

APOLLO INVESTMENT CORP  
Form 10-Q  
November 03, 2017

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

FORM 10-Q

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

For the quarterly period ended September 30, 2017

OR

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

Commission File Number: 814-00646

APOLLO INVESTMENT CORPORATION

(Exact name of Registrant as specified in its charter)

Maryland

52-2439556

(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

9 West 57<sup>th</sup> Street

37th Floor

10019

New York, New York

(Address of principal executive offices)

(Zip Code)

(212) 515-3450

(Registrant's telephone number, including area code)

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

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

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

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company

(Do not check if a smaller reporting company)

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 of Common Stock Outstanding at November 2, 2017

\$0.001 par value 218,442,554

## APOLLO INVESTMENT CORPORATION

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## PART I. FINANCIAL INFORMATION

In this report, the terms the “Company,” “Apollo Investment,” “AIC,” “we,” “us,” and “our” refer to Apollo Investment Corporation unless the context specifically states otherwise.

## Item 1. Financial Statements

APOLLO INVESTMENT CORPORATION  
STATEMENTS OF ASSETS AND LIABILITIES

(In thousands, except share and per share data)

|  | September 30,<br>2017 | March 31,<br>2017 |
|--|-----------------------|-------------------|
|  | (Unaudited)           |                   |
| Assets   |                       |                   |
| Investments and option contracts at fair value:  |                       |                   |
| Non-controlled/non-affiliated investments (cost — \$1,448,348 and \$1,510,980, respectively)   | \$1,441,064           | \$1,402,409       |
| Non-controlled/affiliated investments (cost — \$246,083 and \$417,471, respectively)   | 224,881               | 239,050           |
| Controlled investments (cost — \$701,852 and \$676,972, respectively)  | 694,345               | 675,249           |
| Option contracts (cost — \$5,057 and \$0, respectively)  | 4,020                 | —                 |
| Cash and cash equivalents  | 31,179                | 9,783             |
| Foreign currencies (cost — \$1,961 and \$1,494, respectively)  | 1,966                 | 1,497             |
| Collateral on option contracts   | 6,070                 | —                 |
| Receivable for investments sold  | 8,129                 | 40,226            |
| Interest receivable  | 18,237                | 17,072            |
| Dividends receivable   | 3,143                 | 6,489             |
| Deferred financing costs   | 15,791                | 17,632            |
| Prepaid expenses and other assets  | 581                   | 713               |
| Total Assets   | \$2,449,406           | \$2,410,120       |
| Liabilities  |                       |                   |
| Debt   | \$864,906             | \$848,449         |
| Option contracts at fair value (proceeds — \$5,041 and \$0, respectively)  | 5,877                 | —                 |
| Payable for investments purchased  | 40,878                | 13,970            |
| Distributions payable  | 32,855                | 32,954            |
| Management and performance-based incentive fees payable  | 18,370                | 16,306            |
| Interest payable   | 7,280                 | 7,319             |
| Accrued administrative services expense  | 1,785                 | 2,250             |
| Other liabilities and accrued expenses   | 4,855                 | 7,075             |
| Total Liabilities  | \$976,806             | \$928,323         |
| Commitments and contingencies (Note 10)  |                       |                   |
| Net Assets   | \$1,472,600           | \$1,481,797       |
| Net Assets   |                       |                   |
| Common stock, \$0.001 par value (400,000,000 shares authorized; 219,034,354 and 219,694,654 shares issued and outstanding, respectively) | \$219                 | \$220             |
| Paid-in capital in excess of par   | 2,920,820             | 2,924,775         |
| Accumulated underdistributed net investment income   | 89,802                | 88,134            |
| Accumulated net realized loss  | (1,514,999 )          | (1,277,625 )      |
| Net unrealized loss  | (23,242 )             | (253,707 )        |
| Net Assets   | \$1,472,600           | \$1,481,797       |
| Net Asset Value Per Share  | \$6.72                | \$6.74            |

See notes to financial statements.

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APOLLO INVESTMENT CORPORATION  
 STATEMENTS OF OPERATIONS (Unaudited)  
 (In thousands, except per share data)

|   | Three Months<br>Ended September<br>30, |           | Six Months Ended<br>September 30, |             |
|---|--|-----------|-----------------------------------|-------------|
|   | 2017                                   | 2016      | 2017                              | 2016        |
| Investment Income   |  |           |                                   |             |
| Non-controlled/non-affiliated investments:                  |  |           |                                   |             |
| Interest income (excluding Payment-in-kind interest income) | \$39,319                               | \$41,728  | \$78,271                          | \$88,779    |
| Dividend income   | —                                      | 1,069     | —                                 | 2,173       |
| Payment-in-kind interest income                             | 2,118                                  | 678       | 4,174                             | 1,971       |
| Other income  | 2,647                                  | 349       | 3,777                             | 2,047       |
| Non-controlled/affiliated investments:                      |  |           |                                   |             |
| Interest income (excluding Payment-in-kind interest income) | 1                                      | 247       | 115                               | 461         |
| Dividend income   | 981                                    | 4,656     | 2,068                             | 7,703       |
| Payment-in-kind interest income                             | 2,501                                  | 122       | 4,938                             | 169         |
| Other income  | —                                      | —         | (306)                             | ) 70        |
| Controlled investments:                                     |  |           |                                   |             |
| Interest income (excluding Payment-in-kind interest income) | 14,241                                 | 12,247    | 29,315                            | 24,677      |
| Dividend income   | 3,303                                  | 2,750     | 8,153                             | 7,450       |
| Payment-in-kind interest income                             | 1,351                                  | 5,180     | 2,668                             | 9,995       |
| Total Investment Income                                     | \$66,462                               | \$69,026  | \$133,173                         | \$145,495   |
| Expenses  |  |           |                                   |             |
| Management fees   | \$12,290                               | \$13,302  | \$24,415                          | \$27,700    |
| Performance-based incentive fees                            | 8,037                                  | 1,943     | 15,949                            | 10,393      |
| Interest and other debt expenses                            | 13,832                                 | 14,438    | 28,047                            | 31,231      |
| Administrative services expense                             | 1,692                                  | 2,642     | 3,368                             | 4,168       |
| Other general and administrative expenses                   | 1,620                                  | 2,550     | 4,176                             | 7,589       |
| Total expenses  | 37,471                                 | 34,875    | 75,955                            | 81,081      |
| Management and performance-based incentive fees waived      | (5,081 )                               | (5,302 )  | (10,091 )                         | (11,019 )   |
| Expense reimbursements                                      | (85 )                                  | (84 )     | (168 )                            | (168 )      |
| Net Expenses  | \$32,305                               | \$29,489  | \$65,696                          | \$69,894    |
| Net Investment Income                                       | \$34,157                               | \$39,537  | \$67,477                          | \$75,601    |
| Net Realized and Change in Unrealized Gains (Losses)        |  |           |                                   |             |
| Net realized gains (losses):                                |  |           |                                   |             |
| Non-controlled/non-affiliated investments                   | \$(7,309 )                             | \$17,348  | \$(97,148 )                       | \$(40,127 ) |
| Non-controlled/affiliated investments                       | —                                      | (21,257 ) | (146,840 )                        | 44,574      |
| Controlled investments                                      | —                                      | —         | —                                 | (191 )      |
| Option contracts  | (5 )                                   | —         | (5 )                              | —           |
| Foreign currency transactions                               | 3,695                                  | 905       | 6,619                             | 1,265       |
| Net realized gains (losses)                                 | (3,619 )                               | (3,004 )  | (237,374 )                        | 5,521       |
| Net change in unrealized losses:                            |  |           |                                   |             |
| Non-controlled/non-affiliated investments                   | 10,049                                 | 46,305    | 101,287                           | 65,026      |
| Non-controlled/affiliated investments                       | 1,489                                  | (36,007 ) | 157,219                           | (129,794 )  |
| Controlled investments                                      | 1,284                                  | (10,284 ) | (5,784 )                          | (34,583 )   |
| Option contracts  | (1,873 )                               | —         | (1,873 )                          | —           |
| Foreign currency translations                               | (9,700 )                               | 4,567     | (20,384 )                         | 17,257      |
| Net change in unrealized losses                             | 1,249                                  | 4,581     | 230,465                           | (82,094 )   |

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|   |            |          |            |             |
|---|------------|----------|------------|-------------|
| Net Realized and Change in Unrealized Gains (Losses)            | \$(2,370 ) | \$1,577  | \$(6,909 ) | \$(76,573 ) |
| Net Increase (Decrease) in Net Assets Resulting from Operations | \$31,787   | \$41,114 | \$60,568   | \$(972 )    |
| Earnings (Loss) Per Share                                       | \$0.14     | \$0.18   | \$0.28     | \$0.00      |

See notes to financial statements.

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STATEMENTS OF CHANGES IN NET ASSETS

(In thousands, except share data)

|   | Six Months<br>Ended<br>September<br>30, 2017<br>(Unaudited) | Year Ended<br>March 31,<br>2017 |
|---|---|---------------------------------|
| <b>Operations</b>   |   |                                 |
| Net investment income   | \$67,477  | \$149,243                       |
| Net realized losses   | (237,374 )  | (41,823 )                       |
| Net change in unrealized losses   | 230,465   | (89,050 )                       |
| Net Increase in Net Assets Resulting from Operations                    | \$60,568  | \$18,370                        |
| <b>Distributions to Stockholders</b>                                    |   |                                 |
| Distribution of net investment income                                   | \$(65,809 )   | \$(76,950 )                     |
| Distribution of return of capital                                       | —   | (67,286 )                       |
| Net Decrease in Net Assets Resulting from Distributions to Stockholders | \$(65,809 )   | \$(144,236 )                    |
| <b>Capital Share Transactions</b>                                       |   |                                 |
| Repurchase of common stock  | (3,956 )  | (37,918 )                       |
| Net Decrease in Net Assets Resulting from Capital Share Transactions    | \$(3,956 )  | \$(37,918 )                     |
| <b>Net Assets</b>   |   |                                 |
| Net decrease in net assets during the period                            | \$(9,197 )  | \$(163,784 )                    |
| Net assets at beginning of period                                       | 1,481,797   | 1,645,581                       |
| Net Assets at End of Period   | \$1,472,600   | \$1,481,797                     |
| <b>Capital Share Activity</b>   |   |                                 |
| Shares repurchased during the period                                    | (660,300 )  | (6,461,842 )                    |
| Shares issued and outstanding at beginning of period                    | 219,694,654   | 226,156,496                     |
| Shares Issued and Outstanding at End of Period                          | 219,034,354   | 219,694,654                     |

See notes to financial statements.

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APOLLO INVESTMENT CORPORATION  
 STATEMENTS OF CASH FLOWS (Unaudited)  
 (In thousands)

|   | Six Months Ended<br>September 30, |             |
|---|-----------------------------------|-------------|
|   | 2017                              | 2016        |
| Operating Activities  |                                   |             |
| Net increase (decrease) in net assets resulting from operations   | \$60,568                          | \$(972 )    |
| Net realized (gains) losses   | 237,374                           | (5,521 )    |
| Net change in unrealized (gains) losses   | (230,465 )                        | 82,094      |
| Net amortization of premiums and accretion of discounts on investments  | (3,563 )                          | (2,620 )    |
| Accretion of discount on notes  | 297                               | 298         |
| Amortization of deferred financing costs  | 2,418                             | 2,985       |
| Increase from foreign currency transactions   | 6,619                             | 1,265       |
| Payment-in-kind interest and dividends capitalized  | (10,501 )                         | (21,147 )   |
| Changes in operating assets and liabilities:  |                                   |             |
| Purchases of investments  | (580,567 )                        | (251,591 )  |
| Proceeds from sales and repayments of investments   | 618,789                           | 627,113     |
| Purchases of option contracts   | (5,062 )                          | —           |
| Proceeds from option contracts  | 5,041                             | —           |
| Decrease (increase) in interest receivable  | (1,063 )                          | 14,540      |
| Decrease in dividends receivable  | 3,346                             | 2,517       |
| Decrease in prepaid expenses and other assets   | 132                               | 8,472       |
| Increase (decrease) in management and performance-based incentive fees payable                                  | 2,064                             | (8,774 )    |
| Decrease in interest payable  | (39 )                             | (410 )      |
| Decrease in accrued administrative services expense   | (465 )                            | (603 )      |
| Increase (decrease) in other liabilities and accrued expenses   | (2,220 )                          | 405         |
| Net Cash Provided by Operating Activities   | \$102,703                         | \$448,051   |
| Financing Activities  |                                   |             |
| Issuances of debt   | \$622,483                         | \$506,747   |
| Payments of debt  | (627,219 )                        | (788,487 )  |
| Financing costs paid and deferred   | (170 )                            | (485 )      |
| Repurchase of common stock  | (3,956 )                          | (24,343 )   |
| Distributions paid  | (65,908 )                         | (90,245 )   |
| Net Cash Used in Financing Activities   | \$(74,770 )                       | \$(396,813) |
| Cash, Cash Equivalents, Foreign Currencies and Collateral on Option Contracts                                   |                                   |             |
| Net increase in cash, cash equivalents, foreign currencies and collateral on option contracts during the period | \$27,933                          | \$51,238    |
| Effect of foreign exchange rate changes   | 2                                 | (31 )       |
| Cash, cash equivalents, foreign currencies and collateral on option contracts at beginning of period            | 11,280                            | 18,905      |
| Cash, Cash Equivalents, Foreign Currencies and Collateral on Option Contracts at the End of Period              | \$39,215                          | \$70,112    |
| Supplemental Disclosure of Cash Flow Information  |                                   |             |
| Cash interest paid  | \$25,326                          | \$27,120    |

Non-Cash Activity

Payment-in-kind income

\$11,780 \$12,544

See notes to financial statements.

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APOLLO INVESTMENT CORPORATION  
SCHEDULE OF INVESTMENTS (Unaudited)

September 30, 2017

(In thousands, except share data)

| Investment  | Industry                           | Interest Rate (20)             | Maturity Date | Par (12)  | Cost     | Fair Value (1) | ASC 820 Level (32) |
|---|------------------------------------|--------------------------------|---------------|-----------|----------|----------------|--------------------|
| Non-Controlled/Non-Affiliated Investments                           |                                    |                                |               |           |          |                |                    |
| Corporate Debt  |                                    |                                |               |           |          |                |                    |
| Secured Debt  |                                    |                                |               |           |          |                |                    |
| First Lien Secured Debt   |                                    |                                |               |           |          |                |                    |
| First Lien Secured Debt (excluding Revolvers and Letters of Credit) |                                    |                                |               |           |          |                |                    |
| American Media, Inc. (16)   | Advertising, Printing & Publishing | 10.24% (1M L+900, 1.00% Floor) | 8/24/20       | \$ 14,667 | \$14,324 | \$15,033       | Level 3            |
| Simplifi Holdings, Inc. (9)(16)                                     | Advertising, Printing & Publishing | 7.74% (1M L+650, 1.00% Floor)  | 9/28/22       | 12,200    | 11,835   | 11,834         | Level 3            |
| Total Advertising, Printing & Publishing— 1.8%(10)                  |                                    |                                |               |           | \$26,159 | \$26,867       |                    |
| Dodge Data & Analytics LLC  | Business Services                  | 10.13% (3M L+875, 1.00% Floor) | 10/31/19      | \$ 50,478 | \$50,055 | \$49,090       | Level 3            |
| PSI Services, LLC (9)(16)   | Business Services                  | 6.24% (1M L+500, 1.00% Floor)  | 1/20/23       | 4,142     | 4,050    | 4,070          | Level 3            |
| RA Outdoors, LLC (9)(16)  | Business Services                  | 5.99% (1M L+475, 1.00% Floor)  | 9/11/24       | 8,800     | 8,625    | 8,624          | Level 3            |
| Total Business Services— 4.2%(10)                                   |                                    |                                |               |           | \$62,730 | \$61,784       |                    |
| Maxus Capital Carbon SPE I, LLC                                     | Chemicals, Plastics & Rubber       | 5.22% PIK                      | 12/31/18      | \$ 59,305 | \$59,305 | \$49,544       | Level 3            |
| Total Chemicals, Plastics & Rubber— 3.4%(10)                        |                                    |                                |               |           | \$59,305 | \$49,544       |                    |
| KLO / 9357-5991 Quebec Inc  | Consumer Goods – Durable           | 9.00% (1M L+775, 0.75% Floor)  | 4/7/22        | \$ 9,382  | \$9,276  | \$9,273        | Level 3            |
| KLO Acquisition LLC   | Consumer Goods – Durable           | 9.00% (1M L+775, 0.75% Floor)  | 4/7/22        | 5,466     | 5,404    | 5,403          | Level 3            |
| Total Consumer Goods – Durable— 1.0%(10)                            |                                    |                                |               |           | \$14,680 | \$14,676       |                    |
| Westinghouse Electric Co LLC (9)                                    | Energy – Electricity               | 7.50% (1M L+625, 1.25% Floor)  | 3/31/18       | \$ 40,000 | \$39,449 | \$40,000       | Level 3            |
| Total Energy – Electricity— 2.7%(10)                                |                                    |                                |               |           | \$39,449 | \$40,000       |                    |
| Bumble Bee Holdings, Inc.   | Food & Grocery                     | 9.32% (3M L+800, 1.00% Floor)  | 8/15/23       | \$ 15,585 | \$15,278 | \$15,273       | Level 3            |
|   | Food & Grocery                     |                                | 8/15/23       | 4,415     | 4,328    | 4,327          | Level 3            |

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|   |                              |                               |         |          |         |          |          |  |         |
|---|------------------------------|-------------------------------|---------|----------|---------|----------|----------|--|---------|
| Connors Bros Clover Leaf Seafoods Company                                       |                              | 9.32% (3M L+800, 1.00% Floor) |         |          |         |          |          |  |         |
| Total Food & Grocery— 1.3%(10)  |                              |                               |         |          |         | \$19,606 | \$19,600 |  |         |
| Altasciences / 9360-1367 Quebec Inc. (9)(16)(17)                                | Healthcare & Pharmaceuticals | 7.62% (3M L+625, 1.00% Floor) | 6/9/23  | C\$2,430 | \$1,771 | \$1,900  |          |  | Level 3 |
| Altasciences / 9360-1367 Quebec Inc. (9)(16)(17)                                | Healthcare & Pharmaceuticals | 7.58% (3M L+625, 1.00% Floor) | 6/9/23  | 2,913    | 2,851   | 2,848    |          |  | Level 3 |
| Altasciences US Acquisition, Inc. (9)(16)                                       | Healthcare & Pharmaceuticals | 7.58% (3M L+625, 1.00% Floor) | 6/9/23  | 5,261    | 5,149   | 5,143    |          |  | Level 3 |
| Altasciences US Acquisition, Inc., Unfunded Delayed Draw (8)(9)(16)(21)(23)(28) | Healthcare & Pharmaceuticals | 0.50% Unfunded                | 6/9/23  | 2,851    | (34     | ) (64    | )        |  | Level 3 |
| Aptevo Therapeutics Inc. (9)(16)(23)  | Healthcare & Pharmaceuticals | 8.84% (1M L+760)              | 2/1/21  | 8,571    | 8,664   | 8,508    |          |  | Level 3 |
| Aptevo Therapeutics Inc., Unfunded Delayed Draw (8)(9)(16)(21)(23)              | Healthcare & Pharmaceuticals | 0.00% Unfunded                | 2/1/21  | 6,429    | (24     | ) (48    | )        |  | Level 3 |
| Invuity, Inc. (9)(16)   | Healthcare & Pharmaceuticals | 8.00% (1M L+650, 1.50% Floor) | 3/1/22  | 10,000   | 9,914   | 9,808    |          |  | Level 3 |
| Oxford Immunotec, Inc. (9)(16)(17)  | Healthcare & Pharmaceuticals | 8.84% (1M L+760)              | 10/1/21 | 9,750    | 9,824   | 9,859    |          |  | Level 3 |
| PTC Therapeutics, Inc (9)(16)(17)   | Healthcare & Pharmaceuticals | 7.39% (1M L+615, 1.00% Floor) | 5/1/21  | 12,667   | 12,610  | 12,667   |          |  | Level 3 |
| PTC Therapeutics, Inc, Unfunded Delayed Draw (9)(16)(17)(21)(23)                | Healthcare & Pharmaceuticals | 0.00% Unfunded                | 5/1/21  | 6,333    | —       | —        |          |  | Level 3 |

See notes to financial statements.

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APOLLO INVESTMENT CORPORATION  
SCHEDULE OF INVESTMENTS (Unaudited)

September 30, 2017

(In thousands, except share data)

| Investment  | Industry                            | Interest Rate (20)                                    | Maturity Date | Par (12) | Cost      | Fair Value (1) | ASC 820 Level (32) |
|---|-------------------------------------|---|---------------|----------|-----------|----------------|--------------------|
| RiteDose Holdings I, Inc. (9)(16)                   | Healthcare & Pharmaceuticals        | 7.82% (1M L + 650, 1.00% Floor)                       | 9/13/23       | 15,000   | 14,516    | 14,513         | Level 3            |
| Teladoc, Inc. (16)(17)                              | Healthcare & Pharmaceuticals        | 8.49% (1M L + 725, 1.00% Floor)                       | 7/14/22       | 20,000   | 19,805    | 20,400         | Level 3            |
| Total Healthcare & Pharmaceuticals— 5.8%(10)        |                                     |   |               |          | \$85,046  | \$85,534       |                    |
| ChyronHego Corporation (18)                         | High Tech Industries                | 7.43% (3M L+643, 1.00% Floor)                         | 3/9/20        | \$35,743 | \$35,349  | \$34,670       | Level 3            |
| LabVantage Solutions Inc.                           | High Tech Industries                | 9.24% (1M L+800, 1.00% Floor)                         | 12/29/20      | 14,063   | 13,763    | 13,922         | Level 3            |
| LabVantage Solutions Limited (16)(17)               | High Tech Industries                | 9.00% (3M E+800, 1.00% Floor)                         | 12/29/20      | €12,883  | 13,558    | 15,077         | Level 3            |
| Nextech Systems, LLC (18)                           | High Tech Industries                | 8.40% (1M L+725, 1.00% Floor)                         | 6/22/21       | 21,435   | 21,034    | 21,006         | Level 3            |
| Telestream Holdings Corporation (18)                | High Tech Industries                | 7.61% (3M L +6.45%, 1.00% Floor)                      | 3/24/22       | 36,933   | 36,595    | 36,194         | Level 3            |
| Total High Tech Industries— 8.2%(10)                |                                     |   |               |          | \$120,299 | \$120,869      |                    |
| GFRC Holdings LLC                                   | Hotel, Gaming, Leisure, Restaurants | 9.50% (1M L+800 Cash (L+800 PIK Toggle), 1.50% Floor) | 2/1/22        | \$2,500  | \$2,500   | \$2,500        | Level 3            |
| Total Hotel, Gaming, Leisure, Restaurants— 0.2%(10) |                                     |   |               |          | \$2,500   | \$2,500        |                    |
| Magnetation, LLC (14)                               | Metals & Mining                     | 9.15% (3M L+800 Cash (PIK Toggle))                    | 12/31/19      | \$1,898  | \$1,819   | \$654          | Level 3            |
| Total Metals & Mining—0.0%(10)                      |                                     |   |               |          | \$1,819   | \$654          |                    |
| UniTek Global Services Inc. (16)                    | Telecommunications                  | 9.84% (3M L+750 Cash plus 1.00% PIK, 1.00% Floor)     | 1/13/19       | \$1,941  | \$1,941   | \$1,941        | Level 3            |
| UniTek Global Services Inc. (16)                    | Telecommunications                  | 9.84% (3M L+850, 1.00% Floor)                         | 1/13/19       | 32,367   | 32,367    | 33,014         | Level 3            |
| Total Telecommunications— 2.4%(10)                  |                                     |   |               |          | \$34,308  | \$34,955       |                    |

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|  |                                       |                                      |          |          |           |           |           |
|--|---------------------------------------|--------------------------------------|----------|----------|-----------|-----------|-----------|
| Sunedison, Inc.  | Utilities – Electric                  | 8.74% (1M<br>L+750, 1.00%<br>Floor)  | 5/2/18   | \$13,698 | \$13,648  | \$13,758  | Level 2   |
| Total Utilities – Electric— 1.0%(10)   |                                       |                                      |          |          | \$13,648  | \$13,758  |           |
| Total First Lien Secured Debt (excluding Revolvers and Letters of<br>Credit)—32.0%(10) |                                       |                                      |          |          | \$479,549 | \$470,741 |           |
| Revolvers and Letters of Credit  |                                       |                                      |          |          |           |           |           |
| American Media, Inc.,<br>Letter of Credit (16)(23)                                     | Advertising, Printing<br>& Publishing | L+900                                | 8/24/20  | \$154    | \$—       | \$—       | Level 3   |
| American Media, Inc.,<br>Revolver (16)(23)   | Advertising, Printing<br>& Publishing | 10.34% (3M<br>L+900, 1.00%<br>Floor) | 8/24/20  | 1,244    | 1,245     | 1,275     | Level 3   |
| American Media, Inc.,<br>Revolver (16)(23)   | Advertising, Printing<br>& Publishing | 12.25% (P+800)                       | 8/24/20  | 237      | 237       | 243       | Level 3   |
| American Media, Inc.,<br>Unfunded Revolver<br>(16)(21)(23)                             | Advertising, Printing<br>& Publishing | 0.50% Unfunded                       | 8/24/20  | 143      | (39       | ) 0       | Level 3   |
| Simplifi Holdings, Inc.,<br>Unfunded Revolver<br>(8)(9)(16)(21)(23)                    | Advertising, Printing<br>& Publishing | 0.50% Unfunded                       | 9/28/22  | 2,400    | (72       | ) (72     | ) Level 3 |
| Total Advertising, Printing & Publishing— 0.1%(10)                                     |                                       |                                      |          |          | \$1,371   | \$1,446   |           |
| Erickson Inc, Letter of<br>Credit (8)(9)(16)(23)                                       | Aerospace & Defense                   | 7.50%                                | 9/30/18  | \$103    | \$—       | \$(2      | ) Level 3 |
| Erickson Inc, Letter of<br>Credit (8)(9)(16)(23)                                       | Aerospace & Defense                   | 7.50%                                | 12/10/18 | 37       | —         | (1        | ) Level 3 |
| Erickson Inc, Letter of<br>Credit (8)(9)(16)(23)                                       | Aerospace & Defense                   | 7.50%                                | 4/1/18   | 277      | —         | (4        | ) Level 3 |
| Erickson Inc, Letter of<br>Credit (8)(9)(16)(23)                                       | Aerospace & Defense                   | 7.50%                                | 10/31/17 | 73       | —         | (1        | ) Level 3 |

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September 30, 2017

(In thousands, except share data)

| Investment   | Industry   | Interest Rate (20)              | Maturity Date | Par (12) | Cost     | Fair Value (1) | ASC 820 Level (32) |
|--|--|---------------------------------|---------------|----------|----------|----------------|--------------------|
| Erickson Inc, Letter of Credit (8)(9)(16)(23)                                  | Aerospace & Defense  | 7.50%                           | 11/28/17      | 670      | —        | (10 )          | Level 3            |
| Erickson Inc, Letter of Credit (8)(9)(16)(23)                                  | Aerospace & Defense  | 7.50%                           | 6/25/18       | 3        | —        | —              | Level 3            |
| Erickson Inc, Letter of Credit (8)(9)(16)(23)                                  | Aerospace & Defense  | 7.50%                           | 12/31/17      | 180      | —        | (3 )           | Level 3            |
| Erickson Inc, Revolver (9)(16)(23)   | Aerospace & Defense  | 8.84% (3M L+750)                | 4/28/22       | 26,062   | 26,062   | 25,672         | Level 3            |
| Erickson Inc, Unfunded Revolver (8)(9)(16)(21)(23)                             | Aerospace & Defense  | 0.50% Unfunded                  | 4/28/22       | 17,595   | (514 )   | (264 )         | Level 3            |
| Total Aerospace & Defense—   | 1.7%(10)   |                                 |               |          | \$25,548 | \$25,387       |                    |
| PSI Services, LLC, Revolver (9)(16)(23)  | Business Services  | 6.24% (1M L+500, 1.00% Floor)   | 1/20/22       | \$278    | \$278    | \$273          | Level 3            |
| PSI Services, LLC, Unfunded Revolver (8)(9)(16)(21)(23)                        | Business Services  | 0.50% Unfunded                  | 1/20/22       | 119      | (9 )     | (1 )           | Level 3            |
| PSI Services, LLC, Unfunded Revolver (9)(16)(21)(23)                           | Business Services  | 0.50% Unfunded                  | 1/20/22       | £47      | —        | —              | Level 3            |
| RA Outdoors, LLC, Unfunded Revolver (8)(9)(16)(21)(23)                         | Business Services  | 0.50% Unfunded                  | 9/9/22        | 1,200    | (24 )    | (24 )          | Level 3            |
| Total Business Services—   | 0.0%(10)   |                                 |               |          | \$245    | \$248          |                    |
| Avantor Performance Materials Holdings, LLC, Letter of Credit (8)(16)(23)      | Chemicals, Plastics & Rubber                                   | 4.00%                           | 3/10/22       | \$122    | \$—      | \$(1 )         | Level 3            |
| Avantor Performance Materials Holdings, LLC, Unfunded Revolver (8)(16)(21)(23) | Chemicals, Plastics & Rubber                                   | 0.50% Unfunded                  | 3/10/22       | 4,878    | (555 )   | (32 )          | Level 3            |
| Total Chemicals, Plastics & Rubber—  | 0.0%(10)   |                                 |               |          | \$(555 ) | \$(33 )        |                    |
| TricorBraun Holdings, Inc., Revolver (23)                                      | Containers, Packaging & Glass                                  | 6.50% (P+225)                   | 11/30/21      | \$323    | \$323    | \$323          | Level 3            |
| TricorBraun Holdings, Inc., Unfunded Revolver (21)(23)                         | Containers, Packaging & Glass                                  | 0.50% Unfunded                  | 11/30/21      | 5,303    | (422 )   | —              | Level 3            |
| Total Containers, Packaging & Glass—   | 0.0%(10)   |                                 |               |          | \$(99 )  | \$323          |                    |
| Purchasing Power, LLC, Revolver (9)(16)(23)                                    | Diversified Investment Vehicles, Banking, Finance, Real Estate | 9.24% (1M L + 800, 1.00% Floor) | 7/10/19       | \$2,021  | \$2,021  | \$2,004        | Level 3            |
| Purchasing Power, LLC, Unfunded Revolver (8)(9)(16)(21)(23)                    | Diversified Investment Vehicles, Banking, Finance, Real Estate | 1.50% Unfunded                  | 7/10/19       | 6,329    | (74 )    | (53 )          | Level 3            |
|  |  |                                 | 9/29/22       | 4,680    | (421 )   | (421 )         | Level 3            |

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|   |  |                               |         |         |         |  |         |         |
|---|--|-------------------------------|---------|---------|---------|--|---------|---------|
| Ten-X, LLC, Unfunded Revolver (8)(21)(23)   | Diversified Investment Vehicles, Banking, Finance, Real Estate | 0.50%<br>Unfunded             |         |         |         |  |         |         |
| Total Diversified Investment Vehicles, Banking, Finance, Real Estate—<br>0.1%(10) |  |                               |         |         | \$1,526 |  | \$1,530 |         |
| Altasciences US Acquisition, Inc., Unfunded Revolver (8)(9)(16)(21)(23)(28)       | Healthcare & Pharmaceuticals                                   | 0.25%<br>Unfunded             | 6/9/23  | \$1,426 | \$(30)  |  | \$(32)  | Level 3 |
| Inuivity, Inc., Revolver (9)(16)(23)  | Healthcare & Pharmaceuticals                                   | 4.75% (1M L+325, 1.00% Floor) | 3/1/22  | 1,024   | 1,024   |  | 1,018   | Level 3 |
| Inuivity, Inc., Unfunded Revolver (8)(9)(16)(21)(23)                              | Healthcare & Pharmaceuticals                                   | 0.50%<br>Unfunded             | 3/1/22  | 976     | (9)     |  | (5)     | Level 3 |
| Oxford Immunotec, Inc., Unfunded Revolver (9)(16)(17)(21)(23)                     | Healthcare & Pharmaceuticals                                   | 0.50%<br>Unfunded             | 10/1/21 | 1,000   | (4)     |  | —       | Level 3 |
| RiteDose Holdings I, Inc., Unfunded Revolver (8)(9)(16)(21)(23)                   | Healthcare & Pharmaceuticals                                   | 0.50%<br>Unfunded             | 9/13/22 | 2,000   | (64)    |  | (65)    | Level 3 |
| Teladoc, Inc., Unfunded Revolver (8)(16)(17)(21)(23)                              | Healthcare & Pharmaceuticals                                   | 0.50%<br>Unfunded             | 7/14/20 | 1,667   | (67)    |  | (67)    | Level 3 |

See notes to financial statements.

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September 30, 2017

(In thousands, except share data)

| Investment  | Industry                         | Interest Rate (20)            | Maturity Date | Par (12) | Cost     | Fair Value (1) | ASC 820 Level (32) |
|---|----------------------------------|-------------------------------|---------------|----------|----------|----------------|--------------------|
| Wright Medical Group, Inc., Revolver (9)(16)(17)(23)                  | Healthcare & Pharmaceuticals     | 5.49% (1M L+425, 0.75% Floor) | 12/23/21      | 18,333   | 18,333   | 18,333         | Level 3            |
| Wright Medical Group, Inc., Unfunded Revolver (9)(16)(17)(21)(23)     | Healthcare & Pharmaceuticals     | 0.50% Unfunded                | 12/23/21      | 31,667   | (423)    | —              | Level 3            |
| Total Healthcare & Pharmaceuticals— 1.3%(10)                          |                                  |                               |               |          | \$18,760 | \$19,182       |                    |
| LabVantage Solutions Limited, Unfunded Revolver (8)(16)(17)(21)(23)   | High Tech Industries             | 0.50% Unfunded                | 12/29/20      | €3,435   | \$(77)   | \$(41)         | Level 3            |
| Tibco Software Inc., Unfunded Revolver (8)(21)(23)                    | High Tech Industries             | 0.50% Unfunded                | 12/5/19       | \$6,000  | —        | (840)          | Level 3            |
| Total High Tech Industries— -0.1%(10)                                 |                                  |                               |               |          | \$(77)   | \$(881)        |                    |
| Alliant Holdings Intermediate, LLC, Letter of Credit (8)(16)(23)      | Insurance                        | 3.375%                        | 5/4/17        | \$8      | \$—      | \$—            | Level 3            |
| Alliant Holdings Intermediate, LLC, Letter of Credit (8)(16)(23)      | Insurance                        | 3.375%                        | 7/29/17       | 80       | —        | (3)            | Level 3            |
| Alliant Holdings Intermediate, LLC, Letter of Credit (8)(16)(23)      | Insurance                        | 3.375%                        | 10/3/17       | 8        | —        | —              | Level 3            |
| Alliant Holdings Intermediate, LLC, Letter of Credit (8)(16)(23)      | Insurance                        | 3.375%                        | 11/30/17      | 37       | —        | (1)            | Level 3            |
| Alliant Holdings Intermediate, LLC, Letter of Credit (8)(16)(23)      | Insurance                        | 3.375%                        | 4/23/18       | 37       | —        | (1)            | Level 3            |
| Alliant Holdings Intermediate, LLC, Letter of Credit (8)(16)(23)      | Insurance                        | 3.375%                        | 7/30/18       | 17       | —        | (1)            | Level 3            |
| Alliant Holdings Intermediate, LLC, Unfunded Revolver (8)(16)(21)(23) | Insurance                        | 0.50% Unfunded                | 8/14/20       | 14,813   | (981)    | (509)          | Level 3            |
| Total Insurance— 0.0%(10)   |                                  |                               |               |          | \$(981)  | \$(515)        |                    |
| SESAC Holdco II LLC, Unfunded Revolver (8)(16)(21)(23)                | Media – Diversified & Production | 0.50% Unfunded                | 2/23/22       | \$587    | \$(46)   | \$(44)         | Level 3            |

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|   |                                    |                                      |          |          |           |           |         |
|---|------------------------------------|--------------------------------------|----------|----------|-----------|-----------|---------|
| Total Media – Diversified & Production— 0.0%(10)            |                                    |                                      |          |          | \$ (46 )  | \$ (44 )  |         |
| UniTek Global Services Inc., Letter of Credit (16)(23)      | Telecommunications                 | 7.50%                                | 1/13/19  | \$7,762  | \$—       | \$—       | Level 3 |
| UniTek Global Services Inc., Unfunded Revolver (16)(21)(23) | Telecommunications                 | 0.50%<br>Unfunded                    | 1/13/19  | 5,000    | —         | —         | Level 3 |
| Total Telecommunications— 0.0%(10)                          |                                    |                                      |          |          | \$—       | \$—       |         |
| Total Revolvers and Letters of Credit—3.1%(10)              |                                    |                                      |          |          | \$45,692  | \$46,643  |         |
| Total First Lien Secured Debt—35.1%(10)                     |                                    |                                      |          |          | \$525,241 | \$517,384 |         |
| Second Lien Secured Debt                                    |                                    |                                      |          |          |           |           |         |
| A-L Parent LLC  | Advertising, Printing & Publishing | 8.49% (1M<br>L+725,<br>1.00% Floor)  | 12/2/24  | \$10,048 | \$9,957   | \$10,098  | Level 3 |
| Total Advertising, Printing & Publishing— 0.7%(10)          |                                    |                                      |          |          | \$9,957   | \$10,098  |         |
| PAE Holding Corporation                                     | Aerospace & Defense                | 10.74% (1M<br>L+950,<br>1.00% Floor) | 10/20/23 | \$28,097 | \$27,363  | \$28,272  | Level 2 |
| Total Aerospace & Defense— 1.9%(10)                         |                                    |                                      |          |          | \$27,363  | \$28,272  |         |
| K&N Parent, Inc.  | Automotive                         | 9.99% (1M<br>L+875,<br>1.00% Floor)  | 10/21/24 | \$27,000 | \$26,517  | \$26,730  | Level 3 |
| Total Automotive— 1.8%(10)                                  |                                    |                                      |          |          | \$26,517  | \$26,730  |         |
| Access CIG, LLC   | Business Services                  | 9.98% (1M<br>L+875,<br>1.00% Floor)  | 10/17/22 | \$50,970 | \$49,356  | \$50,608  | Level 3 |
| Almonde, Inc (17)   | Business Services                  | 8.57% (3M<br>L+725,<br>1.00% Floor)  | 6/13/25  | 2,316    | 2,293     | 2,364     | Level 2 |
| Ambrosia Buyer Corp.  | Business Services                  | 9.27% (3M L<br>+ 800)                | 8/28/25  | 21,429   | 20,900    | 20,896    | Level 3 |
| Appriss Holdings, Inc.                                      | Business Services                  | 10.58% (3M<br>L+925,<br>1.00% Floor) | 5/21/21  | 23,309   | 23,104    | 23,309    | Level 3 |

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September 30, 2017

(In thousands, except share data)

| Investment                                       | Industry                     | Interest Rate (20)             | Maturity Date | Par (12) | Cost      | Fair Value (1) | ASC 820 Level (32) |
|--|------------------------------|--------------------------------|---------------|----------|-----------|----------------|--------------------|
| Aptean, Inc.                                     | Business Services            | 10.84% (3M L+950, 1.00% Floor) | 12/20/23      | 9,548    | 9,419     | 9,613          | Level 2            |
| CT Technologies Intermediate Hldgs, Inc (9)      | Business Services            | 10.24% (1M L+900, 1.00% Floor) | 12/1/22       | 31,253   | 30,387    | 30,315         | Level 3            |
| Electro Rent Corporation (9)                     | Business Services            | 10.27% (1M L+900, 1.00% Floor) | 1/31/25       | 52,863   | 51,338    | 51,806         | Level 3            |
| Institutional Shareholder Services, Inc.         | Business Services            | 9.74% (1M L+850, 1.00% Floor)  | 4/30/22       | 8,232    | 8,173     | 8,232          | Level 3            |
| Ministry Brands, LLC                             | Business Services            | 10.49% (1M L+925, 1.00% Floor) | 6/2/23        | 10,000   | 9,868     | 9,859          | Level 3            |
| Poseidon Merger Sub, Inc.                        | Business Services            | 9.81% (3M L+850, 1.00% Floor)  | 8/15/23       | 18,000   | 17,602    | 18,000         | Level 3            |
| PSI Services, LLC (9)(16)                        | Business Services            | 10.24% (1M L+900, 1.00% Floor) | 1/20/24       | 25,714   | 25,018    | 25,134         | Level 3            |
| RA Outdoors, LLC (9)(16)                         | Business Services            | 9.99% (1M L+875, 1.00% Floor)  | 9/11/25       | 34,200   | 33,351    | 33,345         | Level 3            |
| STG-Fairway Acquisitions, Inc.                   | Business Services            | 10.57% (3M L+925, 1.00% Floor) | 6/30/23       | 15,000   | 14,730    | 13,499         | Level 3            |
| Velocity Technology Solutions, Inc.              | Business Services            | 9.58% (3M L+825, 1.25% Floor)  | 9/28/20       | 16,500   | 16,347    | 16,583         | Level 3            |
| Total Business Services— 21.3%(10)               |                              |                                |               |          | \$311,886 | \$313,563      |                    |
| Avantor Performance Materials Holdings, LLC (16) | Chemicals, Plastics & Rubber | 9.49% (1M L+825, 1.00% Floor)  | 3/10/25       | \$1,629  | \$1,614   | \$1,633        | Level 3            |
| Hare Bidco, Inc.                                 | Chemicals, Plastics & Rubber | 9.75% (3M L+875, 1.00% Floor)  | 8/1/24        | €13,574  | 14,402    | 15,727         | Level 3            |
| Total Chemicals, Plastics & Rubber— 1.2%(10)     |                              |                                |               |          | \$16,016  | \$17,360       |                    |
| Hayward Industries, Inc.                         | Consumer Goods – Durable     | 9.48% (1M L+825)               | 8/4/25        | \$25,110 | \$24,618  | \$24,616       | Level 3            |
| Total Consumer Goods – Durable— 1.7%(10)         |                              |                                |               |          | \$24,618  | \$24,616       |                    |
|  |                              |                                | 9/29/25       | \$8,094  | \$8,033   | \$8,195        | Level 2            |

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|  |  |                                     |          |          |          |          |          |  |
|--|--|-------------------------------------|----------|----------|----------|----------|----------|--|
| ABG Intermediate Holdings 2, LLC   | Consumer Goods – Non-durable                                   | 9.75% (1M L+775, 2.00% Floor)       |          |          |          |          |          |  |
| Sequential Brands Group, Inc. (17)   | Consumer Goods – Non-durable                                   | 10.24% (1M L+900)                   | 7/1/22   | 17,336   | 17,163   | 17,096   | Level 3  |  |
| Total Consumer Goods – Non-durable— 1.7%(10)                               |  |                                     |          |          |          | \$25,196 | \$25,291 |  |
| Sprint Industrial Holdings, LLC (16)(30)                                   | Containers, Packaging & Glass                                  | 13.50% PIK                          | 11/14/19 | \$16,163 | \$15,775 | \$6,491  | Level 3  |  |
| Sprint Industrial Holdings, LLC (16)(31)                                   | Containers, Packaging & Glass                                  | 13.50% PIK                          | 11/14/19 | 1,688    | 1,688    | 1,688    | Level 3  |  |
| Total Containers, Packaging & Glass— 0.6%(10)                              |  |                                     |          |          |          | \$17,463 | \$8,179  |  |
| Armor Holding II LLC   | Diversified Investment Vehicles, Banking, Finance, Real Estate | 10.34% (3M L+900, 1.25% Floor)      | 12/26/20 | \$8,000  | \$7,930  | \$8,110  | Level 3  |  |
| Total Diversified Investment Vehicles, Banking, Finance, Real Estate— 0.6% |  |                                     |          |          |          | \$7,930  | \$8,110  |  |
| Grocery Outlet, Inc.   | Food & Grocery   | 9.58% (3M L+825, 1.00% Floor)       | 10/21/22 | \$25,000 | \$24,761 | \$25,281 | Level 2  |  |
| Total Food & Grocery— 1.7%(10)   |  |                                     |          |          |          | \$24,761 | \$25,281 |  |
| Avalign Technologies, Inc.   | Healthcare & Pharmaceuticals                                   | 9.57% (6M L+825, 1.00% Floor)       | 9/2/24   | \$5,500  | \$5,446  | \$5,445  | Level 3  |  |
| BioClinica Holding I, LP   | Healthcare & Pharmaceuticals                                   | 9.56% (3M L+825, 1.00% Floor)       | 10/21/24 | 24,612   | 24,175   | 24,174   | Level 2  |  |
| Elements Behavioral Health, Inc.   | Healthcare & Pharmaceuticals                                   | 13.32% (3M L+1200 PIK, 1.00% Floor) | 2/11/20  | 11,946   | 11,909   | 9,199    | Level 3  |  |
| Lanai Holdings III, Inc.   | Healthcare & Pharmaceuticals                                   | 10.00% (6M L+850, 1.00% Floor)      | 8/28/23  | 17,391   | 16,954   | 16,957   | Level 3  |  |
| Total Healthcare & Pharmaceuticals— 3.8%(10)                               |  |                                     |          |          |          | \$58,484 | \$55,775 |  |

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|---|-------------------------------------|--------------------------------|---------------|----------|-----------|----------------|--------------------|
| DigiCert Holding, Inc.                              | High Tech Industries                | 9.33% (3M L+800, 1.00% Floor)  | 9/19/25       | \$20,196 | \$20,095  | \$20,405       | Level 2            |
| Smokey Merger Sub, Inc. (9)                         | High Tech Industries                | 9.75% (3M L+875, 1.00% Floor)  | 5/24/24       | 30,000   | 29,145    | 29,100         | Level 3            |
| Total High Tech Industries— 3.4%(10)                |                                     |                                |               |          | \$49,240  | \$49,505       |                    |
| SMG   | Hotel, Gaming, Leisure, Restaurants | 9.49% (1M L+825, 1.00% Floor)  | 2/27/21       | \$19,649 | \$19,649  | \$19,600       | Level 2            |
| Total Hotel, Gaming, Leisure, Restaurants— 1.3%(10) |                                     |                                |               |          | \$19,649  | \$19,600       |                    |
| Confie Seguros Holding II Co.                       | Insurance                           | 11.00% (1M L+975, 1.25% Floor) | 5/8/19        | \$21,844 | \$21,791  | \$21,462       | Level 2            |
| Total Insurance— 1.5%(10)                           |                                     |                                |               |          | \$21,791  | \$21,462       |                    |
| ATS Consolidated, Inc.                              | Manufacturing, Capital Equipment    | 9.74% (1M L+850, 1.00% Floor)  | 5/30/25       | \$15,000 | \$14,710  | \$15,038       | Level 3            |
| MedPlast Holdings Inc.                              | Manufacturing, Capital Equipment    | 10.02% (3M L+875, 1.00% Floor) | 6/6/23        | 8,000    | 7,816     | 7,800          | Level 3            |
| Power Products, LLC (9)                             | Manufacturing, Capital Equipment    | 10.31% (3M L+900, 1.00% Floor) | 12/20/23      | 32,500   | 31,488    | 32,022         | Level 3            |
| Total Manufacturing, Capital Equipment— 3.7%(10)    |                                     |                                |               |          | \$54,014  | \$54,860       |                    |
| SESAC Holdco II LLC (16)                            | Media – Diversified & Production    | 8.49% (1M L+725, 1.00% Floor)  | 2/24/25       | \$3,241  | \$3,211   | \$3,237        | Level 3            |
| Total Media – Diversified & Production— 0.2%(10)    |                                     |                                |               |          | \$3,211   | \$3,237        |                    |
| Parfums Holding Company, Inc.                       | Retail                              | 10.09% (3M L+875, 1.00% Floor) | 6/30/25       | \$7,000  | \$6,791   | \$6,872        | Level 2            |
| Total Retail— 0.4%(10)                              |                                     |                                |               |          | \$6,791   | \$6,872        |                    |
| Securus Technologies Holdings, Inc.                 | Telecommunications                  | 9.46% (1M L+825, 1.00% Floor)  | 6/20/25       | \$12,878 | \$12,749  | \$12,991       | Level 2            |
| Wave Holdco Merger Sub, Inc.                        | Telecommunications                  | 10.49% (1M L+925, 1.00% Floor) | 5/27/23       | 10,000   | 9,792     | 9,880          | Level 3            |
| Total Telecommunications— 1.5%(10)                  |                                     |                                |               |          | \$22,541  | \$22,871       |                    |
| Total Second Lien Secured Debt—49.0% (10)           |                                     |                                |               |          | \$727,428 | \$721,682      |                    |

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|  |  |                                    |          |          |             |             |         |
|--|--|------------------------------------|----------|----------|-------------|-------------|---------|
| Total Secured Debt—84.1%(10)   |  |                                    |          |          | \$1,252,669 | \$1,239,066 |         |
| Unsecured Debt   |  |                                    |          |          |             |             |         |
| U.S. Security  |  |                                    |          |          |             |             |         |
| Associates   | Business Services  | 11.00%                             | 1/28/20  | \$80,000 | \$80,000    | \$80,000    | Level 3 |
| Holdings, Inc.   |  |                                    |          |          |             |             |         |
| Total Business Services— 5.4%(10)  |  |                                    |          |          | \$80,000    | \$80,000    |         |
| Sorenson Holdings, LLC (11)  | Consumer Goods – Durable                                       | 13.85% Cash<br>(13.85% PIK Toggle) | 10/31/21 | \$52     | \$35        | \$46        | Level 2 |
| Total Consumer Goods – Durable— 0.0%(10)                                       |  |                                    |          |          | \$35        | \$46        |         |
| UniTek Global Services Inc. (16)   | Telecommunications   | 15.00% PIK                         | 7/13/19  | \$9,203  | \$9,203     | \$9,387     | Level 3 |
| Total Telecommunications— 0.7%(10)   |  |                                    |          |          | \$9,203     | \$9,387     |         |
| American Tire Distributors, Inc. (11)  | Transportation – Cargo, Distribution                           | 10.25%                             | 3/1/22   | \$14,741 | \$14,803    | \$15,442    | Level 2 |
| Total Transportation – Cargo, Distribution— 1.1%(10)                           |  |                                    |          |          | \$14,803    | \$15,442    |         |
| Total Unsecured Debt—7.2%(10)  |  |                                    |          |          | \$104,041   | \$104,875   |         |
| Total Corporate Debt—91.3%(10)   |  |                                    |          |          | \$1,356,710 | \$1,343,941 |         |
| Structured Products and Other  |  |                                    |          |          |             |             |         |
| Craft 2014-1A, Credit-Linked Note (11)(17)                                     | Diversified Investment Vehicles, Banking, Finance, Real Estate | 10.20% (3M L+965)                  | 5/15/21  | \$33,877 | \$33,740    | \$33,058    | Level 3 |
| Craft 2015-2, Credit-Linked Note (11)(17)                                      | Diversified Investment Vehicles, Banking, Finance, Real Estate | 10.76% (3M L+925)                  | 1/16/24  | 26,000   | 25,777      | 25,148      | Level 3 |
| Total Diversified Investment Vehicles, Banking, Finance, Real Estate— 4.0%(10) |  |                                    |          |          | \$59,517    | \$58,206    |         |

See notes to financial statements.

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Table of ContentsAPOLLO INVESTMENT CORPORATION  
SCHEDULE OF INVESTMENTS (Unaudited)

September 30, 2017

(In thousands, except share data)

| Investment   | Industry                                | Interest<br>Rate<br>(20) | Maturity<br>Date | Par (12)  | Cost         | Fair<br>Value (1) | ASC<br>820<br>Level<br>(32) |
|--|---|--------------------------|------------------|-----------|--------------|-------------------|-----------------------------|
| Asset Repackaging Trust Six<br>B.V. (11)(17)(19)                     | Utilities – Electric                    | 13.12%                   | 5/18/27          | \$ 58,411 | \$ 25,827    | \$ 32,148         | Level<br>3                  |
| Total Utilities – Electric— 2.1%(10)                                 |   |                          |                  |           | \$ 25,827    | \$ 32,148         |                             |
| Total Structured Products and Other—6.1% (10)                        |   |                          |                  |           | \$ 85,344    | \$ 90,354         |                             |
| Equity   |   |                          |                  |           |              |                   |                             |
| Common Equity/Interests  |   |                          |                  | Shares    |              |                   |                             |
| Skyline Data, News and<br>Analytics LLC, Class A<br>Common Unit (13) | Business Services                       | N/A                      | N/A              | 4,500,000 | \$ 4,500     | \$ 4,500          | Level<br>3                  |
| Total Business Services— 0.3%(10)                                    |   |                          |                  |           | \$ 4,500     | \$ 4,500          |                             |
| Sorenson Holdings, LLC,<br>Membership Interests (13)                 | Consumer Goods –<br>Durable             | N/A                      | N/A              | 586       | \$—          | \$ 424            | Level<br>3                  |
| Total Consumer Goods – Durable— 0.0%(10)                             |   |                          |                  |           | \$—          | \$ 424            |                             |
| Accelerate Parent Corp.,<br>Common Stock (13)                        | Transportation – Cargo,<br>Distribution | N/A                      | N/A              | 1,664,045 | \$ 1,714     | \$ 1,740          | Level<br>3                  |
| Total Transportation – Cargo, Distribution— 0.2%(10)                 |   |                          |                  |           | \$ 1,714     | \$ 1,740          |                             |
| Total Common Equity/Interests— 0.5% (10)                             |   |                          |                  |           | \$ 6,214     | \$ 6,664          |                             |
| Warrants   |   |                          |                  | Warrants  |              |                   |                             |
| Sprint Industrial Holdings,<br>LLC, Warrants (13)(29)                | Containers, Packaging<br>& Glass        | N/A                      | N/A              | 7,341     | \$—          | \$—               | Level<br>3                  |
| Total Containers, Packaging & Glass— 0.0%(10)                        |   |                          |                  |           | \$—          | \$—               |                             |
| Invuity, Inc., Warrants<br>(9)(13)                                   | Healthcare &<br>Pharmaceuticals         | N/A                      | N/A              | 16,873    | \$ 80        | \$ 105            | Level<br>3                  |
| Total Healthcare & Pharmaceuticals— 0.0%(10)                         |   |                          |                  |           | \$ 80        | \$ 105            |                             |
| Total Warrants—0.0% (10)   |   |                          |                  |           | \$ 80        | \$ 105            |                             |
| Total Equity—0.5% (10)   |   |                          |                  |           | \$ 6,294     | \$ 6,769          |                             |
| Total Non-Controlled/Non-Affiliated Investments—97.9% (10)           |   |                          |                  |           | \$ 1,448,348 | \$ 1,441,064      |                             |

See notes to financial statements.

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Table of ContentsAPOLLO INVESTMENT CORPORATION  
SCHEDULE OF INVESTMENTS (Unaudited)

September 30, 2017

(In thousands, except share data)

| Investment  | Industry   | Interest Rate (20)               | Maturity Date | Par (12)  | Cost       | Fair Value (1) | ASC 820 Level (32) |
|---|--|----------------------------------|---------------|-----------|------------|----------------|--------------------|
| Non-Controlled/Affiliated Investments (4)   |  |                                  |               |           |            |                |                    |
| Corporate Debt  |  |                                  |               |           |            |                |                    |
| Secured Debt  |  |                                  |               |           |            |                |                    |
| First Lien Secured Debt   |  |                                  |               |           |            |                |                    |
| Solarplicity Group Limited (3)(17)  | Energy – Electricity   | 8.00% PIK<br>(8.00% Cash Toggle) | 11/30/22      | £ 130,501 | \$ 151,662 | \$ 134,079     | Level 3            |
| Total Energy – Electricity— 9.1%(10)  |  |                                  |               |           | \$ 151,662 | \$ 134,079     |                    |
| Total First Lien Secured Debt—9.1% (10)   |  |                                  |               |           | \$ 151,662 | \$ 134,079     |                    |
| Total Secured Debt—9.1% (10)  |  |                                  |               |           | \$ 151,662 | \$ 134,079     |                    |
| Unsecured Debt  |  |                                  |               |           |            |                |                    |
| Solarplicity UK Holdings Limited (17)   | Energy – Electricity   | 8.00% PIK<br>(8.00% Cash Toggle) | 2/24/22       | £ 2,000   | \$ 2,499   | \$ 2,684       | Level 3            |
| Total Energy – Electricity— 0.2%(10)  |  |                                  |               |           | \$ 2,499   | \$ 2,684       |                    |
| Total Unsecured Debt—0.2% (10)  |  |                                  |               |           | \$ 2,499   | \$ 2,684       |                    |
| Total Corporate Debt—9.3% (10)  |  |                                  |               |           | \$ 154,161 | \$ 136,763     |                    |
| Structured Products and Other   |  |                                  |               |           |            |                |                    |
| Golden Bear 2016-R, LLC, Membership Interests (3)(17)                             | Diversified Investment Vehicles, Banking, Finance, Real Estate | N/A                              | 9/20/42       | N/A       | \$ 16,459  | \$ 14,905      | Level 3            |
| Ivy Hill Middle Market Credit Fund IX, Ltd., Subordinated Notes (3)(11)(17)(22)   | Diversified Investment Vehicles, Banking, Finance, Real Estate | 17.16%                           | 10/18/25      | \$ 12,500 | 8,834      | 8,951          | Level 3            |
| Ivy Hill Middle Market Credit Fund X, Ltd., Subordinated Notes (3)(11)(17)(22)    | Diversified Investment Vehicles, Banking, Finance, Real Estate | 14.95%                           | 7/26/27       | 14,000    | 10,667     | 10,058         | Level 3            |
| Total Diversified Investment Vehicles, Banking, Finance, Real Estate— 2.3%(10)    |  |                                  |               |           | \$ 35,960  | \$ 33,914      |                    |
| Total Structured Products and Other—2.3% (10)                                     |  |                                  |               |           | \$ 35,960  | \$ 33,914      |                    |
| Equity  |  |                                  |               |           |            |                |                    |
| Preferred Equity  |  |                                  |               |           |            |                |                    |
| Shares  |  |                                  |               |           |            |                |                    |
| Renew Financial LLC (f/k/a Renewable Funding, LLC), Series B Preferred Stock (13) | Energy – Electricity   | N/A                              | N/A           | 1,505,868 | \$ 8,343   | \$ 19,028      | Level 3            |
| Renew Financial LLC (f/k/a Renewable Funding, LLC), Series D Preferred Stock (13) | Energy – Electricity   | N/A                              | N/A           | 436,689   | 5,568      | 6,751          | Level 3            |



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|  |                      |     |     |           |           |           |         |
|--|----------------------|-----|-----|-----------|-----------|-----------|---------|
| Total Energy – Electricity— 1.8%(10)                   |                      |     |     |           | \$13,911  | \$25,779  |         |
| Total Preferred Equity—1.8%<br>(10)                    |                      |     |     |           | \$13,911  | \$25,779  |         |
| Common Equity/Interests                                |                      |     |     | Shares    |           |           |         |
| AIC SPV Holdings II, LLC,<br>Membership Interests      | Energy – Electricity | N/A | N/A | 534,375   | \$534     | \$1,140   | Level 3 |
| (13)(15)(17)   |                      |     |     |           |           |           |         |
| AMP Solar Group, Inc., Class<br>A Common Unit (13)(17) | Energy – Electricity | N/A | N/A | 243,646   | 10,000    | 5,196     | Level 3 |
| Renew JV LLC, Membership<br>Interests (13)(17)         | Energy – Electricity | N/A | N/A | 3,758,815 | 4,023     | 5,359     | Level 3 |
| Solarplicity Group Limited,<br>Class B Common Shares   | Energy – Electricity | N/A | N/A | 2,825     | 2,472     | —         | Level 3 |
| (2)(3)(13)(17)(26)                                     |                      |     |     |           |           |           |         |
| Solarplicity UK Holdings<br>Limited, Ordinary Shares   | Energy – Electricity | N/A | N/A | 2,825     | 4         | 4,934     | Level 3 |
| (2)(13)(17)  |                      |     |     |           |           |           |         |
| Total Energy – Electricity—<br>1.1%(10)                |                      |     |     |           | \$17,033  | \$16,629  |         |
| Pelican Energy, LLC,<br>Membership Interests (13)(17)  | Energy – Oil & Gas   | N/A | N/A | 1,444     | 25,018    | 11,796    | Level 3 |
| Total Energy – Oil & Gas— 0.8%(10)                     |                      |     |     |           | \$25,018  | \$11,796  |         |
| Total Common Equity/Interests—1.9% (10)                |                      |     |     |           | \$42,051  | \$28,425  |         |
| Total Equity—3.7% (10)                                 |                      |     |     |           | \$55,962  | \$54,204  |         |
| Total Non-Controlled/Affiliated Investments—15.3% (10) |                      |     |     |           | \$246,083 | \$224,881 |         |

See notes to financial statements.

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Table of ContentsAPOLLO INVESTMENT CORPORATION  
SCHEDULE OF INVESTMENTS (Unaudited)

September 30, 2017

(In thousands, except share data)

| Investment  | Industry                             | Interest Rate (20)                 | Maturity Date | Par (12)  | Cost       | Fair Value (1) | ASC 820 Level (32) |
|---|--------------------------------------|------------------------------------|---------------|-----------|------------|----------------|--------------------|
| Controlled Investments (5)  |                                      |                                    |               |           |            |                |                    |
| Corporate Debt  |                                      |                                    |               |           |            |                |                    |
| Secured Debt  |                                      |                                    |               |           |            |                |                    |
| First Lien Secured Debt   |                                      |                                    |               |           |            |                |                    |
| First Lien Secured Debt (excluding Revolvers and Letters of Credit)                               |                                      |                                    |               |           |            |                |                    |
| Glacier Oil & Gas Corp. (f/k/a Miller Energy Resources, Inc.) (16)(23)                            | Energy – Oil & Gas                   | 8.00% Cash (10.00% PIK Toggle)     | 3/29/19       | \$ 15,000 | \$15,000   | \$15,000       | Level 3            |
| Glacier Oil & Gas Corp. (f/k/a Miller Energy Resources, Inc.), Unfunded Delayed Draw (16)(21)(23) | Energy – Oil & Gas                   | 0.00% Unfunded                     | 3/29/19       | 5,000     | —          | —              | Level 3            |
| SHD Oil & Gas, LLC, Tranche A Note (16)   | Energy – Oil & Gas                   | 14.00% (8.00% Cash plus 6.00% PIK) | 12/31/19      | 42,148    | 42,148     | 43,412         | Level 3            |
| SHD Oil & Gas, LLC, Tranche B Note (14)(16)   | Energy – Oil & Gas                   | 14.00% PIK                         | 12/31/19      | 68,311    | 44,380     | 29,550         | Level 3            |
| SHD Oil & Gas, LLC, Tranche C Note (16)   | Energy – Oil & Gas                   | 12.00%                             | 12/31/19      | 15,750    | 15,749     | 16,223         | Level 3            |
| SHD Oil & Gas, LLC, Unfunded Delayed Draw (16)(21)(23)  | Energy – Oil & Gas                   | 0.00% Unfunded                     | 12/31/19      | 2,250     | —          | —              | Level 3            |
| Total Energy – Oil & Gas— 7.1%(10)  |                                      |                                    |               |           | \$ 117,277 | \$ 104,185     |                    |
| Total First Lien Secured Debt (excluding Revolvers and Letters of Credit)—7.1% (10)               |                                      |                                    |               |           | \$ 117,277 | \$ 104,185     |                    |
| Revolvers and Letters of Credit   |                                      |                                    |               |           |            |                |                    |
| Merx Aviation Finance Assets Ireland Limited, Letter of Credit (16)(23)                           | Aviation and Consumer Transport      | 2.25%                              | 10/1/18       | \$ 3,600  | \$—        | \$—            | Level 3            |
| Merx Aviation Finance, LLC, Letter of Credit (16)(23)   | Aviation and Consumer Transport      | 2.25%                              | 7/13/17       | 177       | —          | —              | Level 3            |
| Merx Aviation Finance, LLC, Revolver (16)(23)   | Aviation and Consumer Transport      | 12.00%                             | 10/31/18      | 386,500   | 386,500    | 386,500        | Level 3            |
| Total Aviation and Consumer Transport— 26.2%(10)  |                                      |                                    |               |           | \$ 386,500 | \$ 386,500     |                    |
| Dynamic Product Tankers, LLC, Letter of Credit (17)(23)   | Transportation – Cargo, Distribution | 2.25%                              | 9/20/17       | \$ 2,250  | \$—        | \$—            | Level 3            |
| Total Transportation – Cargo, Distribution— 0.0%(10)  |                                      |                                    |               |           | \$—        | \$—            |                    |

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|   |                                       |                                      |         |           |            |            |         |
|---|---------------------------------------|--------------------------------------|---------|-----------|------------|------------|---------|
| Total Revolvers and Letters of Credit—26.2% (10)  |                                       |                                      |         |           | \$ 386,500 | \$ 386,500 |         |
| Total First Lien Secured Debt—33.3% (10)  |                                       |                                      |         |           | \$ 503,777 | \$ 490,685 |         |
| Second Lien Secured Debt  |                                       |                                      |         |           |            |            |         |
| Glacier Oil & Gas Corp.<br>(f/k/a Miller Energy<br>Resources, Inc.) (16)                  | Energy – Oil &<br>Gas                 | 10.00% PIK<br>Toggle (8.00%<br>Cash) | 3/29/21 | \$ 29,028 | \$ 29,028  | \$ 29,028  | Level 3 |
| Total Energy – Oil & Gas— 2.0%(10)  |                                       |                                      |         |           | \$ 29,028  | \$ 29,028  |         |
| Total Second Lien Secured Debt—2.0% (10)  |                                       |                                      |         |           | \$ 29,028  | \$ 29,028  |         |
| Total Secured Debt—35.3% (10)   |                                       |                                      |         |           | \$ 532,805 | \$ 519,713 |         |
| Total Corporate Debt—35.3% (10)   |                                       |                                      |         |           | \$ 532,805 | \$ 519,713 |         |
| Equity  |                                       |                                      |         |           |            |            |         |
| Common Equity/Interests   |                                       |                                      |         | Shares    |            |            |         |
| Merx Aviation Finance, LLC,<br>Membership Interests                                       | Aviation and<br>Consumer<br>Transport | N/A                                  | N/A     | —         | \$ 15,000  | \$ 42,664  | Level 3 |
| Total Aviation and Consumer<br>Transport—2.8%(10)   |                                       |                                      |         |           | \$ 15,000  | \$ 42,664  |         |
| Glacier Oil & Gas Corp.<br>(f/k/a Miller Energy<br>Resources, Inc.), Common<br>Stock (13) | Energy – Oil &<br>Gas                 | N/A                                  | N/A     | 5,000,000 | \$ 30,079  | \$ 17,715  | Level 3 |

See notes to financial statements.

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Table of ContentsAPOLLO INVESTMENT CORPORATION  
SCHEDULE OF INVESTMENTS (Unaudited)

September 30, 2017

(In thousands, except share data)

| Investment   | Industry                             | Interest Rate (20) | Maturity Date | Par (12)  | Cost        | Fair Value (1) | ASC 820 Level (32) |
|--|--------------------------------------|--------------------|---------------|-----------|-------------|----------------|--------------------|
| SHD Oil & Gas, LLC, Series A Units (13)                                    | Energy – Oil & Gas                   | N/A                | N/A           | 7,600,000 | 412         | —              | Level 3            |
| Total Energy – Oil & Gas— 1.2% (10)  |                                      |                    |               |           | \$31,491    | \$17,715       |                    |
| Dynamic Product Tankers, LLC, Class A Units (13)(17)(24)                   | Transportation – Cargo, Distribution | N/A                | N/A           | —         | \$48,106    | \$42,811       | Level 3            |
| MSEA Tankers LLC, Class A Units (17)(25)                                   | Transportation – Cargo, Distribution | N/A                | N/A           | —         | 74,450      | 71,442         | Level 3            |
| Total Transportation – Cargo, Distribution— 7.8% (10)                      |                                      |                    |               |           | \$122,556   | \$114,253      |                    |
| Total Common Equity/Interests—11.8% (10)                                   |                                      |                    |               |           | \$169,047   | \$174,632      |                    |
| Total Equity—11.8% (10)  |                                      |                    |               |           | \$169,047   | \$174,632      |                    |
| Total Controlled Investments—47.1% (10)                                    |                                      |                    |               |           | \$701,852   | \$694,345      |                    |
| Total Investments before Cash Equivalents and Option Contracts—160.3% (10) |                                      |                    |               |           | \$2,396,283 | \$2,360,290    |                    |

| Investment   | Industry | Interest Rate (20) | Maturity Date | Par (12) | Cost     | Fair Value (1) | ASC 820 Level (32) |
|--|----------|--------------------|---------------|----------|----------|----------------|--------------------|
| J.P. Morgan U.S. Government Money Market Fund (27) | N/A      | N/A                | N/A           | —        | \$31,179 | \$31,179       | Level 1            |
| Total Cash Equivalents—2.1% (10)                   |          |                    |               |          | \$31,179 | \$31,179       |                    |

| Counterparty                                     | Instrument                 | Exercise Price | Maturity Date       | Number of Contracts (33) | Notional Amount | Cost (Proceeds) | Fair Value (1) | ASC 820 Level (32) |
|--|----------------------------|----------------|---------------------|--------------------------|-----------------|-----------------|----------------|--------------------|
| Option Contracts (Assets)                        |                            |                |                     |                          |                 |                 |                |                    |
| Purchased Put Options                            |                            |                |                     |                          |                 |                 |                |                    |
| CME Group  | WTI Crude Oil Put Options  | \$ 45.00       | 10/31/17 - 03/29/19 | 1,980                    | \$89,100        | \$5,057         | \$4,020        | Level 1            |
| Total Purchased Put Options—0.3% (10)            |                            |                |                     |                          |                 | \$5,057         | \$4,020        | Level 1            |
| Total Option Contracts (Assets)—0.3% (10)        |                            |                |                     |                          |                 | \$5,057         | \$4,020        |                    |
| Option Contracts (Liabilities)                   |                            |                |                     |                          |                 |                 |                |                    |
| Written Call Options                             |                            |                |                     |                          |                 |                 |                |                    |
| CME Group  | WTI Crude Oil Call Options | \$ 54.30       | 10/31/17 - 03/29/19 | 990                      | \$(53,757)      | \$(2,570)       | \$(3,080)      | Level 1            |
| CME Group  | WTI Crude Oil Call Options | 55.00          | 10/31/17 - 03/29/19 | 990                      | (54,450)        | (2,471)         | (2,797)        | Level 1            |
| Total Written Call Options—(0.4)% (10)           |                            |                |                     |                          |                 | \$(5,041)       | \$(5,877)      |                    |
| Total Option Contracts (Liabilities)—(0.4)% (10) |                            |                |                     |                          |                 | \$(5,041)       | \$(5,877)      |                    |
|  |                            |                |                     |                          |                 | \$2,427,478     | \$2,389,612    |                    |

Total Investments after Cash  
Equivalents and Option  
Contracts—162.3% (6)(7)(10)

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- (1) Fair value is determined in good faith by or under the direction of the Board of Directors of the Company (Note 2).
- (2) Solarplicity Group Limited and Solarplicity UK Holdings Limited are GBP denominated equity investments. Denotes investments in which the Company owns greater than 25% of the equity, where the governing documents of each entity preclude the Company from exercising a controlling influence over the management or policies of such entity. The Company does not have the right to elect or appoint more than 25% of the directors or another party has the right to elect or appoint more directors than the Company and has the right to appoint certain
- (3) members of senior management. Therefore, the Company has determined that these entities are not controlled affiliates. As of September 30, 2017, we had a 100%, 32%, 32% and 28% equity ownership interest in Golden Bear 2016-R, LLC; Ivy Hill Middle Market Credit Fund IX, Ltd.; Ivy Hill Middle Market Credit Fund X, Ltd. and Solarplicity Group Limited, respectively.

See notes to financial statements.

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Table of ContentsAPOLLO INVESTMENT CORPORATION  
SCHEDULE OF INVESTMENTS (Unaudited)

September 30, 2017

(In thousands, except share data)

Denotes investments in which we are an “Affiliated Person,” as defined in the 1940 Act, due to holding the power to vote or owning 5% or more of the outstanding voting securities of the investment but not controlling the company.

(4) Fair value as of March 31, 2017 and September 30, 2017 along with transactions during the six months ended September 30, 2017 in these affiliated investments are as follows:

| Name of Issue  | Fair Value at March 31, 2017 | Gross Additions | Gross Reductions | Net Change in Unrealized Gains (Losses) | Fair Value at September 30, 2017 | Net Realized Gains (Losses) | Interest/Dividend/Other Income |
|--|------------------------------|-----------------|------------------|---|----------------------------------|-----------------------------|--------------------------------|
| AIC SPV Holdings I, LLC, Membership Interests                                | \$24,285                     | \$35            | \$(69,073)       | \$44,753                                | \$—                              | \$(44,327)                  | \$115                          |
| AIC SPV Holdings II, LLC, Membership Interests                               | —                            | 535             | —                | 605                                     | 1,140                            | —                           | —                              |
| AMP Solar Group, Inc., Class A Common Unit                                   | 4,687                        | —               | —                | 509                                     | 5,196                            | —                           | —                              |
| Golden Bear 2016-R, LLC, Membership Interests                                | 17,066                       | —               | —                | (2,161)                                 | 14,905                           | —                           | —                              |
| Ivy Hill Middle Market Credit Fund IX, Ltd., Subordinated Notes              | 9,537                        | —               | (325)            | (261)                                   | 8,951                            | —                           | 745                            |
| Ivy Hill Middle Market Credit Fund X, Ltd., Subordinated Notes               | 10,841                       | —               | (410)            | (373)                                   | 10,058                           | —                           | 776                            |
| LVI Group Investments, LLC, Common Units                                     | —                            | —               | (17,506)         | 17,506                                  | —                                | (17,505)                    | (306)                          |
| MCF CLO I, LLC, Membership Interests   | —                            | —               | —                | —                                       | —                                | —                           | 120                            |
| MCF CLO III, LLC, Membership Interests                                       | —                            | —               | —                | —                                       | —                                | —                           | 427                            |
| Pelican Energy, LLC, First Lien Term Loan                                    | 15,417                       | —               | (26,665)         | 11,248                                  | —                                | —                           | —                              |
| Pelican Energy, LLC, Membership Interests                                    | —                            | 26,665          | (2,744)          | (12,125)                                | 11,796                           | —                           | —                              |
| Renew Financial LLC (f/k/a Renewable Funding, LLC), Series B Preferred Stock | 19,383                       | —               | —                | (355)                                   | 19,028                           | —                           | —                              |
| Renew Financial LLC (f/k/a Renewable Funding, LLC), Series D Preferred Stock | 6,254                        | —               | —                | 497                                     | 6,751                            | —                           | —                              |
| Renew JV LLC, Membership Interests   | 4,701                        | 2,184           | (123)            | (1,403)                                 | 5,359                            | 4,017                       | —                              |
| Solarplicity Group Limited, First Lien Term Loan                             | 119,426                      | 5,064           | —                | 9,589                                   | 134,079                          | —                           | 4,833                          |
| Solarplicity Group Limited, Class B Common Shares                            | —                            | —               | —                | —                                       | —                                | —                           | —                              |

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|   |            |           |             |            |            |             |          |
|---|------------|-----------|-------------|------------|------------|-------------|----------|
| Solarplicity UK Holdings Limited, Unsecured Debt  | 2,501      | —         | —           | 183        | 2,684      | —           | 105      |
| Solarplicity UK Holdings Limited, Ordinary Shares | 4,952      | —         | —           | (18        | )4,934     | —           | —        |
| Venoco, Inc., Unsecured Debt                      | —          | —         | (338        | )338       | —          | (338        | )—       |
| Venoco, Inc., LLC Units                           | —          | —         | (40,517     | )40,517    | —          | (40,517     | )—       |
| Venoco, Inc., Series A Warrants                   | —          | —         | (48,170     | )48,170    | —          | (48,170     | )—       |
|   | \$ 239,050 | \$ 34,483 | \$(205,871) | \$ 157,219 | \$ 224,881 | \$(146,840) | \$ 6,815 |

Gross additions includes increases in the basis of investments resulting from new portfolio investments, payment-in-kind interest or dividends, the accretion of discounts, the exchange of one or more existing securities for one or more new securities and the movement of an existing portfolio company into this category from a different category.

Gross reductions include decreases in the basis of investments resulting from principal collections related to investment repayments or sales, the amortization of premiums, the exchange of one or more existing securities for one or more new securities and the movement of an existing portfolio company out of this category into a different category.

See notes to financial statements.

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(In thousands, except share data)

Denotes investments in which we are deemed to exercise a controlling influence over the management or policies of a company, as defined in the 1940 Act, due to beneficially owning, either directly or through one or more (5) controlled companies, more than 25% of the outstanding voting securities of the investment. Fair value as of March 31, 2017 and September 30, 2017 along with transactions during the six months ended September 30, 2017 in these Controlled investments are as follows:

| Name of Issue   | Fair Value at March 31, 2017 | Gross Additions | Gross Reductions | Net Change in Unrealized Losses | Fair Value at September 30, 2017 | Net Realized Losses | Interest/Dividend/Other Income |
|---|------------------------------|-----------------|------------------|---------------------------------|----------------------------------|---------------------|--------------------------------|
| Dynamic Product Tankers, LLC, Class A Units   | \$ 42,644                    | \$ —            | \$ —             | \$ 167                          | \$ 42,811                        | \$ —                | \$ —                           |
| Dynamic Product Tankers, LLC, Letter of Credit  | —                            | —               | —                | —                               | —                                | —                   | 26                             |
| Glacier Oil & Gas Corp. (f/k/a Miller Energy Resources, Inc.), First Lien Term Loan                           | 10,000                       | 5,000           | —                | —                               | 15,000                           | —                   | 529                            |
| Glacier Oil & Gas Corp. (f/k/a Miller Energy Resources, Inc.), Second Lien Term Loan                          | 27,617                       | 1,411           | —                | —                               | 29,028                           | —                   | 1,411                          |
| Glacier Oil & Gas Corp. (f/k/a Miller Energy Resources, Inc.), Common Stock                                   | 18,862                       | —               | —                | (1,147)                         | 17,715                           | —                   | —                              |
| Glacier Oil & Gas Corp. (f/k/a Miller Energy Resources, Inc.), Unfunded Delayed Draw, 0.00% Unfunded, 3/29/19 | —                            | —               | —                | —                               | —                                | —                   | —                              |
| Merx Aviation Finance Assets Ireland Limited, Letter of Credit  | —                            | —               | —                | —                               | —                                | —                   | 41                             |
| Merx Aviation Finance, LLC, Letter of Credit  | —                            | —               | —                | —                               | —                                | —                   | 2                              |
| Merx Aviation Finance, LLC, Membership Interests  | 48,811                       | —               | (4,204)          | (1,943)                         | 42,664                           | —                   | 5,850                          |
| Merx Aviation Finance, LLC, Revolver  | 374,084                      | 115,400         | (102,984)        | —                               | 386,500                          | —                   | 26,087                         |
| MSEA Tankers LLC, Class A Units   | 72,797                       | —               | —                | (1,355)                         | 71,442                           | —                   | 2,303                          |
| SHD Oil & Gas, LLC, Series A Units  | —                            | —               | —                | —                               | —                                | —                   | —                              |
| SHD Oil & Gas, LLC, Tranche A Note  | 40,891                       | 1,257           | —                | 1,264                           | 43,412                           | —                   | 2,933                          |
| SHD Oil & Gas, LLC, Tranche B Note  | 32,793                       | —               | —                | (3,243)                         | 29,550                           | —                   | —                              |
| SHD Oil & Gas, LLC, Tranche C Note  | 6,750                        | 9,000           | —                | 473                             | 16,223                           | —                   | 954                            |
| SHD Oil & Gas, LLC, Unfunded Tranche C Note   | —                            | —               | —                | —                               | —                                | —                   | —                              |
|   | \$ 675,249                   | \$ 132,068      | \$ (107,188)     | \$ (5,784)                      | \$ 694,345                       | \$ —                | \$ 40,136                      |



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Gross additions includes increases in the basis of investments resulting from new portfolio investments, payment-in-kind interest or dividends, the accretion of discounts, the exchange of one or more existing securities for one or more new securities and the movement of an existing portfolio company into this category from a different category.

Gross reductions include decreases in the basis of investments resulting from principal collections related to investment repayments or sales, the amortization of premiums, the exchange of one or more existing securities for one or more new securities and the movement of an existing portfolio company out of this category into a different category.

As of September 30, 2017, the Company had a 85%, 48%, 100%, 98% and 38% equity ownership interest in Dynamic Product Tankers, LLC; Glacier Oil & Gas Corp. (f/k/a Miller Energy Resources, Inc.); Merx Aviation Finance, LLC; MSEA Tankers, LLC; and SHD Oil & Gas, LLC (f/k/a Spotted Hawk Development LLC), respectively.

(6) Aggregate gross unrealized gain and loss for federal income tax purposes is \$253,998 and \$214,740, respectively. Net unrealized gain is \$39,258 based on a tax cost of \$2,350,353.

Substantially all securities are pledged as collateral to our multi-currency revolving credit facility (the “Senior Secured Facility” as defined in Note 8). As such, these securities are not available as collateral to our general creditors.

(8) The negative fair value is the result of the commitment being valued below par.

These are co-investments made with the Company’s affiliates in accordance with the terms of the exemptive order (9) the Company received from the Securities and Exchange Commission (the “SEC”) permitting us to do so. (See Note 3 for discussion of the exemptive order from the SEC.)

(10) The percentage is calculated over net assets.

See notes to financial statements.

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September 30, 2017

(In thousands, except share data)

- (11) These securities are exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions that are exempt from registration, normally to qualified institutional buyers.
- (12) Denominated in USD unless otherwise noted, Euro (“€”), British Pound (“£”), and Canadian Dollar (“C\$”).
- (13) Non-income producing security.
- (14) Non-accrual status (Note 2).
- (15) The underlying investments of AIC SPV Holdings II, LLC is a securitization in which the Company has a 15% ownership interest in the residual tranche.
- (16) Denotes debt securities where the Company owns multiple tranches of the same broad asset type but whose security characteristics differ. Such differences may include level of subordination, call protection and pricing, and differing interest rate characteristics, among other factors. Such factors are usually considered in the determination of fair values.
- (17) Investments that the Company has determined 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. The status of these assets under the 1940 Act is subject to change. The Company monitors the status of these assets on an ongoing basis. As of September 30, 2017, non-qualifying assets represented approximately 20.86% of the total assets of the Company.
- (18) In addition to the interest earned based on the stated rate of this loan, the Company may be entitled to receive additional interest as a result of its arrangement with other lenders in a syndication.
- (19) This investment represents a leveraged subordinated interest in a trust that holds one foreign currency denominated bond and a derivative instrument.
- (20) Generally, the interest rate on floating interest rate investments is at benchmark rate plus spread. The borrower has an option to choose the benchmark rate, such as the London Interbank Offered Rate (“LIBOR”), the Euro Interbank Offered Rate (“EURIBOR”), the federal funds rate or the prime rate. The spread may change based on the type of rate used. The terms in the Schedule of Investments disclose the actual interest rate in effect as of the reporting period. LIBOR loans are typically indexed to 30-day, 60-day, 90-day or 180-day LIBOR rates (1M L, 3M L, or 6M L, respectively), and EURIBOR loans are typically indexed to 90-day EURIBOR rates (3M E), at the borrower’s option. LIBOR and EURIBOR loans may be subject to interest floors. As of September 30, 2017, rates for 1M L, 3M L, 6M L, 3M E, and prime are 1.23%, 1.33%, 1.51%, (0.38%), and 4.25%, respectively.
- (21) The rates associated with these undrawn committed revolvers and delayed draw term loans represent rates for commitment and unused fees.
- (22) The collateralized loan obligation (“CLO”) equity investments are entitled to recurring distributions which are generally equal to the excess cash flow generated from the underlying investments after payment of the contractual payments to debt holders and fund expenses. The current estimated yield is based on the current projections of this excess cash flow taking into account assumptions such as expected prepayments, losses and future reinvestment rates. These assumptions are periodically reviewed and adjusted. Ultimately, the actual yield may be higher or lower than the estimated yield if actual results differ from those used for the assumptions.

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September 30, 2017

(In thousands, except share data)

As of September 30, 2017, the Company had the following commitments to fund various revolving and delayed draw senior secured and subordinated loans, including commitments to issue letters of credit through a financial intermediary on behalf of certain portfolio companies. Such commitments are subject to the satisfaction of certain (23) conditions set forth in the documents governing these loans and letters of credit and there can be no assurance that such conditions will be satisfied. See Note 10 to the financial statements for further information on revolving and delayed draw loan commitments, including commitments to issue letters of credit, related to certain portfolio companies.

| Portfolio Company   | Total<br>Commitment | Drawn<br>Commitment | Letters<br>of<br>Credit | Undrawn<br>Commitment |
|---|---------------------|---------------------|-------------------------|-----------------------|
| Alliant Holdings Intermediate, LLC                            | \$ 15,000           | \$ —                | \$187                   | \$ 14,813             |
| Altasciences / 9360-1367 Quebec Inc.*                         | 4,277               | —                   | —                       | 4,277                 |
| American Media, Inc.  | 1,778               | 1,481               | 154                     | 143                   |
| Aptevo Therapeutics Inc.                                      | 15,000              | 8,571               | —                       | 6,429                 |
| Avantor Performance Materials Holdings, LLC                   | 5,000               | —                   | 122                     | 4,878                 |
| Dynamic Product Tankers, LLC                                  | 2,250               | —                   | 2,250                   | —                     |
| Erickson Inc  | 45,000              | 26,062              | 1,343                   | 17,595                |
| Glacier Oil & Gas Corp. (f/k/a Miller Energy Resources, Inc.) | 20,000              | 15,000              | —                       | 5,000                 |
| Invuity, Inc.   | 2,000               | 1,024               | —                       | 976                   |
| LabVantage Solutions Limited*                                 | 4,061               | —                   | —                       | 4,061                 |
| Merx Aviation Finance Assets Ireland Limited                  | 3,600               | —                   | 3,600                   | —                     |
| Merx Aviation Finance, LLC                                    | 177                 | —                   | 177                     | —                     |
| Oxford Immunotec, Inc.  | 1,000               | —                   | —                       | 1,000                 |
| PSI Services, LLC*  | 460                 | 278                 | —                       | 182                   |
| PTC Therapeutics, Inc   | 6,333               | —                   | —                       | 6,333                 |
| Purchasing Power, LLC   | 8,350               | 2,021               | —                       | 6,329                 |
| RA Outdoors, LLC  | 1,200               | —                   | —                       | 1,200                 |
| RiteDose Holdings I, Inc.                                     | 2,000               | —                   | —                       | 2,000                 |
| SESAC Holdco II LLC   | 587                 | —                   | —                       | 587                   |
| SHD Oil & Gas, LLC  | 18,000              | 15,750              | —                       | 2,250                 |
| Simplifi Holdings, Inc.                                       | 2,400               | —                   | —                       | 2,400                 |
| Teladoc, Inc.   | 1,667               | —                   | —                       | 1,667                 |
| Ten-X, LLC  | 4,680               | —                   | —                       | 4,680                 |
| Tibco Software Inc.   | 6,000               | —                   | —                       | 6,000                 |
| TricorBraun Holdings, Inc.                                    | 5,626               | 323                 | —                       | 5,303                 |
| UniTek Global Services Inc.                                   | 12,762              | —                   | 7,762                   | 5,000                 |
| Wright Medical Group, Inc.                                    | 50,000              | 18,333              | —                       | 31,667                |
| Total Commitments   | \$ 239,208          | \$ 88,843           | \$15,595                | \$ 134,770            |

\* These investments are in a foreign currency and the total commitment has been converted to USD using the September 30, 2017 exchange rate.

As of September 30, 2017, Dynamic Product Tankers, LLC had various classes of limited liability interests outstanding of which the Company holds Class A-1 and Class A-3 units which are identical except that Class A-1 (24) unit is voting and Class A-3 unit is non-voting. The units entitle the Company to appoint three out of five managers to the board of managers.

(25)

As of September 30, 2017, MSEA Tankers, LLC had various classes of limited liability interests outstanding of which the Company holds Class A-1 and Class A-2 units which are identical except that Class A-1 unit is voting and Class A-2 unit is non-voting. The units entitle the Company to appoint two out of three managers to the board of managers.

- (26) As of September 30, 2017, the Company holds two classes of shares in Solarplicity Group Limited. The Company holds 434 shares of Class A shares (non-voting) and 2,391 shares of Class B (voting).
- (27) This security is included in the Cash and Cash Equivalents on the Statements of Assets and Liabilities. The unused line fees of 0.50% and 0.25%, respectively are collected for the Unfunded Delayed Draw and
- (28) Unfunded Revolver from both Altasciences US Acquisition, Inc. and Altasciences / 9360-1367 Quebec Inc. as each borrower has access to the respective lending facilities.
- (29) The Company holds three classes of warrants in Sprint Industrial Holdings, LLC The Company holds 5,595 warrants of Class G, 507 warrants of Class H, and 1,239 warrants of Class I.

See notes to financial statements.

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(In thousands, except share data)

This investment represents the original debt investment made by the Company in Sprint Industrial Holdings, LLC (30) which has been restructured and as a result accumulates PIK as a different investment (footnote 31), which has priority to this investment.

This investment represents a new debt investment resulting from the restructuring of the Company's original debt (31) investment in Sprint Industrial Holdings, LLC. The investment is comprised of capitalized PIK and has priority to the original debt investment (footnote 30).

(32) The Company follows the guidance in ASC 820, Fair Value Measurement ("ASC 820") as described in Note 2 within the notes to the Financial Statements.

(33) The notional value represents the number of contracts open multiplied by the exercise price as of September 30, 2017.

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SCHEDULE OF INVESTMENTS (Unaudited)

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(In thousands, except share data)

| Industry Classification   | Percentage of Total Investments (at Fair Value) as of<br>September 30, 2017 |
|---|---|
| Business Services   | 19.5%   |
| Aviation and Consumer Transport                                   | 18.2%   |
| Energy – Electricity  | 9.3%  |
| High Tech Industries  | 7.2%  |
| Energy – Oil & Gas  | 6.9%  |
| Healthcare & Pharmaceuticals                                      | 6.8%  |
| Transportation – Cargo, Distribution                              | 5.6%  |
| Diversified Investment Vehicles, Banking, Finance,<br>Real Estate | 4.3%  |
| Telecommunications  | 2.8%  |
| Chemicals, Plastics & Rubber                                      | 2.8%  |
| Manufacturing, Capital Equipment                                  | 2.3%  |
| Aerospace & Defense   | 2.3%  |
| Utilities – Electric  | 1.9%  |
| Food & Grocery  | 1.9%  |
| Consumer Goods – Durable  | 1.7%  |
| Advertising, Printing & Publishing                                | 1.6%  |
| Automotive  | 1.1%  |
| Consumer Goods – Non-durable                                      | 1.1%  |
| Hotel, Gaming, Leisure, Restaurants                               | 0.9%  |
| Insurance   | 0.9%  |
| Containers, Packaging & Glass                                     | 0.4%  |
| Retail  | 0.3%  |
| Media – Diversified & Production                                  | 0.1%  |
| Metals & Mining   | 0.1%  |
| Total Investments   | 100.0%  |

See notes to financial statements.

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## APOLLO INVESTMENT CORPORATION

## SCHEDULE OF INVESTMENTS

March 31, 2017

(In thousands, except share data)

| Investment  | Industry                           | Interest Rate (20)            | Maturity Date | Par (12)  | Cost      | Fair Value (1) | ASC 820 Level (28) |
|---|------------------------------------|-------------------------------|---------------|-----------|-----------|----------------|--------------------|
| Non-Controlled/Non-Affiliated Investments                           |                                    |                               |               |           |           |                |                    |
| Corporate Debt  |                                    |                               |               |           |           |                |                    |
| Secured Debt  |                                    |                               |               |           |           |                |                    |
| First Lien Secured Debt   |                                    |                               |               |           |           |                |                    |
| First Lien Secured Debt (excluding Revolvers and Letters of Credit) |                                    |                               |               |           |           |                |                    |
| American Media, Inc. (16)   | Advertising, Printing & Publishing | 8.50% (1M L+750, 1.00% Floor) | 8/24/20       | \$ 15,467 | \$15,048  | \$15,467       | Level 3            |
| Total Advertising, Printing & Publishing— 1.0% (10)                 |                                    |                               |               |           | \$15,048  | \$15,467       |                    |
| Dodge Data & Analytics LLC  | Business Services                  | 9.94% (3M L+875, 1.00% Floor) | 10/31/19      | \$ 51,234 | \$50,647  | \$49,825       | Level 3            |
| My Alarm Center, LLC, Term Loan A (16)                              | Business Services                  | 9.00% (1M L+800, 1.00% Floor) | 1/9/19        | 28,035    | 28,035    | 28,035         | Level 3            |
| My Alarm Center, LLC, Term Loan B (16)(23)                          | Business Services                  | 9.00% (1M L+800, 1.00% Floor) | 1/9/19        | 8,320     | 8,320     | 8,320          | Level 3            |
| My Alarm Center, LLC, Unfunded Term Loan B (16)(21)(23)             | Business Services                  | 0.35% Unfunded                | 1/9/19        | 441       | —         | —              | Level 3            |
| My Alarm Center, LLC, Term Loan C (16)(23)                          | Business Services                  | 9.00% (1M L+800, 1.00% Floor) | 1/9/19        | 3,554     | 3,554     | 3,554          | Level 3            |
| My Alarm Center, LLC, Unfunded Term Loan C (16)(21)(23)             | Business Services                  | 0.35% Unfunded                | 1/9/19        | 557       | —         | —              | Level 3            |
| PSI Services, LLC (9)(16)   | Business Services                  | 6.00% (1M L+500, 1.00% Floor) | 1/20/23       | 7,698     | 7,511     | 7,508          | Level 3            |
| SCM Insurance Services, Inc. (17)                                   | Business Services                  | 9.250%                        | 8/22/19       | C\$39,480 | 33,387    | 25,527         | Level 3            |
| Total Business Services— 8.3% (10)                                  |                                    |                               |               |           | \$131,454 | \$122,769      |                    |
| Maxus Capital Carbon SPE I, LLC                                     | Chemicals, Plastics & Rubber       | 5.22% PIK                     | 12/31/18      | \$ 59,305 | \$59,305  | \$50,585       | Level 3            |
| Total Chemicals, Plastics & Rubber— 3.4% (10)                       |                                    |                               |               |           | \$59,305  | \$50,585       |                    |
| Westinghouse Electric Co LLC (9)(16)                                | Energy – Electricity               | 7.25% (1M L+625, 1.00% Floor) | 3/31/18       | \$ 17,500 | \$17,064  | \$17,064       | Level 3            |

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|   |                                 |                                     |         |           |          |          |           |
|---|---------------------------------|-------------------------------------|---------|-----------|----------|----------|-----------|
| Westinghouse Electric Co<br>LLC (9)(21)                                       | Energy – Electricity            | 0.50%<br>Unfunded                   | 3/31/18 | 22,500    | —        | —        | Level 3   |
| Total Energy – Electricity—   | 1.2% (10)                       |                                     |         |           | \$17,064 | \$17,064 |           |
| Aptevo Therapeutics Inc.<br>(9)(16)(23)                                       | Healthcare &<br>Pharmaceuticals | 8.38% (1M<br>L+760)                 | 2/1/21  | \$ 8,571  | \$8,605  | \$8,419  | Level 3   |
| Aptevo Therapeutics Inc.,<br>Unfunded Delayed Draw<br>(9)(16)(21)(23)         | Healthcare &<br>Pharmaceuticals | 0.00%<br>Unfunded                   | 2/1/21  | 6,429     | (27      | ) 114    | Level 3   |
| Invuity, Inc. (9)(16)   | Healthcare &<br>Pharmaceuticals | 8.00% (1M<br>L+650,<br>1.50% Floor) | 3/1/22  | 6,667     | 6,558    | 6,539    | Level 3   |
| Invuity, Inc., Unfunded<br>Delayed Draw<br>(8)(9)(16)(21)(23)                 | Healthcare &<br>Pharmaceuticals | 0.00%<br>Unfunded                   | 3/1/22  | 3,333     | (16      | ) (64    | ) Level 3 |
| Novadaq Technologies Inc.<br>(9)(16)(17)(23)                                  | Healthcare &<br>Pharmaceuticals | 7.98% (1M<br>L+720,<br>0.50% Floor) | 1/1/22  | 3,333     | 3,324    | 3,325    | Level 3   |
| Novadaq Technologies Inc.,<br>Unfunded Delayed Draw<br>(8)(9)(16)(17)(21)(23) | Healthcare &<br>Pharmaceuticals | 0.00%<br>Unfunded                   | 1/1/22  | 6,666     | (32      | ) (18    | ) Level 3 |
| Oxford Immunotec, Inc.<br>(9)(16)(17)   | Healthcare &<br>Pharmaceuticals | 8.38% (1M<br>L+760)                 | 10/1/21 | 9,750     | 9,752    | 9,756    | Level 3   |
| Total Healthcare & Pharmaceuticals—   | 1.9% (10)                       |                                     |         |           | \$28,164 | \$28,071 |           |
| ChyronHego Corporation<br>(18)  | High Tech<br>Industries         | 7.43% (1M<br>L+643,<br>1.00% Floor) | 3/9/20  | \$ 36,208 | \$35,697 | \$35,484 | Level 3   |

See notes to financial statements.



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APOLLO INVESTMENT CORPORATION

SCHEDULE OF INVESTMENTS

March 31, 2017

(In thousands, except share data)

| Investment  | Industry                            | Interest Rate (20)                                     | Maturity Date | Par (12)  | Cost      | Fair Value (1) | ASC 820 Level (28) |  |
|---|-------------------------------------|--|---------------|-----------|-----------|----------------|--------------------|--|
| ECN Holding Company (Emergency Communications Network) (16)(18) | High Tech Industries                | 9.50% (2M L+850, 1.00% Floor)                          | 6/12/21       | 22,190    | 21,944    | 22,040         | Level 3            |  |
| LabVantage Solutions Inc.                                       | High Tech Industries                | 9.00% (3M L+800, 1.00% Floor)                          | 12/29/20      | 14,438    | 14,085    | 14,293         | Level 3            |  |
| LabVantage Solutions Limited (16)(17)                           | High Tech Industries                | 9.00% (3M E+800, 1.00% Floor)                          | 12/29/20      | 13,226    | 13,852    | 14,004         | Level 3            |  |
| Nextech Systems, LLC (18)                                       | High Tech Industries                | 8.40% (3M L+725, 1.00% Floor)                          | 6/22/21       | 21,716    | 21,256    | 21,282         | Level 3            |  |
| Saba Software, Inc. (18)  | High Tech Industries                | 9.00% (1M L+800, 1.00% Floor)                          | 3/30/21       | 9,825     | 9,825     | 9,825          | Level 3            |  |
| Telestream Holdings Corporation (18)                            | High Tech Industries                | 7.61% (3M L+645, 1.00% Floor)                          | 1/15/20       | 37,119    | 36,745    | 36,376         | Level 3            |  |
| Total High Tech Industries— 10.3% (10)                          |                                     |  |               |           |           | \$ 153,404     | \$ 153,304         |  |
| GFRC Holdings LLC (f/k/a Garden Fresh Restaurant Group. Inc.)   | Hotel, Gaming, Leisure, Restaurants | 10.50% (1M L+900 Cash (L+900 PIK Toggle), 1.50% Floor) | 2/1/22        | \$ 2,500  | \$ 2,500  | \$ 2,375       | Level 3            |  |
| Total Hotel, Gaming, Leisure, Restaurants— 0.2% (10)            |                                     |  |               |           |           | \$ 2,500       | \$ 2,375           |  |
| Magnetation, LLC (14)(16)                                       | Metals & Mining                     | 12.00% PIK   | 12/31/19      | \$ 12,527 | \$ 10,378 | \$—            | Level 3            |  |
| Magnetation, LLC (14)(16)                                       | Metals & Mining                     | 9.15% (3M L+800 Cash (PIK Toggle))                     | 12/31/19      | 2,081     | 2,050     | 705            | Level 3            |  |
| Total Metals & Mining— 0.0% (10)                                |                                     |  |               |           |           | \$ 12,428      | \$ 705             |  |
| UniTek Global Services Inc. (16)                                | Telecommunications                  | 9.65% (3M L+750 Cash plus 1.00% PIK, 1.00% Floor)      | 1/13/19       | \$ 32,367 | \$ 32,366 | \$ 33,013      | Level 3            |  |
| UniTek Global Services Inc. (16)                                | Telecommunications                  | 11.50% (P+750)   | 1/13/19       | 10,000    | 10,000    | 10,000         | Level 3            |  |
| UniTek Global Services Inc. (16)                                | Telecommunications                  | 9.65% (3M L+750 Cash                                   | 1/13/19       | 1,709     | 1,709     | 1,709          | Level 3            |  |

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plus 1.00% PIK,  
1.00% Floor)

|  |                                       |                                     |         |         |         |           |           |         |
|--|---------------------------------------|-------------------------------------|---------|---------|---------|-----------|-----------|---------|
| Total Telecommunications— 3.1% (10)  |                                       |                                     |         |         |         | \$44,075  | \$44,722  |         |
| Total First Lien Secured Debt (excluding Revolvers and Letters of Credit)—29.4% (10) |                                       |                                     |         |         |         | \$463,442 | \$435,062 |         |
| Revolvers and Letters of Credit  |                                       |                                     |         |         |         |           |           |         |
| American Media, Inc.,<br>Letter of Credit (16)(23)                                   | Advertising, Printing<br>& Publishing | 7.500%                              | 8/24/20 | \$154   | \$—     | \$—       |           | Level 3 |
| American Media, Inc.,<br>Revolver (16)(23)   | Advertising, Printing<br>& Publishing | 8.56% (3M<br>L+750, 1.00%<br>Floor) | 8/24/20 | 770     | 770     | 770       |           | Level 3 |
| American Media, Inc.,<br>Unfunded Revolver<br>(16)(21)(23)                           | Advertising, Printing<br>& Publishing | 0.50%<br>Unfunded                   | 8/24/20 | 854     | (45     | ) —       |           | Level 3 |
| Total Advertising, Printing & Publishing— 0.0% (10)                                  |                                       |                                     |         |         |         | \$725     | \$770     |         |
| My Alarm Center, LLC,<br>Revolver (16)(23)   | Business Services                     | 11.00% (P+700)                      | 1/9/19  | \$5,083 | \$5,083 | \$5,083   |           | Level 3 |
| My Alarm Center, LLC,<br>Unfunded Revolver<br>(16)(21)(23)                           | Business Services                     | 0.35%<br>Unfunded                   | 1/9/19  | 1,167   | —       | —         |           | Level 3 |
| PSI Services, LLC,<br>Revolver (9)(16)(23)   | Business Services                     | 6.00% (3M<br>L+500, 1.00%<br>Floor) | 1/20/22 | 198     | 198     | 194       |           | Level 3 |
| PSI Services, LLC,<br>Unfunded Revolver<br>(9)(16)(21)(23)                           | Business Services                     | 0.50%<br>Unfunded                   | 1/20/22 | £47     | —       | —         |           | Level 3 |
| PSI Services, LLC,<br>Unfunded Revolver<br>(9)(8)(16)(21)(23)                        | Business Services                     | 0.50%<br>Unfunded                   | 1/20/22 | 198     | (10     | ) (5      | )         | Level 3 |
| Total Business Services— 0.4% (10)   |                                       |                                     |         |         |         | \$5,271   | \$5,272   |         |

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## APOLLO INVESTMENT CORPORATION

## SCHEDULE OF INVESTMENTS

March 31, 2017

(In thousands, except share data)

| Investment   | Industry                      | Interest Rate (20)            | Maturity Date | Par (12) | Cost     | Fair Value (1) | ASC 820 Level (28) |
|--|-------------------------------|-------------------------------|---------------|----------|----------|----------------|--------------------|
| Avantor Performance Materials Holdings, LLC, Letter of Credit (16)(23)         | Chemicals, Plastics & Rubber  | 4.000%                        | 3/10/18       | \$72     | \$1      | \$—            | Level 3            |
| Avantor Performance Materials Holdings, LLC, Unfunded Revolver (8)(16)(21)(23) | Chemicals, Plastics & Rubber  | 0.50% Unfunded                | 3/10/22       | 4,928    | (617 )   | (13 )          | Level 3            |
| Total Chemicals, Plastics & Rubber—  | 0.0% (10)                     |                               |               |          | \$(616 ) | \$(13 )        |                    |
| TricorBraun Holdings, Inc., Revolver (16)(23)                                  | Containers, Packaging & Glass | 6.25% (P+225)                 | 11/30/21      | \$960    | \$960    | \$960          | Level 3            |
| TricorBraun Holdings, Inc., Unfunded Revolver (16)(21)(23)                     | Containers, Packaging & Glass | 0.50% Unfunded                | 11/30/21      | 4,665    | (472 )   | —              | Level 3            |
| Total Containers, Packaging & Glass—   | 0.1% (10)                     |                               |               |          | \$488    | \$960          |                    |
| Endologix, Inc., Unfunded Revolver (8)(9)(17)(21)(23)                          | Healthcare & Pharmaceuticals  | 0.50% Unfunded                | 7/29/20       | \$5,000  | \$(21 )  | \$(25 )        | Level 3            |
| Invuity, Inc., Unfunded Revolver (8)(9)(16)(21)(23)                            | Healthcare & Pharmaceuticals  | 0.50% Unfunded                | 3/1/22        | 2,000    | (9 )     | (10 )          | Level 3            |
| Novadaq Technologies Inc., Unfunded Revolver (8)(9)(16)(17)(21)(23)            | Healthcare & Pharmaceuticals  | 0.50% Unfunded                | 1/1/22        | 3,000    | (14 )    | (14 )          | Level 3            |
| Oxford Immunotec, Inc., Unfunded Revolver (8)(9)(16)(17)(21)(23)               | Healthcare & Pharmaceuticals  | 0.50% Unfunded                | 10/1/21       | 1,000    | (5 )     | (5 )           | Level 3            |
| Wright Medical Group, Inc., Revolver (9)(16)(17)(23)                           | Healthcare & Pharmaceuticals  | 5.03% (1M L+425, 0.75% Floor) | 12/23/21      | 10,000   | 10,000   | 9,900          | Level 3            |
| Wright Medical Group, Inc., Unfunded Revolver (8)(9)(16)(17)(21)(23)           | Healthcare & Pharmaceuticals  | 0.50% Unfunded                | 12/23/21      | 40,000   | (302 )   | (400 )         | Level 3            |
| Total Healthcare & Pharmaceuticals—  | 0.6% (10)                     |                               |               |          | \$9,649  | \$9,446        |                    |
| LabVantage Solutions Limited, Unfunded Revolver (8)(16)(17)(21)(23)            | High Tech Industries          | 0.50% Unfunded                | 12/29/20      | €3,435   | \$(90 )  | \$(37 )        | Level 3            |
| Tibco Software Inc., Unfunded Revolver (8)(21)(23)                             | High Tech Industries          | 0.50% Unfunded                | 12/5/19       | \$6,000  | (32 )    | (839 )         | Level 3            |
| Total High Tech Industries—  | -0.1% (10)                    |                               |               |          | \$(122 ) | \$(876 )       |                    |
| Alliant Holdings Intermediate, LLC, Letter of Credit (8)(16)(23)               | Insurance                     | 3.375%                        | 4/24/17       | \$37     | \$—      | \$(2 )         | Level 3            |
| Alliant Holdings Intermediate, LLC, Letter of Credit (8)(16)(23)               | Insurance                     | 3.375%                        | 5/4/17        | 8        | —        | —              | Level 3            |
|  | Insurance                     | 3.375%                        | 6/30/17       | 17       | —        | (1 )           | Level 3            |

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|   |           |                   |          |        |        |           |        |         |         |
|---|-----------|-------------------|----------|--------|--------|-----------|--------|---------|---------|
| Alliant Holdings Intermediate, LLC, Letter of Credit (8)(16)(23)      |           |                   |          |        |        |           |        |         |         |
| Alliant Holdings Intermediate, LLC, Letter of Credit (8)(16)(23)      | Insurance | 3.375%            | 7/29/17  | 80     | —      | (4        | )      | Level 3 |         |
| Alliant Holdings Intermediate, LLC, Letter of Credit (8)(16)(23)      | Insurance | 3.375%            | 10/3/17  | 8      | —      | —         |        | Level 3 |         |
| Alliant Holdings Intermediate, LLC, Letter of Credit (8)(16)(23)      | Insurance | 3.375%            | 11/30/17 | 38     | —      | (2        | )      | Level 3 |         |
| Alliant Holdings Intermediate, LLC, Unfunded Revolver (8)(16)(21)(23) | Insurance | 0.50%<br>Unfunded | 8/14/20  | 14,812 | (1,152 | )         | (697   | )       | Level 3 |
| Total Insurance— 0.0% (10)  |           |                   |          |        |        | \$(1,152) | \$(706 | )       |         |

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## APOLLO INVESTMENT CORPORATION

## SCHEDULE OF INVESTMENTS

March 31, 2017

(In thousands, except share data)

| Investment  | Industry                           | Interest Rate (20)             | Maturity Date | Par (12) | Cost      | Fair Value (1) | ASC 820 Level (28) |
|---|------------------------------------|--------------------------------|---------------|----------|-----------|----------------|--------------------|
| SESAC Holdco II LLC, Unfunded Revolver (8)(16)(21)(23)      | Media – Diversified & Production   | 0.50% Unfunded                 | 2/23/22       | \$587    | \$(52)    | \$(44)         | Level 3            |
| Total Media – Diversified & Production—                     |                                    | 0.0% (10)                      |               |          | \$(52)    | \$(44)         |                    |
| UniTek Global Services Inc., Letter of Credit (16)(23)      | Telecommunications                 | 7.50%                          | 1/13/19       | \$7,762  | \$—       | \$—            | Level 3            |
| UniTek Global Services Inc., Unfunded Revolver (16)(21)(23) | Telecommunications                 | 0.50% Unfunded                 | 1/13/19       | 5,000    | —         | —              | Level 3            |
| Total Telecommunications—                                   |                                    | 0.0% (10)                      |               |          | \$—       | \$—            |                    |
| Total Revolvers and Letters of Credit—                      |                                    | 1.0% (10)                      |               |          | \$14,191  | \$14,809       |                    |
| Total First Lien Secured Debt—                              |                                    | 30.4% (10)                     |               |          | \$477,633 | \$449,871      |                    |
| Second Lien Secured Debt                                    |                                    |                                |               |          |           |                |                    |
| A-L Parent LLC  | Advertising, Printing & Publishing | 8.25% (1M L+725, 1.00% Floor)  | 12/2/24       | \$10,048 | \$9,951   | \$10,023       | Level 2            |
| Total Advertising, Printing & Publishing—                   |                                    | 0.7% (10)                      |               |          | \$9,951   | \$10,023       |                    |
| PAE Holding Corporation                                     | Aerospace & Defense                | 10.50% (1M L+950, 1.00% Floor) | 10/20/23      | \$22,026 | \$21,297  | \$22,246       | Level 2            |
| Total Aerospace & Defense—                                  |                                    | 1.5% (10)                      |               |          | 21,297    | 22,246         |                    |
| K&N Parent, Inc.  | Automotive                         | 9.75% (3M L+875, 1.00% Floor)  | 10/21/24      | \$30,000 | \$29,425  | \$29,849       | Level 3            |
| Total Automotive—   |                                    | 2.0% (10)                      |               |          | \$29,425  | \$29,849       |                    |
| SiTV, Inc. (11)   | Broadcasting & Subscription        | 10.38%                         | 7/1/19        | \$2,219  | \$2,219   | \$1,340        | Level 2            |
| Total Broadcasting & Subscription—                          |                                    | 0.1% (10)                      |               |          | \$2,219   | \$1,340        |                    |
| Access CIG, LLC (16)  | Business Services                  | 9.78% (3M L+875, 1.00% Floor)  | 10/17/22      | \$50,970 | \$49,054  | \$51,313       | Level 3            |
| Active Network, LLC   | Business Services                  | 10.50% (1M L+950, 1.00% Floor) | 11/15/21      | 17,875   | 17,712    | 17,819         | Level 2            |
| Appriss Holdings, Inc.                                      | Business Services                  | 10.40% (3M L+925, 1.00% Floor) | 5/21/21       | 23,309   | 23,057    | 23,309         | Level 3            |
| Aptean, Inc.  | Business Services                  | 10.50% (1M L+950, 1.00%)       | 12/20/23      | 9,548    | 9,409     | 9,571          | Level 2            |

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|  |                   |                                      |         |        |        |        |         |
|--|-------------------|--------------------------------------|---------|--------|--------|--------|---------|
| Electro Rent Corporation (9)             | Business Services | Floor)<br>10.00% (1M<br>L+900, 1.00% | 1/31/25 | 18,333 | 17,795 | 17,967 | Level 3 |
| GCA Services Group, Inc.                 | Business Services | Floor)<br>10.05% (3M<br>L+900, 1.00% | 3/1/24  | 16,250 | 16,022 | 16,189 | Level 2 |
| Institutional Shareholder Services, Inc. | Business Services | Floor)<br>9.61% (3M<br>L+850, 1.00%  | 4/30/22 | 8,232  | 8,162  | 8,314  | Level 3 |
| Ministry Brands, LLC (16)(23)            | Business Services | Floor)<br>10.25% (1M<br>L+925, 1.00% | 6/2/23  | 10,000 | 9,856  | 9,851  | Level 3 |
| Poseidon Merger Sub, Inc.                | Business Services | Floor)<br>9.56% (3M<br>L+850, 1.00%  | 8/15/23 | 18,000 | 17,568 | 18,000 | Level 3 |
| PSI Services, LLC (9)(16)                | Business Services | Floor)<br>10.00% (1M<br>L+900, 1.00% | 1/20/24 | 25,714 | 24,964 | 24,950 | Level 3 |
| Sterling Holdings Ultimate Parent, Inc.  | Business Services | Floor)<br>9.40% (3M<br>L+825, 1.00%  | 6/19/23 | 20,000 | 19,824 | 19,800 | Level 3 |
| STG-Fairway Acquisitions, Inc.           | Business Services | Floor)<br>10.30% (3M<br>L+925, 1.00% | 6/30/23 | 15,000 | 14,685 | 14,663 | Level 3 |

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APOLLO INVESTMENT CORPORATION

SCHEDULE OF INVESTMENTS

March 31, 2017

(In thousands, except share data)

| Investment  | Industry   | Interest Rate (20)                  | Maturity Date | Par (12) | Cost      | Fair Value (1) | ASC 820 Level (28) |
|---|--|-------------------------------------|---------------|----------|-----------|----------------|--------------------|
| Velocity Technology Solutions, Inc.   | Business Services  | 9.50% (3M L+825, 1.25% Floor)       | 9/28/20       | 16,500   | 16,298    | 16,335         | Level 3            |
| Total Business Services— 16.7% (10)   |  |                                     |               |          | \$244,406 | \$248,081      |                    |
| Avantor Performance Materials Holdings, LLC (16)                                | Chemicals, Plastics & Rubber                                   | 9.25% (1M L+825, 1.00% Floor)       | 3/10/25       | \$737    | \$730     | \$742          | Level 2            |
| Avantor Performance Materials Holdings, LLC, Unfunded Delayed Draw (16)(21)(23) | Chemicals, Plastics & Rubber                                   | 0.00% Unfunded                      | 3/10/25       | 892      | (9)       | —              | Level 2            |
| Hare Bidco, Inc.  | Chemicals, Plastics & Rubber                                   | 9.75% (3M L+875, 1.00% Floor)       | 8/1/24        | €13,574  | 14,381    | 14,228         | Level 3            |
| Total Chemicals, Plastics & Rubber— 1.0% (10)                                   |  |                                     |               |          | \$15,102  | \$14,970       |                    |
| Sequential Brands Group, Inc. (17)  | Consumer Goods – Durable                                       | 9.83% (1M L+900)                    | 7/1/22        | \$17,512 | \$17,319  | \$17,252       | Level 3            |
| Total Consumer Goods – Durable— 1.2% (10)                                       |  |                                     |               |          | \$17,319  | \$17,252       |                    |
| Sprint Industrial Holdings, LLC   | Containers, Packaging & Glass                                  | 13.50% PIK                          | 11/14/19      | \$16,707 | \$16,213  | \$9,297        | Level 3            |
| Total Containers, Packaging & Glass— 0.6% (10)                                  |  |                                     |               |          | \$16,213  | \$9,297        |                    |
| Armor Holding II LLC  | Diversified Investment Vehicles, Banking, Finance, Real Estate | 10.25% (3M L+900, 1.25% Floor)      | 12/26/20      | \$8,000  | \$7,906   | \$8,000        | Level 2            |
| Total Diversified Investment Vehicles, Banking, Finance, Real Estate— 0.5% (10) |  |                                     |               |          | \$7,906   | \$8,000        |                    |
| Grocery Outlet, Inc.  | Food & Grocery   | 9.40% (3M L+825, 1.00% Floor)       | 10/21/22      | \$25,000 | \$24,713  | \$25,094       | Level 2            |
| Total Food & Grocery— 1.7% (10)   |  |                                     |               |          | \$24,713  | \$25,094       |                    |
| BioClinica Holding I, LP  | Healthcare & Pharmaceuticals                                   | 9.25% (1M L+825, 1.00% Floor)       | 10/21/24      | \$24,612 | \$24,144  | \$24,474       | Level 2            |
| Elements Behavioral Health, Inc.  | Healthcare & Pharmaceuticals                                   | 13.04% (3M L+1200 PIK, 1.00% Floor) | 2/11/20       | 11,192   | 11,141    | 9,289          | Level 3            |
| Lanai Holdings III, Inc.  | Healthcare & Pharmaceuticals                                   | 9.50% (1M L+850, 1.00% Floor)       | 8/28/23       | 17,391   | 16,907    | 17,217         | Level 2            |
| PetVet Care Centers, LLC  |  |                                     | 6/17/21       | 13,500   | 13,120    | 13,298         | Level 3            |

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|  |                                     |                                |          |          |          |          |         |  |
|--|-------------------------------------|--------------------------------|----------|----------|----------|----------|---------|--|
|  | Healthcare & Pharmaceuticals        | 9.65% (3M L+850, 1.00% Floor)  |          |          |          |          |         |  |
| Total Healthcare & Pharmaceuticals—        |                                     | 4.3% (10)                      |          |          | \$65,312 | \$64,278 |         |  |
| MSC Software Corp. (17)                    | High Tech Industries                | 8.50% (1M L+750, 1.00% Floor)  | 5/31/21  | \$13,448 | \$13,359 | \$13,464 | Level 3 |  |
| Total High Tech Industries—                |                                     | 0.9% (10)                      |          |          | \$13,359 | \$13,464 |         |  |
| SMG  | Hotel, Gaming, Leisure, Restaurants | 9.40% (3M L+825, 1.00% Floor)  | 2/27/21  | \$19,649 | \$19,649 | \$19,625 | Level 3 |  |
| Total Hotel, Gaming, Leisure, Restaurants— |                                     | 1.3% (10)                      |          |          | \$19,649 | \$19,625 |         |  |
| Asurion Corporation                        | Insurance                           | 8.50% (1M L+750, 1.00% Floor)  | 3/3/21   | \$39,590 | \$39,404 | \$40,167 | Level 2 |  |
| Confie Seguros Holding II Co.              | Insurance                           | 10.25% (1M L+900, 1.25% Floor) | 5/8/19   | 22,344   | 22,276   | 22,260   | Level 2 |  |
| Total Insurance—                           |                                     | 4.2% (10)                      |          |          | \$61,680 | \$62,427 |         |  |
| MedPlast Holdings Inc.                     | Manufacturing, Capital Equipment    | 9.78% (3M L+875, 1.00% Floor)  | 6/6/23   | \$8,000  | \$7,800  | \$7,800  | Level 3 |  |
| MW Industries, Inc.                        | Manufacturing, Capital Equipment    | 10.40% (3M L+925, 1.00% Floor) | 12/28/20 | 20,000   | 19,569   | 20,100   | Level 2 |  |
| Power Products, LLC (9)                    | Manufacturing, Capital Equipment    | 10.34% (3M L+900, 1.00% Floor) | 12/20/23 | 37,500   | 36,239   | 36,847   | Level 3 |  |
| Total Manufacturing, Capital Equipment—    |                                     | 4.4% (10)                      |          |          | \$63,608 | \$64,747 |         |  |

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## APOLLO INVESTMENT CORPORATION

## SCHEDULE OF INVESTMENTS

March 31, 2017

(In thousands, except share data)

| Investment  | Industry   | Interest Rate (20)              | Maturity Date | Par (12)  | Cost        | Fair Value (1) | ASC 820 Level (28) |
|---|--|---------------------------------|---------------|-----------|-------------|----------------|--------------------|
| SESAC Holdco II LLC (16)                              | Media – Diversified & Production                               | 8.25% (3M L+725, 1.00% Floor)   | 2/24/25       | \$3,241   | \$3,209     | \$3,254        | Level 2            |
| Total Media – Diversified & Production— 0.2% (10)     |  |                                 |               |           | \$3,209     | \$3,254        |                    |
| Wave Holdco Merger Sub, Inc.                          | Telecommunications   | 10.25% (1M L+925, 1.00% Floor)  | 5/27/23       | \$10,000  | \$9,768     | \$9,874        | Level 3            |
| Total Telecommunications— 0.7% (10)                   |  |                                 |               |           | \$9,768     | \$9,874        |                    |
| TMK Hawk Parent, Corp.                                | Transportation – Cargo, Distribution                           | 8.50% (1M L+750, 1.00% Floor)   | 10/1/22       | \$34,000  | \$33,745    | \$33,830       | Level 3            |
| Total Transportation – Cargo, Distribution— 2.4% (10) |  |                                 |               |           | \$33,745    | \$33,830       |                    |
| Total Second Lien Secured Debt—44.4% (10)             |  |                                 |               |           | \$658,881   | \$657,651      |                    |
| Total Secured Debt—74.8% (10)                         |  |                                 |               |           | \$1,136,514 | \$1,107,522    |                    |
| Unsecured Debt  |  |                                 |               |           |             |                |                    |
| U.S. Security Associates Holdings, Inc.               | Business Services  | 11.00%                          | 7/28/18       | \$135,000 | \$135,000   | \$135,000      | Level 3            |
| Total Business Services— 9.1% (10)                    |  |                                 |               |           | \$135,000   | \$135,000      |                    |
| Sorenson Holdings, LLC (11)                           | Consumer Goods – Durable                                       | 13.85% Cash (13.85% PIK Toggle) | 10/31/21      | \$52      | \$35        | \$47           | Level 2            |
| Total Consumer Goods – Durable— 0.0% (10)             |  |                                 |               |           | \$35        | \$47           |                    |
| UniTek Global Services Inc. (16)                      | Telecommunications   | 15.00% PIK                      | 7/13/19       | \$8,547   | \$8,547     | \$8,717        | Level 3            |
| Total Telecommunications— 0.6% (10)                   |  |                                 |               |           | \$8,547     | \$8,717        |                    |
| American Tire Distributors, Inc. (11)                 | Transportation – Cargo, Distribution                           | 10.25%                          | 3/1/22        | \$14,741  | \$14,808    | \$15,119       | Level 2            |
| Total Transportation – Cargo, Distribution— 1.0% (10) |  |                                 |               |           | \$14,808    | \$15,119       |                    |
| Total Unsecured Debt—10.7% (10)                       |  |                                 |               |           | \$158,390   | \$158,883      |                    |
| Total Corporate Debt—85.5% (10)                       |  |                                 |               |           | \$1,294,904 | \$1,266,405    |                    |
| Structured Products and Other                         |  |                                 |               |           |             |                |                    |
| Craft 2013-1, Credit-Linked Note (11)(16)(17)         | Diversified Investment Vehicles, Banking, Finance, Real Estate | 10.31% (3M L+925)               | 4/17/22       | \$25,000  | \$25,013    | \$25,000       | Level 3            |
|   |  |                                 | 4/17/22       | 7,625     | 7,694       | 7,625          | Level 3            |

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|  |  |                      |         |          |           |           |  |         |
|--|--|----------------------|---------|----------|-----------|-----------|--|---------|
| Craft 2013-1,<br>Credit-Linked Note<br>(16)(17)  | Diversified Investment<br>Vehicles, Banking,<br>Finance, Real Estate | 9.98% (3M<br>L+925)  |         |          |           |           |  |         |
| Craft 2014-1A,<br>Credit-Linked Note<br>(11)(17)   | Diversified Investment<br>Vehicles, Banking,<br>Finance, Real Estate | 10.89% (3M<br>L+965) | 5/15/21 | 42,500   | 42,376    | 41,820    |  | Level 3 |
| Craft 2015-2,<br>Credit-Linked Note<br>(11)(17)  | Diversified Investment<br>Vehicles, Banking,<br>Finance, Real Estate | 10.31% (3M<br>L+925) | 1/16/24 | 26,000   | 25,827    | 25,389    |  | Level 3 |
| Total Diversified Investment<br>Vehicles, Banking, Finance,<br>Real Estate—<br>6.7% (10) |  |                      |         |          | \$100,910 | \$99,834  |  |         |
| Asset Repackaging<br>Trust Six B.V.<br>(11)(17)(19)                                      | Utilities – Electric   | 13.11%               | 5/18/27 | \$58,411 | \$25,637  | \$29,615  |  | Level 3 |
| Total Utilities – Electric—  |  |                      |         |          | \$25,637  | \$29,615  |  |         |
| Total Structured Products and<br>Other—8.7% (10)   |  |                      |         |          | \$126,547 | \$129,449 |  |         |
| Equity   |  |                      |         |          |           |           |  |         |
| Preferred Equity   |  |                      |         |          | Shares    |           |  |         |
| Delta Career<br>Education<br>Corporation, Super<br>Senior Preferred<br>Stock A (13)      | Education  | N/A                  | N/A     | 7,812    | \$7,049   | \$—       |  | Level 3 |

See notes to financial statements.

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## APOLLO INVESTMENT CORPORATION

## SCHEDULE OF INVESTMENTS

March 31, 2017

(In thousands, except share data)

| Investment   | Industry                             | Interest Rate (20) | Maturity Date | Par (12)    | Cost     | Fair Value (1) | ASC 820 Level (28) |
|--|--------------------------------------|--------------------|---------------|-------------|----------|----------------|--------------------|
| Delta Career Education Corporation, Super Senior Preferred Stock B (13)                  | Education                            | N/A                | N/A           | 10,585      | 8,788    | —              | Level 3            |
| Delta Career Education Corporation, Super Senior Preferred Stock C (13)                  | Education                            | N/A                | N/A           | 23,769      | 20,665   | —              | Level 3            |
| Gryphon Colleges Corp., Preferred Stock (13)(14)   | Education                            | 12.50% PIK         | N/A           | 332,500     | 6,863    | —              | Level 3            |
| Gryphon Colleges Corp., Preferred Stock (13)(14)   | Education                            | 13.50% PIK         | N/A           | 12,360      | 27,685   | —              | Level 3            |
| Total Education— 0.0% (10)   |                                      |                    |               |             | \$71,050 | \$—            |                    |
| Sungevity Inc., Series D Preferred Stock (13)  | Energy – Electricity                 | N/A                | N/A           | 114,678,899 | 99,409   | \$—            | Level 3            |
| Total Energy – Electricity— 0.0% (10)  |                                      |                    |               |             | \$4,409  | \$—            |                    |
| Total Preferred Equity—0.0% (10)   |                                      |                    |               |             | \$75,459 | \$—            |                    |
| Common Equity/Interests  |                                      |                    |               | Shares      |          |                |                    |
| Skyline Data, News and Analytics LLC, Class A Common Unit (13)                           | Business Services                    | N/A                | N/A           | 4,500,000   | \$4,500  | \$4,500        | Level 3            |
| Total Business Services— 0.3% (10)   |                                      |                    |               |             | \$4,500  | \$4,500        |                    |
| Sorenson Holdings, LLC, Membership Interests (13)  | Consumer Goods – Durable             | N/A                | N/A           | 587         | \$—      | \$231          | Level 3            |
| Total Consumer Goods – Durable— 0.0% (10)  |                                      |                    |               |             | \$—      | \$231          |                    |
| Gryphon Colleges Corp., Common Stock (13)  | Education                            | N/A                | N/A           | 17,500      | \$175    | \$—            | Level 3            |
| Total Education— 0.0% (10)   |                                      |                    |               |             | \$175    | \$—            |                    |
| Clothesline Holdings, Inc., Common Stock (13)  | Healthcare & Pharmaceuticals         | N/A                | N/A           | 6,000       | \$6,000  | \$—            | Level 3            |
| Total Healthcare & Pharmaceuticals— 0.0% (10)  |                                      |                    |               |             | \$6,000  | \$—            |                    |
| GFRC Holdings LLC (f/k/a Garden Fresh Restaurant Group, Inc.), Membership Interests (13) | Hotel, Gaming, Leisure, Restaurants  | N/A                | N/A           | 2,500,000   | \$—      | \$—            | Level 3            |
| Total Hotel, Gaming, Leisure, Restaurants— 0.0% (10)                                     |                                      |                    |               |             | \$—      | \$—            |                    |
| Accelerate Parent Corp., Common Stock (13)   | Transportation – Cargo, Distribution | N/A                | N/A           | 1,664,046   | \$1,714  | \$1,730        | Level 3            |
| Total Transportation – Cargo, Distribution— 0.1% (10)                                    |                                      |                    |               |             | \$1,714  | \$1,730        |                    |
| Total Common Equity/Interests—0.4% (10)  |                                      |                    |               |             | \$12,389 | \$6,461        |                    |
| Warrants   |                                      |                    |               | Warrants    |          |                |                    |
| Gryphon Colleges Corp., Class A-1 Preferred Stock  | Education                            | N/A                | N/A           | 45,947      | \$460    | \$—            | Level 3            |

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|  |                                 |     |     |         |             |             |         |
|--|---------------------------------|-----|-----|---------|-------------|-------------|---------|
| Warrants (13)  |                                 |     |     |         |             |             |         |
| Gryphon Colleges Corp.,<br>Class B-1 Preferred Stock       | Education                       | N/A | N/A | 104,314 | 1,043       | —           | Level 3 |
| Warrants (13)  |                                 |     |     |         |             |             |         |
| Gryphon Colleges Corp.,<br>Common Stock Warrants (13)      | Education                       | N/A | N/A | 9,820   | 98          | —           | Level 3 |
| Total Education— 0.0% (10)                                 |                                 |     |     |         | \$1,601     | \$—         |         |
| Invuity, Inc., Warrants (9)                                | Healthcare &<br>Pharmaceuticals | N/A | N/A | 16,873  | \$80        | \$94        | Level 3 |
| Total Healthcare & Pharmaceuticals— 0.0% (10)              |                                 |     |     |         | \$80        | \$94        |         |
| Total Warrants—0.0% (10)                                   |                                 |     |     |         | \$1,681     | \$94        |         |
| Total Equity— 0.4% (10)                                    |                                 |     |     |         | \$89,529    | \$6,555     |         |
| Total Non-Controlled/Non-Affiliated Investments—94.6% (10) |                                 |     |     |         | \$1,510,980 | \$1,402,409 |         |

See notes to financial statements.

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## APOLLO INVESTMENT CORPORATION

## SCHEDULE OF INVESTMENTS

March 31, 2017

(In thousands, except share data)

| Investment  | Industry   | Interest Rate (20)              | Maturity Date | Par (12)  | Cost       | Fair Value (1) | ASC 820 Level (28) |
|---|--|---------------------------------|---------------|-----------|------------|----------------|--------------------|
| Non-Controlled/Affiliated Investments (4)                                       |  |                                 |               |           |            |                |                    |
| Corporate Debt  |  |                                 |               |           |            |                |                    |
| Secured Debt  |  |                                 |               |           |            |                |                    |
| First Lien Secured Debt   |  |                                 |               |           |            |                |                    |
| Solarplicity Group Limited (3)(17)  | Energy – Electricity   | 8.00% PIK Toggle (8.00% Cash)   | 11/30/22      | £ 125,468 | \$ 146,598 | \$ 119,426     | Level 3            |
| Total Energy – Electricity— 8.1% (10)   |  |                                 |               |           | \$ 146,598 | \$ 119,426     |                    |
| Pelican Energy, LLC (14)(17)  | Energy – Oil & Gas   | 10.00% PIK Toggle (10.00% Cash) | 12/31/18      | \$ 31,141 | \$ 26,665  | \$ 15,417      | Level 3            |
| Total Energy – Oil & Gas— 1.0% (10)   |  |                                 |               |           | \$ 26,665  | \$ 15,417      |                    |
| Total First Lien Secured Debt—9.1% (10)   |  |                                 |               |           | \$ 173,263 | \$ 134,843     |                    |
| Total Secured Debt—9.1% (10)  |  |                                 |               |           | \$ 173,263 | \$ 134,843     |                    |
| Unsecured Debt  |  |                                 |               |           |            |                |                    |
| Solarplicity UK Holdings Limited (17)   | Energy – Electricity   | 8.00% PIK Toggle (8.00% Cash)   | 2/24/22       | £ 2,000   | \$ 2,499   | \$ 2,501       | Level 3            |
| Total Energy – Electricity— 0.2% (10)   |  |                                 |               |           | \$ 2,499   | \$ 2,501       |                    |
| Venoco, Inc.  | Energy – Oil & Gas   | 10.00% PIK                      | 7/25/17       | \$ 338    | \$ 337     | \$ —           | Level 3            |
| Total Energy – Oil & Gas— 0.0% (10)   |  |                                 |               |           | \$ 337     | \$ —           |                    |
| Total Unsecured Debt—0.2% (10)  |  |                                 |               |           | \$ 2,836   | \$ 2,501       |                    |
| Total Corporate Debt—9.3% (10)  |  |                                 |               |           | \$ 176,099 | \$ 137,344     |                    |
| Structured Products and Other   |  |                                 |               |           |            |                |                    |
| Golden Bear 2016-R, LLC, Membership Interests (3)(17)(22)                       | Diversified Investment Vehicles, Banking, Finance, Real Estate | N/A                             | 9/20/42       | N/A       | \$ 16,459  | \$ 17,066      | Level 3            |
| Ivy Hill Middle Market Credit Fund IX, Ltd., Subordinated Notes (3)(11)(17)(22) | Diversified Investment Vehicles, Banking, Finance, Real Estate | 13.34%                          | 10/18/25      | 12,500    | 9,158      | 9,537          | Level 3            |
| Ivy Hill Middle Market Credit Fund X, Ltd., Subordinated Notes (3)(11)(17)(22)  | Diversified Investment Vehicles, Banking, Finance, Real Estate | 11.25%                          | 7/18/27       | 14,000    | 11,078     | 10,841         | Level 3            |
| Total Diversified Investment Vehicles, Banking, Finance, Real Estate— 2.5%(10)  |  |                                 |               |           | \$ 36,695  | \$ 37,444      |                    |
| Total Structured Products and Other—2.5% (10)                                   |  |                                 |               |           | \$ 36,695  | \$ 37,444      |                    |

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| Equity  |  |     |     |           |          |          |         |
|---|--|-----|-----|-----------|----------|----------|---------|
| Preferred Equity  |  |     |     | Shares    |          |          |         |
| Renew Financial LLC (f/k/a Renewable Funding, LLC), Series B Preferred Stock (13) | Energy – Electricity   | N/A | N/A | 1,505,868 | \$8,343  | \$19,383 | Level 3 |
| Renew Financial LLC (f/k/a Renewable Funding, LLC), Series D Preferred Stock (13) | Energy – Electricity   | N/A | N/A | 436,689   | 5,568    | 6,254    | Level 3 |
| Total Energy – Electricity— 1.7% (10)   |  |     |     |           | \$13,911 | \$25,637 |         |
| Total Preferred Equity—1.7% (10)  |  |     |     |           | \$13,911 | \$25,637 |         |
| Common Equity/Interests   |  |     |     | Shares    |          |          |         |
| AIC SPV Holdings I, LLC, Membership Interests (15)(17)(23)                        | Diversified Investment Vehicles, Banking, Finance, Real Estate | N/A | N/A | N/A       | \$69,040 | \$24,285 | Level 3 |
| Total Diversified Investment Vehicles, Banking, Finance, Real Estate— 1.6% (10)   |  |     |     |           | \$69,040 | \$24,285 |         |
| AMP Solar Group, Inc., Class A Common Unit (13)(17)                               | Energy – Electricity   | N/A | N/A | 243,646   | \$10,000 | \$4,687  | Level 3 |
| Renew JV LLC, Membership Interests (13)(17)                                       | Energy – Electricity   | N/A | N/A | 1,959,906 | 1,960    | 4,701    | Level 3 |

See notes to financial statements.

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## APOLLO INVESTMENT CORPORATION

## SCHEDULE OF INVESTMENTS

March 31, 2017

(In thousands, except share data)

| Investment  | Industry                 | Interest Rate (20) | Maturity Date | Par (12) | Cost      | Fair Value (1) | ASC 820 Level (28) |
|---|--------------------------|--------------------|---------------|----------|-----------|----------------|--------------------|
| Solarplicity Group Limited, Common Shares (2)(3)(13)(17)(26)  | Energy – Electricity     | N/A                | N/A           | 2,825    | 2,472     | —              | Level 3            |
| Solarplicity UK Holdings Limited, Ordinary Shares (2)(13)(17) | Energy – Electricity     | N/A                | N/A           | 2,825    | 3         | 4,952          | Level 3            |
| Total Energy – Electricity— 1.0% (10)                         |                          |                    |               |          | \$14,435  | \$14,340       |                    |
| Pelican Energy, LLC, Membership Interests (13)(17)            | Energy – Oil & Gas       | N/A                | N/A           | 1,228    | \$1,099   | \$—            | Level 3            |
| Venoco, Inc., LLC Units (13)                                  | Energy – Oil & Gas       | N/A                | N/A           | 192,177  | 40,517    | —              | Level 3            |
| Total Energy – Oil & Gas— 0.0% (10)                           |                          |                    |               |          | \$41,616  | \$—            |                    |
| LVI Group Investments, LLC, Common Units (3)(13)              | Environmental Industries | N/A                | N/A           | 212,460  | \$17,505  | \$—            | Level 3            |
| Total Environmental Industries— 0.0% (10)                     |                          |                    |               |          | \$17,505  | \$—            |                    |
| Total Common Equity/Interests— 2.6% (10)                      |                          |                    |               |          | \$142,596 | \$38,625       |                    |
| Warrants  |                          |                    |               |          |           |                |                    |
| Venoco, Inc., Series A Warrants (13)                          | Energy – Oil & Gas       | N/A                | N/A           | 23,125   | \$48,170  | \$—            | Level 3            |
| Total Energy – Oil & Gas— 0.0% (10)                           |                          |                    |               |          | \$48,170  | \$—            |                    |
| Total Warrants— 0.0% (10)                                     |                          |                    |               |          | \$48,170  | \$—            |                    |
| Total Equity— 4.3% (10)                                       |                          |                    |               |          | \$204,677 | \$64,262       |                    |
| Total Non-Controlled/Affiliated Investments— 16.1% (10)       |                          |                    |               |          | \$417,471 | \$239,050      |                    |

| Investment   | Industry           | Interest Rate (20)                 | Maturity Date | Par (12) | Cost     | Fair Value (1) | ASC 820 Level (28) |
|--|--------------------|------------------------------------|---------------|----------|----------|----------------|--------------------|
| Controlled Investments (5)   |                    |                                    |               |          |          |                |                    |
| Corporate Debt   |                    |                                    |               |          |          |                |                    |
| Secured Debt   |                    |                                    |               |          |          |                |                    |
| First Lien Secured Debt  |                    |                                    |               |          |          |                |                    |
| First Lien Secured Debt (excluding Revolvers and Letters of Credit)              |                    |                                    |               |          |          |                |                    |
| Glacier Oil & Gas Corp. (f/k/a Miller Energy Resources, Inc.) (16)(23)           | Energy – Oil & Gas | 8.00% Cash (10.00% PIK Toggle)     | 3/29/19       | \$10,000 | \$10,000 | \$10,000       | Level 3            |
| SHD Oil & Gas, LLC (f/k/a Spotted Hawk Development LLC), Tranche A Note (16)     | Energy – Oil & Gas | 14.00% (8.00% Cash plus 6.00% PIK) | 12/31/19      | 40,891   | 40,891   | 40,891         | Level 3            |
| SHD Oil & Gas, LLC (f/k/a Spotted Hawk Development LLC), Tranche B Note (14)(16) | Energy – Oil & Gas | 14.00% PIK                         | 12/31/19      | 63,697   | 44,380   | 32,793         | Level 3            |
| SHD Oil & Gas, LLC (f/k/a Spotted Hawk Development LLC), Tranche C Note (16)(23) | Energy – Oil & Gas | 12.00%                             | 12/31/19      | 6,750    | 6,750    | 6,750          | Level 3            |

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|   |                                 |                   |          |         |         |            |            |
|---|---------------------------------|-------------------|----------|---------|---------|------------|------------|
| SHD Oil & Gas, LLC (f/k/a Spotted Hawk Development LLC), Unfunded Tranche C Note (16)(21)(23) | Energy – Oil & Gas              | 0.00%<br>Unfunded | 12/31/19 | 11,250  | —       | —          | Level 3    |
| Total Energy – Oil & Gas— 6.1% (10)   |                                 |                   |          |         |         | \$ 102,021 | \$ 90,434  |
| Total First Lien Secured Debt (excluding Revolvers and Letters of Credit)—6.1% (10)           |                                 |                   |          |         |         | \$ 102,021 | \$ 90,434  |
| Revolvers and Letters of Credit   |                                 |                   |          |         |         |            |            |
| Merx Aviation Finance Assets Ireland Limited, Letter of Credit (16)(23)                       | Aviation and Consumer Transport | 2.25%             | 7/31/17  | \$ 177  | \$—     | \$—        | Level 3    |
| Merx Aviation Finance Assets Ireland Limited, Letter of Credit (16)(23)                       | Aviation and Consumer Transport | 2.25%             | 9/30/17  | 3,600   | —       | —          | Level 3    |
| Merx Aviation Finance, LLC, Revolver (16)(23)   | Aviation and Consumer Transport | 12.00%            | 10/31/18 | 374,084 | 374,084 | 374,084    | Level 3    |
| Merx Aviation Finance, LLC, Unfunded Revolver (16)(21)(23)                                    | Aviation and Consumer Transport | 0.00%<br>Unfunded | 10/31/18 | 125,916 | —       | —          | Level 3    |
| Total Aviation and Consumer Transport— 25.2% (10)   |                                 |                   |          |         |         | \$ 374,084 | \$ 374,084 |

See notes to financial statements.

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## APOLLO INVESTMENT CORPORATION

## SCHEDULE OF INVESTMENTS

March 31, 2017

(In thousands, except share data)

| Investment   | Industry                             | Interest Rate (20)             | Maturity Date | Par (12) | Cost        | Fair Value (1) | ASC 820 Level (28) |
|--|--------------------------------------|--------------------------------|---------------|----------|-------------|----------------|--------------------|
| Dynamic Product Tankers, LLC, Letter of Credit (17)(23)                          | Transportation – Cargo, Distribution | 2.25%                          | 9/20/17       | 2,250    | \$—         | \$—            | Level 3            |
| Total Transportation – Cargo, Distribution—                                      |                                      |                                |               |          | 0.0% (10)   | \$—            | \$—                |
| Total Revolvers and Letters of Credit—   |                                      |                                |               |          | 25.2% (10)  | \$374,084      | \$374,084          |
| Total First Lien Secured Debt—   |                                      |                                |               |          | 31.3% (10)  | \$476,105      | \$464,518          |
| Second Lien Secured Debt   |                                      |                                |               |          |             |                |                    |
| Glacier Oil & Gas Corp. (f/k/a Miller Energy Resources, Inc.) (16)               | Energy – Oil & Gas                   | 10.00% PIK Toggle (8.00% Cash) | 3/29/21       | \$27,617 | \$27,617    | \$27,617       | Level 3            |
| Total Energy – Oil & Gas—  |                                      |                                |               |          | 1.9%        | \$27,617       | \$27,617           |
| Total Second Lien Secured Debt—  |                                      |                                |               |          | 1.9% (10)   | \$27,617       | \$27,617           |
| Total Secured Debt—  |                                      |                                |               |          | 33.2% (10)  | \$503,722      | \$492,135          |
| Total Corporate Debt—  |                                      |                                |               |          | 33.2% (10)  | \$503,722      | \$492,135          |
| Equity   |                                      |                                |               |          |             |                |                    |
| Common Equity/Interests  |                                      |                                |               | Shares   |             |                |                    |
| Merx Aviation Finance, LLC, Membership Interests                                 | Aviation and Consumer Transport      | N/A                            | N/A           | N/A      | \$19,204    | \$48,811       | Level 3            |
| Total Aviation and Consumer Transport—   |                                      |                                |               |          | 3.3% (10)   | \$19,204       | \$48,811           |
| Glacier Oil & Gas Corp. (f/k/a Miller Energy Resources, Inc.), Common Stock (13) | Energy – Oil & Gas                   | N/A                            | N/A           | 5,000    | \$30,078    | \$18,862       | Level 3            |
| SHD Oil & Gas, LLC (f/k/a Spotted Hawk Development LLC), Series A Units (13)     | Energy – Oil & Gas                   | N/A                            | N/A           | 7,600    | 1,412       | —              | Level 3            |
| Total Energy – Oil & Gas—  |                                      |                                |               |          | 1.30% (10)  | \$31,490       | \$18,862           |
| Dynamic Product Tankers, LLC, Class A Units (17)(24)                             | Transportation – Cargo, Distribution | N/A                            | N/A           | N/A      | \$48,106    | \$42,644       | Level 3            |
| MSEA Tankers LLC, Class A Units (17)(25)   | Transportation – Cargo, Distribution | N/A                            | N/A           | N/A      | 74,450      | 72,797         | Level 3            |
| Total Transportation – Cargo, Distribution—                                      |                                      |                                |               |          | 7.8% (10)   | \$122,556      | \$115,441          |
| Total Common Equity/Interests—   |                                      |                                |               |          | 12.4% (10)  | \$173,250      | \$183,114          |
| Total Equity—  |                                      |                                |               |          | 12.4% (10)  | \$173,250      | \$183,114          |
| Total Controlled Investments—  |                                      |                                |               |          | 45.6% (10)  | \$676,972      | \$675,249          |
| Total Investments before Cash Equivalents—                                       |                                      |                                |               |          | 156.3% (10) | \$2,605,423    | \$2,316,708        |

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|  |     |     |     |       |             |             |         |
|--|-----|-----|-----|-------|-------------|-------------|---------|
| J.P. Morgan U.S.<br>Government Money Market Fund (27)      | N/A | N/A | N/A | 9,783 | \$9,783     | \$9,783     | Level 1 |
| Total Cash Equivalents—0.7% (10)                           |     |     |     |       | \$9,783     | \$9,783     |         |
| Total Investments after Cash Equivalents—157.0% (6)(7)(10) |     |     |     |       | \$2,615,206 | \$2,326,491 |         |

(1) Fair value is determined in good faith by or under the direction of the Board of Directors of the Company (Note 2).

(2) Solarplicity Group Limited and Solarplicity UK Holdings Limited are GBP denominated equity investments.

Denotes investments in which the Company owns greater than 25% of the equity, where the governing documents of each entity preclude the Company from exercising a controlling influence over the management or policies of such entity. The Company does not have the right to elect or appoint more than 25% of the directors or another

(3) party has the right to elect or appoint more directors than the Company and has the right to appoint certain members of senior management. Therefore, the Company has determined that these entities are not controlled affiliates. As of March 31, 2017, we had a 100%, 32%, 32%, 36% and 28% equity ownership interest in Golden Bear 2016-R, LLC; Ivy Hill Middle Market Credit Fund IX, Ltd.; Ivy Hill Middle Market Credit Fund X, Ltd.; LVI Group Investments, LLC and Solarplicity Group Limited, respectively.

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## APOLLO INVESTMENT CORPORATION

## SCHEDULE OF INVESTMENTS

March 31, 2017

(In thousands, except share data)

Denotes investments in which we are an “Affiliated Person,” as defined in the 1940 Act, due to holding the power to vote or owning 5% or more of the outstanding voting securities of the investment but not controlling the company.  
 (4) Fair value as of March 31, 2016 and March 31, 2017 along with transactions during the year ended March 31, 2017 in these affiliated investments are as follows:

| Name of Issue   | Fair Value at March 31, 2016 | Gross Additions | Gross Reductions | Net Change in Unrealized Gains (Losses) | Fair Value at March 31, 2017 | Net Realized Gains (Losses) | Interest/Dividend/Other Income |
|---|------------------------------|-----------------|------------------|---|------------------------------|-----------------------------|--------------------------------|
| AIC SPV Holdings I, LLC, Membership Interests                   | \$—                          | \$69,039        | \$—              | \$(44,754)                              | \$24,285                     | \$—                         | \$ 599                         |
| AMP Solar Group, Inc., Class A Common Unit                      | —                            | 7,022           | —                | (2,335)                                 | 4,687                        | —                           | —                              |
| Generation Brands Holdings, Inc., Basic Common Stock            | 9,712                        | 1               | —                | (9,713)                                 | —                            | 10,155                      | —                              |
| Generation Brands Holdings, Inc., Series 2L Common Stock        | 39,572                       | —               | (11,242)         | -(28,330)                               | —                            | 29,963                      | —                              |
| Generation Brands Holdings, Inc., Series H Common Stock         | 8,087                        | —               | (2,298)          | -(5,789)                                | —                            | 6,123                       | —                              |
| Golden Bear 2016-R, LLC, Membership Interests                   | —                            | 16,460          | —                | 606                                     | 17,066                       | —                           | —                              |
| Golden Bear Warehouse LLC, Membership Interests                 | 49,617                       | 27,777          | (60,685)         | -(16,709)                               | —                            | 34,216                      | 3,020                          |
| Highbridge Loan Management 3-2014, Ltd., Subordinated Notes     | 4,975                        | —               | (5,547)          | 572                                     | —                            | (75)                        | 113                            |
| Ivy Hill Middle Market Credit Fund IX, Ltd., Subordinated Notes | 9,717                        | —               | (1,022)          | 842                                     | 9,537                        | —                           | 1,465                          |
| Ivy Hill Middle Market Credit Fund X, Ltd., Subordinated Notes  | 10,722                       | —               | (1,212)          | 1,331                                   | 10,841                       | —                           | 1,509                          |
| Jamestown CLO I Ltd., Subordinated Notes                        | 380                          | —               | (2,875)          | 2,495                                   | —                            | (1,448)                     | —                              |
| LVI Group Investments, LLC, Common Units                        | 21,486                       | —               | —                | (21,486)                                | —                            | —                           | 44                             |
| MCF CLO I, LLC, Membership Interests                            | 33,145                       | —               | (33,268)         | 123                                     | —                            | 2,113                       | 3,904                          |
| MCF CLO III, LLC, Class E Notes                                 | 10,073                       | 1,180           | (12,753)         | 1,500                                   | —                            | —                           | 1,719                          |
| MCF CLO III, LLC, Membership Interests                          | 31,180                       | —               | (34,700)         | 3,520                                   | —                            | 5,184                       | 4,500                          |
| Pelican Energy, LLC, First Lien Term Loan                       | 17,500                       | —               | (143)            | -(1,940)                                | 15,417                       | —                           | —                              |
| Pelican Energy, LLC, Membership Interests                       | —                            | —               | —                | —                                       | —                            | —                           | —                              |
| Renew Financial LLC (f/k/a Renewable Funding, LLC), Series B    | 20,459                       | —               | —                | (1,076)                                 | 19,383                       | —                           | —                              |

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|                                   |       |           |           |             |             |           |           |
|-----------------------------------|-------|-----------|-----------|-------------|-------------|-----------|-----------|
| Preferred Stock                   |       |           |           |             |             |           |           |
| Renew Financial LLC (f/k/a        |       |           |           |             |             |           |           |
| Renewable Funding, LLC), Series   | 5,933 | —         | —         | 321         | 6,254       | —         | —         |
| D Preferred Stock                 |       |           |           |             |             |           |           |
| Renew JV LLC, Membership          | —     | 1,960     | —         | 2,741       | 4,701       | —         | —         |
| Interests                         |       |           |           |             |             |           |           |
| Solarplicity Group Limited, First | —     | 160,281   | (57,085   | )16,230     | 119,426     | (36,217   | )2,385    |
| Lien Term Loan                    |       |           |           |             |             |           |           |
| Solarplicity Group Limited,       | —     | —         | —         | —           | —           | —         | —         |
| Common Shares                     |       |           |           |             |             |           |           |
| Solarplicity UK Holdings Limited, | —     | 2,499     | —         | 2           | 2,501       | —         | 20        |
| Unsecured Debt                    |       |           |           |             |             |           |           |
| Solarplicity UK Holdings Limited, | —     | 4         | —         | 4,948       | 4,952       | —         | —         |
| Ordinary Shares                   |       |           |           |             |             |           |           |
| Venoco, Inc., Unsecured Debt      | —     | 338       | —         | (338        | )—          | —         | —         |
| Venoco, Inc., LLC Units           | —     | 40,517    | —         | (40,517     | )—          | —         | —         |
| Venoco, Inc., Series A Warrants   | —     | 48,170    | —         | (48,170     | )—          | —         | —         |
|                                   |       | \$272,558 | \$375,248 | \$(222,830) | \$(185,926) | \$239,050 | \$50,014  |
|                                   |       |           |           |             |             |           | \$ 19,278 |

See notes to financial statements.

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## APOLLO INVESTMENT CORPORATION

## SCHEDULE OF INVESTMENTS

March 31, 2017

(In thousands, except share data)

Gross additions includes increases in the cost basis of investments resulting from new portfolio investments, payment-in-kind interest or dividends, the accretion of discounts, the exchange of one or more existing securities for one or more new securities and the movement of an existing portfolio company into this category from a different category.

Gross reductions include decreases in the cost basis of investments resulting from principal collections related to investment repayments or sales, the amortization of premiums, the exchange of one or more existing securities for one or more new securities and the movement of an existing portfolio company out of this category into a different category.

Denotes investments in which we are deemed to exercise a controlling influence over the management or policies of a company, as defined in the 1940 Act, due to beneficially owning, either directly or through one or more (5) controlled companies, more than 25% of the outstanding voting securities of the investment. Fair value as of March 31, 2016 and March 31, 2017 along with transactions during the year ended March 31, 2017 in these Controlled investments are as follows:

| Name of Issue  | Fair Value at March 31, 2016 | Gross Additions | Gross Reductions | Net Change in Unrealized Losses | Fair Value at March 31, 2017 | Net Realized Losses | Interest/Dividend/Other Income |
|--|------------------------------|-----------------|------------------|---------------------------------|------------------------------|---------------------|--------------------------------|
| Dynamic Product Tankers, LLC, Letter of Credit                                       | \$—                          | \$—             | \$—              | \$—                             | \$—                          | \$—                 | \$ 25                          |
| Dynamic Product Tankers, LLC, Class A Units  | 48,264                       | —               | —                | (5,620                          | )42,644                      | —                   | 1,200                          |
| Glacier Oil & Gas Corp. (f/k/a Miller Energy Resources, Inc.), First Lien Term Loan  | —                            | 10,000          | —                | —                               | 10,000                       | —                   | 470                            |
| Glacier Oil & Gas Corp. (f/k/a Miller Energy Resources, Inc.), Second Lien Term Loan | 25,000                       | 2,617           | —                | —                               | 27,617                       | —                   | 2,619                          |
| Glacier Oil & Gas Corp. (f/k/a Miller Energy Resources, Inc.), Common Stock          | 30,078                       | —               | —                | (11,216                         | )18,862                      | —                   | —                              |
| Merx Aviation Finance, LLC, Revolver   | 403,084                      | 11,000          | (40,000          | )—                              | 374,084                      | —                   | 48,256                         |
| Merx Aviation Finance, LLC, Letter of Credit   | —                            | —               | —                | —                               | —                            | —                   | (1 )                           |
| Merx Aviation Finance Assets Ireland Limited, Letter of Credit                       | —                            | —               | —                | —                               | —                            | —                   | (18 )                          |
| Merx Aviation Finance, LLC, Membership Interests                                     | 93,714                       | —               | (45,049          | )146                            | 48,811                       | —                   | 9,700                          |
| MSEA Tankers LLC, Class A Units  | 84,138                       | —               | (10,550          | )791                            | )72,797                      | —                   | 6,850                          |
| SHD Oil & Gas, LLC (f/k/a Spotted Hawk Development LLC), Tranche A Note              | —                            | 40,890          | —                | 1                               | 40,891                       | —                   | 2,095                          |
| SHD Oil & Gas, LLC (f/k/a Spotted Hawk Development LLC), Tranche                     | —                            | 28,936          | —                | 3,857                           | 32,793                       | —                   | —                              |

|  |           |           |             |            |           |           |          |
|--|-----------|-----------|-------------|------------|-----------|-----------|----------|
| B Note   |           |           |             |            |           |           |          |
| SHD Oil & Gas, LLC (f/k/a Spotted Hawk Development LLC), Tranche                 | —         | 6,750     | —           | —          | 6,750     | —         | 262      |
| C Note   |           |           |             |            |           |           |          |
| SHD Oil & Gas, LLC (f/k/a Spotted Hawk Development LLC), Unfunded Tranche C Note | —         | —         | —           | —          | —         | —         | —        |
| SHD Oil & Gas, LLC (f/k/a Spotted Hawk Development LLC), Series A Units          | —         | —         | —           | —          | —         | —         | —        |
| Solarplicity Group Limited, First lien Term Loan                                 | 163,034   | 41,732    | (169,365)   | (35,401)   | —         | (2,173)   | 14,228   |
| Solarplicity Group Limited, Class B Common Shares                                | 6,665     | —         | —           | (6,665)    | —         | —         | —        |
|  | \$853,977 | \$141,925 | \$(264,964) | \$(55,689) | \$675,249 | \$(2,173) | \$85,686 |

Gross additions includes increases in the cost basis of investments resulting from new portfolio investments, payment-in-kind interest or dividends, the accretion of discounts, the exchange of one or more existing securities for one or more new securities and the movement of an existing portfolio company into this category from a different category.

Gross reductions include decreases in the cost basis of investments resulting from principal collections related to investment repayments or sales, the amortization of premiums, the exchange of one or more existing securities for one or more new securities and the movement of an existing portfolio company out of this category into a different category.

See notes to financial statements.

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APOLLO INVESTMENT CORPORATION

SCHEDULE OF INVESTMENTS

March 31, 2017

(In thousands, except share data)

As of March 31, 2017, the Company had a 85%, 48%, 100%, 98% and 38% equity ownership interest in Dynamic Product Tankers, LLC; Glacier Oil & Gas Corp. (f/k/a Miller Energy Resources, Inc.); Merx Aviation Finance, LLC; MSEA Tankers, LLC; and SHD Oil & Gas, LLC (f/k/a Spotted Hawk Development LLC), respectively.

(6) Aggregate gross unrealized gain and loss for federal income tax purposes is \$70,774 and \$314,345, respectively.

(6) Net unrealized loss is \$243,571 based on a tax cost of \$2,560,279.

Substantially all securities are pledged as collateral to our multi-currency revolving credit facility (the “Senior Secured Facility” as defined in Note 8). As such, these securities are not available as collateral to our general creditors.

(8) The negative fair value is the result of the commitment being valued below par.

These are co-investments made with the Company’s affiliates in accordance with the terms of the exemptive order the Company received from the Securities and Exchange Commission (the “SEC”) permitting us to do so. (See Note 3 for discussion of the exemptive order from the SEC.)

(10) The percentage is calculated over net assets.

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

(12) Denominated in USD unless otherwise noted, Euro (“€”), British Pound (“£”), and Canadian Dollar (“C\$”).

(13) Non-income producing security.

(14) Non-accrual status (Note 2).

The underlying investments of AIC SPV Holdings I, LLC are two secured debt positions and one preferred equity position in SquareTwo Financial Corporation. One of the secured debt positions and the preferred equity position are on non-accrual status.

(16) Denotes debt securities where the Company owns multiple tranches of the same broad asset type but whose security characteristics differ. Such differences may include level of subordination, call protection and pricing, and differing interest rate characteristics, among other factors. Such factors are usually considered in the determination of fair values.

Investments that the Company has determined are not “qualifying assets” under Section 55(a) of the 1940 Act.

(17) 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. The status of these assets under the 1940 Act is subject to change. The Company monitors the status of these assets on an ongoing basis. As of March 31, 2017, non-qualifying assets represented approximately 23.0% of the total assets of the Company.

(18) In addition to the interest earned based on the stated rate of this loan, the Company may be entitled to receive additional interest as a result of its arrangement with other lenders in a syndication.

(19) This investment represents a leveraged subordinated interest in a trust that holds one foreign currency denominated bond and a derivative instrument.

Generally, the interest rate on floating interest rate investments is at benchmark rate plus spread. The borrower has an option to choose the benchmark rate, such as the London Interbank Offered Rate (“LIBOR”), the Euro Interbank Offered Rate (“EURIBOR”), the federal funds rate or the prime rate. The spread may change based on the type of rate used. The terms in the Schedule of Investments disclose the actual interest rate in effect as of the reporting period. LIBOR loans are typically indexed to 30-day, 60-day, 90-day or 180-day LIBOR rates (1M L, 3M L, or 6M L, respectively), and EURIBOR loans are typically indexed to 90-day EURIBOR rates (3M E), at the borrower’s option. LIBOR and EURIBOR loans may be subject to interest floors. As of March 31, 2017, rates for 1M L, 2M L, 3M L, 6M L, 3M E, and prime are 0.98%, 1.03%, 1.15%, 1.42%, (0.33%), and 4.00%, respectively.

(21) The rates associated with these undrawn committed revolvers and delayed draw term loans represent rates for commitment and unused fees.

The collateralized loan obligation (“CLO”) equity investments are entitled to recurring distributions which are generally equal to the excess cash flow generated from the underlying investments after payment of the contractual payments to debt holders and fund expenses. The current estimated yield is based on the current projections of this excess cash flow taking into account assumptions such as expected prepayments, losses and future reinvestment rates. These assumptions are periodically reviewed and adjusted. Ultimately, the actual yield may be higher or lower than the estimated yield if actual results differ from those used for the assumptions.

See notes to financial statements.

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## APOLLO INVESTMENT CORPORATION

## SCHEDULE OF INVESTMENTS

March 31, 2017

(In thousands, except share data)

As of March 31, 2017, the Company had the following commitments to fund various revolving and delayed draw senior secured and subordinated loans, including commitments to issue letters of credit through a financial intermediary on behalf of certain portfolio companies. Such commitments are subject to the satisfaction of certain (23) conditions set forth in the documents governing these loans and letters of credit and there can be no assurance that such conditions will be satisfied. See Note 10 to the financial statements for further information on revolving and delayed draw loan commitments, including commitments to issue letters of credit, related to certain portfolio companies.

| Portfolio Company                                       | Total<br>Commitment | Drawn<br>Commitment | Letters<br>of<br>Credit | Undrawn<br>Commitment |
|---|---------------------|---------------------|-------------------------|-----------------------|
| AIC SPV Holdings I, LLC                                 | \$ 8,888            | \$ 4,629            | \$—                     | \$ 4,259              |
| Alliant Holdings Intermediate, LLC                      | 15,000              | —                   | 188                     | 14,812                |
| American Media, Inc.                                    | 1,778               | 770                 | 154                     | 854                   |
| Aptevo Therapeutics Inc.                                | 15,000              | 8,571               | —                       | 6,429                 |
| Avantor Performance Materials Holdings, LLC             | 6,629               | 737                 | 72                      | 5,820                 |
| Dynamic Product Tankers, LLC                            | 2,250               | —                   | 2,250                   | —                     |
| Endologix, Inc.   | 5,000               | —                   | —                       | 5,000                 |
| Invuity, Inc.   | 12,000              | 6,667               | —                       | 5,333                 |
| LabVantage Solutions Limited                            | 3,674               | —                   | —                       | 3,674                 |
| Merx Aviation Finance, LLC                              | 3,600               | —                   | 3,600                   | —                     |
| Merx Aviation Finance Assets Ireland Limited            | 177                 | —                   | 177                     | —                     |
| My Alarm Center, LLC                                    | 19,122              | 16,958              | —                       | 2,164                 |
| Novadaq Technologies Inc.                               | 13,000              | 3,333               | —                       | 9,667                 |
| Oxford Immunotec, Inc.                                  | 1,000               | —                   | —                       | 1,000                 |
| PSI Services, LLC                                       | 455                 | 198                 | —                       | 257                   |
| SESAC Holdco II LLC                                     | 587                 | —                   | —                       | 587                   |
| SHD Oil & Gas, LLC (f/k/a Spotted Hawk Development LLC) | 18,000              | 6,750               | —                       | 11,250                |
| Tibco Software Inc.                                     | 6,000               | —                   | —                       | 6,000                 |
| TricorBraun Holdings, Inc.                              | 5,625               | 960                 | —                       | 4,665                 |
| UniTek Global Services Inc.                             | 12,762              | —                   | 7,762                   | 5,000                 |
| Westinghouse Electric Co LLC                            | 40,000              | 17,500              | —                       | 22,500                |
| Wright Medical Group, Inc.                              | 50,000              | 10,000              | —                       | 40,000                |
| Total Commitments                                       | \$ 240,547          | \$ 77,073           | \$ 14,203               | \$ 149,271            |

(24) As of March 31, 2017, Dynamic Product Tankers, LLC had various classes of limited liability interests outstanding of which the Company holds Class A-1 and Class A-3 units which are identical except that Class A-1 unit is voting and Class A-3 unit is non-voting. The units entitle the Company to appoint three out of five managers to the board of managers.

(25) As of March 31, 2017, MSEA Tankers, LLC had various classes of limited liability interests outstanding of which the Company holds Class A-1 and Class A-2 units which are identical except that Class A-1 unit is voting and Class A-2 unit is non-voting. The units entitle the Company to appoint two out of three managers to the board of managers.

(26) As of March 31, 2017, the Company holds two classes of shares in Solarplicity Group Limited. The Company holds 434 shares of Class A shares (non-voting) and 2,391 shares of Class B (voting).

(27) This security is included in the Cash and Cash Equivalents on the Statements of Assets and Liabilities.

(28) The Company follows the guidance in ASC 820, Fair Value Measurement (“ASC 820”) as described in Note 2 within the notes to the Financial Statements.

See notes to financial statements.

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## APOLLO INVESTMENT CORPORATION

## SCHEDULE OF INVESTMENTS

March 31, 2017

(In thousands, except share data)

| Industry Classification  | Percentage of Total Investments (at Fair Value) as of March 31, 2017 |
|--|--|
| Business Services  | 22.3%  |
| Aviation and Consumer Transport                                | 18.3%  |
| Energy – Electricity   | 7.7%   |
| Diversified Investment Vehicles, Banking, Finance, Real Estate | 7.3%   |
| Transportation – Cargo, Distribution                           | 7.2%   |
| High Tech Industries   | 7.2%   |
| Energy – Oil & Gas   | 6.6%   |
| Healthcare & Pharmaceuticals                                   | 4.4%   |
| Chemicals, Plastics & Rubber                                   | 2.8%   |
| Manufacturing, Capital Equipment                               | 2.8%   |
| Telecommunications   | 2.7%   |
| Insurance  | 2.7%   |
| Automotive   | 1.3%   |
| Utilities – Electric   | 1.3%   |
| Advertising, Printing & Publishing                             | 1.1%   |
| Food & Grocery   | 1.1%   |
| Aerospace & Defense  | 1.0%   |
| Hotel, Gaming, Leisure, Restaurants                            | 0.9%   |
| Consumer Goods – Durable                                       | 0.7%   |
| Containers, Packaging & Glass                                  | 0.4%   |
| Media – Diversified & Production                               | 0.1%   |
| Broadcasting & Subscription                                    | 0.1%   |
| Metals & Mining  | 0.0%   |
| Education  | 0.0%   |
| Environmental Industries                                       | 0.0%   |
| Total Investments  | 100.0%   |

See notes to financial statements.

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APOLLO INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (Unaudited)

(In thousands, except share and per share data)

Note 1. Organization

Apollo Investment Corporation (the “Company,” “Apollo Investment,” “AIC,” “we,” “us,” or “our”), a Maryland corporation incorporated on February 2, 2004, is a closed-end, externally managed, non-diversified management investment company that has elected to be treated as a business development company (“BDC”) under the Investment Company Act of 1940 (the “1940 Act”). In addition, for tax purposes we have elected to be treated as a regulated investment company (“RIC”) under Subchapter M of the Internal Revenue Code of 1986, as amended (the “Code”). We commenced operations on April 8, 2004 receiving net proceeds of \$870,000 from our initial public offering by selling 62 million shares of common stock at a price of \$15.00 per share. Since then, and through September 30, 2017, we have raised approximately \$2,210,067 in net proceeds from additional offerings of common stock and repurchased common stock for \$104,312.

Apollo Investment Management, L.P. (the “Investment Adviser” or “AIM”) is our investment adviser and an affiliate of Apollo Global Management, LLC and its consolidated subsidiaries (“AGM”). The Investment Adviser, subject to the overall supervision of our Board of Directors, manages the day-to-day operations of and provides investment advisory services to the Company.

Apollo Investment Administration, LLC (the “Administrator” or “AIA”), an affiliate of AGM, provides, among other things, administrative services and facilities for the Company. Furthermore, AIA provides on our behalf managerial assistance to those portfolio companies to which we are required to provide such assistance.

Our investment objective is to generate current income and capital appreciation. We invest primarily in various forms of debt investments, including secured and unsecured debt, loan investments, and/or equity in private middle-market companies. We may also invest in the securities of public companies and in structured products and other investments such as collateralized loan obligations (“CLOs”) and credit-linked notes (“CLNs”). Our portfolio is comprised primarily of investments in debt, including secured and unsecured debt of private middle-market companies that, in the case of senior secured loans, generally are not broadly syndicated and whose aggregate tranche size is typically less than \$250 million. Our portfolio may include equity interests such as common stock, preferred stock, warrants and/or options.

Note 2. Significant Accounting Policies

The following is a summary of the significant accounting and reporting policies used in preparing the financial statements.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) pursuant to the requirements on Form 10-Q, ASC 946, Financial Services — Investment Companies (“ASC 946”), and Articles 6, 10 and 12 of Regulation S-X. In the opinion of management, all adjustments, which are of a normal recurring nature, considered necessary for the fair presentation of the financial statements for the periods presented, have been included.

Under the 1940 Act, ASC 946, and the regulations pursuant to Article 6 of Regulation S-X, we are precluded from consolidating any entity other than another investment company or an operating company which provides substantially all of its services to benefit us. Consequently, as of September 30, 2017, the Company consolidated some special purposes entities. These special purposes entities only hold investments of the Company and have no other significant asset and liabilities. All significant intercompany transactions and balances have been eliminated in consolidation.

These financial statements should be read in conjunction with the audited financial statements and accompanying notes included in our Annual Report on Form 10-K for the year ended March 31, 2017.

Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amounts of income, expenses, gains and losses during the reported periods. Changes in the economic

environment, financial markets, credit worthiness of our portfolio companies and any other parameters used in determining these estimates could cause actual results to differ materially.

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APOLLO INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

(In thousands except share and per share data)

Cash and Cash Equivalents

The Company defines cash equivalents as securities that are readily convertible into known amounts of cash and near maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only securities with a maturity of three months or less from the date of purchase would qualify, with limited exceptions. The Company deems that certain money market funds, U.S. Treasury bills, repurchase agreements, and other high-quality, short-term debt securities would qualify as cash equivalents.

Cash and cash equivalents are carried at cost which approximates fair value. Cash equivalents held as of September 30, 2017 was \$31,179. Cash equivalents held as of March 31, 2017 was \$9,783.

Collateral on Option Contracts

Collateral on option contracts represents restricted cash held by our counterparty as collateral against our derivative instruments until such contracts mature or are settled upon per agreement of buyer and seller of the contract. In accordance with Accounting

Standards Update No. 2016-18, Statement of Cash Flows: Restricted Cash, the Statements of Cash Flows outline the changes in cash, including both restricted and unrestricted cash, cash equivalents and foreign currencies.

Investment Transactions

Investments are recognized when we assume an obligation to acquire a financial instrument and assume the risks for gains and losses related to that instrument. Investments are derecognized when we assume an obligation to sell a financial instrument and forego the risks for gains or losses related to that instrument. Specifically, we record all security transactions on a trade date basis. Amounts for investments recognized or derecognized but not yet settled are reported as a receivable for investments sold and a payable for investments purchased, respectively, in the Statements of Assets and Liabilities.

Fair Value Measurements

The Company follows guidance in ASC 820, Fair Value Measurement (“ASC 820”), where fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements are determined within a framework that establishes a three-tier hierarchy which maximizes the use of observable market data and minimizes the use of unobservable inputs to establish a classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk, such as the risk inherent in a particular valuation technique used to measure fair value using a pricing model and/or the risk inherent in the inputs for the valuation technique. Inputs may be observable or unobservable. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Company. Unobservable inputs reflect the Company’s own assumptions about the assumptions market participants would use in pricing the asset or liability based on the information available. The inputs or methodology used for valuing assets or liabilities may not be an indication of the risks associated with investing in those assets or liabilities.

ASC 820 classifies the inputs used to measure these fair values into the following hierarchy:

Level 1: Quoted prices in active markets for identical assets or liabilities, accessible by us at the measurement date.

Level 2: Quoted prices for similar assets or liabilities in active markets, or quoted prices for identical or similar assets or liabilities in markets that are not active, or other observable inputs other than quoted prices.

Level 3: Unobservable inputs for the asset or liability.

In all cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls has been determined based on the lowest level of input that is significant to the fair value measurement. Our assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to each investment. The level assigned to the investment valuations may not be indicative of the risk or liquidity associated with investing in such investments. Because of the inherent uncertainties of valuation, the values

reflected in the financial statements may differ materially from the values that would be received upon an actual disposition of such investments.

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APOLLO INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

(In thousands except share and per share data)

Investment Valuation Process

Under procedures established by our Board of Directors, we value investments, including certain secured debt, unsecured debt and other debt securities with maturities greater than 60 days, for which market quotations are readily available, at such market quotations (unless they are deemed not to represent fair value). We attempt to obtain market quotations from at least two brokers or dealers (if available, otherwise from a principal market maker, primary market dealer or other independent pricing service). We utilize mid-market pricing as a practical expedient for fair value unless a different point within the range is more representative. If and when market quotations are unavailable or are deemed not to represent fair value, we typically utilize independent third party valuation firms to assist us in determining fair value. Accordingly, such investments go through our multi-step valuation process as described below. In each case, our independent third party valuation firms consider observable market inputs together with significant unobservable inputs in arriving at their valuation recommendations for such investments. Investments purchased within 15 business days before the valuation date and debt investments with remaining maturities of 60 days or less may each be valued at cost with interest accrued or discount amortized to the date of maturity (although they are typically valued at available market quotations), unless such valuation, in the judgment of our Investment Adviser, does not represent fair value. In this case such investments shall be valued at fair value as determined in good faith by or under the direction of our Board of Directors including using market quotations where available. Investments that are not publicly traded or whose market quotations are not readily available are valued at fair value as determined in good faith by or under the direction of our Board of Directors. Such determination of fair values may involve subjective judgments and estimates.

With respect to investments for which market quotations are not readily available or when such market quotations are deemed not to represent fair value, our Board of Directors has approved a multi-step valuation process each quarter, as described below:

1. Our quarterly valuation process begins with each investment being initially valued by the investment professionals of our Investment Adviser who are responsible for the investment.
2. Preliminary valuation conclusions are then documented and discussed with senior management of our Investment Adviser.
3. Independent valuation firms are engaged by our Board of Directors to conduct independent appraisals by reviewing our Investment Adviser's preliminary valuations and then making their own independent assessment.  
The Audit Committee of the Board of Directors reviews the preliminary valuation of our Investment Adviser and
4. the valuation prepared by the independent valuation firms and responds, if warranted, to the valuation recommendation of the independent valuation firms.
5. The Board of Directors discusses valuations and determines in good faith the fair value of each investment in our portfolio based on the input of our Investment Adviser, the applicable independent valuation firm, and the Audit Committee of the Board of Directors.

Investments determined by these valuation procedures which have a fair value of less than \$1 million during the prior fiscal quarter may be valued based on inputs identified by the Investment Adviser without the necessity of obtaining valuation from an independent valuation firm, if once annually an independent valuation firm using the procedures described herein provides an independent assessment of value. Investments in all asset classes are valued utilizing a market approach, an income approach, or both approaches, as appropriate. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities (including a business). The income approach uses valuation techniques to convert future amounts (for example, cash flows or earnings) to a single present amount (discounted). The measurement is based on the value indicated by current market expectations about those future amounts. In following these approaches, the types of factors that we may take into account in fair value pricing our investments include, as relevant: available current market data, including relevant and applicable market trading and transaction comparables, applicable market yields and multiples, security covenants, seniority of investment in the investee company's capital structure, call protection provisions, information rights, the



nature and realizable value of any collateral, the portfolio company's ability to make payments, its earnings and discounted cash flows, the markets in which the portfolio company does business, comparisons of financial ratios of peer companies that are public, M&A comparables, our principal market (as the reporting entity) and enterprise values, among other factors. When readily available, broker quotations and/or quotations provided by pricing services are considered as an input in the valuation process. During the six months ended September 30, 2017, there were no significant changes to the Company's valuation techniques and related inputs considered in the valuation process.

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APOLLO INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

(In thousands except share and per share data)

Derivative Instruments

The Company recognizes all derivative instruments as assets or liabilities at fair value in its financial statements.

Derivative contracts entered into by the Company are not designated as hedging instruments, and as result the Company presents changes in fair value and realized gains or losses through current period earnings.

Derivative instruments are measured in terms of the notional contract amount and derive their value based upon one or more underlying instruments. Derivative instruments are subject to various risks similar to non-derivative instruments including market, credit, liquidity, and operational risks. The Company manages these risks on an aggregate basis as part of its risk management process. The derivatives may require the Company to pay or receive an upfront fee or premium. These upfront fees or premiums are carried forward as cost or proceeds to the derivatives.

Exchange-traded derivatives which include put and call options are valued based on the last reported sales price on the date of valuation. Over The Counter (“OTC”) derivatives, including credit default swaps, are valued by the Investment Adviser using quotations from counterparties. In instances where models are used, the value of the OTC derivative is derived from the contractual terms of, and specific risks inherent in, the instrument as well as the availability and reliability of observable inputs, such as credit spreads.

Offsetting Assets and Liabilities

The Company has elected not to offset cash collateral against the fair value of derivative contracts. The fair values of these derivatives are presented on a gross basis, even when derivatives are subject to master netting agreements. The Company’s disclosures regarding offsetting are discussed in Note 7.

Valuation of Other Financial Assets and Financial Liabilities

ASC 825, Financial Instruments, permits an entity to choose, at specified election dates, to measure certain assets and liabilities at fair value (the “Fair Value Option”). We have not elected the Fair Value Option to report selected financial assets and financial liabilities. Debt issued by the Company is reported at amortized cost (see Note 8). The carrying value of all other financial assets and liabilities approximates fair value due to their short maturities or their close proximity of the originations to the measurement date.

Realized Gains or Losses

Security transactions are accounted for on a trade date basis. Realized gains or losses on investments are calculated by using the specific identification method. Securities that have been called by the issuer are recorded at the call price on the call effective date.

Investment Income Recognition

The Company records interest and dividend income, adjusted for amortization of premium and accretion of discount, on an accrual basis. Some of our loans and other investments, including certain preferred equity investments, may have contractual payment-in-kind (“PIK”) interest or dividends. PIK income computed at the contractual rate is accrued into income and reflected as receivable up to the capitalization date. PIK investments offer issuers the option at each payment date of making payments in cash or in additional securities. When additional securities are received, they typically have the same terms, including maturity dates and interest rates as the original securities issued. On these payment dates, the Company capitalizes the accrued interest or dividends receivable (reflecting such amounts as the basis in the additional securities received). PIK generally becomes due at maturity of the investment or upon the investment being called by the issuer. At the point the Company believes PIK is not fully expected to be realized, the PIK investment will be placed on non-accrual status. When a PIK investment is placed on non-accrual status, the accrued, uncapitalized interest or dividends are reversed from the related receivable through interest or dividend income, respectively. The Company does not reverse previously capitalized PIK interest or dividends. Upon capitalization, PIK is subject to the fair value estimates associated with their related investments. PIK investments on non-accrual status are restored to accrual status if the Company believes that PIK is expected to be realized.



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APOLLO INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

(In thousands except share and per share data)

Investments that are expected to pay regularly scheduled interest and/or dividends in cash are generally placed on non-accrual status when principal or interest/dividend cash payments are past due 30 days or more and/or when it is no longer probable that principal or interest/dividend cash payments will be collected. Such non-accrual investments are restored to accrual status if past due principal and interest or dividends are paid in cash, and in management's judgment, are likely to continue timely payment of their remaining interest or dividend obligations. Interest or dividend cash payments received on non-accrual designated investments may be recognized as income or applied to principal depending upon management's judgment.

Loan origination fees, original issue discount ("OID"), and market discounts are capitalized and accreted into interest income over the respective terms of the applicable loans using the effective interest method or straight-line, as applicable. Upon the prepayment of a loan, prepayment premiums, any unamortized loan origination fees, OID, or market discounts are recorded as interest income. Other income generally includes amendment fees, bridge fees, and structuring fees which are recorded when earned.

The Company records as dividend income the accretable yield from its beneficial interests in structured products such as CLOs based upon a number of cash flow assumptions that are subject to uncertainties and contingencies. Such assumptions include the rate and timing of principal and interest receipts (which may be subject to prepayments and defaults) of the underlying pool of assets. These assumptions are updated on at least a quarterly basis to reflect changes related to a particular security, actual historical data, and market changes. A structured product investment typically has an underlying pool of assets. Payments on structured product investments are and will be payable solely from the cash flows from such assets. As such, any unforeseen event in these underlying pools of assets might impact the expected recovery of principal and future accrual of income.

Expenses

Expenses include management fees, performance-based incentive fees, insurance expenses, administrative service fees, legal fees, directors' fees, audit and tax service expenses, third-party valuation fees and other general and administrative expenses. Expenses are recognized on an accrual basis.

Financing Costs

The Company records expenses related to shelf filings and applicable offering costs as deferred financing costs in the Statements of Assets and Liabilities. To the extent such expenses relate to equity offerings, these expenses are charged as a reduction of capital upon utilization, in accordance with ASC 946-20-25, or charged to expense if no offering is completed.

The Company records origination and other expenses related to its debt obligations as deferred financing costs. The deferred financing cost for all outstanding debt is presented as a direct deduction from the carrying amount of the related debt liability, except that incurred under the Senior Secured Facility (as defined in Note 8), which the Company presents as an asset on the Statements of Assets and Liabilities. These expenses are deferred and amortized as part of interest expense using the straight-line method over the stated life of the obligation which approximates the effective yield method.

Foreign Currency Translations

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

Dividends and Distributions

Dividends and distributions to common stockholders are recorded as of the ex-dividend date. The amount to be paid out as a distribution is determined by the Board of Directors each quarter. Net realized capital gains, if any, are generally distributed or deemed distributed at least annually.

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APOLLO INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

(In thousands except share and per share data)

Share Repurchases

In connection with the Company's share repurchase program, the cost of shares repurchased is charged to net assets on the trade date.

Federal and State Income Taxes

We have elected to be treated as a RIC under the Code and operate in a manner so as to qualify for the tax treatment applicable to RICs. To qualify as a RIC, the Company must (among other requirements) meet certain source-of-income and asset diversification requirements and timely distribute to its stockholders at least 90% of its investment company taxable income as defined by the Code, for each year. The Company (among other requirements) has made and intends to continue to make the requisite distributions to its stockholders, which will generally relieve the Company from corporate-level income taxes. For income tax purposes, distributions made to stockholders are reported as ordinary income, capital gains, non-taxable return of capital, or a combination thereof. The tax character of distributions paid to stockholders through September 30, 2017 may include return of capital, however, the exact amount cannot be determined at this point. The final determination of the tax character of distributions will not be made until we file our tax return for the tax year ending March 31, 2018. The character of income and gains that we will distribute is determined in accordance with income tax regulations that may differ from GAAP. Book and tax basis differences relating to stockholder dividend and distributions and other permanent book and tax difference are reclassified to paid-in capital.

If we do not distribute (or are not deemed to have distributed) at least 98% of our annual ordinary income and 98.2% of our capital gains in the calendar year earned, we will generally be required to pay excise tax equal to 4% of the amount by which 98% of our annual ordinary income and 98.2% of our capital gains exceed the distributions from such taxable income for the year. To the extent that we determine that our estimated current year annual taxable income will be in excess of estimated current year dividend distributions from such taxable income, we accrue excise taxes, if any, on estimated undistributed taxable income.

If we fail to satisfy the annual distribution requirement or otherwise fail to qualify as a RIC in any taxable year, we would be subject to tax on all of our taxable income at regular corporate rates. Distribution would generally be taxable to our individual and other non-corporate taxable stockholders as ordinary dividend income eligible for the reduced maximum rate applicable to qualified dividend income to the extent of our current and accumulated earnings and profits provided certain holding period and other requirements are met. Subject to certain limitation under the Code, corporate distributions would be eligible for the dividend-received deduction. To qualify again to be taxed as a RIC in a subsequent year, we would be required to distribute to our stockholders our accumulated earnings and profits payable by us as an additional tax. In addition, if we failed to qualify as a RIC for a period greater than two taxable years, then, in order to qualify as a RIC in a subsequent year, we would be required to elect to recognize and pay tax on any net built-in gain (the excess of aggregate gain, including items of income, over aggregate loss that would have been realized if we had been liquidated) or, alternatively, be subject to taxation on such built-in gain recognized for a period of up to ten years.

We follow ASC 740, Income Taxes ("ASC 740"). ASC 740 provides guidance for how uncertain tax positions should be recognized, measured, presented, and disclosed in the financial statements. ASC 740 requires the evaluation of tax positions taken or expected to be taken in the course of preparing our 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 expense in the current year. Penalties or interest, if applicable, that may be assessed relating to income taxes would be classified as other operating expenses in the financial statements. As of September 30, 2017, there were no uncertain tax positions and no amounts accrued for interest or penalties. Management's determinations regarding ASC 740 may be subject to review and adjustment at a later date based upon factors including, but not limited to, an on-going analysis of tax laws, regulations and interpretations thereof. Although we file both federal and state income tax returns, our major tax jurisdiction is federal. Our tax returns for each of our federal tax years since 2014 remain subject to examination by the Internal

Revenue Service.

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APOLLO INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

(In thousands except share and per share data)

Recent Accounting Pronouncements

In May 2014, the FASB issued guidance to establish a comprehensive and converged standard on revenue recognition to enable

financial statement users to better understand and consistently analyze an entity's revenue across industries, transactions, and

geographies. The core principle of the new guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. As such, this new guidance could impact the timing of revenue recognition. The new guidance also requires improved disclosures to help users of financial statements better understand the nature, amount, timing, and uncertainty of revenue that is recognized. The new guidance will apply to all entities. In August 2015, FASB issued its final standard formally amending the effective date of the new revenue recognition guidance. The amended guidance defers the effective date of the new guidance to interim reporting periods within annual reporting periods beginning after December 15, 2017. Public business entities are permitted to apply the new guidance early, but not before the original effective date (i.e., interim periods within annual periods beginning after December 15, 2016). The application of this guidance is not expected to have a material impact on our financial statements.

In August 2016, the FASB issued guidance intended to reduce diversity in practice in how certain cash receipts and payments are classified in the statement of cash flows, including debt repayment or extinguishment costs, the settlement of contingent liabilities arising from a business combination, proceeds from insurance settlements, and distributions from certain equity method investments. The guidance is effective for interim and annual periods beginning after December 15, 2017. Early adoption is permitted. The Company is in the process of evaluating the impact that this guidance will have on its financial statements.

Note 3. Related Party Agreements and Transactions

Investment Advisory Agreement with AIM

The Company has an investment advisory and management agreement with the Investment Adviser (the "Investment Advisory Agreement") under which AIM receives a fee from the Company, consisting of two components — a base management fee and a performance-based incentive fee.

Base Management Fee

The base management fee is determined by taking the average value of our gross assets, net of the average of any payable for investments at the end of the two most recently completed calendar quarters calculated at an annual rate of 2%.

Management Fee Waiver

Effective April 1, 2017 through March 31, 2018 (the "waiver period"), the Investment Adviser has agreed to waive 25% of its base management fee so that base management fee is reduced from 2% to 1.50%.

The same waiver was in effect for the year-ended March 31, 2017.

Performance-based Incentive Fee

Incentive Fee on Pre-Incentive Fee Net Investment Income

The first part of the incentive fee is calculated and payable quarterly in arrears based on our pre-incentive fee net investment income for the immediately preceding calendar quarter at an annual rate of 20%. For this purpose, pre-incentive fee net investment income means interest income, dividend income and any other income including any other fees (other than fees for providing managerial assistance), such as structuring fees, administrative fees, amendment fees, rebate fees, and bridge fees or other fees that we receive from portfolio companies accrued during the calendar quarter, minus our operating expenses for the quarter (including the base management fee, any expenses payable under an administration agreement between the Company and the Administrator, and any interest expense and dividends paid on any issued and outstanding preferred stock, but excluding the incentive fee). Pre-incentive fee net



investment income does not include any realized capital gains computed net of all realized capital losses and unrealized capital depreciation. Pre-incentive fee net investment income, expressed as a rate of return on the value of our net assets at the end of the immediately preceding calendar quarter, is compared to the rate of 1.75% per quarter (7% annualized) (the “performance threshold”). If the resulting incentive fee rate is less than 20% due to the incentive fee waiver discussed below, the percentage at which the Investment Adviser’s 100% catch-up is complete will also be reduced ratably from 2.1875% (8.75% annualized) to as low as 2.06% (8.24% annualized) (“catch-up threshold”).

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## APOLLO INVESTMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

(In thousands except share and per share data)

The Company pays the Investment Adviser an incentive fee with respect to our pre-incentive fee net investment income in each calendar quarter as follows: (1) no incentive fee in any calendar quarter in which our pre-incentive fee net investment income does not exceed the performance threshold; (2) 100% of our pre-incentive fee net investment income with respect to that portion of such pre-incentive fee net investment income, if any, that exceeds 1.75% but does not exceed the catch-up threshold in any calendar quarter; and (3) 15% to 20% of the amount of our pre-incentive fee net investment income, if any, that exceeds catch-up threshold in any calendar quarter. These calculations are appropriately prorated for any period of less than three months. The effect of the fee calculation described above is that if pre-incentive fee net investment income is equal to or exceeds catch-up threshold, the Investment Adviser will receive a fee of 15% to 20% of our pre-incentive fee net investment income for the quarter.

**Incentive Fee Waiver**

Effective April 1, 2017 through March 31, 2018, the Investment Adviser has agreed to waive up to 25% of its performance-based incentive fee so that the incentive fee on pre-incentive fee net investment income could be accrued at as low a rate as 15% to the extent the Company experiences cumulative net realized and change in unrealized losses during the waiver period (“cumulative net losses”). The inclusion of cumulative net gains and cumulative net losses will be measured on a cumulative basis from April 1, 2017 through the end of each quarter during the waiver period. Any cumulative net gains will result in a dollar for dollar increase in the incentive fee payable up to a maximum rate of 20% and any cumulative net losses will result in a dollar for dollar decrease in the incentive fee payable down to a minimum rate of 15%.

The same waiver and calculation was in effect for the year-ended March 31, 2017.

**Incentive Fee on Cumulative Net Realized Gains**

The second part of the incentive fee is determined and payable in arrears as of the end of each calendar year (or upon termination of the Investment Advisory Agreement, as of the termination date) and will equal 20% of our cumulative realized capital gains less cumulative realized capital losses, unrealized capital loss (unrealized loss on a gross investment-by-investment basis at the end of each calendar year) and all capital gains upon which prior performance-based capital gains incentive fee payments were previously made to the Investment Adviser. For accounting purposes only, we are required under GAAP to accrue a theoretical capital gains incentive fee based upon net realized capital gains and unrealized capital gain and loss on investments held at the end of each period. The accrual of this theoretical capital gains incentive fee assumes all unrealized capital gain and loss is realized in order to reflect a theoretical capital gains incentive fee that would be payable to the Investment Adviser at each measurement date. There was no accrual for theoretical capital gains incentive fee for the three and six months ended September 30, 2017 and 2016. It should be noted that a fee so calculated and accrued would not be payable under the Investment Advisers Act of 1940 (the “Advisers Act”) or the Investment Advisory Agreement, and would not be paid based upon such computation of capital gains incentive fees in subsequent periods. Amounts actually paid to the Investment Adviser will be consistent with the Advisers Act and formula reflected in the Investment Advisory Agreement which specifically excludes consideration of unrealized capital gain.

**Deferred Payment of Certain Incentive Fees**

For the period between April 1, 2013 and March 31, 2018, AIM has agreed to be paid the portion of the incentive fee that is attributable to interest or dividend income on PIK securities when the Company receives such interest or dividend income in cash. The accrual of incentive fee shall be reversed if such interest or dividend income is written off or determined to be no longer realizable. Upon payment of the deferred incentive fee, AIM will also receive interest on the deferred incentive fee at an annual rate of 3.25% for the period between the date in which the incentive fee is earned and the date of payment.

For the three and six months ended September 30, 2017, the Company recognized \$12,290 and \$24,415, respectively, of management fees, and \$8,037 and \$15,949, respectively, of incentive fees before impact of waived fees. For the three and six months ended September 30, 2016, the Company recognized \$13,302 and \$27,700, respectively, of management fees, and \$1,943 and \$10,393, respectively, of incentive fees before impact of waived fees. For the three

and six months ended September 30, 2017, management fees waived were \$3,072 and \$6,104, respectively, and incentive fees waived were \$2,009 and \$3,987, respectively. For the three and six months ended September 30, 2016, management fees waived were \$3,327 and \$6,926, respectively, and incentive fees waived were \$1,975 and \$4,093, respectively.

As of September 30, 2017 and March 31, 2017, management and performance-based incentive fees payable were \$18,370 and \$16,306, respectively.

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## APOLLO INVESTMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

(In thousands except share and per share data)

For the six months ended September 30, 2017 and 2016, the amount of incentive fees on PIK income for which payments have been deferred were \$1,767 and \$1,877, respectively. During the six months ended September 30, 2017 and 2016, the Company reversed \$0 and \$5,978, respectively, of the deferred incentive fee payable related to PIK income which was deemed to be no longer realizable. The cumulative deferred incentive fee on PIK income included in management and performance-based incentive fee payable line of the Statements of Assets and Liabilities as of September 30, 2017 and March 31, 2017 were \$4,020 and \$2,317, respectively.

Administration Agreement with AIA

The Company has also entered into an administration agreement with the Administrator (the “Administration Agreement”) under which AIA provides administrative services for the Company. For providing these services, facilities and personnel, the Company reimburses the Administrator for the allocable portion of overhead and other expenses incurred by the Administrator and requested to be reimbursed by the Administrator in performing its obligations under the Administration Agreement. The expenses include rent and the Company’s allocable portion of compensation and other related expenses for its Chief Financial Officer, Chief Compliance Officer, Chief Legal Officer, Chief Accounting Officer, and their respective staffs. For the three and six months ended September 30, 2017, the Company recognized administrative services expense under the Administration Agreement of \$1,692 and \$3,368, respectively. For the three and six months ended September 30, 2016, the Company recognized administrative services expense under the Administration Agreement of \$2,642 and \$4,168, respectively. There was no payable to AIA and its affiliates for expenses paid on our behalf as of September 30, 2017 and March 31, 2017.

Merx Aviation Finance, LLC

Merx Aviation Finance, LLC (“Merx”), a wholly-owned portfolio company of the Company, has also entered into an administration agreement with the Administrator (the “Merx Administration Agreement”) under which AIA provides administrative services to Merx. For the three and six months ended September 30, 2017, the Company recognized expense reimbursements of \$62 and \$125 respectively, under the Merx Administration Agreement. For the three and six months ended September 30, 2016, the Company recognized expense reimbursements of \$62 and \$125 respectively, under the Merx Administration Agreement.

The Company has also entered into an expense reimbursement agreement with Merx Aviation Finance Assets Ireland Limited, an affiliate of Merx, that will reimburse the Company for reasonable out-of-pocket expenses incurred, including any interest, fees or other amounts incurred by the Company in connection with letters of credit issued on its behalf. For the three and six months ended September 30, 2017, the Company recognized expenses that were reimbursed under the expense reimbursement agreement of \$22 and \$43, respectively. For the three and six months ended September 30, 2016, the Company recognized expenses that were reimbursed under the expense reimbursement agreement of \$22 and \$43, respectively.

Co-Investment Activity

We may co-invest on a concurrent basis with affiliates of ours, subject to compliance with applicable regulations and our allocation procedures. Certain types of negotiated co-investments may be made only in accordance with the terms of the exemptive order we received from the SEC permitting us to do so. On March 29, 2016, we received an exemptive order from the SEC (the “Order”) permitting us greater flexibility to negotiate the terms of co-investment transactions with certain of our affiliates, including investment funds managed by AIM or its affiliates, subject to the conditions included therein. Under the terms of the Order, a “required majority” (as defined in Section 57(o) of the 1940 Act) of our independent directors must be able to reach certain conclusions in connection with a co-investment transaction, including that (1) the terms of the proposed transaction are reasonable and fair to us and our stockholders and do not involve overreaching of us or our stockholders on the part of any person concerned, and (2) the transaction is consistent with the interests of our stockholders and is consistent with our Board of Directors’ approved criteria. In certain situations where co-investment with one or more funds managed by AIM or its affiliates is not covered by the Order, the personnel of AIM or its affiliates will need to decide which fund will proceed with the investment. Such personnel will make these determinations based on policies and procedures, which are designed to reasonably ensure

that investment opportunities are allocated fairly and equitably among affiliated funds over time and in a manner that is consistent with applicable laws, rules and regulations. The Order is subject to certain terms and conditions so there can be no assurance that we will be permitted to co-invest with certain of our affiliates other than in the circumstances currently permitted by regulatory guidance and the Order.

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## APOLLO INVESTMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

(In thousands except share and per share data)

## Note 4. Earnings Per Share

The following table sets forth the computation of earnings (loss) per share ("EPS"), pursuant to ASC 260-10, for the three and six months ended September 30, 2017 and 2016:

|   | Three Months Ended    |             | Six Months Ended      |             |
|---|-----------------------|-------------|-----------------------|-------------|
|   | September 30,<br>2017 | 2016        | September 30,<br>2017 | 2016        |
| Earnings (Loss) Per Share                                       |                       |             |                       |             |
| Net increase (decrease) in net assets resulting from operations | \$31,787              | \$ 41,114   | \$60,568              | \$ (972 )   |
| Weighted average shares outstanding                             | 219,519,823           | 213,835,344 | 219,606,754           | 214,882,304 |
| Earnings (loss) per share                                       | \$0.14                | \$ 0.18     | \$0.28                | \$ 0.00     |

## Note 5. Investments

## Fair Value Measurement and Disclosures

The following table shows the composition of our investment and derivative portfolio as of September 30, 2017, with the fair value disaggregated into the three levels of the fair value hierarchy in accordance with ASC 820:

|  | Cost        | Fair Value  | Fair Value Hierarchy |           |             |
|--|-------------|-------------|----------------------|-----------|-------------|
|  |             |             | Level 1              | Level 2   | Level 3     |
| First Lien Secured Debt  | \$1,180,680 | \$1,142,148 | \$—                  | \$13,758  | \$1,128,390 |
| Second Lien Secured Debt                                       | 756,456     | 750,710     | —                    | 179,229   | 571,481     |
| Unsecured Debt   | 106,540     | 107,559     | —                    | 15,488    | 92,071      |
| Structured Products and Other                                  | 121,304     | 124,268     | —                    | —         | 124,268     |
| Preferred Equity   | 13,911      | 25,779      | —                    | —         | 25,779      |
| Common Equity/Interests  | 217,312     | 209,721     | —                    | —         | 209,721     |
| Warrants   | 80          | 105         | —                    | —         | 105         |
| Total Investments before Option Contracts and Cash Equivalents | \$2,396,283 | \$2,360,290 | \$—                  | \$208,475 | \$2,151,815 |
| Purchased Put Options  | \$5,057     | \$4,020     | \$4,020              | \$—       | \$—         |
| Written Call Options   | (5,041 )    | (5,877 )    | (5,877 )             | —         | —           |
| Total Option Contracts   | \$16        | \$(1,857 )  | \$(1,857 )           | \$—       | \$—         |
| Money Market Fund  | \$31,179    | \$31,179    | \$31,179             | \$—       | \$—         |
| Total Cash Equivalents   | \$31,179    | \$31,179    | \$31,179             | \$—       | \$—         |
| Total Investments after Option Contracts and Cash Equivalents  | \$2,427,478 | \$2,389,612 | \$29,322             | \$208,475 | \$2,151,815 |

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## APOLLO INVESTMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

(In thousands except share and per share data)

The following table shows the composition of our investment portfolio as of March 31, 2017, with the fair value disaggregated into the three levels of the fair value hierarchy in accordance with ASC 820:

|  | Cost        | Fair Value  | Fair Value Hierarchy |           |             |
|--|-------------|-------------|----------------------|-----------|-------------|
|  |             |             | Level 1              | Level 2   | Level 3     |
| First Lien Secured Debt                | \$1,127,001 | \$1,049,232 | \$—                  | \$—       | \$1,049,232 |
| Second Lien Secured Debt               | 686,498     | 685,268     | —                    | 238,496   | 446,772     |
| Unsecured Debt                         | 161,226     | 161,384     | —                    | 15,166    | 146,218     |
| Structured Products and Other          | 163,242     | 166,893     | —                    | —         | 166,893     |
| Preferred Equity                       | 89,370      | 25,637      | —                    | —         | 25,637      |
| Common Equity/Interests                | 328,235     | 228,200     | —                    | —         | 228,200     |
| Warrants                               | 49,851      | 94          | —                    | —         | 94          |
| Total Investments                      | \$2,605,423 | \$2,316,708 | \$—                  | \$253,662 | \$2,063,046 |
| Money Market Fund                      | \$9,783     | \$9,783     | \$9,783              | \$—       | \$—         |
| Total Cash Equivalents                 | \$9,783     | \$9,783     | \$9,783              | \$—       | \$—         |
| Total Investments and Cash Equivalents | \$2,615,206 | \$2,326,491 | \$9,783              | \$253,662 | \$2,063,046 |

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## APOLLO INVESTMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

(In thousands except share and per share data)

The following table shows changes in the fair value of our Level 3 investments during the three months ended September 30, 2017:

|  | First Lien<br>Secured<br>Debt (2) | Second<br>Lien<br>Secured<br>Debt (2) | Unsecured<br>Debt | Structured<br>Products<br>and Other | Preferred<br>Equity | Common<br>Equity/Interests | Warrant | Total       |
|--|-----------------------------------|---------------------------------------|-------------------|-------------------------------------|---------------------|----------------------------|---------|-------------|
| Fair value as of June 30, 2017   | \$1,125,840                       | \$460,880                             | \$146,642         | \$135,864                           | \$25,755            | \$217,689                  | \$82    | \$2,112,752 |
| Net realized gains (losses)  | (3,094)                           | )48                                   | —                 | —                                   | (4,409)             | (1)                        | —       | (7,456)     |
| Net change in unrealized gains (losses)  | 14,461                            | (540)                                 | )92               | (2,731)                             | )4,433              | (2,250)                    | )23     | 13,488      |
| Net amortization on investments  | 951                               | 468                                   | —                 | 97                                  | —                   | —                          | —       | 1,516       |
| Purchases, including capitalized PIK (3)   | 116,792                           | 119,469                               | 337               | —                                   | —                   | 1,238                      | —       | 237,836     |
| Sales (3)  | (126,560)                         | (36,862)                              | (55,000)          | (8,962)                             | —                   | (6,955)                    | —       | (234,339)   |
| Transfers out of Level 3 (1)   | —                                 | —                                     | —                 | —                                   | —                   | —                          | —       | —           |
| Transfers into Level 3 (1)   | —                                 | 28,018                                | —                 | —                                   | —                   | —                          | —       | 28,018      |
| Fair value as of September 30, 2017  | \$1,128,390                       | \$571,481                             | \$92,071          | \$124,268                           | \$25,779            | \$209,721                  | \$105   | \$2,151,815 |
| Net change in unrealized gains (losses) on Level 3 investments still held as of September 30, 2017 | \$8,275                           | \$(204)                               | )\$92             | \$(2,731)                           | )\$25               | \$(2,250)                  | )\$23   | \$3,230     |

The following table shows changes in the fair value of our Level 3 investments during the six months ended September 30, 2017:

|  | First Lien<br>Secured<br>Debt (2) | Second<br>Lien<br>Secured<br>Debt (2) | Unsecured<br>Debt | Structured<br>Products<br>and Other | Preferred<br>Equity | Common<br>Equity/Interests | Warrant  | Total       |
|--|-----------------------------------|---------------------------------------|-------------------|-------------------------------------|---------------------|----------------------------|----------|-------------|
| Fair value as of March 31, 2017          | \$1,049,232                       | \$446,772                             | \$146,218         | \$166,893                           | \$25,637            | \$228,200                  | \$94     | \$2,063,046 |
| Net realized gains (losses)              | (13,429)                          | )48                                   | (338)             | —                                   | (98,134)            | (81,834)                   | (49,771) | (243,458)   |
| Net change in unrealized gains (losses)  | 39,126                            | (4,013)                               | )533              | (687)                               | )98,276             | 69,771                     | 49,782   | 252,788     |
| Net amortization on investments          | 1,755                             | 1,144                                 | —                 | 189                                 | —                   | 35                         | —        | 3,123       |
| Purchases, including capitalized PIK (3) | 350,046                           | 195,217                               | 658               | —                                   | —                   | 29,384                     | —        | 575,305     |
| Sales (3)                                | (298,340)                         | (88,122)                              | (55,000)          | (42,127)                            | —                   | (35,835)                   | —        | (519,424)   |
| Transfers out of Level 3 (1)             | —                                 | (19,600)                              | —                 | —                                   | —                   | —                          | —        | (19,600)    |
| Transfers into Level 3 (1)               | —                                 | 40,035                                | —                 | —                                   | —                   | —                          | —        | 40,035      |
| Fair value as of September 30, 2017      | \$1,128,390                       | \$571,481                             | \$92,071          | \$124,268                           | \$25,779            | \$209,721                  | \$105    | \$2,151,815 |



Net change in unrealized gains (losses) on Level 3 investments still held as of September 30, 2017

|         |            |       |          |       |             |       |             |
|---------|------------|-------|----------|-------|-------------|-------|-------------|
| \$9,921 | \$(3,677 ) | \$196 | \$(770 ) | \$143 | \$(16,507 ) | \$ 12 | \$(10,682 ) |
|---------|------------|-------|----------|-------|-------------|-------|-------------|

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- Transfers out of Level 3 are due to an increase in the quantity and reliability of broker quotes obtained and transfers into Level 3 are due to a decrease in the quantity and reliability of broker quotes obtained as assessed by the Investment Adviser. Transfers are assumed to have occurred at the end of the period. There were no transfers between Level 1 and Level 2 fair value measurements during the period shown.
- (1)
  - (2) Includes unfunded commitments measured at fair value of \$(2,610).
  - (3) Includes reorganizations and restructuring of investments.

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## APOLLO INVESTMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

(In thousands except share and per share data)

The following table shows changes in the fair value of our Level 3 investments during the three months ended September 30, 2016:

|  | First Lien<br>Secured<br>Debt (2) | Second<br>Lien<br>Secured<br>Debt | Unsecured<br>Debt | Structured<br>Products<br>and Other | Preferred<br>Equity | Common<br>Equity/Interests | Warrants   | Total       |
|--|-----------------------------------|-----------------------------------|-------------------|-------------------------------------|---------------------|----------------------------|------------|-------------|
| Fair value as of June 30, 2016   | \$1,038,255                       | \$458,719                         | \$216,190         | \$305,400                           | \$67,538            | \$299,274                  | \$—        | \$2,385,376 |
| Net realized gains (losses)  | 4                                 | —                                 | —                 | —                                   | —                   | —                          | —          | 4           |
| Net change in unrealized gains (losses)  | 605                               | 29,868                            | (688)             | 23,014                              | 172                 | (16,726)                   | (45,759)   | (9,514)     |
| Net amortization on investments  | 562                               | 264                               | 90                | 90                                  | —                   | 40                         | —          | 1,046       |
| Purchases, including capitalized PIK (3)   | 71,025                            | 28,112                            | 630               | 16,301                              | 199                 | 40,631                     | 48,171     | 205,069     |
| Sales (3)  | (56,687)                          | (160,842)                         | —                 | (48,239)                            | (307)               | (6,750)                    | —          | (272,825)   |
| Transfers out of Level 3 (1)   | —                                 | (36,857)                          | —                 | —                                   | —                   | —                          | —          | (36,857)    |
| Transfers into Level 3 (1)   | —                                 | 19,476                            | —                 | —                                   | —                   | —                          | —          | 19,476      |
| Fair value as of September 30, 2016  | \$1,053,764                       | \$338,740                         | \$216,222         | \$296,566                           | \$67,602            | \$316,469                  | \$2,412    | \$2,291,775 |
| Net change in unrealized gains (losses) on Level 3 investments still held as of September 30, 2016 | \$(6,893)                         | \$(2,167)                         | \$(688)           | \$24,653                            | \$172               | \$(37,878)                 | \$(45,759) | \$(68,560)  |

The following table shows changes in the fair value of our Level 3 investments during the six months ended September 30, 2016:

|  | First Lien<br>Secured<br>Debt (2) | Second<br>Lien<br>Secured<br>Debt | Unsecured<br>Debt | Structured<br>Products<br>and Other | Preferred<br>Equity | Common<br>Equity/Interests | Warrants | Total       |
|--|-----------------------------------|-----------------------------------|-------------------|-------------------------------------|---------------------|----------------------------|----------|-------------|
| Fair value as of March 31, 2016          | \$1,089,156                       | \$491,488                         | \$227,222         | \$319,530                           | \$68,562            | \$356,940                  | \$—      | \$2,552,898 |
| Net realized gains (losses)              | (33,446)                          | —                                 | —                 | (1,523)                             | —                   | 47,285                     | (2,374)  | 9,942       |
| Net change in unrealized gains (losses)  | 12,878                            | 15,381                            | (4,673)           | 30,334                              | (40)                | (130,453)                  | (43,385) | (119,958)   |
| Net amortization on investments          | 1,363                             | 568                               | 178               | 176                                 | —                   | 57                         | —        | 2,342       |
| Purchases, including capitalized PIK (3) | 129,554                           | 37,702                            | 909               | 27,571                              | 403                 | 112,162                    | 48,171   | 356,472     |
| Sales (3)                                | (145,741)                         | (225,875)                         | (7,460)           | (79,522)                            | (1,323)             | (69,522)                   | —        | (529,443)   |

|   |             |            |           |           |          |            |            |             |
|---|-------------|------------|-----------|-----------|----------|------------|------------|-------------|
| Transfers out of Level 3<br>(1)   | —           | —          | —         | —         | —        | —          | —          | —           |
| Transfers into Level 3<br>(1)   | —           | 19,476     | 46        | —         | —        | —          | —          | 19,522      |
| Fair value as of<br>September 30, 2016  | \$1,053,764 | \$338,740  | \$216,222 | \$296,566 | \$67,602 | \$316,469  | \$2,412    | \$2,291,775 |
| Net change in unrealized<br>gains (losses) on Level 3<br>investments still held as<br>of September 30, 2016 | \$(30,186)  | \$(41,024) | \$(4,677) | \$28,272  | \$(40)   | \$(85,429) | \$(45,759) | \$(178,843) |

Transfers out of Level 3 are due to an increase in the quantity and reliability of broker quotes obtained and  
(1) transfers into Level 3 are due to a decrease in the quantity and reliability of broker quotes obtained as assessed by the Investment Adviser. Transfers are assumed to have occurred at the end of the period. There were no transfers between Level 1 and Level 2 fair value measurements during the period shown.

(2) Includes unfunded commitments measured at fair value of \$(2,700).

(3) Includes reorganizations and restructuring of investments.

The following tables summarize the significant unobservable inputs the Company used to value its investments categorized within Level 3 as of September 30, 2017 and March 31, 2017. In addition to the techniques and inputs noted in the tables below, according to our valuation policy we may also use other valuation techniques and methodologies when determining our fair value measurements. The below tables are not intended to be all-inclusive, but rather provide information on the significant unobservable inputs as they relate to the Company's determination of fair values.

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## APOLLO INVESTMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

(In thousands except share and per share data)

The unobservable inputs used in the fair value measurement of our Level 3 investments as of September 30, 2017 were as follows:

| Asset Category                | Fair Value               | Quantitative Information about Level 3 Fair Value Measurements |                     |              |         |                      |
|-------------------------------|--------------------------|--|---------------------|--------------|---------|----------------------|
|                               |                          | Valuation Techniques/Methodologies                             | Unobservable Input  | Range        |         | Weighted Average (1) |
| First Lien Secured Debt       | \$19,417                 | Broker Quoted  | Broker Quote        | N/A          | N/A     | N/A                  |
|                               | 520,579                  | Discounted Cash Flow   | Discount Rate       | 2.3%         | 14.4%   | 10.7%                |
|                               | 34,388                   | Recent Transaction   | Recent Transaction  | N/A          | N/A     | N/A                  |
|                               | 104,185                  | Recovery Analysis  | Commodity Price     | \$51.00      | \$63.50 | \$60.82              |
|                               | 49,544                   | Recovery Analysis  | Recoverable Amount  | N/A          | N/A     | N/A                  |
|                               |                          | Market Comparable Technique                                    | Comparable Multiple | 4.5x         | 4.5x    | 4.5x                 |
|                               | 654                      | Recovery Analysis  | Recoverable Amount  | N/A          | N/A     | N/A                  |
|                               |                          | Yield Analysis   | Discount Rate       | 22.5%        | 22.5%   | 22.5%                |
|                               | 399,623                  | Yield Analysis   | Discount Rate       | 4.9%         | 13.8%   | 10.3%                |
|                               | Second Lien Secured Debt | 103,535  | Broker Quoted       | Broker Quote | N/A     | N/A                  |
| 8,179                         |                          | Market Comparable Technique                                    | Comparable Multiple | 7.8x         | 7.8x    | 7.8x                 |
| 33,345                        |                          | Recent Transaction   | Recent Transaction  | N/A          | N/A     | N/A                  |
| 29,028                        |                          | Recovery Analysis  | Commodity Price     | \$53.00      | \$63.50 | \$61.01              |
| 397,394                       |                          | Yield Analysis   | Discount Rate       | 10.0%        | 26.3%   | 12.1%                |
| Unsecured Debt                | 2,683                    | Discounted Cash Flow   | Discount Rate       | 26.0%        | 26.0%   | 26.0%                |
|                               | 89,387                   | Yield Analysis   | Discount Rate       | 11.4%        | 16.7%   | 12.0%                |
| Structured Products and Other | 124,269                  | Discounted Cash Flow   | Discount Rate       | 8.9%         | 15.0%   | 10.8%                |
| Preferred Equity              | 25,780                   | Option Pricing Model   | Expected Volatility | 41.0%        | 41.0%   | 41.0%                |
| Common Equity/Interests       | 424                      | Broker Quoted  | Broker Quote        | N/A          | N/A     | N/A                  |
|                               | 173,546                  | Discounted Cash Flow   | Discount Rate       | 6.9%         | 26.0%   | 13.1%                |
|                               | 6,240                    | Market Comparable Technique                                    | Comparable Multiple | 7.8x         | 10.8x   | 8.8x                 |
|                               | 29,510                   | Recovery Analysis  | Commodity Price     | \$51.00      | \$63.50 | \$60.65              |
| Warrants                      | 105                      | Option Pricing Model   | Expected Volatility | 60.0%        | 60.0%   | 60.0%                |
| Total Level 3 Investments     | \$2,151,815              |  |                     |              |         |                      |

(1) The weighted average information is generally derived by assigning each disclosed unobservable input a proportionate weight based on the fair value of the related investment. For the commodity price unobservable input, the weighted average price is an undiscounted price based upon the estimated production level from the

underlying reserves.

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## APOLLO INVESTMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

(In thousands except share and per share data)

The unobservable inputs used in the fair value measurement of our Level 3 investments as of March 31, 2017 were as follows:

| Asset Category                | Fair Value               | Quantitative Information about Level 3 Fair Value Measurements |                      |              |         |                      |
|-------------------------------|--------------------------|--|----------------------|--------------|---------|----------------------|
|                               |                          | Valuation Techniques/Methodologies                             | Unobservable Input   | Range        |         | Weighted Average (1) |
| First Lien Secured Debt       | \$ (896,493,509)         | Broker Quoted  | Broker Quote         | N/A          | N/A     | N/A                  |
|                               |                          | Discounted Cash Flow   | Discount Rate        | 2.3%         | 14.3%   | 10.6%                |
|                               | 17,063                   | Recent Transaction   | Recent Transaction   | N/A          | N/A     | N/A                  |
|                               | 105,851                  | Recovery Analysis  | Commodity Price      | \$54.00      | \$66.00 | \$64.88              |
|                               | 50,585                   | Recovery Analysis  | Recoverable Amount   | N/A          | N/A     | N/A                  |
|                               |                          | Market Comparable Approach                                     | Comparable Multiple  | 4.5x         | 4.5x    | 4.5x                 |
|                               | 705                      | Yield Analysis   | Discount Rate        | 22.5%        | 22.5%   | 22.5%                |
|                               |                          | Recovery Analysis  | Recoverable Amount   | N/A          | N/A     | N/A                  |
|                               | 382,415                  | Yield Analysis   | Discount Rate        | 4.9%         | 17.5%   | 11.5%                |
|                               | Second Lien Secured Debt | 139,546  | Broker Quoted        | Broker Quote | N/A     | N/A                  |
|                               | 9,296                    | Market Comparable Approach                                     | Comparable Multiple  | 7.8x         | 7.8x    | 7.8x                 |
|                               | 7,800                    | Recent Transaction   | Recent Transaction   | N/A          | N/A     | N/A                  |
|                               | 27,618                   | Recovery Analysis  | Commodity Price      | \$54.00      | \$66.00 | \$61.64              |
| Unsecured Debt                | 262,512                  | Yield Analysis   | Discount Rate        | 10.2%        | 21.1%   | 12.1%                |
|                               | 2,501                    | Discounted Cash Flow   | Discount Rate        | 21.1%        | 21.1%   | 21.1%                |
|                               | 143,717                  | Yield Analysis   | Discount Rate        | 10.5%        | 16.1%   | 10.8%                |
| Structured Products and Other | 134,268                  | Discounted Cash Flow   | Discount Rate        | 10.0%        | 15.0%   | 11.3%                |
|                               | 32,625                   | Recent Transaction   | Recent Transaction   | N/A          | N/A     | N/A                  |
| Preferred Equity              | 25,637                   | Option Pricing Model   | Expected Volatility  | 52.0%        | 52.0%   | 52.0%                |
| Common Equity/Interests       | 231                      | Broker Quoted  | Broker Quote         | N/A          | N/A     | N/A                  |
|                               | 178,591                  | Discounted Cash Flow   | Discount Rate        | 6.0%         | 21.1%   | 12.7%                |
|                               | 6,230                    | Market Comparable Approach                                     | Comparable Multiple  | 3.9x         | 12.1x   | 9.3x                 |
|                               | 24,285                   | Proposed Transaction   | Proposed Transaction | N/A          | N/A     | N/A                  |
|                               | 18,863                   | Recovery Analysis  | Commodity Price      | \$54.00      | \$66.00 | 61.6x                |
| Warrants                      | 94                       | Option Pricing Model   | Expected Volatility  | 60.0%        | 60.0%   | 60.0%                |
| Total Level 3 Investments     | \$2,063,046              |  |                      |              |         |                      |

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(1) The weighted average information is generally derived by assigning each disclosed unobservable input a proportionate weight based on the fair value of the related investment. For the commodity price unobservable input, the weighted average price is an undiscounted price based upon the estimated production level from the underlying reserves.

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## APOLLO INVESTMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

(In thousands except share and per share data)

The significant unobservable inputs used in the fair value measurement of the Company's debt and equity securities are primarily earnings before interest, taxes, depreciation and amortization ("EBITDA") comparable multiples and market discount rates. The Company typically uses EBITDA comparable multiples on its equity securities to determine the fair value of investments. The Company uses market discount rates for debt securities to determine if the effective yield on a debt security is commensurate with the market yields for that type of debt security. If a debt security's effective yield is significantly less than the market yield for a similar debt security with a similar credit profile, the resulting fair value of the debt security may be lower. For certain investments where fair value is derived based on a recovery analysis, the Company uses underlying commodity prices from third party market pricing services to determine the fair value and/or recoverable amount, which represents the proceeds expected to be collected through asset sales or liquidation. Further, for certain investments, the Company also considered the probability of future events which are not in management's control. Significant increases or decreases in any of these inputs in isolation would result in a significantly lower or higher fair value measurement. The significant unobservable inputs used in the fair value measurement of the structured products include the discount rate applied in the valuation models in addition to default and recovery rates applied to projected cash flows in the valuation models. Specifically, when a discounted cash flow model is used to determine fair value, the significant input used in the valuation model is the discount rate applied to present value the projected cash flows. Increases in the discount rate can significantly lower the fair value of an investment; conversely decreases in the discount rate can significantly increase the fair value of an investment. The discount rate is determined based on the market rates an investor would expect for a similar investment with similar risks. For certain investments such as warrants, the Company uses an option pricing technique, of which the applicable method is the Black-Scholes Option Pricing Method ("BSM"). The BSM is a model of price variation over time of financial instruments, such as equity, that is used to determine the price of call or put options. Various inputs are required but the primary unobservable input into the BSM model is the underlying asset volatility.

## Investment Transactions

For the three and six months ended September 30, 2017, purchases of investments on a trade date basis were \$265,439 and \$607,475, respectively. For the three and six months ended September 30, 2016, purchases of investments on a trade date basis were \$127,629 and \$250,347, respectively.

For the three and six months ended September 30, 2017, sales and repayments (including prepayments and unamortized fees) of investments on a trade date basis were \$339,799 and \$591,746, respectively. For the three and six months ended September 30, 2016, sales and repayments (including prepayments and unamortized fees) of investments on a trade date basis were \$215,054 and \$554,471, respectively.

## PIK Income

The Company holds loans and other investments, including certain preferred equity investments, that have contractual PIK income. PIK income computed at the contractual rate is accrued into income and reflected as receivable up to the capitalization date. During the three and six months ended September 30, 2017, PIK income earned was \$5,970 and \$11,780, respectively. During the three and six months ended September 30, 2016, PIK income earned was \$6,180 and \$12,544, respectively.

The following table shows the change in capitalized PIK balance for the three and six months ended September 30, 2017 and 2016:

|  | Three Months<br>Ended September<br>30, |          | Six Months Ended<br>September 30, |          |
|--|--|----------|-----------------------------------|----------|
|  | 2017                                   | 2016     | 2017                              | 2016     |
| PIK balance at beginning of period                   | \$19,970                               | \$75,708 | \$53,262                          | \$73,409 |
| PIK income capitalized                               | 7,726                                  | 17,594   | 10,501                            | 21,147   |
| Adjustments due to investments exited or written off | —                                      | —        | (35,697)                          | —        |
| PIK income received in cash                          | —                                      | (29)     | (370)                             | (1,283)  |



|                              |          |          |          |          |
|------------------------------|----------|----------|----------|----------|
| PIK balance at end of period | \$27,696 | \$93,273 | \$27,696 | \$93,273 |
|------------------------------|----------|----------|----------|----------|

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## APOLLO INVESTMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

(In thousands except share and per share data)

## Dividend Income

The Company holds structured products and other investments. The CLO equity investments are entitled to recurring distributions which are generally equal to the excess cash flow generated from the underlying investments after payment of the contractual payments to debt holders and fund expenses. The Company records as dividend income the accretable yield from its beneficial interests in structured products such as CLOs based upon a number of cash flow assumptions that are subject to uncertainties and contingencies. During the three and six months ended September 30, 2017, dividend income from structured products was \$981 and \$2,068, respectively. During the three and six months ended September 30, 2016, dividend income from structured products was \$3,038 and \$5,699, respectively.

## Investments on Non-Accrual Status

As of September 30, 2017, 1.9% of total investments at amortized cost, or 1.3% of total investments at fair value, were on non-accrual status. As of March 31, 2017, 7.0% of total investments at amortized cost, or 3.0% of total investments at fair value, were on non-accrual status.

## Unconsolidated Significant Subsidiaries

The following unconsolidated subsidiary is considered a significant subsidiary under SEC Regulation S-X Rule 10-01(b)(1) and Regulation S-X Rule 4-08(g) as of September 30, 2017. Accordingly, summarized, unaudited, comparative financial information is presented below for the unconsolidated significant subsidiary.

## Merx Aviation Finance, LLC

Merx Aviation Finance, LLC and its subsidiaries (“Merx Aviation”) are principally engaged in acquiring and leasing commercial aircraft to airlines. Its focus is on current generation aircraft, held either domestically or internationally. Merx Aviation may acquire fleets of aircraft primarily through securitized, non-recourse debt or individual aircraft. Merx Aviation may outsource its aircraft servicing requirements to third parties that have the global staff and expertise necessary to complete such tasks. The following table shows unaudited summarized financial information for Merx Aviation:

|                       | Six Months<br>Ended September<br>30, |          |
|-----------------------|--------------------------------------|----------|
|                       | 2017                                 | 2016     |
| Net revenue           | \$63,807                             | \$64,389 |
| Net operating income  | 40,927                               | 38,789   |
| Earnings before taxes | 22,971                               | 5,832    |
| Net profit            | 22,870                               | 5,524    |

## Note 6. Derivative Instruments

In the normal course of business, the Investment Adviser enters into derivative instruments which serve as components of the Company’s investment strategies and are utilized primarily to structure the portfolio to economically match the investment strategies of the Company. These instruments are subject to various risks, similar to non-derivative instruments, including market, credit and liquidity risks. The Investment Adviser manages these risks on an aggregate basis along with the risks associated with the Company’s investing activities as part of its overall risk management policy.

## Purchased Put Options

Purchased put option contracts give the Company the right, but not the obligation, to sell within a limited time, a financial instrument, commodity or currency at a contracted price that may also be settled in cash, based on differentials between specified indices or prices. Purchasing put options tends to decrease exposure to the underlying instrument. The Company pays a premium, which is recorded as an asset and subsequently marked-to-market to reflect the current value of the option. Premiums paid for purchasing options which expire unexercised are treated as realized losses. Premiums paid for purchasing options which are exercised are added to the amounts paid for, or offset against the proceeds received on, the underlying security or reference investment. Purchased options are included in

the Statements of Assets and Liabilities in derivative assets. The risk associated with purchasing put options is limited to the premium paid.

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## APOLLO INVESTMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

(In thousands except share and per share data)

## Written Call Options

Written call options obligate the Company to buy within a limited time, a financial instrument, commodity or currency at a contracted price that may also be settled in cash, based on differentials between specified indices or prices. When the Company writes a call option, an amount equal to the premium received by the Company is included on the Company's Statements of Assets and Liabilities as a liability. The amount of the liability is subsequently marked-to-market to reflect the current market value of the written call option. If an option which the Company has written either expires unexercised on its stipulated expiration date or the Company enters into a closing purchase transaction, the Company realizes a gain or loss (if the cost of a closing purchase transaction is less than or exceeds, respectively, the premium received when the option was written) without regard to any unrealized gain or loss on the underlying security or derivative instrument, and the liability related to such option is extinguished. If a call option which the Company has written is exercised, the Company recognizes a realized gain or loss from the sale of the underlying security or derivative instrument and the proceeds from the sale are increased by the premium originally received. Written options are included in the Statements of Assets and Liabilities in derivative liabilities. In writing a call option, the Company bears the market risk of an unfavorable change in the price, potentially unlimited in amount, of the derivative instrument or security underlying the written call option.

The following table sets forth the gross fair value of derivative contracts, by major risk type, as of September 30, 2017. The fair values of these derivatives are presented on a gross basis, even when derivatives are subject to master netting agreements. In addition, if there are any cash collateral payables and receivables associated with the derivatives, they are not added or netted against the fair value amounts. The table also includes information on the volume of derivatives based on the base notional value of option contracts open at September 30, 2017. We held no derivative instruments as of March 31, 2017.

September 30, 2017

| Underlying Risk Type | Base     | Derivative | Base        | Derivative  |
|----------------------|----------|------------|-------------|-------------|
|                      | Notional | Assets     | Notional    | Liabilities |
|                      | Assets   | Fair Value | Liabilities | Fair Value  |

## Commodity:

|                       |          |          |           |       |
|-----------------------|----------|----------|-----------|-------|
| Purchased Put Options | \$89,100 | \$ 4,020 | \$ —      | \$ —  |
| Written Call Options  | —        | —        | (108,207) | 5,877 |

The volume of derivatives presented in the table above is representative of activities from September 6, 2017, when the Company started re-entering into these derivatives, through September 30, 2017.

The effect of transactions in derivative instruments to the Statements of Operations during the three and six months ended September 30, 2017 and 2016 were as follows:

|   | Three Months  |               | Six Months    |               |
|---|---------------|---------------|---------------|---------------|
|   | Ended         | Ended         | Ended         | Ended         |
|   | September 30, | September 30, | September 30, | September 30, |
|   | 2017          | 2016          | 2017          | 2016          |
| Net Change in Unrealized Losses on Option Contracts |               |               |               |               |
| Purchased Put Options                               | \$(1,037)     | \$ —          | —             | —             |
| Written Call Options                                | (836)         | —             | (836)         | —             |
| Net Change in Unrealized Losses on Option Contracts | \$(1,873)     | \$ —          | —             | —             |

Net Realized Losses on Option Contracts

Written Call Options \$ (5 ) \$ -\$ (5 ) \$ —

Net Realized Losses on Option Contracts \$ (5 ) \$ -\$ (5 ) \$ —

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## APOLLO INVESTMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

(In thousands except share and per share data)

The Investment Adviser is exempt from registration with the U.S. Commodity Futures Trading Commission (“CFTC”) as a commodity pool operator (“CPO”) with respect to the Company. To the extent such exemption is no longer available and the Investment Adviser is required to register with the CFTC as a CPO, compliance with the CFTC’s disclosure, reporting and recordkeeping requirements may increase the Company’s expenses and may affect the ability of the Company to use commodity interests (including futures, option contracts, commodities, and swaps) to the extent or in the manner desired.

## Note 7. Offsetting Assets and Liabilities

The Company has elected not to offset assets and liabilities in the Statements of Assets and Liabilities that may be received or paid as part of collateral arrangements, even when an enforceable master netting arrangement or other agreement is in place that provides the Company, in the event of counterparty default, the right to liquidate collateral and the right to offset a counterparty’s rights and obligations. The following table presents both gross and net information about derivative instruments eligible for offset in the Statements of Assets and Liabilities as of September 30, 2017.

| Counterparty          | Account in the Statements of Assets and Liabilities | Gross Amounts Presented in the Statements of Assets and Liabilities | Financial Instruments not offset in the Statements of Assets and Liabilities | Cash Collateral Paid (1) | Net Amounts |
|-----------------------|---|---|--|--------------------------|-------------|
| CME Group:            |   |   |  |                          |             |
| Purchased Put Options | Option Contracts (Assets)                           | \$ 4,020  | \$ (4,020 )  | \$ —                     | —           |
| Written Call Options  | Option Contracts (Liabilities)                      | (5,877 )  | 4,020  | 1,857                    | —           |

(1) Per GAAP disclosure requirements, the table above does not include excess cash collateral paid in the amount of \$4,213.

## Note 8. Debt and Foreign Currency Transactions and Translations

The Company’s outstanding debt obligations as of September 30, 2017 were as follows:

|  | Date Issued/Amended | Total Aggregate Principal Amount Committed | Principal Amount Outstanding | Fair Value  | Final Maturity Date |
|--|---------------------|--|------------------------------|-------------|---------------------|
| Senior Secured Facility  | 12/22/2016          | \$ 1,190,000                               | \$ 216,675                   | * \$221,287 | (1) 12/22/2021      |
| Senior Secured Notes (Series B)  | 9/29/2011           | 16,000                                     | 16,000                       | 16,404      | (1) 9/29/2018       |
| 2042 Notes (2)   | 10/9/2012           | 150,000                                    | 150,000                      | 150,000     | (2) 10/15/2042      |
| 2043 Notes   | 6/17/2013           | 150,000                                    | 150,000                      | 157,080     | (2) 7/15/2043       |
| 2025 Notes   | 3/3/2015            | 350,000                                    | 350,000                      | 358,962     | (3) 3/3/2025        |
| Total Debt Obligations   |                     | \$ 1,856,000                               | \$ 882,675                   | \$ 903,733  |                     |
| Deferred Financing Cost and Debt Discount                                |                     |  | \$ (17,769 )                 |             |                     |
| Total Debt Obligations, net of Deferred Financing Cost and Debt Discount |                     |  | \$ 864,906                   |             |                     |

\* Includes foreign currency debt obligations as outlined in Foreign Currency Transactions and Translations within this note.

- The fair value of these debt obligations would be categorized as Level 3 under ASC 820 as of September 30, 2017.
- (1) The valuation is based on a yield analysis and discount rate commensurate with the market yields for similar types of debt.
  - (2) The fair value of these debt obligations would be categorized as Level 1 under ASC 820 as of September 30, 2017. The valuation is based on quoted prices of identical liabilities in active markets.
  - (3) The fair value of these debt obligations would be categorized as Level 2 under ASC 820 as of September 30, 2017. The valuation is based on broker quoted prices.

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## APOLLO INVESTMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

(In thousands except share and per share data)

The Company's outstanding debt obligations as of March 31, 2017 were as follows:

|  | Date Issued/Amended | Total Aggregate<br>Principal<br>Amount<br>Committed | Principal Amount<br>Outstanding | Fair<br>Value | Final Maturity<br>Date |
|--|---------------------|---|---------------------------------|---------------|------------------------|
| Senior Secured Facility  | 12/22/2016          | \$ 1,140,000  | \$ 200,923                      | * \$200,873   | (1)12/22/2021          |
| Senior Secured Notes (Series B)  | 9/29/2011           | 16,000  | 16,000                          | 16,523        | (1)9/29/2018           |
| 2042 Notes   | 10/9/2012           | 150,000   | 150,000                         | 152,160       | (2)10/15/2042          |
| 2043 Notes   | 6/17/2013           | 150,000   | 150,000                         | 156,180       | (2)7/15/2043           |
| 2025 Notes   | 3/3/2015            | 350,000   | 350,000                         | 367,556       | (1)3/3/2025            |
| Total Debt Obligations   |                     | \$ 1,806,000  | \$ 866,923                      | \$ 893,292    |                        |
| Deferred Financing Cost and Debt Discount                                |                     |   | \$ (18,474)                     | )             |                        |
| Total Debt Obligations, net of Deferred Financing Cost and Debt Discount |                     |   | \$ 848,449                      |               |                        |

\* Includes foreign currency debt obligations as outlined in Foreign Currency Transactions and Translations within this note.

The fair value of these debt obligations would be categorized as Level 3 under ASC 820 as of March 31, 2017. The (1) valuation is based on a yield analysis and discount rate commensurate with the market yields for similar types of debt.

(2) The fair value of these debt obligations would be categorized as Level 1 under ASC 820 as of March 31, 2017. The valuation is based on quoted prices of identical liabilities in active markets.



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## APOLLO INVESTMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

(In thousands except share and per share data)

**Senior Secured Facility**

On December 22, 2016, the Company amended and restated its senior secured, multi-currency, revolving credit facility (the “Senior Secured Facility”) from the previous April 24, 2015 amendment. The amended and restated agreement decreased the lenders’ commitments from \$1,310,000 to \$1,140,000, extended the final maturity date through December 22, 2021, and included an accordion provision which allows the Company to increase the total commitments under the existing revolving facility up to an aggregate principal amount of \$1,965,000 from new or existing lenders on the same terms and conditions as the existing commitments. On August 29, 2017, the Company entered into an amendment to its Senior Secured Facility to increase the multicurrency commitments under the Senior Secured Facility by \$50,000 from \$1,140,000 to \$1,190,000 pursuant to the accordion provisions therein. The Senior Secured Facility is secured by substantially all of the assets in the Company’s portfolio, including cash and cash equivalents. Commencing January 31, 2021, the Company is required to repay, in twelve consecutive monthly installments of equal size, the outstanding amount under the Senior Secured Facility as of December 22, 2020. In addition, the stated interest rate on the facility remains as a formula-based calculation based on a minimum borrowing base, resulting in a stated interest rate, depending on the type of borrowing, of (a) either LIBOR plus 1.75% per annum or LIBOR plus 2.00% per annum, or (b) either Alternate Base Rate plus 0.75% per annum or Alternate Base Rate plus 1% per annum. As of September 30, 2017, the stated interest rate on the facility was LIBOR plus 2.00%. The Company is required to pay a commitment fee of 0.375% per annum on any unused portion of the Senior Secured Facility and participation fees and fronting fees of up to 2.25% per annum on the letters of credit issued.

The Senior Secured Facility contains affirmative and restrictive covenants, events of default and other customary provisions for similar debt facilities, including: (a) periodic financial reporting requirements, (b) maintaining minimum stockholders’ equity of the greater of (i) 40% of the total assets of the Company and its consolidated subsidiaries as at the last day of any fiscal quarter and (ii) the sum of (A) \$870,000 plus (B) 25% of the net proceeds from the sale of equity interests in the Company after the closing date of the Senior Secured Facility, (c) maintaining a ratio of total assets, less total liabilities (other than indebtedness) to total indebtedness, in each case of the Company and its consolidated subsidiaries, of not less than 2.0:1.0, (d) limitations on the incurrence of additional indebtedness, including a requirement to meet a certain minimum liquidity threshold before the Company can incur such additional debt, (e) limitations on liens, (f) limitations on investments (other than in the ordinary course of the Company’s business), (g) limitations on mergers and disposition of assets (other than in the normal course of the Company’s business activities), (h) limitations on the creation or existence of agreements that permit liens on properties of the Company’s consolidated subsidiaries and (i) limitations on the repurchase or redemption of certain unsecured debt and debt securities. In addition to the asset coverage ratio described in clause (c) of the preceding sentence, borrowings under the Senior Secured Facility (and the incurrence of certain other permitted debt) are subject to compliance with a borrowing base that applies different advance rates to different types of assets in the Company’s portfolio.

The Senior Secured Facility also provides for the issuance of letters of credit up to an aggregate amount of \$150,000. As of September 30, 2017 and March 31, 2017, the Company had \$14,781 and \$15,640, respectively, in standby letters of credit issued through the Senior Secured Facility. The amount available for borrowing under the Senior Secured Facility is reduced by any standby letters of credit issued through the Senior Secured Facility. Under GAAP, these letters of credit are considered commitments because no funding has been made and as such are not considered a liability. These letters of credit are not senior securities because they are not in the form of a typical financial guarantee and the portfolio companies are obligated to refund any drawn amounts. The available remaining capacity under the Senior Secured Facility was \$958,544 and \$923,438 as of September 30, 2017 and March 31, 2017, respectively. Terms used in this disclosure have the meanings set forth in the Senior Secured Facility agreement.

**Senior Secured Notes — Series A and Series B**

On September 29, 2011, the Company closed a private offering of \$45,000 aggregate principal amount of senior secured notes consisting of two series: \$29,000 aggregate principal amount of 5.875% Senior Secured Notes, Series A, due September 29, 2016 (the “Series A Notes”); and \$16,000 aggregate principal amount of 6.250% Senior Secured

Notes, Series B, due September 29, 2018 (the “Series B Notes,” and together with the Series A Notes, the “Series A and B Notes”). The Series A and B Notes were issued in a private placement only to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended. Interest on the Series A and B Notes is due semi-annually on March 29 and September 29, commencing on March 29, 2012.

On September 29, 2016, the Series A Notes, which had an outstanding principal balance of \$29,000, matured and were repaid in full.

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## APOLLO INVESTMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

(In thousands except share and per share data)

## Senior Unsecured Notes

## 2042 Notes

On October 9, 2012, the Company issued \$150,000 aggregate principal amount of senior unsecured notes for net proceeds of \$145,275 (the “2042 Notes”). The 2042 Notes will mature on October 15, 2042. Interest on the 2042 Notes is paid quarterly on January 15, April 15, July 15 and October 15, at an annual rate of 6.625%, commencing on January 15, 2013. The Company may redeem the 2042 Notes in whole or in part at any time or from time to time on or after October 15, 2017. The 2042 Notes are general, unsecured obligations and rank equal in right of payment with all of our existing and future senior, unsecured indebtedness. The 2042 Notes are listed on the New York Stock Exchange under the ticker symbol “AIB.”

On October 16, 2017, the Company redeemed the entire \$150,000 aggregate principal amount outstanding of the 2042 Notes in accordance with the terms of the indenture governing the Notes. The 2042 Notes were redeemed at par plus accrued and due interest for a total redemption price of approximately \$152,484, which results in a realized loss on the extinguishment of debt of \$5,790.

## 2043 Notes

On June 17, 2013, the Company issued \$135,000 aggregate principal amount of senior unsecured notes and on June 24, 2013, an additional \$15,000 in aggregate principal amount of such notes was issued pursuant to the underwriters’ over-allotment option exercise. In total, \$150,000 of aggregate principal was issued for net proceeds of \$145,275 (the “2043 Notes”). The 2043 Notes will mature on July 15, 2043. Interest on the 2043 Notes is paid quarterly on January 15, April 15, July 15 and October 15, at an annual rate of 6.875%, commencing on October 15, 2013. The Company may redeem the 2043 Notes in whole or in part at any time or from time to time on or after July 15, 2018. The 2043 Notes are general, unsecured obligations and rank equal in right of payment with all of our existing and future senior, unsecured indebtedness. The 2043 Notes are listed on the New York Stock Exchange under the ticker symbol “AIY.”

## 2025 Notes

On March 3, 2015, the Company issued \$350,000 aggregate principal amount of senior unsecured notes for net proceeds of \$343,650 (the “2025 Notes”). The 2025 Notes will mature on March 3, 2025. Interest on the 2025 Notes is due semi-annually on March 3 and September 3, at an annual rate of 5.25%, commencing on September 3, 2015. The 2025 Notes are general, unsecured obligations and rank equal in right of payment with all of our existing and future senior unsecured indebtedness.

The following table summarizes the average and maximum debt outstanding, and the interest and debt issuance cost for the three and six months ended September 30, 2017 and 2016.

|   | Three Months Ended |             | Six Months Ended |             |   |
|---|--------------------|-------------|------------------|-------------|---|
|   | September 30,      |             | September 30,    |             |   |
|   | 2017               | 2016        | 2017             | 2016        |   |
| Average debt outstanding                      | \$894,556          | \$1,029,829 | \$932,975        | \$1,131,167 |   |
| Maximum amount of debt outstanding            | 945,065            | 1,143,694   | 1,056,929        | 1,363,553   |   |
| Weighted average annualized interest cost (1) | 5.51               | % 5.21      | % 5.44           | % 4.96      | % |
| Annualized amortized debt issuance cost       | 0.60               | % 0.48      | % 0.58           | % 0.58      | % |
| Total annualized interest cost                | 6.11               | % 5.69      | % 6.02           | % 5.54      | % |

Includes the stated interest expense and commitment fees on the unused portion of the Senior Secured Facility.

(1) Commitment fees for the three and six months ended September 30, 2017 were \$861 and \$1,620, respectively.

Commitment fees for the three and six months ended September 30, 2016 were \$900 and \$1,597, respectively.



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## APOLLO INVESTMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

(In thousands except share and per share data)

## Foreign Currency Transactions and Translations

The Company had the following foreign-denominated debt outstanding on the Senior Secured Facility as of September 30, 2017:

|                 | Original<br>Principal<br>Amount<br>(Local) | Original<br>Principal<br>Amount<br>(USD) | Principal<br>Amount<br>Outstanding | Unrealized<br>Gain/(Loss) | Reset Date |
|-----------------|--|--|------------------------------------|---------------------------|------------|
| Canadian Dollar | C\$2,300                                   | \$1,894                                  | \$ 1,839                           | \$ 55                     | 10/12/2017 |
| Euro            | € 14,000                                   | 15,129                                   | 16,551                             | (1,422 )                  | 10/10/2017 |
| Euro            | € 12,500                                   | 13,506                                   | 14,778                             | (1,272 )                  | 10/23/2017 |
| British Pound   | £ 4,600                                    | 6,094                                    | 6,172                              | (78 )                     | 10/11/2017 |
| British Pound   | £ 98,500                                   | 149,390                                  | 132,153                            | 17,237                    | 10/30/2017 |
|                 |  | \$186,013                                | \$ 171,493                         | \$ 14,520                 |            |

The Company had the following foreign-denominated debt outstanding on the Senior Secured Facility as of March 31, 2017:

|                 | Original<br>Principal<br>Amount<br>(Local) | Original<br>Principal<br>Amount<br>(USD) | Principal<br>Amount<br>Outstanding | Unrealized<br>Gain | Reset Date |
|-----------------|--|--|------------------------------------|--------------------|------------|
| Canadian Dollar | C\$33,000                                  | \$29,721                                 | \$ 24,744                          | \$ 4,977           | 4/28/2017  |
| Euro            | € 14,000                                   | 15,129                                   | 14,974                             | 155                | 4/3/2017   |
| Euro            | € 13,000                                   | 14,046                                   | 13,904                             | 142                | 4/18/2017  |
| British Pound   | £ 8,700                                    | 13,319                                   | 10,879                             | 2,440              | 4/21/2017  |
| British Pound   | £ 100,500                                  | 152,658                                  | 125,670                            | 26,988             | 4/28/2017  |
| British Pound   | £ 3,800                                    | 5,058                                    | 4,752                              | 306                | 4/6/2017   |
|                 |  | \$229,931                                | \$ 194,923                         | \$ 35,008          |            |

As of September 30, 2017 and March 31, 2017, the Company was in compliance with all debt covenants.

## Note 9. Stockholders' Equity

There were no equity offerings of common stock during the three and six months ended September 30, 2017 and fiscal year ended March 31, 2017.

The Company adopted the following plans, approved by the Board of Directors, for the purpose of repurchasing its common stock in accordance with applicable rules specified in the Securities Exchange Act of 1934 (the "1934 Act") (the "Repurchase Plans"):

| Date of Adoption               | Maximum<br>Cost of<br>Shares That<br>May Be<br>Repurchased | Cost of<br>Shares<br>Repurchased | Remaining<br>Cost of<br>Shares That<br>May Be<br>Repurchased |
|--------------------------------|--|----------------------------------|--|
| August 6, 2015                 | \$ 50,000  | \$ 50,000                        | \$ —   |
| December 14, 2015              | 50,000   | 50,000                           | —  |
| September 14, 2016             | 50,000   | 4,312                            | 45,688   |
| Total as of September 30, 2017 | \$ 150,000   | \$ 104,312                       | \$ 45,688  |

The Repurchase Plans were designed to allow the Company to repurchase its shares both during its open window periods and at times when it otherwise might be prevented from doing so under applicable insider trading laws or because of self-imposed trading blackout periods. A broker selected by the Company will have the authority under the terms and limitations specified in an agreement with the Company to repurchase shares on the Company's behalf in

accordance with the terms of the Repurchase Plans. Repurchases are subject to SEC regulations as well as certain price, market volume and timing constraints specified in the Repurchase Plans. Pursuant to the Repurchase Plans, the Company may from time to time repurchase a portion of its shares of common stock and the Company is hereby notifying stockholders of its intention as required by applicable securities laws.

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## APOLLO INVESTMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

(In thousands except share and per share data)

Under the Repurchase Plans described above, the Company allocated the following amounts to be repurchased in accordance with SEC Rule 10b5-1 (the “10b5-1 Repurchase Plans”):

| Effective Date     | Termination Date | Amount<br>Allocated to<br>10b5-1<br>Repurchase<br>Plans |
|--------------------|------------------|---|
| September 15, 2015 | November 5, 2015 | \$ 5,000  |
| January 1, 2016    | February 5, 2016 | 10,000  |
| April 1, 2016      | May 19, 2016     | 5,000   |
| July 1, 2016       | August 5, 2016   | 15,000  |
| September 30, 2016 | November 8, 2016 | 20,000  |
| January 4, 2017    | February 6, 2017 | 10,000  |
| March 31, 2017     | May 19, 2017     | 10,000  |
| June 30, 2017      | August 7, 2017   | 10,000  |
| October 2, 2017    | November 6, 2017 | 10,000  |

During the six months ended September 30, 2017, the Company repurchased 660,300 shares at a weighted average price per share of \$5.99, inclusive of commissions, for a total cost of \$3,956. This represents a discount of approximately 10.97% of the average net asset value per share for the six months ended September 30, 2017.

During the year ended March 31, 2017, the Company repurchased 6,461,842 shares at a weighted average price per share of \$5.87, inclusive of commissions, for a total cost of \$37,918. This represents a discount of approximately 15.50% of the average net asset value per share for the year ended March 31, 2017.

Since the inception of the Repurchase Plans through September 30, 2017, the Company repurchased 17,706,997 shares at a weighted average price per share of \$5.89, inclusive of commissions, for a total cost of \$104,312.

On September 12, 2014, the Company announced an at-the-market offering program (the “ATM Program”) through which it can sell up to 16 million shares of its common stock from time to time. As of September 30, 2017, no shares had been sold through the Company’s ATM Program.

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## APOLLO INVESTMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

(In thousands except share and per share data)

## Note 10. Commitments and Contingencies

The Company has various commitments to fund various revolving and delayed draw senior secured and subordinated loans, including commitments to issue letters of credit through a financial intermediary on behalf of certain portfolio companies. As of September 30, 2017 and March 31, 2017, the Company had the following unfunded commitments to its portfolio companies:

|   | September 30,<br>2017 | March 31,<br>2017 |
|---|-----------------------|-------------------|
| Unfunded revolver obligations and bridge loan commitments (1)               | \$ 111,907            | \$ 227,906        |
| Standby letters of credit issued and outstanding (2)                        | 15,595                | 14,203            |
| Unfunded delayed draw loan commitments (3)                                  | 2,851                 | 28,649            |
| Unfunded delayed draw loan commitments (performance thresholds not met) (4) | 20,012                | 30,678            |
| Total Unfunded Commitments  | \$ 150,365            | \$ 301,436        |

The unfunded revolver obligations may or may not be funded to the borrowing party in the future. The amounts relate to loans with various maturity dates, but the entire amount was eligible for funding to the borrowers as of (1) September 30, 2017 and March 31, 2017, subject to the terms of each loan's respective credit agreements which includes borrowing covenants that need to be met prior to funding. As of September 30, 2017 and March 31, 2017, the bridge loan commitments included in the balances were \$0 and \$137,962, respectively.

For all these letters of credit issued and outstanding, the Company would be required to make payments to third (2) parties if the portfolio companies were to default on their related payment obligations. None of the letters of credit issued and outstanding are recorded as a liability on the Company's Statements of Assets and Liabilities as such letters of credit are considered in the valuation of the investments in the portfolio company.

The Company's commitment to fund delayed draw loans is triggered upon the satisfaction of certain pre-negotiated (3) terms and conditions which can include covenants to maintain specified leverage levels and other related borrowing base covenants.

The borrowers are required to meet certain performance thresholds before the Company is obligated to fulfill the (4) commitments and those performance thresholds were not met as of September 30, 2017 and March 31, 2017.

Of the unfunded commitments which existed as of September 30, 2017, \$150,365 were outstanding as of November 2, 2017.



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## APOLLO INVESTMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

(In thousands except share and per share data)

## Note 11. Financial Highlights

The following is a schedule of financial highlights for the six months ended September 30, 2017 and fiscal year ended March 31, 2017.

|  | Six Months<br>Ended<br>September<br>30, 2017<br>(Unaudited) | Year Ended<br>March 31,<br>2017 |   |
|--|---|---------------------------------|---|
| <b>Per Share Data*</b>   |   |                                 |   |
| Net asset value at beginning of period   | \$ 6.74   | \$ 7.28                         |   |
| Net investment income (1)  | 0.31  | 0.67                            |   |
| Net realized and change in unrealized losses (1)                               | (0.03 )   | (0.59 )                         | ) |
| Net increase in net assets resulting from operations                           | 0.28  | 0.08                            |   |
| Distribution of net investment income (2)                                      | (0.30 )   | (0.65 )                         | ) |
| Distribution of return of capital (2)  | —   | —                               |   |
| Accretion due to share repurchases   | 0.00  | 0.04                            |   |
| Net asset value at end of period   | \$ 6.72   | \$ 6.74                         |   |
| <br>   |   |                                 |   |
| Per share market value at end of period  | \$ 6.11   | \$ 6.56                         |   |
| Total return (3)   | (2.37 )%  | 31.44 %                         |   |
| Shares outstanding at end of period  | 219,034,354   | 219,694,654                     |   |
| Weighted average shares outstanding  | 219,606,751   | 222,415,073                     |   |
| <br>   |   |                                 |   |
| <b>Ratio/Supplemental Data</b>   |   |                                 |   |
| Net assets at end of period (in millions)                                      | \$ 1,472.6  | \$ 1,481.8                      |   |
| Annualized ratio of operating expenses to average net assets (4)(5)            | 5.09  | 4.59                            | % |
| Annualized ratio of interest and other debt expenses to average net assets (5) | 3.78  | 3.86                            | % |
| Annualized ratio of total expenses to average net assets (4)(5)                | 8.87  | 8.45                            | % |
| Annualized ratio of net investment income to average net assets (5)            | 9.11  | 9.66                            | % |
| Average debt outstanding (in millions)   | \$ 933.0  | \$ 1,048.7                      |   |
| Average debt per share   | \$ 4.25   | \$ 4.71                         |   |
| Annualized portfolio turnover rate (5)   | 50.09   | 23.25                           | % |
| Asset coverage per unit (6)  | \$ 2,668  | \$ 2,709                        |   |

\*Totals may not foot due to rounding.

- (1) Financial highlights are based on the weighted average number of shares outstanding for the period presented. The tax character of distributions are determined based on taxable income calculated in accordance with income tax regulations which may differ from amounts determined under GAAP. Although the tax character of
- (2) distributions paid to stockholders through September 30, 2017 may include return of capital, the exact amount cannot be determined at this point. Per share amounts are based on actual rate per share.
- (3) Total return is based on the change in market price per share during the respective periods. Total return also takes into account distributions, if any, reinvested in accordance with the Company's dividend reinvestment plan.
- (4) The ratio of operating expenses to average net assets and the ratio of total expenses to average net assets are shown inclusive of all voluntary management and incentive fee waivers (Note 3). For the six months ended September 30, 2017, the annualized ratio of operating expenses to average net assets and the annualized ratio of total expenses to average net assets would be 6.47% and 10.25%, respectively, without the voluntary fee waivers. For the fiscal year

ended March 31, 2017, the ratio of operating expenses to average net assets and the ratio of total expenses to average net assets would be 5.98% and 9.85%, respectively, without the voluntary fee waivers.  
(5) Annualized for the six months ended September 30, 2017.

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APOLLO INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

(In thousands except share and per share data)

The asset coverage ratio for a class of senior securities representing indebtedness is calculated as our total assets, (6)less all liabilities and indebtedness not represented by senior securities, divided by senior securities representing indebtedness. This asset coverage ratio is multiplied by one thousand to determine the Asset Coverage Per Unit.

Note 12. Subsequent Events

Management has evaluated subsequent events through the date of issuance of these financial statements and has determined that there are no subsequent events outside the ordinary scope of business that require adjustment to, or disclosure in, the financial statements other than those disclosed below.

During the period from October 1, 2017 through November 2, 2017, the Company repurchased 591,800 shares at a weighted average price per share of \$5.97, inclusive of commissions, for a total cost of \$3,533, leaving a maximum of \$42,155 available for future purchases under the Repurchase Plans.

On October 16, 2017, the Company redeemed the entire \$150,000 aggregate principal amount outstanding of the 2042 Notes in accordance with the terms of the indenture governing the Notes. The 2042 Notes were redeemed at par plus accrued and due interest for a total redemption price of approximately \$152,484, which results in a realized loss on the extinguishment of debt of \$5,790.

On November 2, 2017 the Board of Directors declared a distribution of \$0.15 per share payable on January 5, 2018 to stockholders of record as of December 21, 2017.

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Apollo Investment Corporation:

We have reviewed the accompanying statement of assets and liabilities of Apollo Investment Corporation, including the schedule of investments, as of September 30, 2017, and the related statements of operations for the three month and six month periods ended September 30, 2017 and September 30, 2016, the statement of changes in net assets for the six month period ended September 30, 2017 and the statements of cash flows for the six month periods ended September 30, 2017 and September 30, 2016. These interim financial statements are the responsibility of the Company's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying interim financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

We previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the statement of assets and liabilities, including the schedule of investments, as of March 31, 2017, and the related statements of operations (not presented herein), of changes in net assets and of cash flows (not presented herein) for the year then ended, and in our report dated May 18, 2017, we expressed an unqualified opinion on those financial statements. In our opinion, the information set forth in the accompanying statement of assets and liabilities, including the schedule of investments, as of March 31, 2017, and the related statement of changes in net assets for the year then ended, is fairly stated, in all material respects, in relation to the statement of assets and liabilities, including the schedule of investments, and of changes in net assets from which it has been derived.

/s/ PricewaterhouseCoopers LLP  
New York, New York  
November 3, 2017

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

The following analysis of our financial condition and results of operations should be read in conjunction with our financial statements and the notes thereto contained elsewhere in this report. Some of the statements in this report constitute forward-looking statements, which relate to future events or our future performance or financial condition. The forward-looking statements contained herein involve risks and uncertainties, including statements as to:

- our future operating results;
- our business prospects and the prospects of our portfolio companies;
- the impact of investments that we expect to make;
- our contractual arrangements and relationships with third parties;
- the dependence of our future success on the general economy and its impact on the industries in which we invest;
- the ability of our portfolio companies to achieve their objectives;
- our expected financings and investments;
- the adequacy of our cash resources and working capital; and
- the timing of cash flows, if any, from the operations of our portfolio companies.

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” and elsewhere in this report.

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 in the future may file with the Securities and Exchange Commission (“SEC”), including any annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K.

Overview

Apollo Investment Corporation (the “Company,” “Apollo Investment,” “AIC,” “we,” “us,” or “our”) was incorporated under the Maryland General Corporation Law in February 2004. We have elected to be treated as a business development company (“BDC”) under the Investment Company Act of 1940 (the “1940 Act”). As such, we are required to comply with certain regulatory requirements. For instance, we generally have to invest at least 70% of our total assets in “qualifying assets,” including securities of private or thinly traded public U.S. companies, cash equivalents, U.S. government securities and high-quality debt investments that mature in one year or less. In addition, for 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”). Pursuant to this election and assuming we qualify as a RIC, we generally do not have to pay corporate-level federal income taxes on any income we distribute to our stockholders. We commenced operations on April 8, 2004 upon completion of our initial public offering that raised \$870 million in net proceeds from selling 62 million shares of common stock at a price of \$15.00 per share. Since then, and through September 30, 2017, we have raised approximately \$2.21 billion in net proceeds from additional offerings of common stock and we have repurchased common stock for \$104.3 million.

Apollo Investment Management, L.P. (the “Investment Adviser” or “AIM”) is our investment adviser and an affiliate of Apollo Global Management, LLC and its consolidated subsidiaries (“AGM”). The Investment Adviser, subject to the overall supervision of our Board of Directors, manages the day-to-day operations of, and provides investment advisory services to the Company. AGM and other affiliates manage other funds that may have investment mandates that are similar, in whole or in part, with ours. AIM and its affiliates may determine that an investment is appropriate both for us and for one or more of those other funds. In such event, depending on the availability of such investment and other appropriate factors, AIM may determine that we should invest on a side-by-side basis with one or more other funds. We make all such investments subject to compliance with applicable regulations and interpretations, and our allocation procedures. Certain types of negotiated co-investments may be made only in accordance with the terms of the exemptive order we received from the SEC permitting us to do so.



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Apollo Investment Administration, LLC (the “Administrator” or “AIA”), an affiliate of AGM, provides, among other things, administrative services and facilities for the Company. In addition to furnishing us with office facilities, equipment, and clerical, bookkeeping and recordkeeping services, AIA also oversees our financial records as well as prepares our reports to stockholders and reports filed with the SEC. AIA also performs the calculation and publication of our net asset value, the payment of our expenses and oversees the performance of various third-party service providers and the preparation and filing of our tax returns. Furthermore, AIA provides on our behalf managerial assistance to those portfolio companies to which we are required to provide such assistance.

### Investments

Our investment objective is to generate current income and capital appreciation. We invest primarily in various forms of debt investments, including secured and unsecured debt, loan investments, and/or equity in private middle-market companies. We may also invest in the securities of public companies and in structured products and other investments such as collateralized loan obligations (“CLOs”) and credit-linked notes (“CLNs”). Our portfolio is comprised primarily of investments in debt, including secured and unsecured debt of private middle-market companies that, in the case of senior secured loans, generally are not broadly syndicated and whose aggregate tranche size is typically less than \$250 million. Our portfolio also includes equity interests such as common stock, preferred stock, warrants or options. Our level of investment activity can and does vary substantially from period to period depending on many factors, including the amount of debt and equity capital available to middle-market companies, the level of merger and acquisition activity for such companies, the general economic environment, and the competitive environment for the types of investments we make. As a BDC, we must not acquire any assets other than “qualifying assets” specified in the 1940 Act unless, at the time the acquisition is made, at least 70% of our total assets are qualifying assets (with certain limited exceptions). As of September 30, 2017, non-qualifying assets represented approximately 20.9% of the total assets of the Company.

### Revenue

We generate revenue primarily in the form of interest and dividend income from the securities we hold and capital gains, if any, on investment securities that we may acquire in portfolio companies. Our debt investments, whether in the form of mezzanine or senior secured loans, generally have a stated term of five to ten years and bear interest at a fixed rate or a floating rate usually determined on the basis of a benchmark, such as the London Interbank Offered Rate (“LIBOR”), the Euro Interbank Offered Rate (“EURIBOR”), the federal funds rate, or the prime rate. Interest on debt securities is generally payable quarterly or semiannually and while U.S. subordinated debt and corporate notes typically accrue interest at fixed rates, some of our investments may include zero coupon and/or step-up bonds that accrue income on a constant yield to call or maturity basis. In addition, some of our investments provide for payment-in-kind (“PIK”) interest or dividends. Such amounts of accrued PIK interest or dividends are added to the cost of the investment on the respective capitalization dates and generally become due at maturity of the investment or upon the investment being called by the issuer. We may also generate revenue in the form of commitment, origination, structuring fees, fees for providing managerial assistance and, if applicable, consulting fees, etc.

### Expenses

For all investment professionals of AIM and their staff, when and to the extent engaged in providing investment advisory and management services to us, the compensation and routine overhead expenses of that personnel which is allocable to those services are provided and paid for by AIM. We bear all other costs and expenses of our operations and transactions, including those relating to:

- investment advisory and management fees;
- expenses incurred by AIM payable to third parties, including agents, consultants or other advisors, in monitoring our financial and legal affairs and in monitoring our investments and performing due diligence on our prospective portfolio companies;
- calculation of our net asset value (including the cost and expenses of any independent valuation firm);
- direct costs and expenses of administration, including independent registered public accounting and legal costs;
- costs of preparing and filing reports or other documents with the SEC;
- interest payable on debt, if any, incurred to finance our investments;
- offerings of our common stock and other securities;

registration and listing fees;

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fees payable to third parties, including agents, consultants or other advisors, relating to, or associated with, evaluating and making investments;

transfer agent and custodial fees;

taxes;

independent directors' fees and expenses;

marketing and distribution-related expenses;

the costs of any reports, proxy statements or other notices to stockholders, including printing and postage costs;

our allocable portion of the fidelity bond, directors and officers/errors and omissions liability insurance, and any other insurance premiums;

organizational costs; and

all other expenses incurred by us or the Administrator in connection with administering our business, such as our allocable portion of overhead under the administration agreement, including rent and our allocable portion of the cost of our Chief Financial Officer, Chief Compliance Officer, Chief Legal Officer, Chief Accounting Officer and their respective staffs.

We expect our general and administrative operating expenses related to our ongoing operations to increase moderately in dollar terms. During periods of asset growth, we generally expect our general and administrative operating expenses to decline as a percentage of our total assets and increase during periods of asset declines. Incentive fees, interest expense and costs relating to future offerings of securities, among others, may also increase or reduce overall operating expenses based on portfolio performance, interest rate benchmarks, and offerings of our securities relative to comparative periods, among other factors.

## Portfolio and Investment Activity

Our portfolio and investment activity during the three and six months ended September 30, 2017 and 2016 was as follows:

|  | Three Months  |          | Six Months    |           |
|--|---------------|----------|---------------|-----------|
|  | Ended         |          | Ended         |           |
|  | September 30, |          | September 30, |           |
| (in millions)*   | 2017          | 2016     | 2017          | 2016      |
| Investments made in portfolio companies                    | \$265.4       | \$127.6  | \$607.5       | \$250.4   |
| Investments sold   | (11.7)        | (17.9)   | (21.7)        | (164.0)   |
| Net activity before repaid investments                     | 253.7         | 109.7    | 585.8         | 86.4      |
| Investments repaid   | (328.1)       | (197.1)  | (570.1)       | (390.5)   |
| Net investment activity                                    | \$(74.4)      | \$(87.4) | \$15.7        | \$(304.1) |
| Portfolio companies at beginning of period                 | 84            | 81       | 86            | 89        |
| Number of new portfolio companies                          | 12            | 6        | 23            | 11        |
| Number of exited portfolio companies                       | (9)           | (5)      | (22)          | (18)      |
| Portfolio companies at end of period                       | 87            | 82       | 87            | 82        |
| Number of investments made in existing portfolio companies | 11            | 10       | 16            | 22        |

\*Totals may not foot due to rounding.

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Our portfolio composition and weighted average yields as of September 30, 2017 and March 31, 2017 were as follows:

|   | September 30, March 31,<br>2017 2017 |               |
|---|--------------------------------------|---------------|
| Portfolio composition, at fair value:   |                                      |               |
| Secured debt  | 80 %                                 | 75 %          |
| Unsecured debt  | 5 %                                  | 7 %           |
| Structured products and other   | 5 %                                  | 7 %           |
| Preferred equity  | 1 %                                  | 1 %           |
| Common equity/interests and warrants  | 9 %                                  | 10 %          |
| Weighted average yields, at amortized cost, exclusive of investments on non-accrual status (1): |                                      |               |
| Secured debt portfolio  | 10.3 %                               | 10.2 %        |
| Unsecured debt portfolio  | 11.2 %                               | 11.1 %        |
| Total debt portfolio  | 10.3 %                               | 10.3 %        |
| Interest rate type, at fair value (2):  |                                      |               |
| Fixed rate amount   | \$0.1 billion                        | \$0.2 billion |
| Floating rate amount  | \$1.2 billion                        | \$1.1 billion |
| Fixed rate, as percentage of total  | 9 %                                  | 16 %          |
| Floating rate, as percentage of total   | 91 %                                 | 84 %          |
| Interest rate type, at amortized cost (2):  |                                      |               |
| Fixed rate amount   | \$0.1 billion                        | \$0.2 billion |
| Floating rate amount  | \$1.2 billion                        | \$1.0 billion |
| Fixed rate, as percentage of total  | 9 %                                  | 17 %          |
| Floating rate, as percentage of total   | 91 %                                 | 83 %          |

(1) An investor's yield may be lower than the portfolio yield due to sales loads and other expenses.

(2) The interest type information is calculated using the Company's corporate debt portfolio and excludes aviation, oil and gas, structured credit, renewables, shipping, commodities and investments on non-accrual status.

Since the initial public offering of Apollo Investment in April 2004 and through September 30, 2017, invested capital totaled \$17.7 billion in 421 portfolio companies. Over the same period, Apollo Investment completed transactions with more than 100 different financial sponsors.

#### Critical Accounting Policies

Our discussion and analysis of our financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses, gains and losses. Changes in the economic environment, financial markets, credit worthiness of portfolio companies and any other parameters used in determining such estimates could cause actual results to differ materially. In addition to the discussion below, our critical accounting policies are further described in the notes to the financial statements.

#### Fair Value Measurements

The Company follows guidance in ASC 820, Fair Value Measurement ("ASC 820"), where fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements are determined within a framework that establishes a three-tier hierarchy which maximizes the use of observable market data and minimizes the use of unobservable inputs to establish a classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk, such as the risk inherent in a particular valuation technique used to measure fair value using a pricing model and/or the risk inherent in the inputs for the valuation technique. Inputs may be observable or unobservable. Observable inputs reflect the

assumptions market participants would use in pricing the asset or liability based on

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market data obtained from sources independent of the Company. Unobservable inputs reflect the Company's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the information available. The inputs or methodology used for valuing assets or liabilities may not be an indication of the risks associated with investing in those assets or liabilities.

ASC 820 classifies the inputs used to measure these fair values into the following hierarchy:

Level 1: Quoted prices in active markets for identical assets or liabilities, accessible by us at the measurement date.

Level 2: Quoted prices for similar assets or liabilities in active markets, or quoted prices for identical or similar assets or liabilities in markets that are not active, or other observable inputs other than quoted prices.

Level 3: Unobservable inputs for the asset or liability.

In all cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls has been determined based on the lowest level of input that is significant to the fair value measurement. Our assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to each investment. The level assigned to the investment valuations may not be indicative of the risk or liquidity associated with investing in such investments. Because of the inherent uncertainties of valuation, the values reflected in the financial statements may differ materially from the values that would be received upon an actual disposition of such investments.

As of September 30, 2017, \$2.15 billion or 91.2% of the Company's investments were classified as Level 3. The high proportion of Level 3 investments relative to our total investments is directly related to our investment philosophy and target portfolio, which consists primarily of long-term secured debt, as well as unsecured and mezzanine positions of private middle-market companies. A fundamental difference exists between our investments and those of comparable publicly traded fixed income investments, namely high-yield bonds, and this difference affects the valuation of our private investments relative to comparable publicly traded instruments.

Senior secured loans, or senior loans, are higher in the capital structure than high-yield bonds, and are typically secured by assets of the borrowing company. This improves their recovery prospects in the event of default and affords senior loans a structural advantage over high-yield bonds. Many of the Company's investments are also privately negotiated and contain covenant protections that limit the issuer to take actions that could harm us as a creditor. High-yield bonds typically do not contain such covenants.

Given the structural advantages of capital seniority and covenant protection, the valuation of our private debt portfolio is driven more by investment specific credit factors than movements in the broader debt capital markets. Each security is evaluated individually and as indicated below, we value our private investments based upon a multi-step valuation process, including valuation recommendations from independent valuation firms.

### Investment Valuation Process

Under procedures established by our Board of Directors, we value investments, including certain secured debt, unsecured debt, and other debt securities with maturities greater than 60 days, for which market quotations are readily available, at such market quotations (unless they are deemed not to represent fair value). We attempt to obtain market quotations from at least two brokers or dealers (if available, otherwise from a principal market maker, primary market dealer or other independent pricing service). We utilize mid-market pricing as a practical expedient for fair value unless a different point within the range is more representative. If and when market quotations are deemed not to represent fair value, we typically utilize independent third party valuation firms to assist us in determining fair value. Accordingly, such investments go through our multi-step valuation process as described below. In each case, our independent valuation firms consider observable market inputs together with significant unobservable inputs in arriving at their valuation recommendations for such investments. Investments purchased within 15 business days before the valuation date and debt investments with remaining maturities of 60 days or less may each be valued at cost with interest accrued or discount amortized to the date of maturity (although they are typically valued at available market quotations), unless such valuation, in the judgment of our Investment Adviser, does not represent fair value. In this case, such investments shall be valued at fair value as determined in good faith by or under the direction of our Board of Directors, including using market quotations where available. Investments that are not publicly traded or whose market quotations are not readily available are valued at fair value as determined in good faith by or under the direction of our Board of Directors. Such determination of fair values may involve subjective judgments and

estimates.

With respect to investments for which market quotations are not readily available or when such market quotations are deemed not to represent fair value, our Board of Directors has approved a multi-step valuation process each quarter, as described below:

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1. Our quarterly valuation process begins with each investment being initially valued by the investment professionals of our Investment Adviser who are responsible for the portfolio company.
2. Preliminary valuation conclusions are then documented and discussed with senior management of our Investment Adviser.
3. Independent valuation firms are engaged by our Board of Directors to conduct independent appraisals by reviewing our Investment Adviser's preliminary valuations and then making their own independent assessment.  
The Audit Committee of the Board of Directors reviews the preliminary valuation of our Investment Adviser and
4. the valuation prepared by the independent valuation firms and responds, if warranted, to the valuation recommendation of the independent valuation firms.  
The Board of Directors discusses valuations and determines in good faith the fair value of each investment in our
5. portfolio based on the input of our Investment Adviser, the applicable independent valuation firm, and the Audit Committee of the Board of Directors.

Investments determined by these valuation procedures which have a fair value of less than \$1 million during the prior fiscal quarter may be valued based on inputs identified by the Investment Adviser without the necessity of obtaining valuation from an independent valuation firm, if once annually an independent valuation firm using the procedures described herein provides a valuation. Investments in all asset classes are valued utilizing a market approach, an income approach, or both approaches, as appropriate. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities (including a business). The income approach uses valuation techniques to convert future amounts (for example, cash flows or earnings) to a single present amount (discounted). The measurement is based on the value indicated by current market expectations about those future amounts. In following these approaches, the types of factors that we may take into account in fair value pricing our investments include, as relevant: available current market data, including relevant and applicable market trading and transaction comparables, applicable market yields and multiples, security covenants, seniority of investment in the investee company's capital structure, call protection provisions, information rights, the nature and realizable value of any collateral, the portfolio company's ability to make payments, its earnings and discounted cash flows, the markets in which the portfolio company does business, comparisons of financial ratios of peer companies that are public, M&A comparables, our principal market (as the reporting entity) and enterprise values, among other factors. When readily available, broker quotations and/or quotations provided by pricing services are considered in the valuation process of independent valuation firms. During the six months ended September 30, 2017, there were no significant changes to the Company's valuation techniques and related inputs considered in the valuation process.

**Investment Income Recognition**

The Company records interest and dividend income, adjusted for amortization of premium and accretion of discount, on an accrual basis. Some of our loans and other investments, including certain preferred equity investments, may have contractual PIK interest or dividends. PIK income computed at the contractual rate is accrued into income and reflected as receivable up to the capitalization date. Certain PIK investments offer issuers the option at each payment date of making payments in cash or in additional securities. When additional securities are received, they typically have the same terms, including maturity dates and interest rates as the original securities issued. On these payment dates, the Company capitalizes the accrued interest or dividends receivable (reflecting such amounts as the basis in the additional securities received). PIK generally becomes due at maturity of the investment or upon the investment being called by the issuer. At the point the Company believes PIK is not expected to be realized, the PIK investment will be placed on non-accrual status. When a PIK investment is placed on non-accrual status, the accrued, uncapitalized interest or dividends are reversed from the related receivable through interest or dividend income, respectively. The Company does not reverse previously capitalized PIK interest or dividends. Upon capitalization, PIK is subject to the fair value estimates associated with their related investments. PIK investments on non-accrual status are restored to accrual status if the Company believes that PIK is expected to be realized.

Investments that are expected to pay regularly scheduled interest and/or dividends in cash are generally placed on non-accrual status when principal or interest/dividend cash payments are past due 30 days or more and/or when it is no longer probable that principal or interest/dividend cash payments will be collected. Such non-accrual investments are restored to accrual status if past due principal and interest or dividends are paid in cash, and in management's

judgment, are likely to continue timely payment of their remaining interest or dividend obligations. Interest or dividend cash payments received on non-accrual designated investments may be recognized as income or applied to principal depending upon management's judgment.

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Loan origination fees, original issue discount (“OID”), and market discounts are capitalized and accreted into interest income over the respective terms of the applicable loans using the effective interest method or straight-line, as applicable. Upon the prepayment of a loan, prepayment premiums, any unamortized loan origination fees, OID, or market discounts are recorded as interest income. Other income generally includes amendment fees, administrative fees, management fees, bridge fees, and structuring fees which are recorded when earned.

The Company records as dividend income the accretable yield from its beneficial interests in structured products such as CLOs based upon a number of cash flow assumptions that are subject to uncertainties and contingencies. Such assumptions include the rate and timing of principal and interest receipts (which may be subject to prepayments and defaults) of the underlying pools of assets. These assumptions are updated on at least a quarterly basis to reflect changes related to a particular security, actual historical data, and market changes. A structured product investment typically has an underlying pool of assets. Payments on structured product investments are payable solely from the cash flows from such assets. As such any unforeseen event in these underlying pools of assets might impact the expected recovery and future accrual of income.

Expenses

Expenses include management fees, performance-based incentive fees, insurance expenses, administrative service fees, legal fees, directors’ fees, audit and tax service expenses, third-party valuation fees and other general and administrative expenses. Expenses are recognized on an accrual basis.

Net Realized Gains (Losses) and Net Change in Unrealized Gains (Losses)

We measure realized gains or losses by the difference between the net proceeds from the repayment or sale and the amortized cost basis of the investment, without regard to unrealized gains or losses previously recognized, but considering unamortized upfront fees and prepayment penalties. Net change in unrealized gain (loss) reflects the net change in portfolio investment values during the reporting period, including the reversal of previously recorded unrealized gains or losses.

Within the context of these critical accounting policies, we are not currently aware of any reasonably likely events or circumstances that would result in materially different amounts being reported.



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## Results of Operations

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

| (in millions)*   | Three Months                   |         | Six Months                     |         |
|--|--------------------------------|---------|--------------------------------|---------|
|  | Ended<br>September 30,<br>2017 | 2016    | Ended September<br>30,<br>2017 | 2016    |
| Investment income  |                                |         |                                |         |
| Interest income (excluding Payment-in-kind interest income)            | \$53.6                         | \$54.2  | \$107.7                        | \$113.9 |
| Dividend income  | 4.3                            | 8.5     | 10.2                           | 17.3    |
| PIK interest income  | 6.0                            | 6.0     | 11.8                           | 12.1    |
| Other income   | 2.6                            | 0.3     | 3.5                            | 2.1     |
| Total investment income  | \$66.5                         | \$69.0  | \$133.2                        | \$145.5 |
| Expenses   |                                |         |                                |         |
| Management and performance-based incentive fees, net of amounts waived | \$15.2                         | \$9.9   | \$30.3                         | \$27.1  |
| Interest and other debt expenses, net of reimbursements                | 13.8                           | 14.4    | 28.0                           | 31.2    |
| Administrative services expense, net of reimbursements                 | 1.6                            | 2.6     | 3.2                            | 4.0     |
| Other general and administrative expenses                              | 1.6                            | 2.6     | 4.2                            | 7.6     |
| Net expenses   | \$32.3                         | \$29.5  | \$65.7                         | \$69.9  |
| Net investment income  | \$34.2                         | \$39.5  | \$67.5                         | \$75.6  |
| Net realized and change in unrealized gains (losses)                   |                                |         |                                |         |
| Net realized gains (losses)  | \$(3.6)                        | \$(3.0) | \$(237.4)                      | \$5.5   |
| Net change in unrealized gains (losses)                                | 1.2                            | 4.6     | 230.5                          | (82.1)  |
| Net realized and change in unrealized gains (losses)                   | (2.4)                          | 1.6     | (6.9)                          | (76.6)  |
| Net increase (decrease) in net assets resulting from operations        | \$31.8                         | \$41.1  | \$60.6                         | \$(1.0) |
| Net investment income on per average share basis                       | \$0.16                         | \$0.18  | \$0.31                         | \$0.34  |
| Earnings (loss) per share  | \$0.14                         | \$0.18  | \$0.28                         | \$0.00  |

\*Totals may not foot due to rounding.

Total Investment Income

For the three months ended September 30, 2017 as compared to the three months ended September 30, 2016

The decrease in total investment income for the three months ended September 30, 2017 compared to the three months ended September 30, 2016 was driven by the decrease in dividend income of \$4.2 million. The decrease in dividend income is due to the exits of Crowley Holdings, Inc., MCF CLO I, LLC, MCF CLO III, LLC and restructuring of Golden Bear Warehouse LLC into a non-dividend yielding position. Additionally, there was a decrease in interest income (excluding Payment-in-kind interest income) of \$0.6 million primarily due to a lower income-bearing investment portfolio and decrease in overall yield for the total debt portfolio from 11.0% to 10.3%. The decrease in total interest income was partially offset by an increase in prepayment fees and income recognized from the acceleration of discount, premium, or deferred fees on repaid investments which totaled \$4.0 million and \$3.4 million for the three months ended September 30, 2017 and three months ended September 30, 2016, respectively.

Furthermore, the decrease in total investment income was also partially offset by an increase in Other Income of \$2.3 million due to higher bridge fees and amendment fees.

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For the six months ended September 30, 2017 as compared to the six months ended September 30, 2016

The decrease in total investment income for the six months ended September 30, 2017 compared to the six months ended September 30, 2016 was driven by the decrease in interest income (excluding Payment-in-kind interest income) of \$6.2 million and decrease in dividend income of \$7.1 million. The decrease in interest income is primarily due to a lower income-bearing investment portfolio, a decrease in overall yield for the total debt portfolio from 11.0% to 10.3%, and a decrease in prepayment fees and income recognized from the acceleration of discount, premium, or deferred fees on repaid investments which totaled \$7.0 million and \$8.5 million for the six months ended September 30, 2017 and six months ended September 30, 2016, respectively. Additionally, the decrease in dividend income was due to the exits of Crowley Holdings, Inc., MCF CLO I, LLC, MCF CLO III, LLC and restructuring of Golden Bear Warehouse LLC into a non-dividend yielding position and also, due to the decrease in dividends from Dynamic Product Tankers, LLC, MSEA Tankers, LLC and other structured products. In addition, there was an increase in Other Income of \$1.4 million due to higher bridge fees and amendment fees.

## Net Expenses

For the three months ended September 30, 2017 as compared to the three months ended September 30, 2016

The increase in expenses for the three months ended September 30, 2017 compared to the three months ended September 30, 2016 was due to the increase of \$5.3 million in management and performance-based incentive fees (net of amounts waived). This was due to the reversal of \$6.0 million of the deferred incentive fee payable related to PIK income deemed to be no longer realizable during the three months ended September 30, 2016 which resulted in lower fee expenses during that period. This increase was partially offset by lower average gross assets during the three months ended September 30, 2017 which resulted in lower management fee expense. In addition, there was a decrease of \$0.6 million in interest and other debt expenses due to the repayment of the Senior Secured Notes A in September 2016 and a reduction in the average debt outstanding and net leverage from \$1.03 billion and 0.63x, respectively, during the three months ended September 30, 2016 to \$0.89 billion and 0.59x, respectively, during the three months ended September 30, 2017. The decrease of \$0.9 million of other general and administrative expenses was due to a true-up of other expenses and accruals.

For the six months ended September 30, 2017 as compared to the six months ended September 30, 2016

The decrease in expenses for the six months ended September 30, 2017 compared to the six months ended September 30, 2016 was due to a decrease of \$3.2 million in interest and other debt expenses due to the repayment of the Senior Secured Notes A in September 2016 and a reduction in the average debt outstanding and net leverage from \$1.13 billion and 0.63x, respectively during the six months ended September 30, 2016 to \$0.93 billion and 0.59x, respectively, during the six months ended September 30, 2017. The decrease of \$3.4 million of other general and administrative expenses was primarily due to \$2.7 million of non-recurring expenses related to a strategic transaction that was considered but did not occur during the six months ended September 30, 2016. The increase of \$3.2 million in management and performance-based incentive fees (net of amounts waived) was due to the reversal of \$6.0 million of the deferred incentive fee payable related to PIK income deemed to be no longer realizable during the six months ended September 30, 2016 which resulted in lower fee expenses during that period, compared to the six months ended September 30, 2017, when there was no reversal made. This increase was partially offset by lower average gross assets and lower net investment income during the six months ended September 30, 2017 which resulted in lower fee expenses.

## Net Realized Gains (Losses)

For the three months ended September 30, 2017 as compared to the three months ended September 30, 2016

During the three months ended September 30, 2017, we recognized gross realized gains of \$3.9 million and gross realized losses of \$7.5 million, resulting in net realized loss of \$3.6 million. Significant realized gains (losses) for the three months ended September 30, 2017 are summarized below:

|                     |          |
|---------------------|----------|
|                     | Net      |
| (in millions)       | Realized |
|                     | Gain     |
|                     | (Loss)   |
| Asurion Corporation | 0.2      |

Sungevity Inc. (4.4 ) \*

SCM Insurance Services, Inc. (3.1 ) \*

\* Sungevity Inc. was written off during the quarter as no proceeds were expected to be realized. SCM Insurance Services, Inc. was sold during the quarter. The realized losses on these investments were previously recorded as unrealized losses.

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During the three months ended September 30, 2016, we recognized gross realized gains of \$1.6 million and gross realized losses of \$4.5 million, resulting in net realized losses of \$3.0 million. Significant realized losses for the three months ended September 30, 2016 are summarized below:

| (in millions)                            | Net<br>Realized<br>Loss |
|--|-------------------------|
| Aventine Renewable Energy Holdings, Inc. | \$ (2.9 )               |
| River Cree Enterprises LP                | (0.8 )                  |

For the six months ended September 30, 2017 as compared to the six months ended September 30, 2016

During the six months ended September 30, 2017, we recognized gross realized gains of \$10.9 million and gross realized losses of \$248.3 million, resulting in net realized loss of \$237.4 million. Significant realized gains (losses) for the six months ended September 30, 2017 are summarized below:

| (in millions)                      | Net<br>Realized<br>Gain<br>(Loss) |
|------------------------------------|-----------------------------------|
| Renew JV LLC                       | \$ 4.0                            |
| Venoco, Inc.                       | (89.0 ) *                         |
| Delta Career Education Corporation | (72.8 ) *                         |
| AIC SPV Holdings I, LLC            | (44.3 ) *                         |
| LVI Group Investments, LLC         | (17.5 ) *                         |
| Magnetation, LLC                   | (10.4 ) *                         |
| Clothesline Holdings, Inc.         | (6.0 ) *                          |
| Sungevity Inc.                     | (4.4 ) *                          |
| SCM Insurance Services, Inc.       | (3.1 ) *                          |

\* Venoco, Inc., Delta/Gryphon, Magnetation, LLC, Clothesline Holdings, Inc. and Sungevity Inc. were written off during the period as no proceeds were expected to be realized. AIC SPV Holdings I, LLC, LVI Group Investments, LLC, and SCM Insurance Services, Inc. were sold during the period. The realized losses on these investments were previously recorded as unrealized losses.

During the six months ended September 30, 2016, we recognized gross realized gains of \$49.3 million and gross realized losses of \$43.8 million, resulting in net realized gains of \$5.5 million. Significant realized gains (losses) for the six months ended September 30, 2016 are summarized below:

| (in millions)                            | Net<br>Realized<br>Gain<br>(Loss) |
|--|-----------------------------------|
| Generation Brands Holdings, Inc.         | \$ 46.1                           |
| Explorer Coinvest, LLC                   | 1.2                               |
| Osage Exploration & Development, Inc.    | (19.5 )                           |
| Aveta, Inc.                              | (11.9 )                           |
| Aventine Renewable Energy Holdings, Inc. | (2.9 )                            |
| Energy & Exploration Partners, Inc.      | (2.4 )                            |
| Radio One, Inc.                          | (2.3 )                            |



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## Net Change in Unrealized Gains (Losses)

For the three months ended September 30, 2017 as compared to the three months ended September 30, 2016

During the three months ended September 30, 2017, we recognized gross unrealized gains of \$24.1 million and gross unrealized losses of \$22.9 million, including the impact of transferring unrealized to realized gains (losses), resulting in net change in unrealized losses of \$1.2 million. Significant changes in unrealized gains (losses) for the three months ended September 30, 2017 are summarized below:

| (in millions)                | Net<br>Change in<br>Unrealized<br>Gain<br>(Loss) |
|------------------------------|--|
| SCM Insurance Services, Inc. | 6.2  |
| Solarplicity Group Limited   | 5.0  |
| Sungevity Inc.               | 4.4  |
| SHD Oil & Gas, LLC           | 2.8  |
| Golden Bear 2016-R, LLC      | (2.5 )   |
| Merx Aviation Finance, LLC   | (2.1 )   |
| Pelican Energy, LLC          | (1.1 )   |

During the three months ended September 30, 2016, we recognized gross unrealized gains of \$47.3 million and gross unrealized losses of \$42.7 million, resulting in net change in unrealized gains of \$4.6 million. Significant changes in unrealized gains (losses) for the three months ended September 30, 2016 are summarized below:

| (in millions)                            | Net<br>Change in<br>Unrealized<br>Gain<br>(Loss) |
|--|--|
| Golden Bear Warehouse LLC                | \$ 14.2  |
| MCF CLO III, LLC                         | 3.5  |
| Aventine Renewable Energy Holdings, Inc. | 3.1  |
| Asset Repackaging Trust Six B.V.         | 1.8  |
| MSC Software Corp.                       | 1.7  |
| Access CIG, LLC                          | 1.7  |
| Venoco, Inc.                             | (8.5 )   |
| Solarplicity Group Limited               | (4.2 )   |
| Garden Fresh Restaurant Corp.            | (4.0 )   |
| Maxus Capital Carbon SPE I, LLC          | (3.7 )   |
| LVI Group Investments, LLC               | (3.3 )   |
| Dynamic Product Tankers, LLC             | (3.1 )   |

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For the six months ended September 30, 2017 as compared to the six months ended September 30, 2016

During the six months ended September 30, 2017, we recognized gross unrealized gains of \$274.9 million and gross unrealized losses of \$44.4 million, including the impact of transferring unrealized to realized gains (losses), resulting in net change in unrealized losses of \$230.5 million. Significant changes in unrealized gains (losses) for the six months ended September 30, 2017 are summarized below:

| (in millions)                      | Net<br>Change in<br>Unrealized<br>Gain<br>(Loss) |
|------------------------------------|--|
| Venoco, Inc.                       | \$ 89.0  |
| Delta Career Education Corporation | 72.8   |
| AIC SPV Holdings I, LLC            | 44.8   |
| LVI Group Investments, LLC         | 17.5   |
| Magnetation, LLC                   | 10.6   |
| Solarplicity Group Limited         | 9.8  |
| Clothesline Holdings, Inc.         | 6.0  |
| SCM Insurance Services, Inc.       | 7.9  |
| Sungevity Inc.                     | 4.4  |
| Sprint Industrial Holdings, LLC.   | (2.4 )   |
| Golden Bear Warehouse LLC          | (2.2 )   |
| Merx Aviation Finance, LLC         | (1.9 )   |

During the six months ended September 30, 2016, we recognized gross unrealized gains of \$117.1 million and gross unrealized losses of \$199.2 million, resulting in net change in unrealized losses of \$82.1 million. Significant changes in unrealized gains (losses) for the six months ended September 30, 2016 are summarized below:

| (in millions)                         | Net<br>Change in<br>Unrealized<br>Gain<br>(Loss) |
|---------------------------------------|--|
| Osage Exploration & Development, Inc. | \$ 19.3  |
| Golden Bear Warehouse LLC             | 16.3   |
| Aveta, Inc.                           | 13.2   |
| Radio One, Inc.                       | 4.7  |
| MCF CLO III, LLC                      | 4.4  |
| Generation Brands Holdings, Inc.      | (43.8 )  |
| Garden Fresh Restaurant Corp.         | (33.9 )  |
| Delta Educational Systems, Inc.       | (22.4 )  |
| Solarplicity Group Limited            | (20.9 )  |
| Venoco, Inc.                          | (14.6 )  |
| LVI Group Investments, LLC            | (10.5 )  |

#### Liquidity and Capital Resources

The Company's liquidity and capital resources are generated and generally available through periodic follow-on equity and debt offerings, our senior secured, multi-currency Senior Secured Facility (as defined in Note 8 within the notes to financial statements), our senior secured notes, our senior unsecured notes, investments in special purpose entities in which we hold and finance particular investments on a non-recourse basis, as well as from cash flows from operations, investment sales of liquid assets and repayments of senior and subordinated loans and income earned from investments.





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## Cash Equivalents

The Company defines cash equivalents as securities that are readily convertible into known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only securities with a maturity of three months or less from the date of purchase would qualify, with limited exceptions. We deem certain money market funds, U.S. Treasury bills, repurchase agreements and other high-quality, short-term debt securities as cash equivalents. (See Note 2 within the notes to financial statements.) At the end of each fiscal quarter, we consider taking proactive steps utilizing cash equivalents with the objective of enhancing our investment flexibility during the following quarter, pursuant to Section 55 of the 1940 Act. More specifically, we may purchase U.S. Treasury bills from time-to-time on the last business day of the quarter and typically close out that position on the following business day, settling the sale transaction on a net cash basis with the purchase, subsequent to quarter end. Apollo Investment may also utilize repurchase agreements or other balance sheet transactions, including drawing down on our Senior Secured Facility, as we deem appropriate. The amount of these transactions or such drawn cash for this purpose is excluded from total assets for purposes of computing the asset base upon which the management fee is determined.

## Debt

See Note 8 within the notes to financial statements for information on the Company's debt.

The following table shows the contractual maturities of our debt obligations as of September 30, 2017:

| (in millions)                   | Payments Due by Period |                  |              |              |                   |
|---------------------------------|------------------------|------------------|--------------|--------------|-------------------|
|                                 | Total                  | Less than 1 Year | 1 to 3 Years | 3 to 5 Years | More than 5 Years |
| Senior Secured Facility (1)     | \$216.7                | \$—              | \$—          | —\$216.7     | \$—               |
| Senior Secured Notes (Series B) | 16.0                   | 16.0             | —            | —            | —                 |
| 2042 Notes (2)                  | 150.0                  | 150.0            | —            | —            | —                 |
| 2043 Notes                      | 150.0                  | —                | —            | —            | 150.0             |
| 2025 Notes                      | 350.0                  | —                | —            | —            | 350.0             |
| Total Debt Obligations          | \$882.7                | \$166.0          | \$—          | —\$216.7     | \$500.0           |

(1) As of September 30, 2017, aggregate lender commitments under the Senior Secured Facility totaled \$1.19 billion and \$958.5 million of unused capacity. As of September 30, 2017, there were \$14.8 million of letters of credit issued under the Senior Secured Facility as shown as part of total commitments in Note 10 within the notes to financial statements.

(2) On October 16, 2017, the Company redeemed the entire \$150.0 million aggregate principal amount outstanding of the 2042 Notes in accordance with the terms of the indenture governing the Notes.

## Stockholders' Equity

See Note 9 within the notes to financial statements for information on the Company's public offerings and share repurchase plans.

## Distributions

Distributions paid to stockholders during the three and six months ended September 30, 2017 totaled \$33.0 million (\$0.15 per share) and \$65.9 million (\$0.30 per share), respectively. Distributions paid to stockholders during the three and six months ended September 30, 2016 totaled \$45.0 million (\$0.20 per share) and \$90.2 million (\$0.40 per share), respectively. For income tax purposes, distributions made to stockholders are reported as ordinary income, capital gains, non-taxable return of capital, or a combination thereof. Although the tax character of distributions paid to stockholders through September 30, 2017 may include return of capital, the exact amount cannot be determined at this point. The final determination of the tax character of distributions will not be made until we file our tax return for the tax year ended March 31, 2018. Tax characteristics of all distributions will be reported to stockholders on Form 1099 after the end of the calendar year. Our quarterly distributions, if any, will be determined by our Board of Directors. To maintain our RIC status, we must distribute at least 90% of our ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any, out of the assets legally available for distribution.

Although we currently intend to distribute realized net capital gains (i.e., net long-term capital gains in excess of short-term capital losses), if any, at least annually, out of the assets legally available for such distributions, we may in the future decide to retain such capital gains for investment. Currently, we have substantial net capital loss carryforwards and consequently do not expect to generate cumulative net capital gains in the foreseeable future.

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We maintain an “opt out” dividend reinvestment plan for our common stockholders. As a result, if we declare a dividend, then stockholders’ cash dividends will be automatically reinvested in additional shares of our common stock, unless they specifically “opt out” of the dividend reinvestment plan so as to receive cash dividends.

We may not be able to achieve operating results that will allow us to make distributions at a specific level or to increase the amount of these distributions from time to time. In addition, due to the asset coverage test applicable to us as a BDC, we may in the future be limited in our ability to make distributions. Also, our revolving credit facility may limit our ability to declare dividends if we default under certain provisions or fail to satisfy certain other conditions. If we do not distribute a certain percentage of our income annually, we may suffer adverse tax consequences, including possible loss of the tax benefits available to us as a RIC. In addition, in accordance with GAAP and tax regulations, we include in income certain amounts that we have not yet received in cash, such as contractual PIK, which represents contractual interest added to the loan balance that becomes due at the end of the loan term, or the accrual of original issue or market discount. Since we may recognize income before or without receiving cash representing such income, we may not be able to meet the requirement to distribute at least 90% of our investment company taxable income to obtain tax benefits as a RIC.

With respect to the distributions to stockholders, income from origination, structuring, closing, commitment and other upfront fees associated with investments in portfolio companies is treated as taxable income and accordingly, distributed to stockholders.

**PIK Income**

For the three and six months ended September 30, 2017, PIK income totaled \$6.0 million on total investment income of \$66.5 million and \$11.8 million on total investment income of \$133.2 million, respectively. In order to maintain the Company’s status as a RIC, this non-cash source of income must be paid out to stockholders annually in the form of distributions, even though the Company has not yet collected the cash. See Note 5 within the notes to the financial statements for more information on the Company’s PIK income.

**Related Party Transactions**

See Note 3 within the notes to the financial statements for information on the Company’s related party transactions.

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

We are subject to financial market risks, including changes in interest rates. During the three and six months ended September 30, 2017, many of the loans in our portfolio had floating interest rates. These loans are usually based on LIBOR and typically have durations of one to six months after which they reset to current market interest rates. The Company also has a Senior Secured Facility that is based on LIBOR rates.

The following table shows the estimated annual impact on net investment income of base rate changes in interest rates (considering interest rate flows for variable rate instruments) to our loan portfolio and outstanding debt as of September 30, 2017, assuming no changes in our investment and borrowing structure:

| Basis Point Change    | Net Investment<br>Income | Net Investment<br>Income Per Share |
|-----------------------|--------------------------|------------------------------------|
| Up 400 basis points   | \$34.5 million           | \$ 0.158                           |
| Up 300 basis points   | \$25.9 million           | \$ 0.118                           |
| Up 200 basis points   | \$17.2 million           | \$ 0.079                           |
| Up 100 basis points   | \$8.6 million            | \$ 0.039                           |
| Down 100 basis points | \$(1.7 ) million         | \$ (0.008 )                        |

We may hedge against interest rate fluctuations from time-to-time by using standard hedging instruments such as futures, options and forward contracts subject to the requirements of the 1940 Act and applicable commodities laws. While hedging activities may insulate us against adverse changes in interest rates, they may also limit our ability to participate in the benefits of lower interest rates with respect to our portfolio of investments.



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Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

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

Changes in Internal Control Over Financial Reporting

Management has not identified any change in the Company's internal control over financial reporting that occurred during the second fiscal quarter of 2018 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

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**PART II. OTHER INFORMATION**

**Item 1. Legal Proceedings**

From time to time, we may become involved in various investigations, claims and legal proceedings that arise in the ordinary course of our business. Furthermore, third parties may try to seek to impose liability on us in connection with the activities of our portfolio companies. While we do not expect that the resolution of these matters if they arise would materially affect our business, financial condition or results of operations, resolution will be subject to various uncertainties and could result in the expenditure of significant financial and managerial resources.

On May 20, 2013, the Company was named as a defendant in a complaint by the bankruptcy trustee of DSI Renal Holdings and related companies (“DSI”). The complaint alleges, among other things, that the Company participated in a “fraudulent conveyance” involving a restructuring and subsequent sale of DSI in 2010 and 2011. The complaint seeks, jointly and severally from all defendants, (1) damages of approximately \$425 million, of which the Company’s share would be approximately \$41 million, and the return of 9,000 shares of common stock of DSI obtained by the Company in the restructuring and sale and (2) punitive damages. At this point in time, the Company is unable to assess whether it may have any liability in this action. On July 20, 2017, the United States Bankruptcy Court for the District of Delaware, where the action is pending, granted in part and denied in part the Company’s (and other defendants’) motion to dismiss the complaint. The Company has not made any determination that this action is or may be material to the Company and intends to vigorously defend itself.

In December 2016, AGM received a subpoena from the SEC principally concerning AGM’s disclosure of IRR calculations for certain private equity funds, costs associated with a European service provider, and certain personnel changes. These topics generally track matters with which AGM is familiar and has previously examined. The matters at issue in the subpoena do not pertain to activities of the Company. AGM is fully cooperating with the SEC in this matter.

On May 12, 2017, the Trustee of the Creditor Trust of Energy & Exploration Partners, Inc.-created under the Chapter 11 reorganization plan for Energy & Exploration Partners, Inc. and other affiliated entities (“ENXP”), approved by the United States Bankruptcy Court for the Northern District of Texas (the “Bankruptcy Court”) on April 26, 2016-commenced an adversary proceeding in the Bankruptcy Court naming the Company and three of the Company’s affiliates as defendants. The complaint alleges (among other things) that certain payments ENXP made to the Company and its affiliates in connection with pre-paying certain notes that the Company and its affiliates owned were fraudulent transfers under state law and the bankruptcy code. The complaint seeks a judgment (i) holding the Company and its affiliates “liable for that portion” of those payments “received by them,” (ii) disallowing certain proofs of claim that the Company and its affiliates submitted in the ENXP bankruptcy proceeding, and (iii) awarding the Trustee attorney’s fees, interest, and costs. The Company’s and its affiliates’ July 25, 2017 motion to dismiss the case was fully briefed on September 12, 2017, and scheduled for hearing on September 28, 2017. The Court took the hearing off calendar, however, after the parties advised the Court that they were engaged in discussions to resolve the litigation.

**Item 1A. Risk Factors**

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part I, “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the year ended March 31, 2017, which could materially affect our business, financial condition and/or operating results. These risks are not the only risks facing our Company. 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**

**Unregistered Sales of Equity Securities**

None.

**Issuer Purchases of Equity Securities**

The Company adopted the following plans, approved by the Board of Directors, for the purpose of repurchasing its common stock in accordance with applicable rules specified in the 1934 Act (the “Repurchase Plans”):



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| Date of Adoption               | Maximum<br>Cost of Shares<br>That May Be<br>Repurchased | Cost of Shares<br>Repurchased | Remaining<br>Cost of<br>Shares That<br>May Be<br>Repurchased |
|--------------------------------|---|-------------------------------|--|
| August 6, 2015                 | \$50.0 million  | \$50.0 million                | \$—  |
| December 14, 2015              | 50.0 million  | 50.0 million                  | —  |
| September 14, 2016             | 50.0 million  | 4.3 million                   | 45.7 million   |
| Total as of September 30, 2017 | \$150.0 million   | \$104.3 million               | \$45.7 million   |

The Repurchase Plans were designed to allow the Company to repurchase its shares both during its open window periods and at times when it otherwise might be prevented from doing so under applicable insider trading laws or because of self-imposed trading blackout periods. A broker selected by the Company will have the authority under the terms and limitations specified in an agreement with the Company to repurchase shares on the Company's behalf in accordance with the terms of the Repurchase Plans. Repurchases are subject to SEC regulations as well as certain price, market volume and timing constraints specified in the Repurchase Plans. Pursuant to the Repurchase Plans, the Company may from time to time repurchase a portion of its shares of common stock and the Company is hereby notifying stockholders of its intention as required by applicable securities laws.

Under the Repurchase Plans described above, the Company allocated the following amounts to be repurchased in accordance with SEC Rule 10b5-1 (the "10b5-1 Repurchase Plans"):

| Effective Date     | Termination Date | Amount<br>Allocated to<br>10b5-1<br>Repurchase<br>Plans |
|--------------------|------------------|---|
| September 15, 2015 | November 5, 2015 | \$5.0 million   |
| January 1, 2016    | February 5, 2016 | 10.0 million  |
| April 1, 2016      | May 19, 2016     | 5.0 million   |
| July 1, 2016       | August 5, 2016   | 15.0 million  |
| September 30, 2016 | November 8, 2016 | 20.0 million  |
| January 4, 2017    | February 6, 2017 | 10.0 million  |
| March 31, 2017     | May 19, 2017     | 10.0 million  |
| June 30, 2017      | August 7, 2017   | 10.0 million  |
| October 2, 2017    | November 6, 2017 | 10.0 million  |

The following table presents information with respect to the Company's purchases of its common stock since adoption of the Repurchase Plans through September 30, 2017:

| Month          | Total<br>Number of<br>Shares<br>Purchased | Average<br>Price<br>Paid Per<br>Share* | Total<br>Number of<br>Shares<br>Purchased<br>as Part of<br>Publicly<br>Announced<br>Plans | Maximum<br>Dollar Value<br>of Shares<br>That May Yet<br>Be Purchased<br>Under<br>Publicly<br>Announced<br>Plans |
|----------------|---|--|---|---|
| August 2015    | 1,530,000                                 | \$ 6.57                                | 1,530,000   | \$40.0 million  |
| September 2015 | 1,810,400                                 | 6.15                                   | 1,810,400   | 28.8 million  |
| November 2015  | 3,350,000                                 | 6.03                                   | 3,350,000   | 8.6 million   |
| December 2015  | 1,882,329                                 | 5.86                                   | 1,882,329   | 47.6 million  |
| January 2016   | 2,012,126                                 | 4.97                                   | 2,012,126   | 37.6 million  |



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|                |            |         |            |      |         |
|----------------|------------|---------|------------|------|---------|
| June 2016      | 1,088,800  | 5.58    | 1,088,800  | 31.5 | million |
| July 2016      | 49,475     | 5.51    | 49,475     | 31.2 | million |
| August 2016    | 1,788,882  | 5.89    | 1,788,882  | 20.7 | million |
| September 2016 | 1,234,569  | 6.04    | 1,234,569  | 63.2 | million |
| October 2016   | 1,582,250  | 5.94    | 1,582,250  | 53.8 | million |
| November 2016  | 717,866    | 5.82    | 717,866    | 49.6 | million |
| August 2017    | 100,000    | 5.99    | 100,000    | 49.0 | million |
| September 2017 | 560,300    | 5.99    | 560,300    | 45.7 | million |
| Total          | 17,706,997 | \$ 5.89 | 17,706,997 |      |         |

\* The average price per share is inclusive of commissions.

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Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

(a) Exhibits

3.1(a) Articles of Amendment (1)

3.1(b) Articles of Amendment and Restatement (2)

3.2 Fourth Amended and Restated Bylaws (3)

31.1 Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934\*

31.2 Certification of Chief Financial Officer Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934\*

32.1 Certification of Chief Executive Officer and Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350)\*

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\*Filed herewith.

(1) Incorporated by reference from the Registrant's pre-effective Amendment No. 1 to the Registration Statement under the Securities Act of 1933, as amended, as Form N-2, filed on June 20, 2005.

(2) Incorporated by reference from the Registrant's post-effective Amendment No. 1 to the Registration Statement under the Securities Act of 1933, as amended, on Form N-2, filed on August 14, 2006.

(3) Incorporated by reference from the Registrant's Form 10-K, filed on May 19, 2015.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on November 3, 2017.

APOLLO INVESTMENT  
CORPORATION

By: /s/ JAMES C. ZELTER  
James C. Zelter  
Chief Executive Officer

By: /s/ GREGORY W. HUNT  
Gregory W. Hunt  
Chief Financial Officer and  
Treasurer

By: /s/ AMIT JOSHI  
Amit Joshi  
Chief Accounting Officer and  
Assistant Treasurer