3,002	3,055	2,961
Almonde Inc ⁽³⁾	6/13/2025	8.73%	L+ 7.25	1.00%	Technology	609	603	612
Anchor Glass Container Corporation	12/7/2024	9.18%	L+ 7.75	1.00%	Containers and Glass Products	500	496	507
Applied Systems, Inc.	9/19/2025	8.69%	L+ 7.00	1.00%	Technology	344	344	357
Asurion, LLC	8/4/2025	7.57%	L+ 6.00	—	Diversified Insurance	567	567	583
BJ's Wholesale Club, Inc.	2/3/2025	8.95%	L+ 7.50	1.00%	Food/Drug Retailers	845	825	827
CH Hold Corp. ⁽⁶⁾	2/3/2025	8.82%	L+ 7.25	1.00%	Automotive	149	148	152
Checkout Holding Corp.	4/11/2022	8.32%	L+ 6.75	1.00%	Business Equipment and Services	1,000	1,001	415
Del Monte Foods, Inc. ⁽³⁾	8/18/2021	9.06%	L+ 7.25	1.00%	Food Products	1,500	1,499	703
Hyland Software Inc.	7/7/2025	8.57%	L+ 7.00	0.75%	Electronics/Electric	298	297	306
Jazz Acquisition, Inc.	6/19/2022	8.44%	L+ 6.75	1.00%	Aerospace and Defense	1,250	1,254	1,182
Navicure, Inc. ⁽⁶⁾	10/31/2025	8.86%	L+ 7.50	1.00%	Health Care	500	495	504
NVA Holdings, Inc.	8/14/2022	8.69%	L+ 7.00	1.00%	Health Care	1,500	1,506	1,512
Optiv Inc.	1/31/2025	8.63%	L+ 7.25	1.00%	Business Equipment and Services	444	442	401
ProAmpac PG Borrower LLC	11/18/2024	9.94%	L+ 8.50	1.00%	Containers and Glass Products	500	494	510
Ranpak Corp. ⁽⁶⁾	10/3/2022	8.75%	L+ 7.25	1.00%	Containers and Glass Products	840	840	836
Solenis International, L.P.	7/31/2022	8.23%	L+ 6.75	1.00%	Chemical/Plastics	500	499	480
Vantage Specialty Chemicals, Inc. ⁽⁶⁾	10/27/2025	9.62%	L+ 8.25	1.00%	Chemical/Plastics	125	123	123
WP CPP Holdings, LLC	4/30/2021	9.13%	L+ 7.75	1.00%	Aerospace and Defense	493	498	490
Total Second Lien Floating Rate Loans						\$ 15,966	\$ 15,981	\$ 14,401
CLO Equity —33.5% of Net Assets								
AMMC CLO 21, Subordinated Notes ^{(3) (4) (6)}	11/2/2030	12.22%				\$ 2,750	\$ 2,548	\$ 2,527
Apidos CLO XIV, Income Notes ^{(3) (4) (6)}	4/15/2025	—				5,900	1,342	295
Apidos CLO XVIII, Income Notes ^{(3) (4) (6)}	7/22/2026	6.71%				2,500	1,696	1,439
Apidos CLO XXVII, Income Notes ^{(3) (4) (6)}	7/17/2030	10.23%				5,000	4,630	4,446
Ares XXIX CLO Ltd., Subordinated Notes ^{(3) (4) (6)}	4/17/2026	6.68%				4,750	3,237	2,305
Avery Point II CLO, Income Notes ^{(3) (4) (6)}	7/17/2025	7.53%				3,200	1,669	373
Babson 2015-1, Income Notes ^{(3) (4) (6)}	4/20/2027	14.58%				2,500	1,844	1,359
Betony CLO, Ltd., Subordinated Notes ^{(3) (4) (6)}	4/15/2027	5.69%				2,500	1,785	972
Carlyle Global Market Strategies CLO 2015-3, LTD., Subordinated Notes ^{(3) (4) (6)}	7/28/2028	10.54%				3,000	2,253	2,308

AMERICAN CAPITAL SENIOR FLOATING, LTD.
CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)
DECEMBER 31, 2017
(in thousands)

Description ⁽¹²⁾	Maturity	Interest Rate ⁽¹⁾	Basis Point Spread Above Index ⁽²⁾	LIBOR Interest Rate Floor	Industry	Par Amount	Cost	Fair Value
CLO Equity (continued) —33.5% of Net Assets								
Carlyle Global Market Strategies CLO 2017-3, LTD., Subordinated Notes ^{(3) (4) (6)}	7/20/2029	9.76%				\$ 2,000	\$ 1,889	\$ 1,860
Cent CLO 18 Limited, Subordinated Notes ^{(3) (4) (6)}	7/23/2025	15.53%				4,675	3,133	2,478
Cent CLO 19 Limited, Subordinated Notes ^{(3) (4) (6)}	10/29/2025	14.40%				2,750	2,042	1,622
Dryden 30 Senior Loan Fund, Subordinated Notes ^{(3) (4) (6)}	11/15/2028	20.74%				2,500	1,379	1,729
Dryden 30A Senior Loan Fund, Subordinated Notes ^{(3) (4) (6)}	11/15/2028	19.86%				250	126	173
Dryden 38 Senior Loan Fund, Subordinated Notes ^{(3) (4) (6)}	7/15/2027	9.14%				3,000	2,318	2,219
Galaxy XVI CLO, Ltd., Subordinated Notes ^{(3) (4) (6)}	11/16/2025	9.08%				2,750	1,717	1,238
Highbridge Loan Management 2013-2, Ltd., Subordinated Notes ^{(3) (4) (6)}	10/20/2029	14.93%				1,401	813	799
Magnetite VIII, Limited, Subordinated Notes ^{(3) (4) (6)}	4/15/2026	7.90%				3,000	2,140	1,710
Neuberger Berman CLO XV, Ltd., Subordinated Notes ^{(3) (4) (6)}	10/15/2029	16.20%				3,410	1,898	1,794
Octagon Investment Partners XX, Ltd., Subordinated Notes ^{(3) (4) (6)}	8/12/2026	7.73%				2,500	1,711	1,213
OZLM XIX, Subordinated Notes ^{(3) (4) (6)}	11/22/2030	11.68%				1,500	1,364	1,351
OZLM XXI, Subordinated Notes ^{(3) (4) (6) (7)}	1/20/2031	11.47%				1,750	1,584	1,584
Venture XVIII CLO, Subordinated Notes ^{(3) (4) (6)}	10/15/2029	15.31%				1,750	1,223	1,205
Voya 2017-2A, Subordinated Notes ^{(3) (4) (6)}	6/7/2030	9.91%				2,000	1,877	1,847
Voya CLO 2017-4, Subordinated Notes ^{(3) (4) (6)}	10/15/2030	10.95%				2,270	2,245	2,175
Wind River CLO 2014-1, Ltd. ^{(3) (4) (6)}	4/18/2026	9.03%				5,050	3,410	2,807
Total CLO Equity						\$ 74,656	\$ 51,873	\$ 43,828
Common Equity —0% of Net Assets								
Ameriforge Group Inc., Common Equity (1,570 shares) ^{(6), (11)}						\$ 2	\$ —	\$ 64
Total Common Equity						\$ 2	\$ —	\$ 64
Warrants —0.0% of Net Assets								
Ameriforge Group Inc., Warrants (4,984 shares) ^{(6), (11)}						\$ 5	\$ —	\$ —
Total Warrants						\$ 5	\$ —	\$ —
Total Non-Control/Non-Affiliate Investments —175.2% of Net Assets (8)						\$265,619	\$241,228	\$229,240
Liabilities in Excess of Other Assets — (75.2%) of Net Assets								(98,384)
Net Assets — 100.0%								\$130,856

(1) For each debt investment we have provided the weighted-average interest rate in effect as of December 31, 2017. For each CLO investment we have provided the yield as of December 31, 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 - Significant Accounting Policies” to the consolidated financial statements 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 December 31, 2017, qualifying assets represented 75% of total assets at fair value.

AMERICAN CAPITAL SENIOR FLOATING, LTD.
CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)
DECEMBER 31, 2017
(in thousands)

- (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) All first lien floating rate loans and second lien floating rate loans 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 - Debt”).
- (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 December 31, 2017.
- (8) Net estimated unrealized loss for federal income tax purposes was \$14,148 as of December 31, 2017 based on a tax cost of \$243,388. Estimated aggregate gross unrealized loss for federal income tax purposes as of December 31, 2017 is \$16,155; estimated aggregate gross unrealized gain for federal income tax purposes as of December 31, 2017 was \$2,007.
- (9) As of December 31, 2017, the Company had the following commitments to fund various delayed draw SFRLs. Such commitments are subject to the satisfaction of certain conditions set forth in the documents governing these loans and there can be no assurance that such conditions will be satisfied. See Note 10 to the consolidated financial statements for further information on delayed draw loan commitments.

(in thousands) Portfolio Company	Total revolving and delayed draw loan commitments	Less: drawn commitments	Total undrawn commitments
YI, LLC	\$ 553	\$ —	\$ 553
	\$ 553	\$ —	\$ 553

- (10) Investment was placed on non-accrual status as of December 31, 2017.
- (11) Non-income producing.
- (12) All of the Company’s portfolio company investments, which as of December 31, 2017 represented 175.2% of the Company’s net assets or 97.7% of the Company’s total assets, were subject to legal restrictions on sales.

AMERICAN CAPITAL SENIOR FLOATING, LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

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

Note 1. Organization

American Capital Senior Floating, Ltd. (which is referred to as “ACSF”, the “Company”, “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, 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 (NASDAQ: ARCC) (“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. (NYSE: ARES) (“Ares Management”), a publicly traded, leading global alternative asset manager, pursuant to an investment advisory and management agreement. Our common stock \$0.01 par value per share (the “Common Stock”) is listed on the NASDAQ Global Select Market (“NASDAQ”), where it trades under the symbol “ACSF.” IHAM is a U.S. Securities and Exchange Commission (the “SEC”) - registered investment adviser that was registered under the Investment Advisers Act of 1940 on March 30, 2012.

Plan of Complete Liquidation and Dissolution

On May 4, 2018, our board of directors (the “Board”) approved a Plan of Complete Liquidation and Dissolution (the “Plan”) of ACSF that includes the sale of all or substantially all of ACSF’s assets and distribution of the net proceeds thereof to our stockholders, after which ACSF will be dissolved. On June 28, 2018, our stockholders approved the Plan at a special meeting of stockholders. Pursuant to the Plan, we intend to, among other things, convert all or substantially all of our assets into cash, pay all of our other known liabilities and make provisions for contingent liabilities, and make one or more distributions to our stockholders of cash available for distribution. See Note 11 for more information on the Plan.

Investment Objective

Prior to stockholder approval of the Plan, our investment objective was 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 SFRL positions previously held by us.

As described above, pursuant to the Plan, we currently intend to, among other things, convert all or substantially all of our investments into cash, pay all our other known liabilities and make provisions for contingent liabilities, and make one or more distributions to our stockholders of cash available for distribution.

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. We are an investment company following

AMERICAN CAPITAL SENIOR FLOATING, LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(unaudited)

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

accounting and reporting guidance in Accounting Standards Codification (“ASC”) 946. Accordingly, certain disclosures accompanying annual financial statements prepared in accordance with GAAP are omitted. The Company has reclassified certain prior period amounts to conform to the current year presentation. 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, 2018. 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, 2017.

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, 2018 and December 31, 2017, 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 Gain or Loss

Realized gain or loss from an investment is recorded at the time of disposition and calculated using the weighted average cost method. Unrealized gain or loss 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

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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.

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, (iii) premium amortization and gain adjustments attributable to net built-in gains recognized upon our initial public offering (“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.

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.

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, 2018 and December 31, 2017, we had one loan on non-accrual status, which represented 0.6% of the total investments at cost and 0.3% of the total investments at fair value.

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 and six months ended June 30, 2018, we recorded \$0.8 million and \$1.2 million, respectively, in reductions to the Reference Amount on four and six, respectively, of our CLO equity investments. During the three and six months ended June 30, 2017, we recorded \$1.6 million and \$4.5 million, respectively, in reductions to the Reference Amount on six and twelve, respectively, of our CLO equity investments.

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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, some of which are overhead expenses allocated to us by our Manager as discussed in Note 3. 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. On May 19, 2017, the Management Agreement was approved by our stockholders, and on such date, we entered into the Management Agreement. On May 4, 2018, our Board approved the annual renewal of 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 Interim Management Agreement and 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, 2018, we recognized a management fee of \$473 and \$942, respectively. For the three and six months ended June 30, 2017, we recognized a management fee of \$533 and \$1,064, respectively. The portion of the management fee accrued for the second quarter of 2018 remains unpaid and is recorded as a liability on our Consolidated Statement of Assets and Liabilities.

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 determined under GAAP at the end of the most recently completed fiscal quarter for the first 24 months following the date of our IPO in

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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.

Pursuant to the Management Agreement, the services of all investment professionals and staff of our investment adviser, when and to the extent engaged in providing investment advisory and management services to us, are provided and paid for by our investment adviser. We are responsible for all other expenses of our operations and transactions, including, but not limited to, costs incurred in connection with formation and capital raising activities; transaction costs incident to the acquisition, disposition, financing, hedging and ownership of our and our subsidiaries' investments; diligence costs incurred for prospective investments; expenses incurred in contracting with third parties; external legal, auditing, accounting, consulting, investor relations, portfolio valuation, brokerage and administrative fees and expenses; the compensation and expenses of our directors who are not employees of our Manager or any of its affiliates and the cost of liability insurance to indemnify our directors and officers and the officers and employees of our Manager and its affiliates who provide services to us; the costs associated with our indebtedness; expenses related to the payment of dividends; costs incurred by the Board and personnel of our Manager or its affiliates for travel on our behalf; expenses relating to communications to holders of our securities, including our website, and in complying with the continuous reporting and other requirements of the SEC and other governmental bodies; tax and license fees applicable to us and our subsidiaries; insurance costs incurred by us and our subsidiaries; transfer agent, custodial, trustee, third party loan administration and exchange listing fees; the costs of printing and mailing proxies and reports to our stockholders; the costs of establishing and maintaining our websites; all cost of organizing, modifying or dissolving our company or any subsidiary and costs in preparation of entering into or exiting any business activity; our pro rata portion of costs associated with any computer software, hardware or information technology services that are used by us or our subsidiaries; our pro rata portion of the costs and expenses incurred with respect to market information systems and publications, research publications and materials used by us or our Manager on our behalf; settlement, clearing, trustee, prime brokerage and custodial fees and expenses relating to us and our subsidiaries; the costs of maintaining compliance with all federal, state and local rules and regulations or any other regulatory agency (as such costs relate to us), all taxes and license fees and all insurance costs incurred on behalf of us; the costs of administering our equity incentive plans, if any; and our pro rata portion of rent, utilities and overhead expenses of our Manager and its affiliates required for our operations and our subsidiaries. Pursuant to the Management Agreement and the Interim Management Agreement (as applicable), for the three and six months ended June 30, 2018, we recognized \$11 and \$29, respectively, of rent, utilities and overhead expenses that were reimbursable to our Manager. Pursuant to the Management Agreement and the Interim Management Agreement (as applicable), for the three and six months ended June 30, 2017, we recognized \$18 and \$45, respectively, of rent, utilities and overhead expenses that were reimbursable to our Manager.

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 gain or loss, each as determined 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 gain or loss as of March 31, 2017. The second quarter 2017 Voluntary Expense Cap and third quarter 2017 Voluntary Expense Cap were calculated based on an annual rate of 1.00% of our consolidated net assets less net unrealized gain or loss as of June 30, 2017 and September 30, 2017, respectively. The fourth quarter 2017 Voluntary Expense Cap was calculated based on an annual rate of 1.25% of our consolidated net assets less net unrealized gain or loss as of December 31, 2017. Our Manager has not agreed to be responsible for any of our operating expenses beyond December 31, 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 first quarter 2017 Voluntary Expense Cap.

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 as discussed in Note 3 above. 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

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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. Payments made to Ares Operations by our Manager under the Administrative Agreement are equal to an amount based upon the allocable portion of Ares Operations’ overhead and other expenses (including travel expenses) incurred by Ares Operations in performing its obligations under the Administrative Agreement, including the allocable portion of the compensation, rent, utilities and overhead expenses of certain of IHAM’s officers and their respective staffs incurred on our behalf.

Securities Transactions

We may, from time to time, purchase securities from, or sell securities to affiliates of our Manager at fair value on the trade date. During the six months ended June 30, 2018 and 2017, there were no purchases of securities from or sale of securities to affiliates of our Manager.

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, 2018 and 2017:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Numerator — Net Earnings (Losses)	\$ (523)	\$ 393	\$ 2,602	\$ 3,145
Denominator — weighted average shares	10,000	10,000	10,000	10,000
Net Earnings (Losses) per share	\$ (0.05)	\$ 0.04	\$ 0.26	\$ 0.31

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.

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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 SFRLs 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.

We estimate the fair value of our CLO equity investments based on various valuation models from third-party pricing services as well as internal models. The valuation models generally utilize discounted cash flows and take into consideration prepayment and loss assumptions, based on historical experience and projected performance, economic factors, the characteristics and condition of the underlying collateral, comparable yields for similar securities and recent trading activity. These securities are classified as Level 3.

The following fair value hierarchy tables set forth our investments measured at fair value on a recurring basis by level as of June 30, 2018 and December 31, 2017:

	June 30, 2018			
	Total	Level 1	Level 2	Level 3
First lien floating rate loans	\$ 173,457	\$ —	\$ 137,174	\$ 36,283
Second lien floating rate loans	12,801	—	11,311	1,490
CLO equity	37,567	—	—	37,567
Common equity	101	—	—	101
Warrants	—	—	—	—
Total Investments	\$ 223,926	\$ —	\$ 148,485	\$ 75,441

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	December 31, 2017			
	Total	Level 1	Level 2	Level 3
First lien floating rate loans	\$ 170,947	\$ —	\$ 132,364	\$ 38,583
Second lien floating rate loans	14,401	—	12,786	1,615
CLO equity	43,828	—	—	43,828
Common equity	64	—	—	64
Warrants	—	—	—	—
Total Investments	\$ 229,240	\$ —	\$ 145,150	\$ 84,090

The following table provides a summary of the changes in fair value of Level 3 assets for the six months ended June 30, 2018, as well as the portion of net unrealized gain (loss) for the six months ended June 30, 2018 related to those assets still held as of June 30, 2018:

	First Lien Floating Rate Loans	Second Lien Floating Rate Loans	CLO Equity	Common Equity	Warrants	Total
Beginning Balance – December 31, 2017	\$ 38,583	\$ 1,615	\$ 43,828	\$ 64	\$ —	\$ 84,090
Purchases	11,529	256	181	—	—	11,966
Sales	(522)	—	(4,209)	—	—	(4,731)
Repayments ⁽¹⁾	(8,846)	(20)	(4,194)	—	—	(13,060)
Amortization/accretion and CLO income accrual ⁽²⁾	21	1	2,517	—	—	2,539
Transfers out ⁽³⁾	(24,020)	(1,870)	—	—	—	(25,890)
Transfers in ⁽³⁾	19,758	1,490	—	—	—	21,248
Net realized gain (loss)	33	—	(1,607)	—	—	(1,574)
Net unrealized gain (loss)	(253)	18	1,051	37	—	853
Ending Balance – June 30, 2018	<u>\$ 36,283</u>	<u>\$ 1,490</u>	<u>\$ 37,567</u>	<u>\$ 101</u>	<u>\$ —</u>	<u>\$ 75,441</u>
Net change in unrealized gain (loss) attributable to our Level 3 assets still held as of June 30, 2018	\$ (133)	\$ (5)	\$ (365)	\$ 37	\$ —	\$ (466)

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

(2) Includes amortization/accretion of discount/premium on the loan portfolio and income accrued on the CLOs using the effective interest method during the six months ended June 30, 2018.

(3) 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.

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 gain (loss) for the six months ended June 30, 2017 related to those assets still held as of June 30, 2017:

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	First Lien Floating Rate Loans	Second Lien Floating Rate Loans	CLO Equity	Common Equity	Warrants	Total
Beginning Balance - 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 ⁽¹⁾	(3,000)	(60)	(5,061)	—	—	(8,121)
Amortization/accretion and CLO income accrual ⁽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 gain (loss)	4	—	(3,402)	9	—	(3,389)
Net unrealized gain (loss)	249	32	2,142	(16)	—	2,407
Ending Balance – June 30, 2017	<u>\$ 27,227</u>	<u>\$ 1,859</u>	<u>\$ 44,111</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 73,197</u>
Net change in unrealized gain (loss) 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 amortization/accretion of discount/premium on the loan portfolio and income accrued on the CLOs using the effective interest method during the six months ended June 30, 2017.
- (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 SFRLs 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 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, 2018:

	Fair Value	Valuation Techniques/ Methodology	Significant Unobservable Inputs	Range		Weighted Average
				Minimum	Maximum	
First lien floating rate loans	\$ 36,283	Third-party vendor pricing service and/or broker quote	N/A	N/A	N/A	N/A
Second lien floating rate loans	1,490	Third-party vendor pricing service	N/A	N/A	N/A	N/A
CLO equity	37,567	Third-party vendor pricing service	N/A	N/A	N/A	N/A
Common equity	101	Third-party vendor pricing service	N/A	N/A	N/A	N/A
Warrants	—	EV Market Multiple Analysis	EBITDA Multiple	2.0x	2.0x	2.0x
Total	<u>\$ 75,441</u>					

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, 2017:

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	Fair Value	Valuation Techniques/ Methodology	Significant Unobservable Inputs	Range		Weighted Average
				Minimum	Maximum	
First lien floating rate loans	\$ 38,583	Third-party vendor pricing service	N/A	N/A	N/A	N/A
Second lien floating rate loans	1,615	Third-party vendor pricing service	N/A	N/A	N/A	N/A
CLO equity	41,949	Third-party vendor pricing service	N/A	N/A	N/A	N/A
	1,584	Recent Transaction Price	N/A	90.5%	90.5%	90.5%
	295	Estimated Distributions	Future Distribution	\$295	\$295	\$295
Total CLO equity	43,828					
Common equity	64	Third-party vendor pricing service	N/A	N/A	N/A	N/A
Warrants	—	EV Market Multiple Analysis	EBITDA Multiple	2.0x	2.0x	2.0x
Total	<u>\$ 84,090</u>					

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.

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, 2018 and December 31, 2017. Our investments in CLOs are excluded from the table.

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	June 30, 2018	December 31, 2017
Health Care	11.9%	13.6%
Electronics/Electric	11.4%	16.7%
Aerospace and Defense	7.0%	7.0%
Business Equipment and Services	5.8%	8.6%
Service & Equipment	5.1%	1.0%
Technology	4.6%	4.7%
Automotive	4.2%	2.5%
Clothing/Textiles	4.0%	4.2%
Banking, Finance & Insurance	3.8%	1.0%
Energy	3.2%	1.6%
Utilities	2.9%	2.7%
Oil and Gas	2.7%	3.6%
Conglomerates	2.7%	1.4%
Diversified Insurance	2.6%	1.7%
Containers and Glass Products	2.5%	1.5%
Chemical/Plastics	2.5%	2.6%
Education	2.4%	—%
Food/Drug Retailers	2.0%	3.0%
Telecommunications	1.7%	2.3%
Industrial Equipment	1.6%	1.6%
Electronics	1.4%	1.5%
Telecommunications/Cellular Communications	1.1%	1.1%
Industrial Equipment	1.1%	1.8%
Insurance	1.1%	1.3%
Computers & Electronics	1.1%	—%
Ecological Services and Equipment	1.1%	1.1%
Leisure Goods/Activities/Movies	1.0%	1.0%
Publishing	1.0%	1.1%
Financial Intermediaries	0.9%	0.9%
Home Furnishings	0.9%	2.1%
Food Service	0.8%	—%
Lodging and Casinos	0.7%	0.8%
Building & Development	0.7%	—%
Food Products	0.6%	0.9%
Cable and Satellite Television	0.5%	0.5%
Nonferrous Metals/Minerals	0.5%	1.5%
Other	0.9%	3.1%
Total	100.0%	100.0%

AMERICAN CAPITAL SENIOR FLOATING, LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(unaudited)

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

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 originally allowed ACSF Funding to borrow up to \$135,000. In May 2018, ACSF Funding exercised its option under the Credit Facility to reduce its total commitment thereunder by \$20,000, resulting in remaining aggregate commitments of \$115,000 thereunder. 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. As of June 30, 2018 and December 31, 2017, the fair value of the assets pledged as collateral in ACSF Funding was \$186,258 and \$185,348, 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. See Note 11 for a subsequent event regarding the termination of the Credit Facility.

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, 2018, there was \$92,300 outstanding under the Credit Facility, which had a fair value of \$92,300 and a stated interest rate of 3.82%. As of December 31, 2017, there was \$87,500 outstanding under the Credit Facility, which had a fair value of \$87,500 and a stated interest rate of 3.32%. 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, 2018, 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, 2018, we incurred interest and commitment fees on the Credit Facility of \$877 and \$52, respectively. 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, 2018, we incurred interest and commitment fees on the Credit Facility of \$1,678 and \$127, 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.

AMERICAN CAPITAL SENIOR FLOATING, LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(unaudited)

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

Note 8. Consolidated Financial Highlights

	Six Months Ended June 30,	
	2018	2017
Per Share Data:		
Net asset value, beginning of period	\$ 13.09	\$ 13.68
Net investment income	0.43	0.55
Net realized and unrealized loss on investments	(0.17)	(0.24)
Net Earnings	0.26	0.31
Distributions to stockholders	(0.58)	(0.58)
Net asset value, end of period	\$ 12.76	\$ 13.41
Per share market value, end of period	\$ 12.30	\$ 12.85
Total return based on market value ^{(1), (5)}	22.92%	12.88%
Total return based on net asset value ^{(1), (5)}	1.91%	2.40%
Ratios to Average Net Assets:		
Net investment income ⁽²⁾	6.76%	8.27%
Operating expenses ^{(2), (3)}	3.13%	2.37%
Interest and related expenses ⁽²⁾	2.86%	2.23%
Total expenses ^{(2), (3)}	5.99%	4.60%
Supplemental Data:		
Net assets, end of period	\$ 127,638	\$ 134,114
Shares outstanding, end of period	10,000	10,000
Average debt outstanding	\$ 95,026	\$ 96,604
Asset coverage per unit, end of period ⁽⁴⁾	\$ 2,383	\$ 2,366
Portfolio turnover ratio ⁽⁵⁾	24.34%	47.55%

- (1) Total return is based on the change in market price or net asset value per share, as applicable, during the period and takes into account distributions reinvested in accordance with our dividend reinvestment and stock purchase plan (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 for the first quarter 2017 Voluntary Expense Cap. 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 first quarter 2017 Voluntary Expense Cap for the six months ended June 30, 2017.
- (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 9. Capital Transactions

There were no common share transactions that occurred during the six months ended June 30, 2018.

On May 10, 2018, we declared a monthly cash distribution to stockholders of \$0.097 per share for each of May, June and July 2018. See Note 11 for a subsequent event regarding cash distributions to stockholders.

Note 10. 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, 2018 or December 31, 2017.

AMERICAN CAPITAL SENIOR FLOATING, LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(unaudited)

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

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 is not recognized by the Company until the commitment becomes funded. As of June 30, 2018 and December 31, 2017, we had \$1,210 and \$553, respectively, of outstanding unfunded loan commitments.

Note 11. Subsequent Events

On July 2, 2018, in connection with the Plan, we suspended our Dividend Reinvestment and Stock Purchase Plan. The suspension will become effective for all distributions with record dates on or after August 1, 2018.

In July 2018, ACSF Funding fully repaid its outstanding commitments on its Credit Facility and as of July 27, 2018, the Credit Facility was effectively terminated.

NASDAQ Delisting

On August 3, 2018, in connection with the Plan, the Board approved the voluntary delisting of the Common Stock from NASDAQ. On August 6, 2018, the Company provided notice to NASDAQ of its intent to voluntarily delist and deregister its Common Stock from NASDAQ. The Company intends to file a Form 25 with the SEC on or about August 16, 2018 to commence the delisting process. The Company expects that the delisting will become effective prior to the commencement of trading on or about August 27, 2018, at which time trading in the Common Stock will be indefinitely suspended.

Liquidating Distribution

On August 3, 2018, in connection with the Company's sale of certain of the Company's portfolio investments pursuant to the Plan, the Board approved an initial liquidating distribution of \$8.80 per share (such distribution, the “Initial Liquidating Distribution”) to the Company's stockholders of record as of the close of business on August 16, 2018 (the “Record Date”) in accordance with the Plan. The payment of the Initial Liquidating Distribution will be made on August 27, 2018. In accordance with NASDAQ rules, the ex-dividend date will be August 28, 2018, the first business day following the payment date for the Initial Liquidating Distribution.

In addition to the sale of certain of its portfolio investments that have been completed, the Company has entered into contracts for the sale of all of its remaining portfolio investments but cannot assure that these remaining sales will be consummated. After paying and/or maintaining reserves against all of the Company's liabilities (including contingent liabilities), the Company intends to make one or more additional liquidating distributions of its remaining assets to its stockholders (collectively, “Additional Liquidating Distributions” and, together with the Initial Liquidating Distribution, “Total Liquidating Distributions”). Total Liquidating Distributions are estimated to be within a range of \$12.33 to \$12.46 per share as detailed below.

Based on the information currently available, the Company estimates that the aggregate amount to be received by stockholders pursuant to the Plan (including cumulative dividends already paid in May, June, July and August of 2018 (the “Cumulative Dividends Paid”), the Initial Liquidating Distribution and Additional Liquidating Distributions) will be between 97% to 98% of the Company's net asset value per share as of March 31, 2018 of \$13.11, or within a range of \$12.72 to \$12.85 per share. These aggregate amounts include (a) the Cumulative Dividends Paid of \$0.388 per share, (b) the Initial Liquidating Distribution of \$8.80 per share and (c) Additional Liquidating Distributions, which the Company currently estimates will be within a range of \$3.53 to \$3.66 per share in the aggregate. The actual Additional Liquidating Distributions received by each stockholder could be more or less than the estimated ranges and the timing of such distributions is uncertain. The Company intends to complete the Additional Liquidating Distributions by September 30, 2018, or as soon as practicable thereafter.

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, 2017 and elsewhere in this report. The forward-looking statements contained herein involve risks and uncertainties, including statements as to: (i) our ability to implement and proceed with the plan of complete liquidation and dissolution; (ii) our future operating results; (iii) our business prospects and the prospects of our portfolio companies; (iv) the impact of investments that we expect to make; (v) our contractual arrangements and relationships with third-parties; (vi) 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; (vii) the impact of changes in laws or regulations (including the interpretation thereof) governing our operations, including the Small Business Credit Availability Act (the “SBCAA”), or the operations of our portfolio companies or the operations of our competitors; (viii) the ability of our portfolio companies to achieve their objectives; (ix) our expected financings and investments; (x) the adequacy of our cash resources and working capital; and (xi) 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, 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 U.S. federal income 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.

On May 4, 2018, our board of directors (the “Board”) approved a Plan of Complete Liquidation and Dissolution (the “Plan”) of ACSF that includes the sale of all or substantially all of ACSF’s assets and distribution of the net proceeds thereof to our stockholders, after which ACSF will be dissolved. On June 28, 2018, our stockholders approved the Plan at a special meeting of stockholders. Pursuant to the Plan, we intend to, among other things, convert all or substantially all of our assets into cash, pay all of our other known liabilities and make provisions for contingent liabilities, and make one or more distributions to our stockholders of cash available for distribution.

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 (NASDAQ: ARCC) (“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.

In January 2014, 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 determined 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 gain or loss, each as determined 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 gain or loss as of March 31, 2017. The second quarter 2017 Voluntary Expense Cap and third quarter 2017 Voluntary Expense Cap were calculated based on an annual rate of 1.00% of our consolidated net assets less net unrealized gain or loss as of June 30, 2017 and September 30, 2017, respectively. The fourth quarter 2017 Voluntary Expense Cap was calculated based on an annual rate of 1.25% of our consolidated net assets less net unrealized gain or loss as of December 31, 2017. Our Manager has not agreed to be responsible for any of our operating expenses beyond December 31, 2017.

Investments

Prior to stockholder approval of the Plan, our investment objective was 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, “SFRLs” 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. SFRLs 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 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 SFRL positions previously held by us. Under normal market conditions, we invest at least 80% of our assets in SFRLs.

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 non-qualified assets for BDC compliance purposes; therefore, under normal market conditions, we have intended to limit our CLO investments to 20% of our portfolio.

As described above, pursuant to the Plan, we currently intend to, among other things, convert all or substantially all of our investments into cash, pay all of our other known liabilities and make provisions for contingent liabilities, and make one or more distributions to our stockholders of cash available for distribution.

Portfolio and Investment Activity

As of June 30, 2018, our portfolio was comprised of 77.5% first lien loans, 5.7% second lien loans (collectively, the “Loan Portfolio”) and 16.8% CLO equity (the “CLO Portfolio” and together with the Loan Portfolio, the “Investment Portfolio”), measured at fair value. The Loan Portfolio consisted of 117 portfolio companies in 39 industries, and the CLO Portfolio included 23 CLOs managed by 16 different collateral managers with vintages ranging from 2012 to 2017. Our Loan Portfolio consisted of all floating rate investments with 86.4% having LIBOR floors ranging between 0.75% and 1.25%. The weighted average LIBOR floor in our Loan Portfolio was 0.87% as of June 30, 2018. The following table depicts a summary of the portfolio as of June 30, 2018:

(\$ in thousands)	Cost	Fair Value	Cumulative Net Unrealized Gain (Loss)	Weighted Average Yield at Cost ⁽¹⁾
Investment Portfolio:				
First lien floating rate loans	\$ 176,195	\$ 173,457	\$ (2,738)	6.32%
Second lien floating rate loans	13,085	12,801	(284)	9.26%
Total Loan Portfolio	189,280	186,258	(3,022)	6.53%
CLO Portfolio	44,562	37,567	(6,995)	8.44%
Common equity	—	101	101	—%
Warrants	—	—	—	—%
Total Investment Portfolio	<u>\$ 233,842</u>	<u>\$ 223,926</u>	<u>\$ (9,916)</u>	<u>6.89%</u>

- (1) Weighted average yield at cost is computed as (a) the annual stated interest rate or yield earned on accruing debt and other income producing securities, divided by (b) the total investments in such asset type at amortized cost. The weighted average yield of our portfolio does not represent the total return to our stockholders.

The weighted average yield at cost during the three months ended June 30, 2018 on the Loan Portfolio, the CLO Portfolio and the total investment portfolio was 6.52%, 9.64% and 7.13%, respectively. The weighted average yield at cost during the six months ended June 30, 2018 on the Loan Portfolio, the CLO Portfolio and the total investment portfolio was 6.36%, 10.12% and 7.12%, respectively.

The Investment Portfolio was actively managed, with a turnover ratio of 13.31% and 24.34%, respectively, for the three and six months ended June 30, 2018. The following tables depict the portfolio activity for the three and six months ended June 30, 2018:

(\$ in thousands)	Three Months Ended June 30, 2018					Six Months Ended June 30, 2018				
	First Lien	Second Lien	CLO Equity	Equity	Total	First Lien	Second Lien	CLO Equity	Equity	Total
Fair value, beginning of period	\$169,620	\$ 12,970	\$ 41,977	\$ 75	\$224,642	\$170,947	\$ 14,401	\$ 43,828	\$ 64	\$229,240
Purchases	29,339	1,254	(1)	—	30,592	52,961	2,133	181	—	55,275
Sales	(8,268)	(264)	(3,247)	—	(11,779)	(13,472)	(1,314)	(4,209)	—	(18,995)
Repayments ⁽¹⁾	(15,215)	(998)	(1,927)	—	(18,140)	(35,814)	(2,518)	(4,194)	—	(42,526)
Amortization/accretion and CLO income accrual ⁽²⁾	78	—	1,157	—	1,235	129	(1)	2,517	—	2,645
Net realized loss	(537)	(740)	(823)	—	(2,100)	(985)	(1,194)	(1,607)	—	(3,786)
Net unrealized gain (loss)	(1,560)	579	431	26	(524)	(309)	1,294	1,051	37	2,073
Fair Value, end of period	<u>\$173,457</u>	<u>\$ 12,801</u>	<u>\$ 37,567</u>	<u>\$ 101</u>	<u>\$223,926</u>	<u>\$173,457</u>	<u>\$ 12,801</u>	<u>\$ 37,567</u>	<u>\$ 101</u>	<u>\$223,926</u>

- (1) Repayments for CLO equity reflect the amount of cash distributions from CLO investments received during the three and six months ended June 30, 2018.

- (2) 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, 2018.

	Three Months Ended June 30, 2018				Six Month Ended June 30, 2018			
	Loan Portfolio	CLO Equity	Common Equity/Warrants	Total Portfolio	Loan Portfolio	CLO Equity	Common Equity/Warrants	Total Portfolio
Portfolio companies, beginning of period	121	24	1	146	129	25	1	155
Purchases	11	—	—	11	24	—	—	24
Complete exit	(15)	(1)	—	(16)	(36)	(2)	—	(38)
Portfolio companies - end of period	117	23	1	141	117	23	1	141

As of December 31, 2017, our portfolio was comprised of 74.6% first lien loans, 6.3% second lien loans and 19.1% CLO equity, measured at fair value. The Loan Portfolio consisted of 129 portfolio companies in 37 industries, and the CLO Portfolio included 25 CLOs managed by 18 different collateral managers with vintages ranging from 2012 to 2017. Our Loan Portfolio consisted of all floating rate investments with 97.1% having LIBOR floors ranging between 0.75% and 1.25%. As of December 31, 2017, the weighted average LIBOR floor in our Loan Portfolio was 0.978% and one-and three-month LIBOR was 1.56% and 1.69%, respectively. The following table depicts a summary of the portfolio as of December 31, 2017:

(\$ in thousands)	Cost	Fair Value	Cumulative Net Unrealized Gain (Loss)	Weighted Average Yield at Cost ⁽¹⁾
Investment Portfolio:				
First lien floating rate loans	\$ 173,374	\$ 170,947	\$ (2,427)	5.84%
Second lien floating rate loans	15,981	14,401	(1,580)	8.65%
Total Loan Portfolio	189,355	185,348	(4,007)	6.08%
CLO Portfolio	51,873	43,828	(8,045)	10.59%
Common equity	—	64	64	—%
Warrants	—	—	—	—%
Total Investment Portfolio	\$ 241,228	\$ 229,240	\$ (11,988)	7.05%

(1) Weighted average yield at cost is computed as (a) the annual stated interest rate or yield earned on accruing debt and other income producing securities, divided by (b) the total investments in such asset type at amortized cost. The weighted average yield of our portfolio does not represent the total return to our stockholders.

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

The Investment Portfolio was actively managed, with a turnover ratio of 21.61% and 47.55%, respectively, for the three and six months ended June 30, 2017. 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	Equity	Total	First Lien	Second Lien	CLO Equity	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)
Amortization/accretion and CLO income accrual ⁽²⁾	44	3	1,428	—	1,475	116	11	3,263	—	3,390
Net realized gain (loss)	108	(439)	(3,404)	—	(3,735)	474	(352)	(3,404)	9	(3,273)
Net unrealized gain (loss)	(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

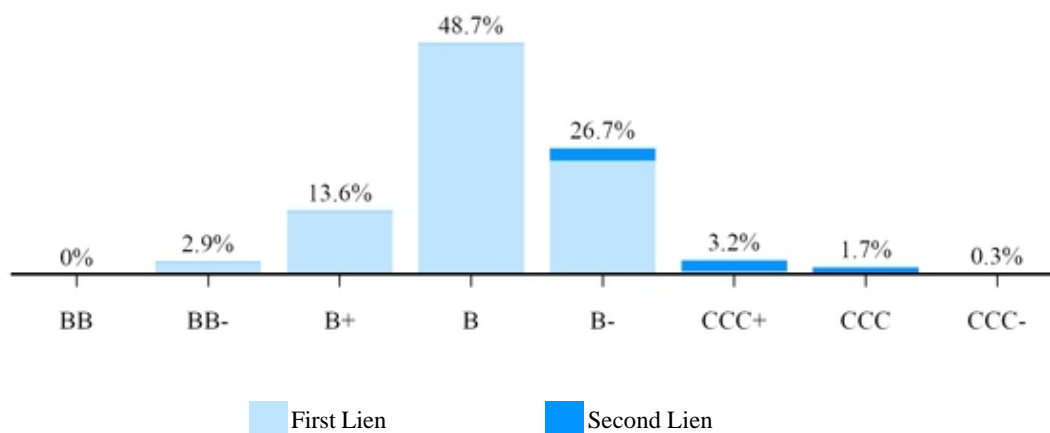
(1) Repayments for CLO equity reflect the amount of cash distributions from CLO investments received during the three and six months ended June 30, 2017.

(2) 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, 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 June 30, 2018, approximately 65.2% of our Loan Portfolio, at fair value, was comprised of loans with a facility rating by S&P of at least “B” or higher. The following chart shows the S&P facility credit rating of our rated Loan Portfolio at fair value as of June 30, 2018:

Loan Portfolio by S&P Facility Rating(1)



(1) As a percentage of the total Loan Portfolio, excluding non-rated loans which represent 2.9% of the total Loan Portfolio.

Results of Operations

Operating results for the three and six months ended June 30, 2018 and 2017 were as follows:

(\$ in thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Investment income:				
Senior floating rate loans	\$ 3,044	\$ 2,691	\$ 5,762	\$ 5,468
CLO equity	1,157	1,428	2,517	3,263
Total investment income	4,201	4,119	8,279	8,731
Expenses:				
Interest and other debt related costs	952	769	1,851	1,502
Management fee	473	533	942	1,064
Other operating expenses	669	541	1,164	1,255
Total expenses	2,094	1,843	3,957	3,821
Expense reimbursement	—	(176)	—	(614)
Net expenses	2,094	1,667	3,957	3,207
Net investment income before taxes	2,107	2,452	4,322	5,524
Income tax provision, including excise tax	(6)	(9)	(6)	(28)
Net investment income	2,101	2,443	4,316	5,496
Net realized and unrealized gain (loss) on investments:				
Net realized loss on investments	(2,100)	(3,735)	(3,786)	(3,273)
Net unrealized gain (loss) on investments	(524)	1,685	2,072	922
Net loss on investments	(2,624)	(2,050)	(1,714)	(2,351)
Net increase (decrease) in net assets resulting from operations (“Net Earnings (Losses)”)	\$ (523)	\$ 393	\$ 2,602	\$ 3,145

Investment Income

Investment income increased \$0.1 million, or 2%, to \$4.2 million for the three months ended June 30, 2018 compared to the comparable period in 2017. The increase was a result of higher portfolio yields, on average, during the second quarter of 2018 compared to the comparable period in 2017. The weighted average yield at cost on our Loan Portfolio, CLO Portfolio and Investment Portfolio was 6.52%, 9.64% and 7.13%, respectively, during the three months ended June 30, 2018, as compared to 5.46%, 11.67% and 6.67%, respectively, during the three months ended June 30, 2017.

Investment income decreased \$0.5 million, or 5%, to \$8.3 million for the six months ended June 30, 2018 compared to the comparable period in 2017. The decrease was a result of a smaller Investment Portfolio, on average, during the first half of 2018 compared to the comparable period in 2017. The weighted average yield at cost on our Loan Portfolio, CLO Portfolio and Investment Portfolio was 6.36%, 10.12% and 7.12%, respectively, during the six months ended June 30, 2018, as compared to 5.49%, 12.44% and 6.84%, respectively, during the six months ended June 30, 2017.

Net Expenses

For the three months ended June 30, 2018, net expenses increased \$0.4 million, or 25.6%, to \$2.1 million as compared to the comparable period in 2017. The increase in net expenses was primarily driven by the expiration of the Voluntary Expense Cap and an increase in interest expense mainly due to increasing LIBOR rates.

For the six months ended June 30, 2018, net expenses increased \$0.8 million, or 23.4%, to \$4.0 million as compared to the comparable period in 2017. The increase in net expenses was primarily driven by the expiration of the Voluntary Expense Cap and an increase in interest expense mainly due to increasing LIBOR rates.

The following table outlines the costs associated with our Credit Facility (as defined below) during the three and six months ended June 30, 2018 and 2017:

(\$ in thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Interest expense	\$ 877	\$ 668	\$ 1,678	\$ 1,311
Commitment fees	52	78	127	145
Amortization of deferred financing costs	23	23	46	46
Total interest and other debt related costs	\$ 952	\$ 769	\$ 1,851	\$ 1,502
Weighted average debt outstanding	\$ 95,026	\$ 93,993	\$ 95,229	\$ 96,604
Weighted average cost of funds ⁽¹⁾	4.01%	3.20%	3.89%	3.04%
Weighted average stated interest rate	3.72%	2.82%	3.53%	2.70%

(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, 2018 totaled \$29.9 million resulting in a net realized loss on investments of \$2.1 million. 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, 2018 totaled \$61.5 million resulting in a net realized loss on investments of \$3.8 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.

Net Unrealized Gain (Loss) on Investments

During the three months ended June 30, 2018, we recognized a net unrealized loss on investments of \$0.5 million primarily composed of a net unrealized depreciation on investments of \$2.4 million offset by the reversal of net unrealized depreciation related to a net realized loss of \$1.9 million. During the three months ended June 30, 2017, we recognized a net unrealized gain on investments of \$1.7 million primarily composed of a net unrealized depreciation of investments of \$2.0 million offset by the reversal of net unrealized depreciation related to net realized loss of \$3.7 million.

During the six months ended June 30, 2018, we recognized a net unrealized gain on investments of \$2.1 million primarily composed of a net unrealized depreciation on investments of \$1.4 million offset by the reversal of net unrealized depreciation related to a net realized loss of \$3.5 million. During the six months ended June 30, 2017, we recognized a net unrealized gain on investments of \$0.9 million primarily composed of a net unrealized depreciation on investments of \$2.0 million offset by the reversal of net unrealized depreciation related to a net realized loss of \$2.9 million.

Income Taxes

We have elected to be treated as a RIC for U.S. federal income tax purposes. In order to qualify as a RIC, among other things, we are required to timely distribute to our shareholders at least 90% of our investment company taxable income, as defined by the Code, 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. In order to maintain our RIC status, we have made and intend to continue to make the requisite distributions to our stockholders which will generally relieve us from U.S. federal corporate-level income taxes.

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 required, 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, 2018, we recorded an expense of \$6 thousand and \$6 thousand, respectively, for U.S. federal excise tax. For the three and six months ended June 30, 2017, we recorded an expense of \$9 thousand and \$28 thousand, respectively, for U.S. federal excise tax.

Financial Condition, Liquidity and Capital Resources

Liquidity and capital resources arise primarily from our cash flows from operations, borrowings from the Credit Facility (as defined below) 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.

We regularly engage in discussions with respect to exploring and evaluating a broad range of transactions to enhance long-term shareholder value. Consummation of any such transaction would be subject to completion of due diligence, finalization of key business and financial terms and negotiation of final definitive documentation as well as a number of other factors and conditions including, without limitation, the approval of our Board and required regulatory or third party consents and, in certain cases, the approval of our stockholders.

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, 2018, our net asset value was \$12.76 per share and our closing market price was \$12.30 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 originally could borrow up to \$135 million with a maturity date of December 18, 2018. In May 2018, ACSF Funding exercised its option under its Credit Facility to reduce its total commitment thereunder by \$20 million, resulting in remaining aggregate commitments of \$115 million under the Credit Facility. 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%. See “Recent Developments,” as well as Note 11 to our consolidated financial statements for the three and six months ended June 30, 2018 for a subsequent event regarding the termination of the Credit Facility.

As of June 30, 2018, we had \$92.3 million in borrowings outstanding on our Credit Facility. The fair value of the assets owned by ACSF Funding as of June 30, 2018 was \$186.3 million and the borrowing base was \$137.7 million. On a consolidated basis, as of June 30, 2018, ACSF’s ratio of our principal debt outstanding to stockholders’ equity was 0.72 to 1. As of June 30, 2018, we had approximately \$22.7 million of available capacity on our Credit Facility.

As a BDC, we are currently 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, 2018, the aggregate amount outstanding of the senior securities issued by us was \$92.3 million. As of June 30, 2018 and December 31, 2017, our asset coverage was 238% and 250%, 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 June 30, 2018 and December 31, 2017, we had \$1.2 million and \$0.6 million, respectively, 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 taxable income and the excess of net short term gains over net long term losses, if any, out of the assets legally available for distribution. During the six months ended June 30, 2018 and 2017, 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, 2018 and 2017 (\$ 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
January 18, 2018	February 20, 2018	February 22, 2018	March 5, 2018	\$ 0.097	\$ 970
January 18, 2018	March 16, 2018	March 20, 2018	April 4, 2018	0.097	970
January 18, 2018	April 17, 2018	April 19, 2018	May 2, 2018	0.097	970
May 10, 2018	May 18, 2018	May 21, 2018	June 4, 2018	0.097	970
May 10, 2018	June 19, 2018	June 20, 2018	July 5, 2018	0.097	970
May 10, 2018	July 19, 2018	July 20, 2018	August 2, 2018	0.097	970
Total declared during the six months ended June 30, 2018				\$ 0.582	\$ 5,820
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

We maintain an “opt out” dividend reinvestment and stock purchase plan (the “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. See “Recent Developments,” as well as Note 11 to our consolidated financial statements for the three and six months ended June 30, 2018 for more information on the Dividend Reinvestment and Stock Purchase Plan.

Recent Developments

On July 2, 2018, in connection with the Plan, we suspended our Dividend Reinvestment and Stock Purchase Plan. The suspension will become effective for all distributions with record dates on or after August 1, 2018.

In July 2018, we fully repaid our outstanding commitments on our Credit Facility and as of July 27, 2018, the Credit Facility was effectively terminated.

NASDAQ Delisting

On August 3, 2018, in connection with the Plan, the Board approved the voluntary delisting of our common stock from the NASDAQ Global Select Market (“NASDAQ”). On August 6, 2018, we provided notice to NASDAQ of our intent to voluntarily delist and deregister our common stock from NASDAQ. We intend to file a Form 25 with the SEC on or about August 16, 2018 to commence the delisting process. We expect that the delisting will become effective prior to the commencement of trading on or about August 27, 2018, at which time trading in the Common Stock will be indefinitely suspended.

Liquidating Distribution

On August 3, 2018, in connection with our sale of certain of our portfolio investments pursuant to the Plan, the Board approved an initial liquidating distribution of \$8.80 per share (such distribution, the “Initial Liquidating Distribution”) to our stockholders of record as of the close of business on August 16, 2018 (the “Record Date”) in accordance with the Plan. The payment of the Initial Liquidating Distribution will be made on August 27, 2018. In accordance with NASDAQ rules, the ex-dividend date will be August 28, 2018, the first business day following the payment date for the Initial Liquidating Distribution.

In addition to the sale of certain of our portfolio investments that have been completed, we have entered into contracts for the sale of all of our remaining portfolio investments but cannot assure you that these remaining sales will be consummated. After paying and/or maintaining reserves against all of our liabilities (including contingent liabilities), we intend to make one or more additional liquidating distributions of our remaining assets to our stockholders (collectively, “Additional Liquidating Distributions” and, together with the Initial Liquidating Distribution, “Total Liquidating Distributions”). Total Liquidating Distributions are estimated to be within a range of \$12.33 to \$12.46 per share as detailed below.

Based on the information currently available, we estimate that the aggregate amount to be received by stockholders pursuant to the Plan (including cumulative dividends already paid in May, June, July and August of 2018 (the “Cumulative Dividends Paid”), the Initial Liquidating Distribution and Additional Liquidating Distributions) will be between 97% to 98% of our net asset value per share as of March 31, 2018 of \$13.11, or within a range of \$12.72 to \$12.85 per share. These aggregate amounts include (a) the Cumulative Dividends Paid of \$0.388 per share, (b) the Initial Liquidating Distribution of \$8.80 per share and (c) Additional Liquidating Distributions, which we currently estimate will be within a range of \$3.53 to \$3.66 per share in the aggregate. The actual Additional Liquidating Distributions received by each stockholder could be more or less than the estimated ranges and the timing of such distributions is uncertain. We intend to complete the Additional Liquidating Distributions by September 30, 2018, or as soon as practicable thereafter.

Critical Accounting Policies

See “Note 2 - Significant Accounting Policies” and “Note 6 - Investments” to our consolidated financial statements for the three and six months ended June 30, 2018, which describes our critical accounting policies.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

We are subject to financial market risks, including changes in interest rates. As of June 30, 2018, all of our Loan Portfolio bore interest at floating rates. The interest rates on our Loan Portfolio are usually based on a floating LIBOR and typically contain interest rate reset provisions that adjust applicable interest rates to current rates on a periodic basis. As of June 30, 2018, the Loan Portfolio consisted of all floating rate investments with 86.4% having LIBOR floors ranging between 0.75% and 1.25%. As of June 30, 2018, the benchmark LIBOR used to set borrowing rates on our Loan Portfolio was generally above the interest rate floors and therefore our Loan Portfolio will generally fluctuate with changes in short term interest rates, subject to the interest rate floors in place. The 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, 2018, (including no change to borrowing spreads), 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 the Credit Facility.

<i>(\$ in thousands except per share data)</i> Basis Point Increase (Decrease)	Interest income	Interest expense	Net Increase (Decrease)	Net Increase (Decrease) per share
300	\$ 5,706	\$ 2,769	\$ 2,937	\$ 0.29
200	\$ 3,804	\$ 1,846	\$ 1,958	\$ 0.20
100	\$ 1,902	\$ 923	\$ 979	\$ 0.10
(100)	\$ (1,902)	\$ (923)	\$ (979)	\$ (0.10)
(200)	\$ (2,713)	\$ (1,846)	\$ (867)	\$ (0.09)
(300)	\$ (2,795)	\$ (1,931)	\$ (864)	\$ (0.09)

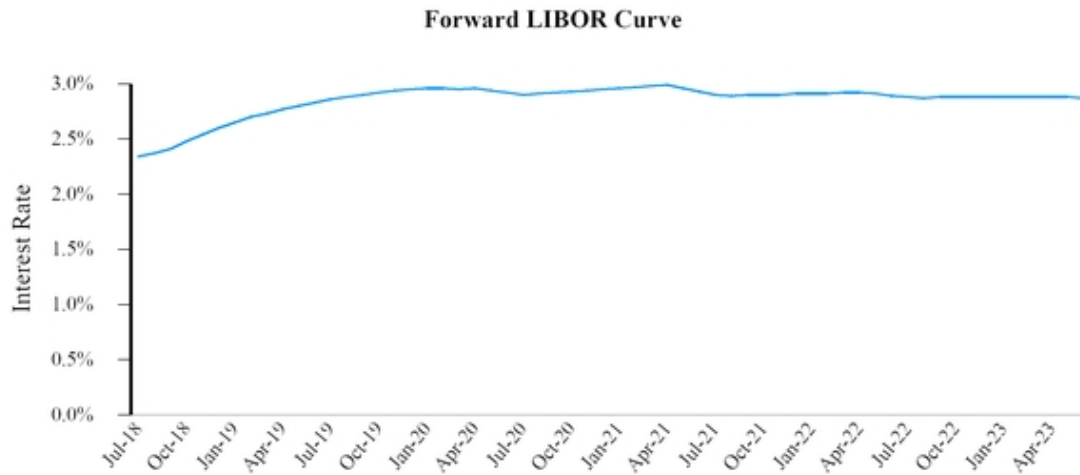
Based on our consolidated statement of assets and liabilities as of December 31, 2017, (including no change to borrowing spreads), the following table shows the approximate annualized impact to the components of our results of operations from hypothetical base rate changes in interest rates to our Loan Portfolio and the Credit Facility.

<i>(\$ in thousands except per share data)</i> Basis Point Increase (Decrease)	Interest income	Interest expense	Net Increase (Decrease)	Net Increase (Decrease) per share
300	\$ 5,712	\$ 2,625	\$ 3,087	\$ 0.31
200	\$ 3,808	\$ 1,750	\$ 2,058	\$ 0.21
100	\$ 1,904	\$ 875	\$ 1,029	\$ 0.10
(100)	\$ (1,340)	\$ (875)	\$ (465)	\$ (0.05)
(200)	\$ (1,363)	\$ (1,369)	\$ 6	\$ —
(300)	\$ (1,363)	\$ (1,369)	\$ 6	\$ —

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 the credit market, credit quality, size and composition of 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 Portfolio. Our CLO Portfolio comprises 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 Portfolio is calculated using the effective interest method which incorporates a forward LIBOR curve in the projected cash flows. Any change to 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, 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 Portfolio as of June 30, 2018⁽¹⁾.



- (1) Forward LIBOR curve used to develop the cash flows incorporated in the June 30, 2018 valuations and the cash flows used to calculate the effective yield at cost as of June 30, 2018. Source: Bloomberg as of July 12, 2018.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as that term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) that are designed to ensure that information required to be disclosed in our reports under the Exchange Act 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 principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosures. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. Our management, with the participation of our principal executive officer and principal financial officer, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of June 30, 2018. Based upon that evaluation and subject to the foregoing, our principal executive officer and principal financial officer concluded that, as of June 30, 2018, the design and operation of our disclosure controls and procedures were effective to accomplish their objectives at the reasonable assurance level.

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) and 15d-15(f) under the Exchange Act) during the quarter ended June 30, 2018 that have materially affected, or that 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, 2017 and Part II, “Item 1A. Risk Factors” in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2018, which could materially affect our business, financial condition and/or operating results. The risks described in our Annual Report on Form 10-K and Quarterly Report on Form 10-Q for the quarter ended March 31, 2018 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:

<u>Exhibit Number</u>	<u>Description</u>
2.1	Plan of Complete Liquidation and Dissolution of American Capital Senior Floating, Ltd., dated May 4, 2018.
*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.
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 6, 2018

By:

/s/ KEVIN BRADDISH

Kevin Braddish
President and Chief Executive Officer
(Principal Executive Officer)

Date: August 6, 2018

By:

/s/ PENNI F. ROLL

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

Date: August 6, 2018

By:

/s/ SCOTT C. LEM

Scott C. Lem
Chief Accounting Officer
(Principal Accounting Officer)

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Section 2: EX-2.1 (EXHIBIT 2.1)

Exhibit 2.1

AMERICAN CAPITAL SENIOR FLOATING, LTD.

PLAN OF COMPLETE LIQUIDATION AND DISSOLUTION

1. This Plan of Complete Liquidation and Dissolution (the "**Plan**") of American Capital Senior Floating, Ltd., a Maryland corporation (the "**Company**"), has been approved by the Board of Directors of the Company (the "**Board**") as being advisable and in the best interests of the Company and its stockholders (the "**Stockholders**"). The Board has directed that the Plan, including the sale of all or substantially all of the Company's assets and the dissolution of the Company pursuant to the Plan, be submitted to the Stockholders for approval. The Plan shall become effective upon approval of the Plan by the Stockholders. The date of the Stockholders' approval is hereinafter referred to as the "**Effective Date**."

2. Within 30 days after the Effective Date, the proper officers of the Company shall file Form 966 with the Internal Revenue Service, together with a certified copy of the Plan, as advised and approved by the Board and approved by the Stockholders. Not less than 20 days before the filing of Articles of Dissolution with the State Department of Assessments and Taxation of the State of Maryland (the "**SDAT**"), the proper officers of the Company shall mail notice to all known creditors of the Company, if any, at their respective addresses shown on the records of the Company as well as all employees of the Company, if any, either at their home addresses as shown on the records of the Company, or at their business addresses, that the dissolution of the Company has been approved (alternatively, the Board may determine that the Company has no employees or known creditors).

3. As soon as practicable after the Effective Date, the Company shall be voluntarily liquidated and dissolved. Pursuant to the Plan, the proper officers of the Company shall perform such acts, execute and deliver such documents, and do all things as may be reasonably necessary or advisable to complete the liquidation and dissolution of the Company, including, but not limited to, the following: (a) promptly wind up the Company's affairs, collect its assets and pay or provide for its liabilities (including contingent liabilities); (b) sell all property of the Company at public or private sale; (c) prosecute, settle or compromise all claims or actions of the Company or to which the Company is subject; (d) declare and pay to or for the account of the Stockholders, at any one or more times as they may determine, liquidating distributions in cash, kind or both; (e) cancel all outstanding shares of stock of the Company upon the dissolution of the Company; (f) execute for or on behalf of the Company, in its corporate name and under its corporate seal, those contracts of sale, deeds, assignments, notices and other documents as may be necessary, desirable or convenient in connection with the carrying out of the liquidation and dissolution of the Company; (g) execute for or on behalf of the Company, in its corporate name and under its corporate seal, such forms and documents as are required by the State of Maryland, any jurisdiction in which the Company has been qualified to do business and the Federal government, including tax returns; and (h) pay all costs, fees and expenses, taxes and other liabilities incurred by the Company and/or its officers in carrying out the liquidation and dissolution of the Company. All expenses incurred by the Company and/or its officers in carrying out the Plan, including the liquidation and dissolution of the Company, shall be borne by the Company.

4. Upon assignment and conveyance of the assets of the Company to the Stockholders, in complete liquidation of the Company as contemplated by Sections 2 and 3 above, and the taking of all actions required under the laws of the State of Maryland in connection with the liquidation and dissolution of the Company, the proper officers of the Company shall execute and cause to be filed with the SDAT, and elsewhere as may be required or deemed appropriate, Articles of Dissolution and such other documents as may be required to dissolve the Company.

5. The Board and such officers of the Company as the Board may direct are hereby authorized to interpret the provisions of the Plan and are hereby authorized and directed to take such further actions, to execute such agreements, conveyances, assignments, transfers, certificates and other documents, as may in their judgment be necessary or desirable in order to wind up expeditiously the affairs of the Company and complete the liquidation thereof, including, without limitation, (a) the execution of any contracts, deeds, assignments or other instruments necessary or appropriate to sell or otherwise dispose of, any and all property of the Company, whether real or personal, tangible or intangible, (b) the appointment of other persons to carry out any aspect of the Plan, (c) the temporary investment of funds in such medium as the Board may deem appropriate, and (d) the modification or amendment of the Plan as may be necessary or appropriate to implement the Plan. In addition, the Board may abandon the Plan prior to the filing of the Articles of Dissolution of the Company if it determines that abandonment would be advisable and in the best interests of the Company and its stockholders.

6. This Plan is intended to constitute a plan of liquidation for purposes of Section 331 of the Internal Revenue Code of 1986, as amended, and shall be interpreted and applied consistently therewith.

7. Under Maryland law, stockholders will not be entitled to appraisal rights in connection with the liquidation and dissolution of the Company pursuant to this Plan.

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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 6, 2018

/s/ KEVIN BRADDISH

Kevin Braddish
Chief Executive Officer
(Principal Executive Officer)

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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 6, 2018

/s/ PENNI F. ROLL

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

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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, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the Company certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of such officer's knowledge:

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 6, 2018

/s/ PENNI F. ROLL

Name: Penni F. Roll
Title: Chief Financial Officer (Principal Financial Officer)
Date: August 6, 2018

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.

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