

WhiteHorse Finance, Inc.
Form 10-Q
May 09, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

Form 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2016

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: 814-00967

WHITEHORSE FINANCE, INC.

(Exact Name of Registrant as Specified in its Charter)

**Delaware 45-4247759
(State or Other Jurisdiction of (I.R.S. Employer
Incorporation or Organization) Identification No.)**

**1450 Brickell Avenue, 31st Floor 33131
Miami, Florida
(Address of Principal Executive Offices) (Zip Code)**

(305) 381-6999

(Registrant's Telephone Number, Including Area Code)

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

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

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

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes No

As of May 6, 2016 the Registrant had 18,303,890 shares of common stock, \$0.001 par value, outstanding.

WHITEHORSE FINANCE, INC.

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Part I. Financial Information**Item 1. Financial Statements****WhiteHorse Finance, Inc.****Consolidated Statements of Assets and Liabilities***(in thousands, except share and per share data)*

	March 31, 2016 (Unaudited)	December 31, 2015
Assets		
Investments, at fair value		
Non-controlled/non-affiliate company investments	\$ 397,950	\$ 395,143
Non-controlled affiliate company investments	19,200	20,200
Total investments, at fair value (amortized cost \$439,147 and \$436,109, respectively)	417,150	415,343
Cash and cash equivalents	14,507	22,769
Restricted cash and cash equivalents	6,596	—
Interest receivable	4,352	3,407
Prepaid expenses and other receivables	141	192
Total assets	\$ 442,746	\$ 441,711
Liabilities		
Debt	\$ 186,696	\$ 183,482
Distributions payable	6,498	6,498
Management fees payable	5,573	3,813
Payable for investments purchased	—	2,865
Accounts payable and accrued expenses	893	1,001
Total liabilities	199,660	197,659
Commitments and contingencies (See Note 7)		
Net assets		
Common stock, 18,303,890 shares issued and outstanding, par value \$0.001 per share and 100,000,000 authorized	18	18
Paid-in capital in excess of par	271,679	271,679
Accumulated overdistributed net investment income	(7,155	) (7,419
Accumulated realized gains on investments	1,176	1,176
Accumulated unrealized depreciation on investments	(22,632) (21,402

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Total net assets	243,086	244,052
Total liabilities and total net assets	\$ 442,746	\$ 441,711
Number of shares outstanding	18,303,890	18,303,890
Net asset value per share	\$ 13.28	\$ 13.33

See notes to the consolidated financial statements

WhiteHorse Finance, Inc.**Consolidated Statements of Operations (Unaudited)***(in thousands, except share and per share data)*

	Three months ended March 31,	
	2016	2015
Investment income		
From non-controlled/non-affiliate company investments		
Interest income	\$ 12,020	\$ 10,511
Fee income	676	100
From non-controlled affiliate company investments		
Dividend income	714	660
Total investment income	13,410	11,271
Expenses		
Interest expense	1,916	1,670
Base management fees	2,252	2,120
Performance-based incentive fees	1,691	1,333
Administrative service fees	210	329
General and administrative expenses	579	485
Total expenses	6,648	5,937
Net investment income	6,762	5,334
Realized and unrealized losses on investments		
Net realized losses on investments		
Non-controlled/non-affiliate company investments	—	(83)
Net realized losses	—	(83)
Net change in unrealized depreciation		
Non-controlled/non-affiliate company investments	(230)	(478)
Non-controlled affiliate company investments	(1,000)	—
Net change in unrealized depreciation on investments	(1,230)	(478)
Net realized and unrealized losses on investments	(1,230)	(561)
Net increase in net assets resulting from operations	\$ 5,532	\$ 4,773
Per common share data		
Basic and diluted earnings per common share	\$ 0.30	\$ 0.32
Distributions declared per common share	\$ 0.36	\$ 0.36
Basic and diluted weighted average common shares outstanding	18,303,890	14,982,857

See notes to the consolidated financial statements

WhiteHorse Finance, Inc.**Consolidated Statements of Changes in Net Assets (Unaudited)***(in thousands, except share and per share data)*

	Common Stock		Paid-in Capital in	Accumulated Overdistributed Net Investment	Accumulated Realized Gains (Losses) on Investments	Accumulated Unrealized Appreciation (Depreciation) on Investments	Total Net Assets
	Shares	Par amount	Excess of Par	Income			
Balance at December 31, 2014	14,982,857	\$ 15	\$ 228,731	\$ (5,918)	) \$ 728	\$ 1,802	\$ 225,358
Net increase in net assets resulting from operations	—	—	—	5,334	(83)	(478)	4,773
Distributions declared	—	—	—	(5,319)	—	—	(5,319)
Balance at March 31, 2015	14,982,857	\$ 15	\$ 228,731	\$ (5,903)	) \$ 645	\$ 1,324	\$ 224,812
Balance at December 31, 2015	18,303,890	\$ 18	\$ 271,679	\$ (7,419)	) \$ 1,176	\$ (21,402)	) \$ 244,052
Net increase in net assets resulting from operations	—	—	—	6,762		(1,230)	5,532
Distributions declared	—	—	—	(6,498)	—	—	(6,498)
Balance at March 31, 2016	18,303,890	\$ 18	\$ 271,679	\$ (7,155)	) \$ 1,176	\$ (22,632)	) \$ 243,086

See notes to the consolidated financial statements

WhiteHorse Finance, Inc.**Consolidated Statements of Cash Flows (Unaudited)***(in thousands)*

	Three months ended March 31,	
	2016	2015
Cash flows from operating activities		
Net increase in net assets resulting from operations	\$5,532	\$4,773
Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by (used in) operating activities:		
Paid in kind income	(305)	(314)
Net realized losses on investments	—	83
Net unrealized depreciation on investments	1,230	478
Accretion of discount	(567)	(254)
Amortization of deferred financing costs	214	176
Acquisition of investments	(20,550)	(26,475)
Proceeds from principal payments and sales of portfolio investments	18,385	38,693
Net changes in operating assets and liabilities:		
Restricted cash and cash equivalents	(6,596)	(1,203)
Interest receivable	(945)	(23)
Prepaid expenses and other receivables	51	57
Receivable from investments sold	—	(4,750)
Management fees payable	1,760	179
Payable for investments purchased	(2,865)	—
Accounts payable and accrued expenses	(108)	(298)
Net cash (used in) provided by operating activities	(4,764)	11,122
Cash flows from financing activities		
Proceeds from borrowings under credit facility	3,000	6,000
Repayment of borrowings under credit facility	—	(11,000)
Deferred financing costs	—	(563)
Distributions paid to common stockholders, net of distributions reinvested	(6,498)	(5,319)
Net cash used in financing activities	(3,498)	(10,882)
Net change in cash and cash equivalents	(8,262)	240
Cash and cash equivalents at beginning of period	22,769	11,647
Cash and cash equivalents at end of period	\$14,507	\$11,887
Supplemental disclosure of cash flow information:		
Interest paid	\$1,482	\$1,471
Supplemental noncash disclosures:		

Dividends reinvested

\$— \$—

See notes to the consolidated financial statements

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WhiteHorse Finance, Inc.**Consolidated Schedule of Investments (Unaudited)****March 31, 2016***(in thousands)*

Investment Type⁽¹⁾	Spread Above Index⁽²⁾	Interest Rate⁽³⁾	Maturity Date	Principal Amount	Amortized Cost	Fair Value	Fair Value As A Percentage Of Net Assets	
North America								
Debt Investments								
<u>Advertising</u>								
Fluent Acquisition II, LLC								
First Lien Secured Term Loan	L+11.50% (0.50% Floor)	12.00% (1.00% PIK)	12/8/20	\$ 27,738	\$ 27,204	\$ 27,738	11.41	%
Intersection Acquisition, LLC								
First Lien Secured Term Loan	L+10.00% (1.00% Floor)	11.00%	9/15/20	16,357	16,204	16,341	6.72	
				44,095	43,408	44,079	18.13	
<u>Broadcasting</u>								
Multicultural Radio Broadcasting, Inc. ⁽⁶⁾								
First Lien Secured Term Loan	L+10.50% (1.00% Floor)	11.50%	6/27/19	14,850	14,850	14,761	6.07	
<u>Consumer Finance</u>								
Golden Pear Funding III, LLC ⁽⁷⁾								
Second Lien Secured Term Loan	L+10.25% (1.00% Floor)	11.25%	6/25/20	25,000	24,743	24,625	10.13	
Second Lien Secured Revolving Loan	L+10.25% (1.00% Floor)	11.25%	6/25/20	—	(49)	—	—	
Oasis Legal Finance, LLC ⁽⁷⁾								
Second Lien Secured Term Loan	N/A ⁽⁵⁾	10.50%	9/30/18	9,000	8,891	8,928	3.67	
Sigue Corporation ⁽⁶⁾								
Second Lien Secured Term Loan	L+10.50% (1.00% Floor)	11.50%	12/27/18	25,000	24,693	24,725	10.17	
				59,000	58,278	58,278	23.97	

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Data Processing &
Outsourced Services

Future Payment

Technologies, L.P.

Second Lien Secured Term
Loan

L+12.00%	13.00%	12/31/18	36,540	35,668	36,613	15.06
(1.00% Floor) (1.00% PIK)						

Department Stores

Mills Fleet Farm Group, LLC

Second Lien Secured Term
Loan

L+9.75%	10.75%	2/26/23	7,664	7,509	7,511	3.09
(1.00% Floor)						

Distributors

360 Holdings III Corp.⁽⁶⁾

First Lien Secured Term Loan

L+9.00%	10.00%	10/1/21	9,950	9,562	9,751	4.01
(1.00% Floor)						

Diversified Support Services

Expert Global Solutions, Inc.

Second Lien Secured Term
Loan

L+11.00%	12.50%	10/3/18	20,000	19,843	19,840	8.16
(1.50% Floor)						

Orion Healthcorp, Inc.⁽⁶⁾

First Lien Secured Term Loan

L+9.00%	11.00%	9/30/17	314	305	314	0.13
(2.00% Floor)						

Sitel Worldwide Corporation

Second Lien Secured Term
Loan

L+9.50%	10.50%	9/18/22	8,670	8,505	8,540	3.51
(1.00% Floor)						

Smile Brands Group Inc.

First Lien Secured Term Loan

L+7.75%	9.00%	8/16/19	11,794	11,644	10,025	4.12
(1.25% Floor) (1.50% PIK)						
			40,778	40,297	38,719	15.92

Electronic Equipment &
Instruments

AP Gaming I, LLC⁽⁶⁾

First Lien Secured Term Loan

L+8.25%	9.25%	12/20/20	9,775	9,550	9,433	3.88
(1.00% Floor)						

WhiteHorse Finance, Inc.**Consolidated Schedule of Investments (Unaudited) (Continued)****March 31, 2016***(in thousands)*

Investment Type⁽¹⁾	Spread Above Index⁽²⁾	Interest Rate⁽³⁾	Maturity Date	Principal Amount	Amortized Cost	Fair Value	Fair Value As A Percentage Of Net Assets	
<u>Food Retail</u>								
Crews of California, Inc. First Lien Secured Term Loan ⁽⁶⁾	L+11.00%	12.00%	11/20/19	\$ 17,412	\$ 17,145	\$ 16,803	6.91	%
	(1.00% Floor)	(1.00% PIK)						
First Lien Secured Revolving Loan	L+11.00%	12.00%	11/20/19	5,032	4,950	4,855	2.00	
	(1.00% Floor)	(1.00% PIK)						
First Lien Secured Delayed Draw Loan	L+11.00%	12.00%	11/20/19	5,047	4,965	4,870	2.00	
	(1.00% Floor)	(1.00% PIK)						
				27,491	27,060	26,528	10.91	
<u>Health Care Facilities</u>								
Coastal Sober Living, LLC ⁽⁶⁾ First Lien Secured Term Loan	L+10.25%	11.25%	6/30/19	40,480	39,924	39,873	16.40	
	(1.00% Floor)							
Grupo HIMA San Pablo, Inc. First Lien Secured Term Loan	L+7.00%	8.50%	1/31/18	14,550	14,419	14,405	5.93	
	(1.50% Floor)							
Second Lien Secured Term Loan	N/A ⁽⁵⁾	13.75%	7/31/18	1,000	973	988	0.41	
				56,030	55,316	55,266	22.74	
<u>Health Care Technology</u>								
Client Network Services, Inc. First Lien Secured Term Loan	L+13.00%	13.50%	4/24/19	6,365	6,181	6,364	2.62	
	(0.50% Floor)							
First Lien Secured Revolving Loan	P+12.00%	15.50%	4/24/19	—	—	—	—	
	(3.50% Floor)							
				6,365	6,181	6,364	2.62	
<u>Integrated Telecommunication Services</u>								

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Securus Technologies
Holdings, Inc.

Second Lien Secured Term Loan	L+7.75%	9.00%	4/30/21	9,090	9,060	7,363	3.03
	(1.25% Floor)						

Internet Retail

Clarus Commerce, LLC

First Lien Secured Term Loan	P+10.27%	13.77%	3/17/21	6,000	5,881	5,940	2.44
	(3.50% Floor)						

Office Services & Supplies

Katun Corporation

Second Lien Secured Term Loan	L+11.25%	12.25%	1/25/21	5,000	4,963	4,995	2.05
	(1.00% Floor)						

Oil & Gas Drilling

ProPetro Services, Inc.⁽⁶⁾

First Lien Secured Term Loan	L+6.25%	7.25%	9/30/19	8,750	8,688	6,160	2.53
	(1.00% Floor)						

Oil & Gas Exploration & Production

Caelus Energy Alaska O3, LLC

Second Lien Secured Term Loan	L+7.50%	8.75%	4/15/20	13,000	12,862	9,178	3.77
	(1.25% Floor)						

Larchmont Resources, LLC

First Lien Secured Term Loan	L+8.75%	9.75%	8/7/19	1,740	1,770	800	0.33
	(1.00% Floor)						
				14,740	14,632	9,978	4.10

Other Diversified Financial Services

RCS Capital Corporation^{(6) (7)}
⁽⁹⁾

Second Lien Secured Term Loan	L+10.50%	11.50%	4/29/21	20,750	20,687	7,262	2.99
	(1.00% Floor)						

The Pay-O-Matic Corp

First Lien Secured Term Loan	L+11.00%	12.00%	3/31/18	9,625	9,485	9,587	3.94
	(1.00% Floor)						
				30,375	30,172	16,849	6.93

WhiteHorse Finance, Inc.**Consolidated Schedule of Investments (Unaudited) (Continued)****March 31, 2016***(in thousands)*

Investment Type⁽¹⁾	Spread Above Index⁽²⁾	Interest Rate⁽³⁾	Maturity Date	Principal Amount	Amortized Cost	Fair Value	Fair Value As A Percentage Of Net Assets	
<u>Research & Consulting Services</u>								
Project Time & Cost, LLC ⁽⁶⁾								
First Lien Secured Term Loan	L+11.00% (0.50% Floor)	11.50%	10/9/20	\$ 11,400	\$ 11,177	\$ 11,400	4.69	%
<u>Specialized Consumer Services</u>								
Pre-Paid Legal Services, Inc. ⁽⁶⁾								
Second Lien Secured Term Loan	L+9.00% (1.25% Floor)	10.25%	7/1/20	18,000	17,838	18,090	7.44	
<u>Specialized Finance</u>								
GMT Holdings 1, Ltd. & GMT Holdings 12, Ltd. ^{(4) (7)}								
First Lien Secured Term Loan	N/A ⁽⁵⁾	10.00%	6/30/17	1,496	1,496	1,496	0.62	
<u>Trucking</u>								
Fox Rent A Car, Inc.								
Second Lien Secured Term Loan	L+12.00%	12.43%	10/31/19	7,500	7,441	7,425	3.05	
Total Debt Investments				424,889	419,027	396,999	163.32	
Equity Investments								
<u>Advertising</u>								
IDI, Inc. Warrants ⁽⁶⁾	N/A	N/A	12/8/25	—	—	—	—	
<u>Diversified Support Services</u>								
Constellation Health, LLC Warrants ⁽⁶⁾	N/A	N/A	9/30/18	—	—	646	0.27	
<u>Food Retail</u>								

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Crews of California, Inc. Warrants ⁽⁶⁾	N/A	N/A	12/31/24	—	—	184	0.08
Nicholas & Associates, LLC Warrants ⁽⁶⁾	N/A	N/A	12/31/24	—	—	35	0.01
Pinnacle Management Group, LLC Warrants ⁽⁶⁾	N/A	N/A	12/31/24	—	—	66	0.03
RC3 Enterprises, LLC Warrants ⁽⁶⁾	N/A	N/A	12/31/24	—	—	20	0.01
				—	—	305	0.13
Specialized Finance							
NMFC Senior Loan Program I LLC Units ⁽⁶⁾⁽⁷⁾⁽⁸⁾	N/A	N/A	6/10/19	—	20,120	19,200	7.89
Total Equity Investments				—	20,120	20,151	8.29
Total Investments				\$424,889	\$439,147	\$ 417,150	171.61 %

⁽¹⁾ Except as otherwise noted, all investments are non-controlled/non-affiliate investments as defined by the Investment Company Act of 1940, as amended (the “1940 Act”), and provide collateral for the Company’s credit facility.

⁽²⁾ The investments bear interest at a rate that may be determined by reference to the London Interbank Offered Rate (“LIBOR” or “L”) or the Prime Rate (“Prime” or “P”), which resets monthly, quarterly or semiannually.

⁽³⁾ The interest rate is the “all-in-rate” including the current index and spread, the fixed rate, and the payment-in-kind (“PIK”) interest rate, as the case may be.

⁽⁴⁾ The Company’s investments in GMT Holdings 1, Ltd. and GMT Holdings 12, Ltd. are held through its subsidiary Bayside Financing S.A.R.L.

⁽⁵⁾ Interest rate is fixed and accordingly the spread above the index is not applicable.

⁽⁶⁾ The investment or a portion of the investment does not provide collateral for the Company’s revolving credit facility.

Not a qualifying asset under Section 55(a) of the 1940 Act. Under the 1940 Act, the Company may not acquire any ⁽⁷⁾ non-qualifying asset unless, at the time the acquisition is made, qualifying assets represent at least 70% of total assets. Qualifying assets represent 86% of total assets.

⁽⁸⁾ Investment is a non-controlled/affiliate investment as defined by the 1940 Act.

⁽⁹⁾ The investment is on non-accrual status.

See notes to the consolidated financial statements

WhiteHorse Finance, Inc.**Consolidated Schedule of Investments****December 31, 2015***(in thousands)*

Investment Type⁽¹⁾	Spread Above Index⁽²⁾	Interest Rate⁽³⁾	Maturity Date	Principal Amount	Amortized Cost	Fair Value	Fair Value As A Percentage Of Net Assets
North America							
Debt Investments							
<u>Advertising</u>							
Fluent Acquisition II, LLC							
First Lien Secured Term Loan	L+11.50% (0.50% Floor)	12.00% (1.00% PIK)	12/8/20	\$ 28,017	\$ 27,462	\$ 27,765	11.38 %
Intersection Acquisition, LLC							
First Lien Secured Term Loan	L+10.00% (1.00% Floor)	11.00%	9/15/20	16,462	16,302	16,429	6.73
				44,479	43,764	44,194	18.11
<u>Broadcasting</u>							
Multicultural Radio Broadcasting, Inc. ⁽⁶⁾							
First Lien Secured Term Loan	L+10.50% (1.00% Floor)	11.50%	6/27/19	14,850	14,850	14,806	6.07
<u>Consumer Finance</u>							
Golden Pear Funding III, LLC ⁽⁷⁾							
Second Lien Secured Term Loan	L+10.25% (1.00% Floor)	11.25%	6/25/20	25,000	24,731	24,650	10.10
Second Lien Secured Revolving Loan	L+10.25% (1.00% Floor)	11.25%	6/25/20	—	(52)	—	—
Oasis Legal Finance, LLC ⁽⁷⁾							
Second Lien Secured Term Loan	N/A ⁽⁵⁾	10.50%	9/30/18	9,000	8,881	8,973	3.68
Sigue Corporation ⁽⁶⁾							
Second Lien Secured Term Loan	L+10.50% (1.00% Floor)	11.50%	12/27/18	25,000	24,669	24,875	10.19
				59,000	58,229	58,498	23.97

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Data Processing &
Outsourced Services

Future Payment

Technologies, L.P.

Second Lien Secured Term
Loan

L+12.00%	13.00%	12/31/18	36,447	35,510	36,447	14.92
(1.00% Floor) (1.00% PIK)						

Distributors

360 Holdings III Corp.⁽⁶⁾

First Lien Secured Term Loan

P+8.00%	11.50%	10/1/21	9,975	9,575	9,775	4.01
(3.50% Floor)						

Diversified Support Services

Expert Global Solutions, Inc.

Second Lien Secured Term
Loan

L+11.00%	12.50%	10/3/18	20,000	19,831	19,820	8.12
(1.50% Floor)						

Orion Healthcorp, Inc.

First Lien Secured Term Loan

L+9.00%	11.00%	9/30/17	6,991	6,830	6,998	2.87
(2.00% Floor)						

Sitel Worldwide Corporation

Second Lien Secured Term
Loan

L+9.50%	10.50%	9/18/22	8,670	8,501	8,540	3.50
(1.00% Floor)						

Smile Brands Group Inc.

First Lien Secured Term Loan

L+7.75%	9.00%	8/16/19	11,745	11,585	9,983	4.09
(1.25% Floor) (1.50% PIK)						

47,406	46,747	45,341	18.58
--------	--------	--------	-------

Electronic Equipment &
Instruments

AP Gaming I, LLC⁽⁶⁾

First Lien Secured Term Loan

L+8.25%	9.25%	12/20/20	9,800	9,566	9,663	3.96
(1.00% Floor)						

WhiteHorse Finance, Inc.

Consolidated Schedule of Investments (Continued)

December 31, 2015

(in thousands)

Investment Type ⁽¹⁾	Spread Above Index ⁽²⁾	Interest Rate ⁽³⁾	Maturity Date	Principal Amount	Amortized Cost	Fair Value	Fair Value As A Percentage Of Net Assets
<u>Food Retail</u>							
Crews of California, Inc.							
First Lien Secured Term Loan	L+11.00% (1.00% Floor)	12.00% (1.00% PIK)	11/20/19	\$ 15,170	\$ 14,889	\$ 14,639	6.00 %
First Lien Secured Revolving Loan	L+11.00% (1.00% Floor)	12.00% (1.00% PIK)	11/20/19	5,019	4,931	4,843	1.98
First Lien Secured Delayed Draw Loan	L+11.00% (1.00% Floor)	12.00% (1.00% PIK)	11/20/19	5,034	4,946	4,858	1.99
				25,223	24,766	24,340	9.97
<u>Health Care Distributors</u>							
P2 Newco Acquisition, Inc. ⁽⁶⁾							
Second Lien Secured Term Loan	L+8.50% (1.00% Floor)	9.50%	10/22/21	6,000	5,952	5,982	2.45
<u>Health Care Facilities</u>							
Coastal Sober Living, LLC ⁽⁶⁾							
First Lien Secured Term Loan	L+9.25% (1.00% Floor)	10.25%	6/30/19	41,030	40,436	40,251	16.48
Grupo HIMA San Pablo, Inc.							
First Lien Secured Term Loan	L+7.00% (1.50% Floor)	8.50%	1/31/18	14,588	14,441	14,588	5.98
Second Lien Secured Term Loan	N/A ⁽⁵⁾	13.75%	7/31/18	1,000	971	992	0.41
				56,618	55,848	55,831	22.88
<u>Health Care Technology</u>							
Client Network Services, Inc.							
First Lien Secured Term Loan	L+13.00% (0.50% Floor)	13.50%	4/24/19	9,185	8,954	9,350	3.83
First Lien Secured Revolving Loan	P+12.00% (3.50% Floor)	15.50%	4/24/19	1,000	1,000	1,018	0.42

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				10,185	9,954	10,368	4.25
<u>Integrated</u>							
<u>Telecommunication Services</u>							
Securus Technologies Holdings, Inc.							
Second Lien Secured Term Loan	L+7.75%	9.00%	4/30/21	9,090	9,059	5,936	2.43
	(1.25% Floor)						
<u>Oil & Gas Drilling</u>							
ProPetro Services, Inc. ⁽⁶⁾							
First Lien Secured Term Loan	L+6.25%	7.25%	9/30/19	8,875	8,809	6,417	2.63
	(1.00% Floor)						
<u>Oil & Gas Exploration & Production</u>							
Caelus Energy Alaska O3, LLC							
Second Lien Secured Term Loan	L+7.50%	8.75%	4/15/20	13,000	12,856	9,269	3.80
	(1.25% Floor)						
Larchmont Resources, LLC							
First Lien Secured Term Loan	L+8.75%	9.75%	8/7/19	1,745	1,777	1,238	0.51
	(1.00% Floor)						
				14,745	14,633	10,507	4.31
<u>Other Diversified Financial Services</u>							
RCS Capital Corporation ^{(6) (7)}							
⁽⁹⁾							
Second Lien Secured Term Loan	L+10.50%	11.50%	4/29/21	20,750	20,687	7,262	2.98
	(1.00% Floor)						
The Pay-O-Matic Corp							
First Lien Secured Term Loan	L+11.00%	12.00%	3/31/18	9,750	9,594	9,740	3.99
	(1.00% Floor)						
				30,500	30,281	17,002	6.97
<u>Research & Consulting Services</u>							
Project Time & Cost, LLC ⁽⁶⁾							
First Lien Secured Term Loan	L+11.00%	11.50%	10/9/20	11,700	11,468	11,571	4.74
	(0.50% Floor)						
<u>Specialized Consumer Services</u>							
Pre-Paid Legal Services, Inc. ⁽⁶⁾							
Second Lien Secured Term Loan	L+9.00%	10.25%	7/1/20	18,000	17,830	18,054	7.40
	(1.25% Floor)						

WhiteHorse Finance, Inc.**Consolidated Schedule of Investments (Continued)****December 31, 2015***(in thousands)*

Investment Type⁽¹⁾	Spread Above Index⁽²⁾	Interest Rate⁽³⁾	Maturity Date	Principal Amount	Amortized Cost	Fair Value	Fair Value As A Percentage Of Net Assets	
<u>Specialized Finance</u>								
GMT Holdings 1, Ltd. & GMT Holdings 12, Ltd. ^{(4) (7)}								
First Lien Secured Term Loan	N/A ⁽⁵⁾	10.00%	6/30/17	\$1,710	\$1,710	\$1,710	0.70	%
<u>Trucking</u>								
Fox Rent A Car, Inc.								
Second Lien Secured Term Loan	L+12.00%	12.43%	10/31/19	7,500	7,438	7,395	3.03	
Total Debt Investments				422,103	415,989	393,837	161.37	
Equity Investments								
<u>Advertising</u>								
IDI, Inc. Warrants ⁽⁶⁾	N/A	N/A	12/8/25	—	—	—	—	
<u>Diversified Support Services</u>								
Constellation Health, LLC Warrants ⁽⁶⁾								
	N/A	N/A	9/30/18	—	—	989	0.41	
<u>Food Retail</u>								
Crews of California, Inc. Warrants ⁽⁶⁾								
	N/A	N/A	12/31/24	—	—	191	0.08	
Nicholas & Associates, LLC Warrants ⁽⁶⁾								
	N/A	N/A	12/31/24	—	—	37	0.01	
Pinnacle Management Group, LLC Warrants ⁽⁶⁾								
	N/A	N/A	12/31/24	—	—	69	0.03	
RC3 Enterprises, LLC Warrants ⁽⁶⁾								
	N/A	N/A	12/31/24	—	—	20	0.01	
				—	—	317	0.14	
<u>Specialized Finance</u>								
NMFC Senior Loan Program I LLC Units ⁽⁶⁾⁽⁷⁾⁽⁸⁾								
	N/A	N/A	6/10/19	—	20,120	20,200	8.28	
Total Equity Investments				—	20,120	21,506	8.82	

