

American Capital Senior Floating, Ltd.  
Form 10-Q  
August 08, 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 Quarter Ended June 30, 2017

OR  
 Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 814-01025

AMERICAN CAPITAL SENIOR FLOATING, LTD.

(Exact name of registrant as specified in its charter)

Maryland

(State or other jurisdiction of incorporation or organization)

46-1996220  
(I.R.S. Employer Identification No.)

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

(Address of principal executive offices) (Zip Code)

(212) 750-7300

(Registrant's telephone number, including area code)

N/A

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

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

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

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

Large accelerated filer  Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company) Smaller reporting company

Emerging growth company

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

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

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

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

AMERICAN CAPITAL SENIOR FLOATING, LTD.  
 FORM 10-Q FOR THE QUARTER ENDED June 30, 2017  
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## PART I. FINANCIAL INFORMATION

## Item 1. Financial Statements

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

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

See notes to consolidated financial statements.

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

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

See notes to consolidated financial statements.

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

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

See notes to consolidated financial statements.

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

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

See notes to consolidated financial statements.

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

Description	Maturity	Interest Rate <sup>(1)</sup>	Basis Point Spread Above Index <sup>(2)</sup>	LIBOR Interest Rate Floor	Industry	Par Amount	Cost	Fair Value
Non-Control/Non-Affiliate Investments								
First Lien Floating Rate Loans —144.0% of Net Assets								
24 Hour Fitness Worldwide, Inc. <sup>(5)</sup>	05/30/2021	5.05 %	L+ 3.75	1.00 %	Leisure Goods/Activities/Movies	\$ 1,942	\$ 1,938	\$ 1,934
Academy, Ltd. <sup>(5)</sup>	07/01/2022	5.17 %	L+ 4.00	1.00 %	Retailers (except food and drug)	900	802	696
Acosta, Inc. <sup>(5)</sup>	09/26/2021	4.48 %	L+ 3.25	1.00 %	Business Equipment and Services	2,425	2,398	2,185
Advanced Integration Technology LP <sup>(5), (6), (7)</sup>	04/03/2023	6.73 %	L+ 5.50	1.00 %	Industrial Equipment	1,995	1,995	2,007
Aegis Toxicology Sciences Corporation <sup>(5)</sup>	02/24/2021	5.79 %	L+ 4.50	1.00 %	Health Care	1,617	1,611	1,615
Air Medical Group Holdings, Inc. <sup>(5)</sup>	04/28/2022	4.47 %	L+ 3.25	1.00 %	Health Care	1,960	1,963	1,927
Air Medical Group Holdings, Inc. <sup>(5)</sup>	04/28/2022	5.00 %	L+ 4.00	1.00 %	Health Care	498	496	497
Albertson's LLC <sup>(5)</sup>	12/21/2022	4.29 %	L+ 3.00	0.75 %	Food/Drug Retailers	985	964	976
Alliant Holdings Intermediate, LLC <sup>(5)</sup>	08/12/2022	4.42 %	L+ 3.25	1.00 %	Diversified Insurance	1,711	1,705	1,711
American Residential Services, LLC <sup>(5), (7)</sup>	06/30/2022	5.23 %	L+ 4.00	1.00 %	Ecological Services and Equipment	1,990	1,985	1,997
American Tire Distributors, Inc. <sup>(5)</sup>	09/01/2021	5.48 %	L+ 4.25	1.00 %	Retailers (except food and drug)	961	958	967
Anchor Glass Container Corporation <sup>(5)</sup>	12/07/2023	4.34 %	L+ 3.25	— %	Containers and Glass Products	1,713	1,705	1,724
AqGen Ascensus, Inc. <sup>(5)</sup>	12/05/2022	5.30 %	L+ 4.00	1.00 %	Financial Intermediaries	1,728	1,679	1,749
Aquilex LLC <sup>(5), (6)</sup>	12/31/2020	5.12 %	L+ 4.00	1.00 %	Business Equipment and Services	905	904	891
Arctic Glacier U.S.A., Inc. <sup>(5)</sup>	03/20/2024	5.48 %	L+ 4.25	1.00 %	Food Products	997	993	1,010
Ardent Legacy Acquisitions, Inc. <sup>(5)</sup>	08/04/2021	6.80 %	L+ 5.50	1.00 %	Health Care	326	324	328
Ascend Learning, LLC <sup>(5)</sup>	07/31/2019	5.73 %	L+ 4.50	1.00 %	Business Equipment and Services	578	577	580
AssuredPartners, Inc. <sup>(5), (7)</sup>	10/21/2022	4.73 %	L+ 3.50	— %	Insurance	1,331	1,331	1,333

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Asurion, LLC <sup>(5)</sup>	08/04/2022	4.48 %	L+ 3.25	1.00 %	Diversified Insurance	2,102	2,084	2,114
BCP Raptor, LLC <sup>(5), (6)</sup>	06/24/2024	5.25 %	L+ 4.25	1.00 %	Energy	1,100	1,074	1,089
BCPE Eagle Buyer LLC <sup>(5)</sup>	03/18/2024	5.48 %	L+ 4.25	1.00 %	Health Care	1,496	1,482	1,504
Big Jack Holdings LP <sup>(5), (6), (7)</sup>	04/05/2024	5.48 %	L+ 4.25	1.00 %	Food/Drug Retailers	1,995	1,985	2,005
BJ's Wholesale Club, Inc. <sup>(5)</sup>	02/03/2024	4.97 %	L+ 3.75	1.00 %	Food/Drug Retailers	1,904	1,900	1,850
Blackboard, Inc. <sup>(5)</sup>	06/30/2021	6.16 %	L+ 5.00	1.00 %	Electronics/Electric	2,399	2,399	2,393
Brand Energy & Infrastructure Services, Inc. <sup>(5)</sup>	06/21/2024	5.25 %	L+ 4.25	1.00 %	Oil and Gas	2,495	2,470	2,496
BWAY Intermediate Company, Inc. <sup>(5), (7)</sup>	04/03/2024	4.33 %	L+ 3.25	— %	Containers and Glass Products	806	803	807
Calceus Acquisition, Inc. <sup>(5)</sup>	01/31/2020	5.23 %	L+ 4.00	1.00 %	Clothing/Textiles	2,301	2,306	2,113
Candy Intermediate Holdings, Inc. <sup>(5)</sup>	06/15/2023	5.80 %	L+ 4.50	1.00 %	Food Products	1,782	1,780	1,714
Carecore National, LLC <sup>(5), (6)</sup>	03/05/2021	5.23 %	L+ 4.00	1.00 %	Health Care	1,951	1,951	1,975
Catalina Marketing Corporation <sup>(5)</sup>	04/09/2021	4.73 %	L+ 3.50	1.00 %	Business Equipment and Services	2,387	2,387	2,004
CB Poly Investments, LLC <sup>(5), (6)</sup>	08/16/2023	6.48 %	L+ 5.25	1.00 %	Clothing/Textiles	1,489	1,476	1,492
CCM Merger, Inc. <sup>(5)</sup>	08/06/2021	3.98 %	L+ 2.75	0.75 %	Lodging and Casinos	724	721	728
Charter NEX US, Inc. <sup>(5)</sup>	05/16/2024	4.48 %	L+ 3.25	1.00 %	Manufacturing	600	597	601
CIBT Global, Inc. <sup>(5), (6)</sup>	06/01/2024	5.20 %	L+ 4.00	1.00 %	Service & Equipment	1,000	997	1,005

See notes to consolidated financial statements.

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

Description	Maturity	Interest Rate <sup>(1)</sup>	Basis Point Spread Above Index <sup>(2)</sup>	LIBOR Interest Rate Floor	Industry	Par Amount	Cost	Fair Value
First Lien Floating Rate Loans —144.0% of Net Assets								
Comfort Holding, LLC <sup>(5)</sup>	02/05/2024	5.88 %	L+ 4.75	1.00 %	Home Furnishings	\$ 2,263	\$ 2,251	\$ 2,275
CPI Holdco, LLC <sup>(5)</sup>	03/21/2024	5.30 %	L+ 4.00	1.00 %	Industrial Equipment	1,995	1,985	2,007
CT Technologies								
Intermediate Holdings, Inc. <sup>(5), (6)</sup>	12/01/2021	5.48 %	L+ 4.25	1.00 %	Electronics/Electric	490	488	489
DiversiTech Holdings, Inc. <sup>(5)</sup>	06/03/2024	4.70 %	L+ 3.50	1.00 %	Industrials	2,000	1,995	2,005
DJO Finance LLC <sup>(5)</sup>	06/08/2020	4.30 %	L+ 3.25	1.00 %	Health Care	997	977	989
Dole Food Company, Inc. <sup>(5), (7)</sup>	04/06/2024	4.24 %	L+ 3.00	1.00 %	Food Products	857	853	860
DTI Holdco, Inc. <sup>(5)</sup>	09/30/2023	6.42 %	L+ 5.25	1.00 %	Electronics/Electric	746	744	730
Duff & Phelps Corporation <sup>(5)</sup>	04/23/2020	5.05 %	L+ 3.75	1.00 %	Financial Intermediaries	2,381	2,382	2,400
Dynacast International LLC <sup>(5), (7)</sup>	01/28/2022	4.55 %	L+ 3.25	1.00 %	Industrial Equipment	534	534	537
Eastern Power, LLC <sup>(5)</sup>	10/02/2023	5.23 %	L+ 4.00	1.00 %	Utilities	1,921	1,911	1,915
EIG Investors Corp. <sup>(3), (5), (7)</sup>	02/09/2023	5.24 %	L+ 4.00	1.00 %	Electronics/Electric	2,360	2,354	2,370
Epicor Software Corporation <sup>(5)</sup>	06/01/2022	4.98 %	L+ 3.75	1.00 %	Electronics/Electric	1,954	1,940	1,956
Erie Acquisition Holdings, Inc. <sup>(5)</sup>	03/01/2023	6.05 %	L+ 4.75	1.00 %	Business Equipment and Services	490	482	492
ExamWorks Group, Inc. <sup>(5)</sup>	07/27/2023	4.48 %	L+ 3.25	1.00 %	Business Equipment and Services	993	996	998
Expro Finservices S.à r.l. <sup>(3), (5)</sup>	09/02/2021	5.96 %	L+ 4.75	1.00 %	Oil and Gas	1,945	1,927	1,339
Fairmount Minerals, Ltd. <sup>(3), (5)</sup>	09/05/2019	4.65 %	L+ 3.50	1.00 %	Nonferrous Metals/Minerals	396	397	375
FHC Health Systems, Inc. <sup>(5)</sup>	12/23/2021	5.23 %	L+ 4.00	1.00 %	Health Care	1,485	1,466	1,390
Filtration Group Corporation <sup>(5)</sup>	11/23/2020	4.48 %	L+ 3.25	1.00 %	Industrial Equipment	983	983	986
Flexera Software LLC <sup>(5)</sup>	04/02/2020	4.80 %	L+ 3.50	1.00 %	Electronics/Electric	993	993	1,001
Gates Global LLC <sup>(5)</sup>	04/01/2024	4.55 %	L+ 3.25	1.00 %	Automotive	1,052	1,051	1,054
Genesys								
Telecommunications Laboratories, Inc <sup>(5)</sup>	12/01/2023	5.30 %	L+ 4.00	1.00 %	Business Equipment and Services	497	491	500

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GTCR Valor Companies, Inc. <sup>(5), (7)</sup>	06/16/2023	7.23 %	L+ 6.00	1.00 %	Business Equipment and Services	1,846	1,850	1,859
Harland Clarke Holdings Corp. <sup>(5)</sup>	12/31/2021	7.30 %	L+ 6.00	1.00 %	Publishing	696	698	701
Harland Clarke Holdings Corp. <sup>(5)</sup>	02/09/2022	6.80 %	L+ 5.50	1.00 %	Publishing	144	143	145
Helix Generation, LLC <sup>(5), (7)</sup>	06/03/2024	4.96 %	L+ 3.75	1.00 %	Utilities	425	423	428
HGIM Corp. <sup>(5)</sup>	06/18/2020	5.75 %	L+ 4.50	1.00 %	Surface Transport	1,444	1,446	632
Hummel Station LLC <sup>(5), (6)</sup>	10/27/2022	7.23 %	L+ 6.00	1.00 %	Energy	2,000	1,871	1,860
Hyland Software, Inc. <sup>(5)</sup>	07/01/2022	4.48 %	L+ 3.25	0.75 %	Electronics/Electric	2,452	2,436	2,471
Hyperion Insurance Group Limited <sup>(3), (5)</sup>	04/29/2022	5.25 %	L+ 4.00	1.00 %	Diversified Insurance	706	707	712
IBC Capital Limited <sup>(3), (5)</sup>	09/09/2021	4.98 %	L+ 3.75	1.00 %	Business Equipment and Services	992	984	979
Immucor, Inc. <sup>(5)</sup>	08/17/2018	5.00 %	L+ 3.75	1.25 %	Conglomerates	970	972	972
Immucor, Inc. <sup>(5)</sup>	06/27/2021	6.25 %	L+ 5.25	1.00 %	Conglomerates	2,500	2,475	2,526
Indra Holdings Corp. <sup>(5)</sup>	05/03/2021	5.42 %	L+ 4.25	1.00 %	Clothing/Textiles	1,185	1,179	715
Infoblox Inc. <sup>(5)</sup>	11/07/2023	6.23 %	L+ 5.00	1.00 %	Electronics/Electric	1,429	1,403	1,440
Informatica Corporation <sup>(5)</sup>	08/05/2022	4.80 %	L+ 3.50	1.00 %	Electronics/Electric	1,938	1,934	1,939
Information Resources, Inc. <sup>(5)</sup>	01/18/2024	5.47 %	L+ 4.25	1.00 %	Business Equipment and Services	2,425	2,414	2,438
IPC Corp. <sup>(5)</sup>	08/06/2021	5.67 %	L+ 4.50	1.00 %	Telecommunications	1,466	1,461	1,395
Jazz Acquisition, Inc. <sup>(5)</sup>	06/21/2021	4.80 %	L+ 3.50	1.00 %	Aerospace and Defense	1,942	1,945	1,892
JC Penney Corp Inc <sup>(3), (5)</sup>	06/23/2023	5.45 %	L+ 4.25	1.00 %	Retailers (except food and drug)	741	744	732

See notes to consolidated financial statements.

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

Description	Maturity	Interest Rate <sup>(1)</sup>	Basis Point Spread Above Index <sup>(2)</sup>	LIBOR Interest Rate Floor	Industry	Par Amount	Cost	Fair Value
First Lien Floating Rate Loans —144.0% of Net Assets								
Jo-Ann Stores, Inc. <sup>(5)</sup>	10/20/2023	6.39 %	L+ 5.00	1.00 %	Retailers (except food and drug)	\$ 566	\$557	\$565
KEMET Corporation <sup>(5), (6)</sup>	04/26/2024	7.17 %	L+ 6.00	1.00 %	Electronics	2,444	2,401	2,456
Kingpin Intermediate Holdings LLC <sup>(5), (6)</sup>	06/29/2024	6.25 %	L+ 5.25	1.00 %	Service & Equipment	875	871	880
Kraton Polymers LLC <sup>(3), (5)</sup>	01/06/2022	5.23 %	L+ 4.00	1.00 %	Chemical/Plastics	1,040	1,055	1,051
Kronos Acquisition Intermediate Inc. <sup>(3), (5)</sup>	08/26/2022	5.79 %	L+ 4.50	1.00 %	Cosmetics/Toiletries	711	698	719
Kronos Incorporated <sup>(5)</sup>	11/01/2023	4.68 %	L+ 3.50	1.00 %	Electronics/Electric	2,288	2,281	2,307
LANDesk Software Group, Inc. <sup>(5)</sup>	01/20/2024	5.48 %	L+ 4.25	1.00 %	Electronics/Electric	2,595	2,577	2,586
Learning Care Group (US) No. 2 Inc. <sup>(5), (6)</sup>	05/05/2021	5.06 %	L+ 4.00	1.00 %	Business Equipment and Services	987	987	992
Liberty Cablevision of Puerto Rico LLC <sup>(5)</sup>	01/07/2022	4.66 %	L+ 3.50	1.00 %	Cable and Satellite Television	1,000	994	992
Life Time Fitness, Inc. <sup>(5)</sup>	06/10/2022	4.23 %	L+ 3.00	1.00 %	Leisure Goods/Activities/Movies	860	856	863
LSF9 Atlantis Holdings LLC <sup>(5)</sup>	05/01/2023	7.06 %	L+ 6.00	1.00 %	Telecommunications/Cellular Communications	1,000	990	1,011
Marine Acquisition Corp. <sup>(5)</sup>	01/30/2021	4.98 %	L+ 3.75	1.00 %	Manufacturing	993	993	1,000
McGraw-Hill Global Education Holdings, LLC <sup>(5)</sup>	05/04/2022	5.23 %	L+ 4.00	1.00 %	Publishing	1,987	1,975	1,959
Meter Readings Holdings, LLC <sup>(5), (6)</sup>	08/29/2023	6.95 %	L+ 5.75	1.00 %	Electronics/Electric	662	653	668
Mirion Technologies, Inc. <sup>(5)</sup>	03/31/2022	6.05 %	L+ 4.75	1.00 %	Utilities	1,995	1,997	1,996
Mister Car Wash Holdings, Inc. <sup>(5)</sup>	08/20/2021	5.00 %	L+ 3.75	1.00 %	Business Equipment and Services	745	739	748
Mitchell International, Inc. <sup>(5)</sup>	10/13/2020	4.54 %	L+ 3.50	1.00 %	Electronics/Electric	2,365	2,371	2,382
MND Holdings III Corp <sup>(5), (6)</sup>	06/19/2024	5.50 %	L+ 4.50	1.00 %	Consumer Products	1,800	1,791	1,816
	10/13/2023	5.23 %	L+ 4.00	1.00 %	Lodging and Casinos	1,496	1,517	1,515



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Mohegan Tribal Gaming Authority <sup>(5)</sup>									
Murray Energy Corporation <sup>(5)</sup>	04/16/2020	8.55 %	L+ 7.25	1.00 %	Nonferrous Metals/Minerals	992	952	972	
NFP Corp <sup>(5)</sup>	01/08/2024	4.80 %	L+ 3.50	1.00 %	Diversified Insurance	2,487	2,476	2,497	
nThrive, Inc. <sup>(5), (7)</sup>	10/20/2022	5.73 %	L+ 4.50	1.00 %	Health Care	1,990	1,990	2,003	
Oak Parent, Inc. <sup>(5), (6)</sup>	10/26/2023	5.73 %	L+ 4.50	1.00 %	Clothing/Textiles	1,342	1,332	1,342	
Omnitrac, LLC <sup>(5)</sup>	11/25/2020	5.05 %	L+ 3.75	1.00 %	Electronics/Electric	987	974	992	
Onex Carestream Finance LP <sup>(5)</sup>	06/07/2019	5.25 %	L+ 4.00	1.00 %	Electronics/Electric	1,561	1,564	1,555	
Opal Acquisition, Inc. <sup>(5)</sup>	11/27/2020	5.30 %	L+ 4.00	1.00 %	Health Care	2,891	2,879	2,690	
Optiv Inc. <sup>(5)</sup>	02/01/2024	4.44 %	L+ 3.25	1.00 %	Business Equipment and Services	1,039	1,037	1,022	
PAE Holding Corporation <sup>(5)</sup>	10/20/2022	6.73 %	L+ 5.50	1.00 %	Aerospace and Defense	558	548	563	
Patterson Medical Supply, Inc. <sup>(5), (6)</sup>	08/28/2022	5.98 %	L+ 4.75	1.00 %	Health Care	2,000	1,975	1,960	
PetSmart, Inc. <sup>(5)</sup>	03/11/2022	4.22 %	L+ 3.00	1.00 %	Retailers (except food and drug)	485	483	453	
Plaskolite, LLC <sup>(5)</sup>	11/03/2022	5.30 %	L+ 4.00	1.00 %	Chemical/Plastics	1,397	1,392	1,407	
Plaze, Inc. <sup>(5)</sup>	07/31/2022	4.80 %	L+ 3.50	1.00 %	Chemical/Plastics	820	819	826	
PODS, LLC <sup>(5)</sup>	02/02/2022	4.34 %	L+ 3.25	1.00 %	Surface Transport	987	978	994	
Pregis Holding I Corporation <sup>(5)</sup>	05/20/2021	4.80 %	L+ 3.50	1.00 %	Chemical/Plastics	1,350	1,334	1,355	
Presidio, Inc. <sup>(5)</sup>	02/02/2022	4.40 %	L+ 3.25	1.00 %	Electronics/Electric	1,141	1,141	1,147	
Press Ganey Holdings, Inc. <sup>(5)</sup>	10/21/2023	4.48 %	L+ 3.25	1.00 %	Health Care	398	396	400	
PrimeLine Utility Services LLC <sup>(5)</sup>	11/14/2022	6.62 %	L+ 5.50	1.00 %	Utilities	1,101	1,093	1,094	

See notes to consolidated financial statements.

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

Description	Maturity	Interest Rate <sup>(1)</sup>	Basis Point Spread Above Index <sup>(2)</sup>	LIBOR Interest Rate Floor	Industry	Par Amount	Cost	Fair Value
First Lien Floating Rate Loans —144.0% of Net Assets								
ProAmpac PG Borrower LLC <sup>(5)</sup>	11/20/2023	5.21 %	L+ 4.00	1.00 %	Containers and Glass Products	\$448	\$444	\$454
Project Alpha Intermediate Holding, Inc. <sup>(5)</sup>	04/26/2024	4.67 %	L+ 3.50	1.00 %	Technology	1,765	1,756	1,756
Quorum Health Corporation <sup>(3), (5)</sup>	04/29/2022	7.98 %	L+ 6.75	1.00 %	Health Care	995	988	1,002
Renaissance Learning, Inc. <sup>(5)</sup>	04/09/2021	5.05 %	L+ 3.75	1.00 %	Electronics/Electric	1,913	1,912	1,923
Russell Investments US Institutional Holdco, Inc. <sup>(3), (5)</sup>	06/01/2023	6.98 %	L+ 5.75	1.00 %	Financial Intermediaries	249	253	253
Seahawk Holdings Limited <sup>(5)</sup>	10/31/2022	7.23 %	L+ 6.00	1.00 %	Electronics/Electric	1,949	1,936	1,982
Sears Roebuck Acceptance Corp. <sup>(3), (5)</sup>	06/30/2018	5.72 %	L+ 4.50	1.00 %	Retailers (except food and drug)	732	729	723
Securus Technologies Holdings, Inc. <sup>(5)</sup>	04/30/2020	4.75 %	L+ 3.50	1.25 %	Telecommunications	1,806	1,793	1,808
Serta Simmons Bedding, LLC <sup>(5)</sup>	11/08/2023	4.56 %	L+ 3.50	1.00 %	Home Furnishings	1,995	1,986	1,996
SMS System Maintenance Services, Inc. <sup>(5)</sup>	10/30/2023	6.23 %	L+ 5.00	1.00 %	Business Equipment and Services	1,990	1,981	1,989
Solera, LLC <sup>(3), (5)</sup>	03/03/2023	4.48 %	L+ 3.25	1.00 %	Electronics/Electric	943	931	948
StandardAero Aviation Holdings, Inc. <sup>(5)</sup>	07/07/2022	4.98 %	L+ 3.75	1.00 %	Aerospace and Defense	1,160	1,154	1,171
Sterigenics-Nordion Holdings, LLC <sup>(5), (6)</sup>	05/15/2022	4.23 %	L+ 3.00	1.00 %	Health Care	891	884	889
Strategic Partners Acquisition Corp. <sup>(5), (6), (7)</sup>	06/30/2023	5.73 %	L+ 4.50	1.00 %	Clothing/Textiles	2,244	2,244	2,244
STS Operating, Inc. <sup>(5)</sup>	02/12/2021	4.96 %	L+ 3.75	1.00 %	Industrial Equipment	1,869	1,875	1,880
Summit Midstream Partners Holdings, LLC <sup>(3), (5), (6)</sup>	05/13/2022	7.23 %	L+ 6.00	1.00 %	Oil and Gas	612	606	621
	11/03/2020	4.83 %	L+ 3.75	1.00 %	Health Care	1,950	1,945	1,962

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Surgery Center Holdings, Inc. <sup>(3), (5)</sup>									
Syniverse Holdings, Inc <sup>(5)</sup>	04/23/2019	4.17 %	L+ 3.00	1.00 %	Telecommunications	749	695	703	
Syniverse Holdings, Inc. <sup>(5)</sup>	04/23/2019	4.30 %	L+ 3.00	1.00 %	Telecommunications	1,464	1,446	1,373	
TCH-2 Holdings, LLC <sup>(5), (6)</sup>	05/06/2021	5.23 %	L+ 4.00	1.00 %	Electronics/Electric	541	526	544	
Thermasys Corp. <sup>(5)</sup>	05/03/2019	5.31 %	L+ 4.00	1.25 %	Industrial Equipment	435	435	390	
TIBCO Software Inc <sup>(5)</sup>	12/04/2020	5.73 %	L+ 4.50	1.00 %	Business Equipment and Services	1,494	1,506	1,504	
Tricorbraun Holdings, Inc. <sup>(5)</sup>	11/30/2023	5.05 %	L+ 3.75	— %	Containers and Glass Products	905	922	914	
Tricorbraun Holdings, Inc. <sup>(5), (9)</sup>	11/30/2023	4.75 %	L+ 3.75	1.00 %	Containers and Glass Products	91	1	1	
Truck Hero, Inc. <sup>(5)</sup>	04/22/2024	5.16 %	L+ 4.00	1.00 %	Automotive	2,000	1,980	1,988	
Turbocombustor Technology, Inc. <sup>(5)</sup>	12/02/2020	5.80 %	L+ 4.50	1.00 %	Aerospace and Defense	3,377	3,361	3,175	
U.S. Renal Care, Inc. <sup>(5)</sup>	12/30/2022	5.55 %	L+ 4.25	1.00 %	Health Care	493	489	478	
Unifrax I LLC <sup>(3), (5), (7)</sup>	04/04/2024	5.05 %	L+ 3.75	1.00 %	Industrial Equipment	742	740	748	
University Support Services LLC <sup>(5)</sup>	07/06/2022	6.48 %	L+ 5.25	1.00 %	Health Care	1,181	1,181	1,189	
Veritas US Inc. <sup>(5)</sup>	01/27/2023	5.80 %	L+ 4.50	1.00 %	Electronics/Electric	1,992	1,949	1,999	
VF Holding Corp. <sup>(5)</sup>	06/30/2023	4.55 %	L+ 3.25	1.00 %	Insurance	1,044	1,040	1,045	
Wilsonart LLC <sup>(5)</sup>	12/19/2023	4.80 %	L+ 3.50	1.00 %	Building & Development	746	751	750	
WP CPP Holdings, LLC <sup>(5)</sup>	12/28/2019	4.67 %	L+ 3.50	1.00 %	Aerospace and Defense	2,397	2,394	2,318	
Zekelman Industries, Inc. <sup>(5)</sup>	06/14/2021	4.79 %	L+ 3.50	1.00 %	Steel	117	117	117	
Total First Lien Floating Rate Loans						\$196,940	\$195,641	\$193,136	

See notes to consolidated financial statements.

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

Description	Maturity	Interest Rate <sup>(1)</sup>	Basis Point Spread Above Index <sup>(2)</sup>	LIBOR Interest Rate Floor	Industry	Par Amount	Cost	Fair Value
Second Lien Floating Rate Loans —11.0% of Net Assets								
Advantage Sales & Marketing Inc. <sup>(5)</sup>	07/25/2022	7.80 %	L+ 6.50	1.00 %	Business Equipment and Services	\$ 1,000	\$ 995	\$ 963
Almonde Inc <sup>(5)</sup>	06/13/2025	8.25 %	L+ 7.25	1.00 %	Technology	609	603	622
Anchor Glass Container Corporation <sup>(5)</sup>	12/07/2024	8.81 %	L+ 7.75	1.00 %	Containers and Glass Products	500	495	510
Applied Systems, Inc.	01/24/2022	7.80 %	L+ 6.50	1.00 %	Technology	965	961	977
Asurion, LLC <sup>(5)</sup>	03/03/2021	8.73 %	L+ 7.50	1.00 %	Diversified Insurance	1,000	992	1,006
BJ's Wholesale Club, Inc. <sup>(5)</sup>	02/03/2025	8.71 %	L+ 7.50	1.00 %	Food/Drug Retailers	345	342	335
CH Hold Corp. <sup>(5)</sup>	02/01/2025	8.48 %	L+ 7.25	1.00 %	Automotive	149	148	153
Checkout Holding Corp. <sup>(5)</sup>	04/11/2022	7.98 %	L+ 6.75	1.00 %	Business Equipment and Services	1,000	1,002	639
Del Monte Foods, Inc. <sup>(3), (5)</sup>	08/18/2021	8.69 %	L+ 7.25	1.00 %	Food Products	1,500	1,499	1,032
Hyland Software Inc. <sup>(5)</sup>	05/31/2025	7.75 %	L+ 7.00	0.75 %	Electronics/Electric	298	297	304
Jazz Acquisition, Inc. <sup>(5)</sup>	06/19/2022	8.05 %	L+ 6.75	1.00 %	Aerospace and Defense	1,250	1,254	1,198
Mitchell International, Inc. <sup>(5)</sup>	10/11/2021	8.67 %	L+ 7.50	1.00 %	Electronics/Electric	750	714	758
NVA Holdings, Inc. <sup>(5)</sup>	08/14/2022	8.30 %	L+ 7.00	1.00 %	Health Care	1,500	1,507	1,517
Optiv Inc. <sup>(5)</sup>	01/31/2025	8.44 %	L+ 7.25	1.00 %	Business Equipment and Services	444	442	436
ProAmpac PG Borrower LLC <sup>(5)</sup>	11/18/2024	9.67 %	L+ 8.50	1.00 %	Containers and Glass Products	500	493	510
Radnet Management, Inc. <sup>(3), (5), (6)</sup>	03/25/2021	8.29 %	L+ 7.00	1.00 %	Health Care	1,000	1,009	1,005
Ranpak Corp. <sup>(5), (6)</sup>	10/03/2022	8.42 %	L+ 7.25	1.00 %	Containers and Glass Products	856	855	853
Solenis International, L.P. <sup>(5)</sup>	07/31/2022	7.95 %	L+ 6.75	1.00 %	Chemical/Plastics	500	498	502
U.S. Renal Care, Inc. <sup>(5)</sup>	12/29/2023	9.30 %	L+ 8.00	1.00 %	Health Care	1,000	987	946
WP CPP Holdings, LLC <sup>(5)</sup>	04/30/2021	8.92 %	L+ 7.75	1.00 %	Aerospace and Defense	492	499	467
Total Second Lien Floating Rate Loans						\$ 15,658	\$ 15,592	\$ 14,733
CLO Equity —32.9% of Net Assets								
	04/15/2025	8.86 %				\$ 5,900	\$ 3,870	\$ 3,026

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Apidos CLO XIV, Income Notes <sup>(3), (4), (6)</sup>					
Apidos CLO XVIII, Income Notes <sup>(3), (4), (6)</sup>	07/22/2026	7.73 %	2,500	1,753	1,511
Apidos CLO XXVII, Subordinated Notes <sup>(3), (4), (6)</sup>	07/17/2030	9.92 %	5,000	4,400	4,400
Ares XXIX CLO Ltd., Subordinated Notes <sup>(3), (4), (6)</sup>	04/17/2026	9.15 %	4,750	3,378	2,703
Avery Point II CLO, Income Notes <sup>(3), (4), (6)</sup>	07/17/2025	17.85 %	3,200	1,738	972
Babson 2015-1, Income Notes <sup>(3), (4), (6)</sup>	04/20/2027	15.11 %	2,500	1,860	1,500
Betony CLO, Ltd., Subordinated Notes <sup>(3), (4), (6)</sup>	04/15/2027	5.88 %	2,500	1,832	1,185
Carlyle Global Market Strategies CLO 2014-3, LTD., Subordinated Notes <sup>(3), (4), (6)</sup>	07/27/2026	15.33 %	2,000	1,549	1,554
Carlyle Global Market Strategies CLO 2015-3, LTD., Subordinated Notes <sup>(3), (4), (6)</sup>	07/28/2028	12.17 %	3,000	2,269	2,312
Carlyle Global Market Strategies CLO 2017-3, LTD., Subordinated Notes <sup>(3), (4), (6)</sup>	07/20/2029	9.43 %	2,000	1,800	1,800
Cent CLO 18 Limited, Subordinated Notes <sup>(3), (4), (6)</sup>	07/23/2025	13.68 %	4,675	3,180	2,571

See notes to consolidated financial statements.

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

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

Net Assets — 100.0%

\$134,114

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

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

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

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

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

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

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

Net estimated unrealized loss for federal income tax purposes is \$13,181 as of June 30, 2017 based on a tax cost of \$265,213. Estimated aggregate gross unrealized loss for federal income tax purposes as of June 30, 2017 is

\$14,767; estimated aggregate gross unrealized gain for federal income tax purposes as of June 30, 2017 is \$1,586. Debt investment has an unfunded loan commitment of \$90.9 (See Note 11).

Common stock is non-income producing.

See notes to consolidated financial statements.

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

Description	Maturity	Interest Rate <sup>(1)</sup>	Basis Point Spread Above Index <sup>(2)</sup>	LIBOR Interest Rate Floor	Industry <sup>(3)</sup>	Par Amount	Cost	Fair Value
Non-Control/Non-Affiliate Investments								
First Lien Floating Rate Loans — 137.5% of Net Assets								
24 Hour Fitness Worldwide, Inc. <sup>(6)</sup>	05/28/2021	4.75 %	L+ 3.75	1.00 %	Leisure Goods/Activities/Movies	\$ 1,952	\$ 1,947	\$ 1,937
Acosta, Inc. <sup>(6)</sup>	09/26/2021	4.25 %	L+ 3.25	1.00 %	Business Equipment and Services	2,450	2,420	2,396
ADMI Corp. <sup>(6)</sup>	04/29/2022	5.25 %	L+ 4.25	1.00 %	Retailers (except food & drug)	1,534	1,531	1,549
Aegis Toxicology Sciences Corporation <sup>(6)</sup>	02/24/2021	5.50 %	L+ 4.50	1.00 %	Health Care	1,625	1,618	1,550
Agrofresh Inc. <sup>(4), (6)</sup>	07/31/2021	5.75 %	L+ 4.75	1.00 %	Chemical/Plastics	641	639	594
Air Medical Group Holdings, Inc. <sup>(6)</sup>	04/28/2022	4.25 %	L+ 3.25	1.00 %	Health Care	1,970	1,974	1,970
Albertson's LLC <sup>(6)</sup>	12/21/2022	4.25 %	L+ 3.25	0.75 %	Food/drug retailers	988	965	1,002
AlixPartners, LLP <sup>(6)</sup>	07/28/2022	4.00 %	L+ 3.00	1.00 %	Financial Intermediaries	980	978	990
Alliant Holdings Intermediate, LLC <sup>(6)</sup>	08/12/2022	5.25 %	L+ 4.00	1.00 %	Diversified Insurance	497	493	503
Alliant Holdings Intermediate, LLC <sup>(6)</sup>	08/12/2022	4.75 %	L+ 3.50	1.00 %	Diversified Insurance	1,034	1,032	1,042
Allied Universal Holdco LLC <sup>(6), (9)</sup>	07/28/2022	5.50 %	L+ 4.50	1.00 %	Business equipment and services	84	82	86
Allied Universal Holdco LLC <sup>(6)</sup>	07/28/2022	5.50 %	L+ 4.50	1.00 %	Business Equipment and Services	832	824	841
Altice France S.A. <sup>(4), (6)</sup>	01/15/2024	5.14 %	L+ 4.25	0.75 %	Cable and Satellite Television	1,492	1,479	1,515
American Tire Distributors, Inc. <sup>(5)</sup>	09/01/2021	5.25 %	L+ 4.25	1.00 %	Retailers (except food & drug)	966	962	965
Amneal Pharmaceuticals LLC <sup>(6)</sup>	11/01/2019	4.50 %	L+ 3.50	1.00 %	Drugs	982	982	986
AmWINS Group, LLC <sup>(6)</sup>	09/06/2019	4.75 %	L+ 3.75	1.00 %	Diversified Insurance	2,904	2,913	2,940
Anchor Glass Container Corporation <sup>(6)</sup>	12/07/2023	4.25 %	L+ 3.25	1.00 %	Containers and Glass Products	1,722	1,713	1,739
APLP Holdings Limited Partnership <sup>(4), (6)</sup>	04/13/2023	6.00 %	L+ 5.00	1.00 %	Utilities	457	445	464
AqGen Ascensus, Inc. <sup>(6)</sup>	12/05/2022	5.50 %	L+ 4.50	1.00 %	Financial Intermediaries	1,486	1,433	1,488
Aquilex LLC <sup>(6)</sup>	12/31/2020	5.00 %	L+ 4.00	1.00 %	Business Equipment and Services	906	905	889



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Ardent Legacy Acquisitions, Inc. <sup>(6)</sup> Arnhold and S.	08/04/2021	6.50 %	L+ 5.50	1.00 %	Health Care	329	327	328
Bleichroeder Holdings, Inc. <sup>(6)</sup>	12/01/2022	5.00 %	L+ 4.00	0.75 %	Financial Intermediaries	707	695	715
Ascend Learning, LLC <sup>(6)</sup>	07/31/2019	5.50 %	L+ 4.50	1.00 %	Business Equipment and Services	581	580	586
Asurion, LLC <sup>(6)</sup>	08/04/2022	5.00 %	L+ 4.00	1.00 %	Diversified Insurance	2,144	2,125	2,176
Avaya Inc. <sup>(6)</sup>	05/29/2020	6.25 %	L+ 5.25	1.00 %	Electronics/Electric	1,484	1,256	1,294
Bass Pro Shops <sup>(6)</sup>	12/15/2023	5.97 %	L+ 5.00	0.75 %	Retailers (except food & drug)	1,000	990	992
BJ's Wholesale Club, Inc. <sup>(6)</sup>	09/26/2019	4.50 %	L+ 3.50	1.00 %	Food/Drug Retailers	1,424	1,424	1,439
Blackboard Inc. <sup>(6)</sup>	06/30/2021	6.00 %	L+ 5.00	1.00 %	Electronics/Electric	2,411	2,411	2,434
BWay Intermediate Company, Inc. <sup>(6)</sup>	08/14/2023	4.75 %	L+ 3.75	1.00 %	Containers and Glass Products	2,344	2,330	2,355
C.H.I. Overhead Doors, Inc. <sup>(6)</sup>	07/29/2022	4.50 %	L+ 3.50	1.00 %	Building and Development	665	662	667
Calceus Acquisition, Inc. <sup>(6)</sup>	01/31/2020	5.00 %	L+ 4.00	1.00 %	Clothing/Textiles	2,313	2,319	2,030
Candy Intermediate Holdings, Inc. <sup>(6)</sup>	06/15/2023	5.50 %	L+ 4.50	1.00 %	Food Products	1,791	1,789	1,807
Carecore National, LLC <sup>(6)</sup>	03/05/2021	5.50 %	L+ 4.50	1.00 %	Health Care	1,999	1,999	1,971

See notes to consolidated financial statements.

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

Description	Maturity	Interest Rate <sup>(1)</sup>	Basis Point Spread Above Index <sup>(2)</sup>	LIBOR Interest Rate Floor	Industry <sup>(3)</sup>	Par Amount	Cost	Fair Value
First Lien Floating Rate Loans (continued) —			137.5% of Net Assets					
CB Poly Investments, LLC <sup>(6)</sup>	08/16/2023	6.25 %	L+ 5.25	1.00 %	Clothing/Textiles	\$ 1,496	\$ 1,482	\$ 1,515
CCM Merger, Inc. <sup>(6)</sup>	08/06/2021	4.02 %	L+ 3.25	0.75 %	Lodging and Casinos	793	789	803
CEC Entertainment, Inc. <sup>(6)</sup>	02/12/2021	4.00 %	L+ 3.00	1.00 %	Leisure Goods/Activities/Movies	742	720	741
Checkout Holding Corp. <sup>(6)</sup>	04/09/2021	4.50 %	L+ 3.50	1.00 %	Business Equipment and Services	2,437	2,436	2,133
CHG Healthcare Services, Inc. <sup>(6)</sup>	06/07/2023	4.75 %	L+ 3.75	1.00 %	Health Care	662	662	670
CHS/Community Health Systems, Inc. <sup>(4), (6)</sup>	01/27/2021	4.00 %	L+ 3.00	1.00 %	Health Care	1,450	1,394	1,409
CityCenter Holdings, LLC <sup>(6)</sup>	10/16/2020	4.25 %	L+ 3.25	1.00 %	Lodging and Casinos	1,461	1,467	1,480
CNT Holdings III Corp <sup>(6)</sup>	01/22/2023	5.25 %	L+ 4.25	1.00 %	Retailers (except food & drug)	695	691	705
Compuware Corporation <sup>(6)</sup>	12/15/2021	6.25 %	L+ 5.25	1.00 %	Electronics/Electric	953	935	960
Cotiviti Corporation <sup>(4), (6)</sup>	09/28/2023	3.75 %	L+ 2.75	0.75 %	Health Care	764	759	772
CPG International Inc. <sup>(6)</sup>	09/30/2020	4.75 %	L+ 3.75	1.00 %	Building and Development	1,918	1,918	1,935
CPI Buyer, LLC <sup>(6)</sup>	08/16/2021	5.50 %	L+ 4.50	1.00 %	Industrial Equipment	1,960	1,949	1,941
CT Technologies Intermediate Holdings, Inc. <sup>(6)</sup>	12/01/2021	5.25 %	L+ 4.25	1.00 %	Electronics/Electric	493	491	472
Dell International LLC <sup>(6)</sup>	09/07/2023	4.02 %	L+ 3.25	0.75 %	Electronics/Electric	2,000	1,990	2,037
Dole Food Company, Inc. <sup>(6)</sup>	11/01/2018	4.61 %	L+ 3.50	1.00 %	Food Products	2,486	2,483	2,505
Duff & Phelps Corporation <sup>(6)</sup>	04/23/2020	4.75 %	L+ 3.75	1.00 %	Financial Intermediaries	2,394	2,395	2,417
Eastern Power, LLC <sup>(6)</sup>	10/02/2021	5.00 %	L+ 4.00	1.00 %	Utilities	1,932	1,923	1,953
Electrical Components International, Inc. <sup>(6)</sup>	05/28/2021	5.75 %	L+ 4.75	1.00 %	Conglomerates	1,808	1,812	1,817
Emerald Expositions Holding, Inc. <sup>(6)</sup>	06/17/2020	4.75 %	L+ 3.75	1.00 %	Publishing	2,449	2,462	2,468

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Epicor Software Corporation <sup>(6)</sup>	06/01/2022	4.75 %	L+ 3.75	1.00 %	Electronics/Electric	1,954	1,939	1,965
Erie Acquisition Holdings, Inc. <sup>(6)</sup>	03/01/2023	6.06 %	L+ 4.75	1.00 %	Business Equipment and Services	492	483	500
Expro Finservices S.à r.l. <sup>(4), (6)</sup>	09/02/2021	5.75 %	L+ 4.75	1.00 %	Oil and gas	1,955	1,935	1,667
Fairmount Santrol, Inc. <sup>(4), (6)</sup>	09/05/2019	4.50 %	L+ 3.50	1.00 %	Nonferrous Metals/Minerals	423	424	412
FHC Health Systems, Inc. <sup>(6)</sup>	12/23/2021	5.00 %	L+ 4.00	1.00 %	Health Care	1,492	1,471	1,455
Filtration Group Corporation <sup>(6)</sup>	11/23/2020	4.25 %	L+ 3.25	1.00 %	Industrial Equipment	988	988	997
Fitness International, LLC <sup>(6)</sup>	07/01/2020	6.00 %	L+ 5.00	1.00 %	Leisure Goods/Activities/Movies	1,746	1,724	1,751
Flexera Software LLC <sup>(6)</sup>	04/02/2020	4.50 %	L+ 3.50	1.00 %	Electronics/Electric	998	998	1,000
Gates Global LLC <sup>(6)</sup>	07/06/2021	4.25 %	L+ 3.25	1.00 %	Automotive	1,452	1,451	1,455
Global Tel*Link Corporation <sup>(6)</sup>	05/23/2020	5.00 %	L+ 3.75	1.25 %	Telecommunication	1,649	1,632	1,645
Gold Merger Co, Inc. <sup>(6)</sup>	07/27/2023	4.75 %	L+ 3.75	1.00 %	Business Equipment and Services	998	1,001	1,005
Greeneden U.S. Holdings I, LLC <sup>(6)</sup>	12/01/2023	6.25 %	L+ 5.25	1.00 %	Electronics/Electric	500	493	510
Gruden Acquisition, Inc. <sup>(6)</sup>	08/18/2022	5.75 %	L+ 4.75	1.00 %	Surface Transport	330	327	316
Hercules Achievement, Inc. <sup>(6)</sup>	12/10/2021	5.00 %	L+ 4.00	1.00 %	Clothing/Textiles	748	744	760

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AMERICAN CAPITAL SENIOR FLOATING, LTD.  
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Description	Maturity	Interest Rate <sup>(1)</sup>	Basis Point Spread Above Index <sup>(2)</sup>	LIBOR Interest Rate Floor	Industry <sup>(3)</sup>	Par Amount	Cost	Fair Value
First Lien Floating Rate Loans (continued) — 137.5% of Net Assets								
HFOTCO LLC <sup>(6)</sup>	08/19/2021	4.25 %	L+ 3.25	1.00 %	Oil and Gas	\$ 1,487	\$ 1,433	\$ 1,484
HGIM Corp. <sup>(6)</sup>	06/18/2020	5.50 %	L+ 4.50	1.00 %	Surface Transport	1,451	1,454	1,143
Hyland Software, Inc. <sup>(6)</sup>	7/1/2022	4.75 %	L+ 3.75	1.00 %	Electronics/Electric	2,458	2,440	2,477
IBC Capital Limited <sup>(4), (6)</sup>	9/9/2021	4.98 %	L+ 3.75	1.00 %	Business Equipment and Services	997	988	989
Immucor, Inc. <sup>(6)</sup>	8/17/2018	5.00 %	L+ 3.75	1.25 %	Conglomerates	975	978	945
Indra Holdings Corp. <sup>(6)</sup>	5/1/2021	5.25 %	L+ 4.25	1.00 %	Clothing/Textiles	1,185	1,178	797
Infoblox Inc. <sup>(6)</sup>	11/7/2023	6.00 %	L+ 5.00	1.00 %	Electronics/Electric	1,429	1,401	1,424
Informatica Corporation <sup>(6)</sup>	8/5/2022	4.50 %	L+ 3.50	1.00 %	Electronics/Electric	1,975	1,971	1,970
Information Resources, Inc. <sup>(6), (8)</sup>	12/20/2023	5.25 %	L+ 4.25	1.00 %	Business Equipment and Services	2,431	2,419	2,453
Information Resources, Inc. <sup>(6)</sup>	9/30/2020	5.56 %	L+ 3.75	1.00 %	Business Equipment and Services	1,929	1,937	1,942
Inmar, Inc. <sup>(6)</sup>	1/27/2021	4.50 %	L+ 3.50	1.00 %	Business Equipment and Services	2,691	2,673	2,677
Ion Media Networks, Inc. <sup>(6)</sup>	12/18/2020	4.50 %	L+ 3.50	1.00 %	Broadcast Radio and Television	1,897	1,905	1,920
IPC Corp. <sup>(6)</sup>	8/6/2021	5.50 %	L+ 4.50	1.00 %	Electronics/Electric	1,474	1,468	1,421
Jaguar Holding Company I <sup>(6)</sup>	8/18/2022	4.25 %	L+ 3.25	1.00 %	Drugs	1,478	1,472	1,496
Jazz Acquisition, Inc. <sup>(6)</sup>	6/19/2021	4.50 %	L+ 3.50	1.00 %	Aerospace and Defense	1,952	1,955	1,841
Jo-Ann Stores, LLC <sup>(6)</sup>	10/20/2023	6.26 %	L+ 5.00	1.00 %	Retailers (except food & drug)	500	490	505
Kronos Acquisition Intermediate Inc. <sup>(4), (6)</sup>	8/26/2022	6.00 %	L+ 5.00	1.00 %	Cosmetics/Toiletries	988	967	999
Kronos Incorporated <sup>(6), (8)</sup>	11/1/2023	5.00 %	L+ 4.00	1.00 %	Cosmetics/Toiletries	2,300	2,292	2,332
Landslide Holdings, Inc. <sup>(6)</sup>	9/27/2022	5.50 %	L+ 4.50	1.00 %	Electronics/Electric	648	641	657
Learning Care Group (US) No. 2 Inc. <sup>(6)</sup>	5/5/2021	5.00 %	L+ 4.00	1.00 %	Business Equipment and Services	987	987	997
Liberty Cablevision of Puerto Rico LLC <sup>(6)</sup>	1/7/2022	4.50 %	L+ 3.50	1.00 %	Cable and Satellite Television	1,000	993	996
	6/10/2022	4.25 %	L+ 3.25	1.00 %		865	859	872

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Life Time Fitness, Inc. (6)						Leisure Goods/Activities/Movies			
Manitowoc Foodservice, Inc. (4), (6)	3/3/2023	5.75 %	L+ 4.75	1.00 %		Industrial Equipment	635	623	646
McGraw-Hill Global Education Holdings, LLC (6)	5/4/2022	5.00 %	L+ 4.00	1.00 %		Publishing	995	991	998
Mediware Information Systems, Inc. (6)	9/28/2023	5.75 %	L+ 4.75	1.00 %		Electronics/Electric	499	494	503
Meter Readings Holdings, LLC (6)	8/29/2023	6.75 %	L+ 5.75	1.00 %		Electronics/Electric	665	655	679
Mister Car Wash Holdings, Inc. (6), (8)	8/20/2021	5.25 %	L+ 4.25	1.00 %		Retailers (except food & drug)	125	124	126
Mister Car Wash Holdings, Inc. (6), (8)	8/20/2021	5.25 %	L+ 4.25	1.00 %		Retailers (except food & drug)	623	619	626
Mitchell International, Inc. (6)	10/13/2020	4.50 %	L+ 3.50	1.00 %		Electronics/Electric	2,377	2,384	2,384
Moneygram International, Inc. (4), (6)	3/27/2020	4.25 %	L+ 3.25	1.00 %		Business Equipment and Services	583	561	578
MPH Acquisition Holdings LLC (6)	6/7/2023	5.00 %	L+ 4.00	1.00 %		Health Care	464	462	473
National Financial Partners Corp. (6)	7/1/2020	6.25 %	L+ 3.50	1.00 %		Diversified Insurance	1,943	1,951	1,963
NFP Corp. (6), (8)	1/8/2024	4.50 %	L+ 3.50	1.00 %		Insurance	2,500	2,488	2,526
NVA Holdings, Inc. (6)	8/14/2021	5.50 %	L+ 4.50	1.00 %		Health Care	394	393	396
Oak Parent, Inc. (6)	10/26/2023	5.50 %	L+ 4.50	1.00 %		Clothing/Textiles	1,367	1,357	1,375

See notes to consolidated financial statements.

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AMERICAN CAPITAL SENIOR FLOATING, LTD.  
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(in thousands)

Description	Maturity	Interest Rate <sup>(1)</sup>	Basis Point Spread Above Index <sup>(2)</sup>	LIBOR Interest Rate Floor	Industry <sup>(3)</sup>	Par Amount	Cost	Fair Value
First Lien Floating Rate Loans (continued) — 137.5% of Net Assets								
Omnitracs, LLC <sup>(6)</sup>	11/25/2020	4.75 %	L+ 3.75	1.00 %	Electronics/Electric	\$ 992	\$ 977	\$1,002
Onex Carestream Finance LP <sup>(6)</sup>	6/7/2019	5.00 %	L+ 4.00	1.00 %	Electronics/Electric	1,610	1,613	1,568
Opal Acquisition, Inc. <sup>(6)</sup>	11/27/2020	5.00 %	L+ 4.00	1.00 %	Health Care	2,899	2,885	2,776
Ortho-Clinical Diagnostics Holdings Luxembourg S.À R.L. <sup>(4), (6)</sup>	6/30/2021	4.75 %	L+ 3.75	1.00 %	Health Care	2,445	2,392	2,432
PAE Holding Corporation <sup>(6)</sup>	10/20/2022	6.50 %	L+ 5.50	1.00 %	Aerospace and Defense	571	560	577
Peabody Energy Corporation <sup>(4), (6), (10)</sup>	9/24/2020	4.25 %	L+ 3.25	1.00 %	Nonferrous Metals/Minerals	771	647	755
PetSmart, Inc. <sup>(6)</sup>	3/11/2022	4.00 %	L+ 3.00	1.00 %	Retailers (except food & drug)	488	485	490
Plaskolite, LLC <sup>(6)</sup>	11/3/2022	5.75 %	L+ 4.75	1.00 %	Chemical/Plastics	920	914	924
Plaze, Inc. <sup>(6)</sup>	7/31/2022	5.25 %	L+ 4.25	1.00 %	Chemical/Plastics	824	823	828
PODS, LLC <sup>(6)</sup>	2/2/2022	4.50 %	L+ 3.50	1.00 %	Surface Transport	992	982	1,004
Power Buyer, LLC <sup>(6)</sup>	5/6/2020	4.25 %	L+ 3.25	1.00 %	Utilities	993	992	996
Presidio, Inc. <sup>(6)</sup>	2/2/2022	5.25 %	L+ 4.25	1.00 %	Electronics/Electric	1,281	1,281	1,297
Press Ganey Holdings, Inc. <sup>(6)</sup>	10/23/2023	4.25 %	L+ 3.25	1.00 %	Health Care	400	398	403
PrimeLine Utility Services LLC <sup>(6)</sup>	11/14/2022	6.50 %	L+ 5.50	1.00 %	Utilities	1,107	1,098	1,111
ProAmpac PG Borrower LLC <sup>(6)</sup>	11/20/2023	5.00 %	L+ 4.00	1.00 %	Containers and Glass Products	450	446	456
Quest Software US Holdings Inc. <sup>(6)</sup>	10/31/2022	7.00 %	L+ 6.00	1.00 %	Electronics/Electric	2,000	1,986	2,030
Quikrete Holdings, Inc. <sup>(6)</sup>	11/15/2023	4.00 %	L+ 3.25	0.75 %	Building and Development	1,000	995	1,011
Rackspace Hosting, Inc. <sup>(6)</sup>	11/3/2023	4.50 %	L+ 3.50	1.00 %	Electronics/Electric	500	500	507
Ravago Holdings America, Inc. <sup>(6)</sup>	7/13/2023	5.00 %	L+ 4.00	1.00 %	Chemical/Plastics	498	493	504
Renaissance Learning, Inc. <sup>(6)</sup>	4/9/2021	4.50 %	L+ 3.50	1.00 %	Electronics/Electric	1,945	1,944	1,954
RGIS Services, LLC <sup>(6)</sup>	10/18/2017	5.50 %	L+ 4.25	1.25 %	Business Equipment and Services	1,506	1,504	1,393
Riverbed Technology, Inc. <sup>(6)</sup>	4/25/2022	4.25 %	L+ 3.25	1.00 %	Electronics/Electric	1,975	1,975	1,992
Road Infrastructure Investment Holdings, Inc. <sup>(6)</sup>	6/13/2023	5.00 %	L+ 4.00	1.00 %	Chemical/Plastics	800	798	808
Scientific Games International, Inc. <sup>(4), (6)</sup>	10/1/2021	6.00 %	L+ 5.00	1.00 %	Lodging and Casinos	978	971	991

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Sears Roebuck Acceptance Corp. <sup>(4), (6)</sup>	6/30/2018	5.50 %	L+ 4.50	1.00 %	Retailers (except food & drug)	977	970	940
Securus Technologies Holdings, Inc. <sup>(6)</sup>	4/30/2020	4.75 %	L+ 3.50	1.25 %	Telecommunication	1,866	1,850	1,859
Serta Simmons Bedding, LLC <sup>(6)</sup>	11/8/2023	4.50 %	L+ 3.50	1.00 %	Home furnishings	2,000	1,990	2,025
Shearer's Foods, LLC <sup>(6)</sup>	6/30/2021	5.25 %	L+ 4.25	1.00 %	Food products	495	491	497
Solera, LLC <sup>(4), (6)</sup>	3/3/2023	5.75 %	L+ 4.75	1.00 %	Electronics/Electric	496	483	504
Sterigenics-Nordion Holdings, LLC <sup>(6)</sup>	5/16/2022	4.25 %	L+ 3.25	1.00 %	Health Care	895	888	902
STS Operating, Inc. <sup>(6)</sup>	2/12/2021	4.75 %	L+ 3.75	1.00 %	Industrial Equipment	1,906	1,914	1,849
Surgery Center Holdings, Inc. <sup>(4), (6)</sup>	11/3/2020	4.75 %	L+ 3.75	1.00 %	Health Care	1,960	1,954	1,980
Syniverse Holdings, Inc. <sup>(6)</sup>	4/23/2019	4.00 %	L+ 3.00	1.00 %	Telecommunication	1,466	1,444	1,288

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AMERICAN CAPITAL SENIOR FLOATING, LTD.  
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Description	Maturity	Interest Rate <sup>(1)</sup>	Basis Point Spread Above Index <sup>(2)</sup>	LIBOR Interest Rate Floor	Industry <sup>(3)</sup>	Par Amount	Cost	Fair Value
First Lien Floating Rate Loans (continued) — 137.5% of Net Assets								
TCH-2 Holdings, LLC <sup>(6)</sup>	5/6/2021	5.50 %	L+ 4.50	1.00 %	Electronics/Electric	\$543	\$527	\$545
Thermasys Corp. <sup>(6)</sup>	5/3/2019	5.25 %	L+ 4.00	1.25 %	Industrial Equipment	441	442	380
Travelport Finance (Luxembourg) S.à r.l. <sup>(4), (6)</sup>	9/2/2021	5.00 %	L+ 4.00	1.00 %	Business Equipment and Services	1,918	1,902	1,940
Turbocombustor Technology, Inc. <sup>(6)</sup>	12/2/2020	5.50 %	L+ 4.50	1.00 %	Aerospace and Defense	3,395	3,376	3,106
U.S. Renal Care, Inc. <sup>(6)</sup>	12/30/2022	5.25 %	L+ 4.25	1.00 %	Health Care	495	491	466
USI, Inc. <sup>(6)</sup>	12/27/2019	4.25 %	L+ 3.25	1.00 %	Diversified Insurance	1,819	1,828	1,832
VF Holding Corp. <sup>(6)</sup>	6/30/2023	4.25 %	L+ 3.25	1.00 %	Electronics/Electric	998	993	1,003
Weight Watchers International, Inc. <sup>(4), (6)</sup>	4/2/2020	4.07 %	L+ 3.25	0.75 %	Food Products	987	845	823
William Morris Endeavor Entertainment, LLC <sup>(6)</sup>	5/6/2021	5.25 %	L+ 4.25	1.00 %	Broadcast Radio and Television	1,945	1,943	1,969
WP CPP Holdings, LLC <sup>(6)</sup>	12/28/2019	4.50 %	L+ 3.50	1.00 %	Aerospace and Defense	2,409	2,406	2,360
Total First Lien Floating Rate Loans						\$190,535	\$189,009	\$188,098
Second Lien Floating Rate Loans — 11.3% of Net Assets								
Advantage Sales & Marketing Inc. <sup>(6)</sup>	7/25/2022	7.50 %	L+ 6.50	1.00 %	Business Equipment and Services	\$1,000	\$995	\$979
Ameriforge Group Inc. <sup>(7), (10)</sup>	12/21/2020	8.75 %	L+ 7.50	1.25 %	Oil and Gas	500	444	79
Anchor Glass Container Corporation <sup>(6)</sup>	12/7/2024	8.75 %	L+ 7.75	1.00 %	Containers and Glass Products	500	495	511
Applied Systems, Inc. <sup>(6)</sup>	1/24/2022	7.50 %	L+ 6.50	1.00 %	Electronics/Electric	970	965	982
Asurion, LLC <sup>(6)</sup>	3/3/2021	8.50 %	L+ 7.50	1.00 %	Diversified Insurance	1,000	991	1,019
Checkout Holding Corp. <sup>(6)</sup>	4/11/2022	7.75 %	L+ 6.75	1.00 %	Business Equipment and Services	1,000	1,002	720
Del Monte Foods, Inc. <sup>(4), (6)</sup>	8/18/2021	8.45 %	L+ 7.25	1.00 %	Food Products	1,500	1,499	1,154



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Jazz Acquisition, Inc. (6)	6/19/2022	7.75 %	L+	6.75	1.00 %	Aerospace and Defense	1,250	1,254	1,061
Jonah Energy LLC (6), (7)	5/12/2021	7.50 %	L+	6.50	1.00 %	Oil and Gas	500	495	475
Mitchell International, Inc. (6)	10/11/2021	8.50 %	L+	7.50	1.00 %	Electronics/Electric	750	710	746
NVA Holdings, Inc. (6)	8/14/2022	8.00 %	L+	7.00	1.00 %	Health Care	1,500	1,507	1,506
ProAmpac PG Borrower LLC (6)	11/18/2024	9.50 %	L+	8.50	1.00 %	Containers and Glass Products	500	493	503
Ranpak Corp. (6)	10/3/2022	8.25 %	L+	7.25	1.00 %	Containers and Glass Products	1,375	1,374	1,341
Sedgwick Claims Management Services, Inc. (6)	2/28/2022	6.75 %	L+	5.75	1.00 %	Diversified Insurance	2,500	2,417	2,503
Solenis International, L.P. (6)	7/31/2022	7.75 %	L+	6.75	1.00 %	Chemical/Plastics	500	498	493
U.S. Renal Care, Inc. (6)	12/29/2023	9.00 %	L+	8.00	1.00 %	Health Care	1,000	987	890
WP CPP Holdings, LLC (6)	4/30/2021	8.75 %	L+	7.75	1.00 %	Aerospace and Defense	492	500	467
Total Second Lien Floating Rate Loans							\$16,837	\$16,626	\$15,429
CLO Equity — 30.2% of Net Assets									
Apidos CLO XIV, Income Notes (4), (5), (7)	4/15/2025	11.02 %					\$5,900	\$4,056	\$3,480
Apidos CLO XVIII, Income Notes (4), (5), (7)	7/22/2026	10.08 %					2,500	1,769	1,450
Ares XXIX CLO Ltd., Subordinated Notes (4), (5), (7)	4/17/2026	5.81 %					4,750	3,508	2,605
Avery Point II CLO, Limited, Income Notes (4), (5), (7)	7/17/2025	— %					3,200	1,903	1,101

See notes to consolidated financial statements.

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

Description	Maturity	Interest Rate <sup>(1)</sup>	Basis Point Spread Above Index <sup>(2)</sup>	LIBOR Interest Rate <sup>(3)</sup> Above Floor	Industry Par Amount	Cost	Fair Value
CLO Equity (continued) — 30.2% of Net Assets							
Babson 2015-1, Income Notes <sup>(4), (5), (7)</sup>	4/20/2027	16.74 %			\$2,500	\$1,920	\$1,811
Betony CLO, Ltd., Subordinated Notes <sup>(4), (5), (7)</sup>	4/15/2027	1.79 %			2,500	1,903	1,278
Blue Hill CLO, Ltd., Subordinated Notes <sup>(4), (5), (7)</sup>	1/15/2026	— %			5,400	3,910	1,636
Blue Hill CLO, Ltd., Subordinated Fee Notes <sup>(4), (5), (7)</sup>	1/15/2026	— %			100	63	58
Carlyle Global Market Strategies CLO 2015-3, Ltd., Subordinated Notes <sup>(4), (5), (7)</sup>	7/28/2028	20.55 %			3,000	2,307	2,456
Cent CLO 18 Limited, Subordinated Notes <sup>(4), (5), (7)</sup>	7/23/2025	19.36 %			4,675	3,212	2,801
Cent CLO 19 Limited, Subordinated Notes <sup>(4), (5), (7)</sup>	10/29/2025	18.20 %			2,750	2,012	1,677
Dryden 30 Senior Loan Fund, Subordinated Notes <sup>(4), (5), (7)</sup>	11/15/2025	22.98 %			2,500	1,440	1,368
Dryden 31 Senior Loan Fund, Subordinated Notes <sup>(4), (5), (7)</sup>	4/18/2026	15.60 %			5,250	3,405	2,954
Dryden 38 Senior Loan Fund, Subordinated Notes <sup>(4), (5), (7), (8)</sup>	7/15/2027	17.80 %			3,000	2,423	2,456
Galaxy XVI CLO, Ltd., Subordinated Notes <sup>(4), (5), (7)</sup>	11/17/2025	4.28 %			2,750	1,893	1,479
Halcyon Loan Advisors Funding 2014-1 Ltd., Subordinated Notes <sup>(4), (5), (7)</sup>	4/18/2026	2.28 %			3,750	2,680	1,466
Highbridge Loan Management 2013-2, Ltd., Subordinated Notes <sup>(4), (5), (7)</sup>	10/20/2024	14.24 %			1,000	660	636
Magnetite VIII, Limited, Subordinated Notes <sup>(4), (5), (7)</sup>	4/15/2026	13.95 %			3,000	2,334	2,140
Neuberger Berman CLO XV, Ltd., Subordinated Notes <sup>(4), (5), (7)</sup>	10/15/2025	15.43 %			3,410	2,056	1,937

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Octagon Investment Partners XIV, Ltd., Income Notes <sup>(4), (5), (7)</sup>	1/15/2024	0.61 %		5,500	3,328	1,805
Octagon Investment Partners XX, Ltd., Subordinated Notes <sup>(4), (5), (7)</sup>	8/12/2026	5.64 %		2,500	1,850	1,383
THL Credit Wind River 2014-1 CLO Ltd., Subordinated Notes <sup>(4), (5), (7)</sup>	4/18/2026	17.49 %		5,050	3,698	3,352
Total CLO Equity				\$74,985	\$52,330	\$41,329
Common Equity — 0.0% of Net Assets						
New Millennium Holdco, Inc. (9,446 shares) <sup>(6), (7), (11)</sup>			Health Care	\$—	\$—	\$16
Total Common Equity				\$—	\$—	\$16
Total Non-Control/Non-Affiliate Investments <sup>(12)</sup> — 179.0% of net assets				\$282,357	\$257,965	\$244,872
Liabilities in Excess of Other Assets — (79.0%)						(108,083 )
Net Assets — 100.0%						\$136,789

For each debt investment we have provided the weighted-average interest rate in effect as of December 31, 2016.

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

Floating rate debt investments typically accrue interest at a predetermined spread relative to an index, typically

(2) LIBOR or PRIME, and reset monthly, quarterly or semi-annually. These instruments may be subject to a LIBOR or PRIME rate floor.

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

See notes to consolidated financial statements.

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

- Investments that are not “qualifying assets” under Section 55(a) of the 1940 Act. Under the 1940 Act, we may not
- (4) acquire any non-qualifying assets unless, at the time such acquisition is made, qualifying assets represent at least 70% of our total assets. As of December 31, 2016, qualifying assets represented 76% of total assets at fair value.
  - (5) These securities are exempt from registration under Rule 144A of the Securities Act of 1933, as amended. These securities may be resold in transactions that are exempt from registration, normally to qualified institutional buyers.
  - (6) Assets are held at ACSF Funding and are pledged as collateral for a secured revolving credit facility (see Note 7).
  - (7) Fair value was determined using significant unobservable inputs and are classified as Level 3 in the fair value hierarchy.
  - (8) All or a portion of this position has not settled as of December 31, 2016.
  - (9) Debt investment has an unfunded loan commitment of \$81.5.  
Investment has been placed on non-accrual as of December 31, 2016. All subsequent cash received from
  - (10) investment will be used to reduce its cost basis until the investment is placed back on accrual status or the remaining cost basis has been collected.
  - (11) Common stock is non-income producing.  
Net estimated unrealized loss for federal income tax purposes is \$14,993 as of December 31, 2016 based on a tax cost of \$259,864. Estimated aggregate gross unrealized loss for federal income tax purposes as of December 31,
  - (12) 2016 is \$17,211; estimated aggregate gross unrealized gain for federal income tax purposes as of December 31, 2016 is \$2,218.

See notes to consolidated financial statements.

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

(unaudited)

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

Note 1. Organization

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

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

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

Investment Objective

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

Note 2. Significant Accounting Policies

Basis of Presentation

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

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

Use of Estimates

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

AMERICAN CAPITAL SENIOR FLOATING, LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

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

#### Investment Classification

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

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

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

#### Securities Transactions

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

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

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

#### Income Taxes

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

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

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

#### Investment Income

For debt investments, we record interest income on the accrual basis to the extent that such amounts are expected to be collected. OID and purchased discounts and premiums are accreted into interest income using the effective interest method, where applicable. Loan origination fees are deferred and accreted into interest income using the effective

interest method. We record prepayment premiums on loans and other investments as interest income when such amounts are received. We stop accruing interest on investments when it is determined that interest is no longer collectible. As of June 30, 2017, we had no loans on non-accrual status.

Interest income on CLO equity investments is recognized using the effective interest method as required by ASC Subtopic 325-40, Investments-Other, Beneficial Interests in Securitized Financial Assets (“ASC 325-40”). Under ASC 325-40, at the time of purchase, we estimate the future expected cash flows and determine the effective yield of an investment based on these estimated



AMERICAN CAPITAL SENIOR FLOATING, LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

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

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

#### Cash and Cash Equivalents

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

#### Consolidation

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

#### Deferred Financing Costs

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

#### Distributions to Stockholders

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

#### Other General and Administrative Expenses

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

#### Note 3. Management Agreement

Prior to January 3, 2017 we were managed by American Capital ACSF Management, LLC (our “Prior Manager”), an indirect wholly owned subsidiary of American Capital, Ltd (“American Capital”), pursuant to a management agreement

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

The Management Agreement provides that our Manager will be compensated for serving as ACSF’s investment adviser at the same rate as in the Prior Management Agreement: an annual rate of 0.80% of our total assets, excluding cash and cash

AMERICAN CAPITAL SENIOR FLOATING, LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

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equivalents and net unrealized appreciation or depreciation, each as determined under GAAP at the end of the most recently completed fiscal quarter, with no incentive fee. For the three and six months ended June 30, 2017, we recognized a management fee expense of \$533 and \$1,064, respectively. For the three and six months ended June 30, 2016, we recognized a management fee expense of \$511 and \$1,008, respectively.

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

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

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

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

#### Note 4. Related Party Transactions

##### Administrative Services Agreement

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

respectively, of such expenses that were reimbursable to our Manager. Pursuant to our Prior Management Agreement, we were responsible for reimbursing our Prior Manager, American Capital and its affiliates for certain expenses incurred on our behalf. For the three and six months ended June 30, 2016, we recognized \$161 and \$340, respectively, of such expenses that were reimbursable to our Prior Manager.

## AMERICAN CAPITAL SENIOR FLOATING, LTD.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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## Note 5. Earnings Per Share

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

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

## Note 6. Investments

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

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

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

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

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

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

There may be instances when independent or third-party pricing sources are not available, or cases where we believe that the third-party pricing sources do not provide sufficient evidence to support a market participant's view of the fair value of the debt investment being valued. These instances may result from an investment in a less liquid loan such as a middle market loan, a mezzanine loan or unitranche loan, or a loan to a company that has become financially distressed. In these instances, we may estimate the fair value based on a combination of a market yield valuation methodology and evaluated pricing discussed above, or solely based on a market yield valuation methodology. Under the market yield valuation methodology, we estimate the fair value based on a discounted cash flow technique. For these loans, the unobservable inputs used in the market yield valuation methodology to measure fair value reflect management's best estimate of assumptions that would be used by market participants when pricing the investment in a hypothetical transaction, including estimated remaining life, current market yield and interest

## AMERICAN CAPITAL SENIOR FLOATING, LTD.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

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rate spreads of similar loans and securities as of the measurement date. We will estimate the remaining life based on market data for the average life of similar loans. However, if we have information that the loan is expected to be repaid in the near term, we would use an estimated remaining life based on the expected repayment date. The average life to be used to estimate the fair value of our loans may be shorter than the legal maturity of the loans since many loans are prepaid prior to the maturity date. The interest rate spreads used to estimate the fair value of our loans is based on current interest rate spreads of similar loans. If there is a significant deterioration of the credit quality of a loan, we may consider other factors that a hypothetical market participant would use to estimate fair value, including the proceeds that would be received in a liquidation analysis.

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

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

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

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

## AMERICAN CAPITAL SENIOR FLOATING, LTD.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

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

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

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

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

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

(2) Includes income accrual from CLO equity investments.

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

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

	First Lien Floating Rate Loans	Second Lien Floating Rate Loans	CLO Equity	Common Equity	Total
Beginning Balance – December 31, 2015	\$ —	—\$ 359	\$ 36,854	\$ 47	\$ 37,260
Purchases	—	—	1,493	—	1,493
Repayments <sup>(1)</sup>	—	(22 )	(6,684 )	—	(6,706 )
Amortization of discount/premium <sup>(2)</sup>	—	1	3,305	—	3,306



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Net unrealized appreciation (depreciation)	—	196	2,053	(12 )	2,237
Ending Balance – June 30, 2016	\$	—\$ 534	\$37,021	\$ 35	\$37,590
Net change in net unrealized appreciation (depreciation) attributable to our Level 3 assets still held as of June 30, 2016	\$	—\$ 197	\$2,053	\$ (12 )	\$2,238

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

(2) Includes income accrual from CLO equity investments.

## AMERICAN CAPITAL SENIOR FLOATING, LTD.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

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

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

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

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

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

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

## AMERICAN CAPITAL SENIOR FLOATING, LTD.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

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

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

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



AMERICAN CAPITAL SENIOR FLOATING, LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(unaudited)

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Note 7. Debt

Secured Revolving Credit Facility

ACSF Funding is a party to a secured revolving credit facility with Bank of America, N.A. (as amended and restated, the “Credit Facility”), which allows ACSF Funding to borrow up to \$135,000. The Credit Facility matures on December 18, 2018. ACSF Funding may make draws under the Credit Facility from time to time to purchase or acquire certain eligible assets. The Credit Facility is secured by ACSF Funding’s assets pursuant to a security agreement and contains customary financial and negative covenants and events of default. On January 3, 2017, ACSF Funding entered into an amendment to the documents governing the Credit Facility that amended the relevant provisions of the Credit Facility to reflect the appointment of IHAM as ACSF’s new investment adviser. As of June 30, 2017 and December 31, 2016, the fair value of the assets pledged as collateral in ACSF Funding was \$206,904 and \$207,827, respectively. The Credit Facility is non-recourse to ACSF. Amounts drawn under the Credit Facility bear interest at a rate per annum equal to either (a) LIBOR plus 1.80%, or (b) 0.80% plus the highest of (i) the Federal funds rate plus 0.50%, (ii) Bank of America, N.A.’s prime rate or (iii) one-month LIBOR plus 1%. ACSF Funding may borrow, prepay and reborrow loans under the Credit Facility at any time prior to November 18, 2018, the commitment termination date, subject to certain terms and conditions, including maintaining a sufficient borrowing base. Any outstanding balance on the Credit Facility as of the commitment termination date must be repaid by the maturity date unless otherwise extended. ACSF Funding is required to pay a commitment fee in an amount equal to 0.75% on the actual daily unused amount of the current lender commitments under the Credit Facility to the extent the outstanding amount of committed loans is less than an amount equal to 90% of the aggregate commitments through the commitment termination date, payable quarterly in arrears.

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

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

Note 8. Taxes

Income Taxes

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

Income determined under GAAP differs from income determined under tax because of both temporary and permanent differences in income and expense recognition, including (i) unrealized gains and losses associated with debt investments marked to fair value for GAAP but excluded from taxable income until realized or settled, (ii) timing

differences on income recognition for our CLO equity investments, (iii) premium amortization and gain adjustments attributable to net built-in gains recognized upon our IPO and (iv) capital losses in excess of capital gains earned in a tax year do not reduce current year taxable income, and generally can be carried forward to offset capital gains.

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

## AMERICAN CAPITAL SENIOR FLOATING, LTD.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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## Note 9. Consolidated Financial Highlights

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

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

(2) Annualized for periods less than one year.

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

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

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

(4)

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

## Note 10. Capital Transactions

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

Note 11. Commitments and Contingencies

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

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



AMERICAN CAPITAL SENIOR FLOATING, LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

Note 12. Subsequent Events

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

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

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

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

### Forward-Looking Statements

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

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

### Overview

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

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

Pursuant to the Prior Management Agreement, our Prior Manager agreed to be responsible for certain of our operating expenses in excess of 0.75% of our consolidated net assets, less net unrealized appreciation or depreciation, each as

defined under GAAP at the end of the most recently completed fiscal quarter for the first 24 months following the date of our initial public offering (“IPO”) in January 2014 (the “Prior Expense Cap”). The Prior Expense Cap was voluntarily extended by our Prior Manager until the termination of the Prior Management Agreement, and thus the Prior Expense Cap expired on January 3, 2017.

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

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

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

#### Investments

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

Our level of investment activity can vary substantially from period to period depending on many factors, including the amount of debt and equity capital available to U.S. based large-market private companies, the level of merger and acquisition activity for such companies, the general economic environment, market conditions and the competitive environment for the types of investments we make. As a BDC, we must not acquire any assets other than “qualifying assets” as defined by Section 55(a) of the 1940 Act unless, at the time the acquisition is made, at least 70% of our total assets are qualifying assets (with certain limited exceptions). Qualifying assets include investments in “eligible portfolio companies.” The definition of “eligible portfolio company” includes private operating companies and certain public companies whose securities are listed on a national securities exchange but whose market capitalization is less than \$250 million, in each case organized under the laws of and with their principal place of business located in the United States. Investments in debt and equity tranches of CLOs are generally deemed nonqualified assets for BDC compliance purposes; therefore, under normal market conditions, we intend to limit our CLO investments to 20% of our portfolio.

#### Current Market Conditions

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

During the six months ended June 30, 2017, leveraged loan market volumes were strong with over \$550 billion of new issuance, the highest ever for any first or second half of the year. Of the total new issuance, over \$330 billion was driven by loan refinancings or recapitalizations. While loan volumes have remained strong, flows into retail funds

tailed off toward the end of the quarter. Additionally, opportunistic issuance slowed while M&A driven deal flow remained relatively steady. Driven in part by weaker performance in the oil and gas and retail sectors, the average bid of the S&P/LSTA Leveraged Loan Index declined slightly to 98.0% of par for the second quarter from an average bid price of 98.2% of par at March 31, 2017. CLO new issue volume rebounded during the second quarter with \$28.8 billion of new issuance versus \$17.4 billion of new issuance in the first quarter of 2017. Overall CLO issuance, including refinancing/reset activity, was at record levels through the first six months ended June 30, 2017.

Portfolio and Investment Activity

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

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

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

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

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

Fair value, end  
of period

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

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

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

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

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

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

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

	Three Months Ended June 30, 2016					Six Months Ended June 30, 2016				
	First Lien	Second Lien	CLO Equity	Equity	Total	First Lien	Second Lien	CLO Equity	Equity	Total
Fair value, beginning of period	\$164,186	\$17,868	\$33,817	\$147	\$216,018	\$169,580	\$22,575	\$36,854	\$47	\$229,056
Purchases	29,956	2,182	—	—	32,138	37,018	2,622	1,493	—	41,133
Sales	(14,154 )	—	—	—	(14,154 )	(21,065 )	(1,504 )	—	—	(22,569 )
Repayments <sup>(1)</sup>	(8,160 )	(4,364 )	(3,084 )	—	(15,608 )	(15,862 )	(7,685 )	(6,684 )	—	(30,231 )



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Non-cash income accrual (2)	68	7	1,648	—	1,723	122	11	3,305	—	3,438	
Net realized gains (losses)	(415	) 6	—	—	(409	) (1,320	) 21	—	—	(1,299	)
Net unrealized appreciation (depreciation)	2,417	764	4,640	(112	) 7,709	5,425	423	2,053	(12	) 7,889	
Fair value, end of period	\$ 173,898	\$ 16,463	\$ 37,021	\$ 35	\$ 227,417	\$ 173,898	\$ 16,463	\$ 37,021	\$ 35	\$ 227,417	

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

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

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

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

First Lien Second Lien

## Results of Operations

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

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

## Investment Income

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

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

## Net Expenses

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

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



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

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

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

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

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

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

#### Net Unrealized Appreciation (Depreciation)

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

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

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

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

#### Income Taxes

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



### Financial Condition, Liquidity and Capital Resources

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

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

#### Equity Capital

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

#### Debt Capital

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

As of June 30, 2017, we had \$98.2 million in borrowings outstanding on our Credit Facility. The fair value of the assets owned by ACSF Funding as of June 30, 2017 was \$206.9 million and the borrowing base was \$149.1 million. On a consolidated basis, as of June 30, 2017, ACSF's ratio of our principal debt outstanding to stockholders equity was 0.73 to 1. As of June 30, 2017, we had approximately \$36.8 million of available capacity on our Credit Facility. As a BDC, we are permitted to issue "senior securities," as defined in the 1940 Act, in any amount as long as immediately after such issuance our asset coverage is at least 200%, or equal to or greater than our asset coverage prior to such issuance, after taking into account the payment of debt with proceeds from such issuance. Asset coverage is defined in the 1940 Act as the ratio of the value of the total assets, less all liabilities and indebtedness not represented by senior securities, to the aggregate amount of senior securities representing indebtedness. However, if our asset coverage is below 200%, we may also borrow amounts up to 5% of our total assets for temporary purposes even if that would cause our asset coverage ratio to further decline. As of June 30, 2017 and December 31, 2016, our asset coverage was 237% and 230%, respectively.

#### Off-Balance Sheet Arrangements

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

#### Distributions to Stockholders

The timing and amount of our distributions, if any, will be determined by our Board. When determining distributions to stockholders, our Board considers estimated taxable income, GAAP income and economic performance. Actual taxable income may differ from GAAP income due to temporary and permanent differences in income and expense recognition and changes in unrealized appreciation and depreciation on investments. All distributions to our stockholders are declared out of assets legally available for distribution. We expect that our distributions to

stockholders will generally be from accumulated net investment income and from net realized capital gains, if any, as applicable. To the extent our taxable earnings fall below the total amount of our distributions for any given fiscal year, a portion of those distributions may be deemed to be a tax return of capital to our stockholders. Thus, the source of a distribution to our stockholders may be the original capital invested by the stockholder rather than our taxable ordinary income or capital gains. Stockholders should read any written disclosure accompanying a distribution payment carefully and should not assume that the source of any distribution is our taxable ordinary income or capital gain. The specific tax characteristics are reported to stockholders on Form 1099 after the end of each calendar year.



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

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

(\$ in thousands, except per share data)

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

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

#### Critical Accounting Policies

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

#### New Accounting Pronouncements

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments–Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (“ASU 2016-13”), which amends the financial instruments impairment guidance so that an entity is required to measure expected credit losses for financial assets based on historical experience, current conditions, and reasonable and supportable forecasts. As such, an entity will use forward-looking information to estimate credit losses. ASU 2016-13 also amends the guidance in FASB ASC Subtopic No. 325-40,

Investments-Other, Beneficial Interests in Securitized Financial Assets related to the subsequent measurement of accretable yield recognized as interest income over the life of a beneficial interest in securitized financial assets under the effective yield method. ASU 2016-13 is effective for public business entities that meet the U.S. GAAP definition of an SEC filer, for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Early adoption is permitted as of the fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. We are currently evaluating the impact of ASU 2016-13 on the recognition of interest income on our investments in CLO equity.

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

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

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

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

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

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

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

Although management believes that this measure is indicative of our sensitivity to interest rates, it does not reflect any potential impact to the fair value of our investments as a result of changes to interest rates, nor does it adjust for

potential changes in spreads or changes in the credit market, credit quality, size and composition of the assets in our consolidated statements of assets and liabilities and other business developments that could affect the net increase/(decrease) in net assets resulting from operations or net investment income. Accordingly, no assurances can be given that actual results would not differ materially from those shown above.

The above sensitivity analysis does not include our CLO equity investments. CLO equity investments are levered structures that are collateralized primarily with first lien floating rate loans that may have LIBOR floors and are levered primarily with

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

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

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

#### Item 4. Controls and Procedures

##### Evaluation of Disclosure Controls and Procedures

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

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

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

## PART II. OTHER INFORMATION

### Item 1. Legal Proceedings

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

### Item 1A. Risk Factors

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

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

None.

### Item 3. Defaults Upon Senior Securities

None.

### Item 4. Mine Safety Disclosures

Not applicable.

### Item 5. Other Information

None.

Item 6. Exhibits, Financial Statement Schedules

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

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

\* Previously filed

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

AMERICAN CAPITAL SENIOR FLOATING, LTD.

Date: August 8, 2017 By: /s/ Kevin Braddish  
Kevin Braddish  
President and Chief Executive Officer  
(Principal Executive Officer)

Date: August 8, 2017 By: /s/ Penni F. Roll  
Penni F. Roll  
Chief Financial Officer  
(Principal Financial Officer)

Date: August 8, 2017 By: /s/ Scott C. Lem  
Scott C. Lem  
Chief Accounting Officer  
(Principal Accounting Officer)