

APOLLO INVESTMENT CORP

Form 10-Q

February 06, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended December 31, 2016

OR

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

Commission File Number: 814-00646

APOLLO INVESTMENT CORPORATION

(Exact name of Registrant as specified in its charter)

Maryland

52-2439556

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

9 West 57th Street

37th Floor

10019

New York, New York

(Address of principal executive offices)

(Zip Code)

(212) 515-3450

(Registrant's telephone number, including area code)

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

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

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

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

(Do not check if a smaller reporting company)

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

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

Class of Common Stock Outstanding at February 3, 2017

\$0.001 par value 219,694,654

APOLLO INVESTMENT CORPORATION

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PART I. FINANCIAL INFORMATION

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

Item 1. Financial Statements

APOLLO INVESTMENT CORPORATION

STATEMENTS OF ASSETS AND LIABILITIES

(In thousands, except share and per share data)

	December 31, 2016	March 31, 2016
	(Unaudited)	
Assets		
Investments at fair value:		
Non-controlled/non-affiliated investments (cost — \$1,622,942 and \$2,052,896, respectively)	\$1,450,491	\$1,790,294
Non-controlled/affiliated investments (cost — \$506,324 and \$216,202, respectively)	330,153	272,558
Controlled investments (cost — \$747,753 and \$829,029, respectively)	745,689	853,977
Total investments at fair value (cost — \$2,877,019 and \$3,098,127, respectively)	2,526,333	2,916,829
Derivative assets (cost — \$4,395 and \$0, respectively)	1,910	—
Cash	50,307	16,521
Foreign currencies (cost — \$1,568 and \$2,354, respectively)	1,534	2,384
Restricted cash	7,080	—
Receivable for investments sold	1,023	79,625
Interest receivable	23,840	29,749
Dividends receivable	4,261	9,509
Deferred financing costs	18,679	14,497
Prepaid expenses and other assets	502	9,523
Total Assets	\$2,635,469	\$3,078,637
Liabilities		
Debt	\$1,033,958	\$1,312,960
Derivative liabilities (proceeds — \$3,555 and \$0, respectively)	5,117	—
Payable for investments purchased	16,858	25,091
Distributions payable	32,954	45,231
Management and performance-based incentive fees payable	20,896	31,124
Interest payable	10,870	7,444
Accrued administrative services expense	1,136	2,015
Other liabilities and accrued expenses	6,981	9,191
Total Liabilities	\$1,128,770	\$1,433,056
Commitments and contingencies (Note 10)		
Net Assets	\$1,506,699	\$1,645,581
Net Assets		
Common stock, \$0.001 par value (400,000,000 shares authorized; 219,694,654 and 226,156,496 shares issued and outstanding, respectively)	\$220	\$226
Paid-in capital in excess of par	2,989,011	3,026,922
Accumulated underdistributed net investment income	71,901	71,231
Accumulated net realized loss	(1,243,448)	(1,288,141)
Net unrealized loss	(310,985)	(164,657)
Net Assets	\$1,506,699	\$1,645,581

Net Asset Value Per Share	\$6.86	\$7.28
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See notes to financial statements.

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

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2016	2015	2016	2015
Investment Income				
Non-controlled/non-affiliated investments:				
Interest income	\$36,671	\$61,756	\$127,420	\$205,585
Dividend income	358	1,037	2,531	2,824
Other income	936	677	2,984	6,822
Non-controlled/affiliated investments:				
Interest income	384	182	1,014	633
Dividend income	4,609	9,594	12,312	28,263
Other income	—	70	70	297
Controlled investments:				
Interest income	18,713	13,388	53,385	34,571
Dividend income	6,400	7,621	13,850	15,352
Other income	—	—	—	63
Total Investment Income	\$68,071	\$94,325	\$213,566	\$294,410
Expenses				
Management fees	\$12,978	\$16,478	\$40,679	\$50,557
Performance-based incentive fees	5,670	11,142	16,063	33,783
Interest and other debt expenses	14,473	19,335	45,704	63,535
Administrative services expense	1,599	1,531	5,767	4,614
Other general and administrative expenses	2,329	2,806	9,917	7,695
Total expenses	37,049	51,292	118,130	160,184
Management and performance-based incentive fees waived	(5,246)	(4,999)	(16,264)	(14,237)
Expense reimbursements	(84)	(59)	(253)	(176)
Net Expenses	\$31,719	\$46,234	\$101,613	\$145,771
Net Investment Income	\$36,352	\$48,091	\$111,953	\$148,639
Net Realized and Change in Unrealized Gains (Losses)				
Net realized gains (losses):				
Non-controlled/non-affiliated investments	\$3,932	\$(6,112)	\$(36,195)	\$(82,896)
Non-controlled/affiliated investments	36,473	(1,575)	81,047	(1,642)
Controlled investments	(1,982)	—	(2,173)	(39,714)
Foreign currency transactions	749	(1,599)	2,014	3,883
Net realized gains (losses)	39,172	(9,286)	44,693	(120,369)
Net change in unrealized losses:				
Non-controlled/non-affiliated investments	5,292	(73,088)	70,318	(116,950)
Non-controlled/affiliated investments	(53,882)	2,879	(183,676)	31,612
Controlled investments	(21,447)	(2,173)	(56,030)	32,579
Derivatives	(4,046)	—	(4,046)	—
Foreign currency translations	9,849	7,805	27,106	3,360
Net change in unrealized losses	(64,234)	(64,577)	(146,328)	(49,399)
Net Realized and Change in Unrealized Losses	\$(25,062)	\$(73,863)	\$(101,635)	\$(169,768)
Net Increase (Decrease) in Net Assets Resulting from Operations	\$11,290	\$(25,772)	\$10,318	\$(21,129)
Earnings (Loss) Per Share — Basic	\$0.05	\$(0.11)	\$0.05	\$(0.09)
Earnings (Loss) Per Share — Diluted	N/A	\$(0.11)	N/A	\$(0.09)

See notes to financial statements.

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STATEMENTS OF CHANGES IN NET ASSETS

(In thousands, except share data)

	Nine Months Ended December 31, 2016 (Unaudited)	Year Ended March 31, 2016
Operations		
Net investment income	\$111,953	\$193,257
Net realized gains (losses)	44,693	(195,364)
Net change in unrealized losses	(146,328)	(42,419)
Net Increase (Decrease) in Net Assets Resulting from Operations	\$10,318	\$(44,526)
Distributions to Shareholders		
Distribution of net investment income	\$(111,283)	\$(111,853)
Distribution of return of capital	—	(73,211)
Net Decrease in Net Assets Resulting from Distributions to Shareholders	\$(111,283)	\$(185,064)
Capital Share Transactions		
Repurchase of common stock	\$(37,917)	\$(62,437)
Net Decrease in Net Assets Resulting from Capital Share Transactions	\$(37,917)	\$(62,437)
Net Assets		
Net decrease in net assets during the period	\$(138,882)	\$(292,027)
Net assets at beginning of period	1,645,581	1,937,608
Net Assets at End of Period	\$1,506,699	\$1,645,581
Capital Share Activity		
Shares repurchased during the period	(6,461,842)	(10,584,855)
Shares issued and outstanding at beginning of period	226,156,496	236,741,351
Shares Issued and Outstanding at End of Period	219,694,654	226,156,496

See notes to financial statements.

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

	Nine Months Ended December 31,	
	2016	2015
Operating Activities		
Net increase (decrease) in net assets resulting from operations	\$ 10,318	\$(21,129)
Net realized (gains) losses	(44,693)	120,369
Net change in unrealized losses	146,328	49,399
Net amortization of premiums and accretion of discounts on investments	(3,769)	(5,039)
Accretion of discount on notes	447	447
Amortization of deferred financing costs	4,366	5,278
Increase from foreign currency transactions	2,014	4,477
Changes in operating assets and liabilities:		
Payment-in-kind interest and dividends capitalized	(22,787)	(34,090)
Purchases of investments	(476,520)	(923,719)
Purchases of derivatives	(4,395)	—
Proceeds from derivatives	3,555	—
Proceeds from sales and repayments of investments	837,232	1,113,077
Decrease in interest receivable	6,010	10,709
Decrease (increase) in dividends receivable	5,248	(3,449)
Decrease in prepaid expenses and other assets	9,021	6,121
Decrease in management and performance-based incentive fees payable	(10,228)	(7,275)
Increase in interest payable	3,426	1,441
Decrease in accrued administrative services expense	(879)	(192)
Decrease in other liabilities and accrued expenses	(2,210)	(964)
Net Cash Provided by Operating Activities	\$462,484	\$315,461
Financing Activities		
Issuances of debt	\$741,747	\$1,624,754
Payments of debt	(994,804)	(1,736,668)
Financing costs paid and deferred	(7,871)	(5,646)
Repurchase of common stock	(37,917)	(52,437)
Distributions paid	(123,559)	(141,547)
Net Cash Used in Financing Activities	\$(422,404)	\$(311,544)
Cash, Foreign Currencies and Restricted Cash		
Net increase in cash, restricted cash and foreign currencies during the period	\$40,080	\$3,917
Effect of foreign exchange rate changes	(64)	193
Cash, restricted cash and foreign currencies at beginning of period	18,905	8,417
Cash, Foreign Currencies and Restricted Cash at the End of Period	\$58,921	\$12,527
Supplemental Disclosure of Cash Flow Information		
Cash interest paid	\$37,487	\$46,962
Non-Cash Activity		
Payment-in-kind income	\$22,047	\$31,607

See notes to financial statements.

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APOLLO INVESTMENT CORPORATION
SCHEDULE OF INVESTMENTS (Unaudited)

December 31, 2016

(In thousands, except share data)

Investment	Industry	Interest Rate (20)	Maturity Date	Par (12)	Cost	Fair Value (1)
Non-Controlled/Non-Affiliated Investments						
Corporate Debt						
Secured Debt						
First Lien Secured Debt						
First Lien Secured Debt (excluding Revolvers and Letters of Credit)						
American Media, Inc. (16)	Advertising, Printing & Publishing	8.50% (1M L+750, 1.00% Floor)	8/24/20	\$ 10,400	\$10,115	\$10,088
Aptevo Therapeutics Inc. (9)(16)(23)	Healthcare & Pharmaceuticals	8.13% (3M L+760)	2/1/21	8,571	8,576	8,483
Aptevo Therapeutics Inc., Unfunded Delayed Draw (8)(9)(16)(21)(23)	Healthcare & Pharmaceuticals	0.00% Unfunded	2/1/21	6,429	(29)	(66)
ChyronHego Corporation (18)	High Tech Industries	7.43% (3M L+643, 1.00% Floor)	3/9/20	36,553	36,000	35,822
Dodge Data & Analytics LLC	Business Services	9.75% (3M L+875, 1.00% Floor)	10/31/19	51,990	51,344	50,561
ECN Holding Company (Emergency Communications Network) (16)(18)	High Tech Industries	9.50% (3M L+850, 1.00% Floor)	6/12/21	11,109	10,980	10,940
ECN Holding Company (Emergency Communications Network) (16)(18)	High Tech Industries	9.50% (6M L+850, 1.00% Floor)	6/12/21	11,109	10,980	10,940
Garden Fresh Restaurant Corp. (16)	Hotel, Gaming, Leisure, Restaurants	10.50% (1M L+900, 1.50% Floor)	7/3/18	2,500	2,500	2,500
LabVantage Solutions Inc.	High Tech Industries	9.00% (3M L+800, 1.00% Floor)	12/29/20	14,625	14,244	14,333
LabVantage Solutions Limited (16)(17)	High Tech Industries	9.00% (3M E+800, 1.00% Floor)	12/29/20	€ 13,398	14,012	13,849
Magnetation, LLC (14)(26)	Metals & Mining	12.00% PIK	N/A	14,296	12,427	—
Maxus Capital Carbon SPE I, LLC	Chemicals, Plastics & Rubber	13.00%	12/31/18	59,305	59,305	51,391
My Alarm Center, LLC, Term Loan A (16)	Business Services	9.00% (1M L+800, 1.00% Floor)	1/9/19	28,035	28,036	28,035
	Business Services		1/9/19	7,972	7,972	7,972

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My Alarm Center, LLC, Term Loan B (16)(23)		9.00% (1M L+800, 1.00% Floor)					
My Alarm Center, LLC, Term Loan B(16)(23)	Business Services	11.00% (P+700)	1/9/19	348	348	348	
My Alarm Center, LLC, Unfunded Term Loan B (16)(21)(23)	Business Services	0.35% Unfunded	1/9/19	441	—	—	
My Alarm Center, LLC, Term Loan C (16)(23)	Business Services	9.00% (1M L+800, 1.00% Floor)	1/9/19	3,115	3,115	3,115	
My Alarm Center, LLC, Term Loan C (16)(23)	Business Services	11.00% (P+700)	1/9/19	439	439	439	
My Alarm Center, LLC, Unfunded Term Loan C (16)(21)(23)	Business Services	0.35% Unfunded	1/9/19	558	—	—	
Nextech Systems, LLC (18)	High Tech Industries	8.25% (3M L+725, 1.00% Floor)	6/22/21	21,857	21,367	21,419	
Oxford Immunotec, Inc. (9)(16)(17)	Healthcare & Pharmaceuticals	8.22% (1M L+760)	10/1/21	9,750	9,726	9,724	
Saba Software, Inc. (18)	High Tech Industries	9.75% (1M L+875, 1.00% Floor)	3/30/21	9,850	9,850	9,702	
SCM Insurance Services, Inc. (17)	Business Services	9.25%	8/22/19	C\$39,480	33,293	24,559	
Telestream Holdings Corporation (18)	High Tech Industries	7.77% (3M L+677, 1.00% Floor)	1/15/20	30,503	30,503	29,893	
UniTek Global Services Inc. (16)	Telecommunications	8.50% (3M L+750, 1.00% Floor)	1/13/19	32,367	32,367	32,367	
UniTek Global Services Inc. (16)	Telecommunications	9.50% (3M L+750 Cash plus 1.00% PIK, 1.00% Floor)	1/13/19	11,680	11,680	11,680	
Total First Lien Secured Debt (excluding Revolvers and Letters of Credit)—25.8% (10)					\$419,150	\$388,094	

See notes to financial statements.

Table of ContentsAPOLLO INVESTMENT CORPORATION
SCHEDULE OF INVESTMENTS (Unaudited)

December 31, 2016

(In thousands, except share data)

Investment	Industry	Interest Rate (20)	Maturity Date	Par (12)	Cost	Fair Value (1)
Revolvers and Letters of Credit Alliant Holdings Intermediate, LLC, Unfunded Revolver (8)(16)(21)(23)	Insurance	0.50% Unfunded	8/14/20	\$14,813	\$(1,236)	\$(971)
Alliant Holdings Intermediate, LLC, Letter of Credit (8)(16)(23)	Insurance	3.375%	4/24/17	37	—	(2)
Alliant Holdings Intermediate, LLC, Letter of Credit (8)(16)(23)	Insurance	3.375%	5/4/17	8	—	(1)
Alliant Holdings Intermediate, LLC, Letter of Credit (8)(16)(23)	Insurance	3.375%	6/30/17	17	—	(1)
Alliant Holdings Intermediate, LLC, Letter of Credit (8)(16)(23)	Insurance	3.375%	7/29/17	80	—	(5)
Alliant Holdings Intermediate, LLC, Letter of Credit (8)(16)(23)	Insurance	3.375%	10/3/17	8	—	(1)
Alliant Holdings Intermediate, LLC, Letter of Credit (8)(16)(23)	Insurance	3.375%	11/30/17	37	—	(2)
American Media, Inc., Revolver (16)(23)	Advertising, Printing & Publishing	8.50% (1M L+750, 1.00% Floor)	8/24/20	1,067	1,067	1,035
American Media, Inc., Unfunded Revolver (8)(16)(21)(23)	Advertising, Printing & Publishing	0.50% Unfunded	8/24/20	505	(49)	(15)
American Media, Inc., Letter of Credit (8)(16)(23)	Advertising, Printing & Publishing	7.50%	8/24/20	206	—	(6)
Endologix, Inc., Unfunded Revolver (8)(9)(17)(21)(23)	Healthcare & Pharmaceuticals	0.50% Unfunded	7/29/20	5,000	(22)	(25)
LabVantage Solutions Limited, Unfunded Revolver (8)(16)(17)(21)(23)	High Tech Industries	0.50% Unfunded	12/29/20	€3,435	(96)	(72)
My Alarm Center, LLC, Revolver (16)(23)	Business Services	11.00% (P+700)	1/9/19	2,708	2,708	2,708
My Alarm Center, LLC, Unfunded Revolver (16)(21)(23)	Business Services	0.35% Unfunded	1/9/19	3,542	—	—
Oxford Immunotec, Inc., Unfunded Revolver (8)(9)(16)(17)(21)(23)	Healthcare & Pharmaceuticals	0.50% Unfunded	10/1/21	1,000	(5)	(5)
Tibco Software Inc., Unfunded Revolver (8)(21)(23)	High Tech Industries	0.50% Unfunded	12/5/19	6,000	(35)	(840)
TricorBraun Holdings, Inc., Revolver (9)(16)(23)	Containers, Packaging & Glass	5.75% (P+225)	11/30/21	998	998	993
TricorBraun Holdings, Inc., Unfunded Revolver (8)(9)(16)(21)(23)	Containers, Packaging & Glass	0.50% Unfunded	11/30/21	4,627	(497)	(20)
	Telecommunications		1/13/19	5,000	—	—

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UniTek Global Services Inc., Unfunded Revolver (16)(21)(23)		0.50% Unfunded					
UniTek Global Services Inc., Letter of Credit (16)(23)	Telecommunications	7.50%	1/13/19	8,812	—	—	
UniTek Global Services Inc., Letter of Credit (16)(23)	Telecommunications	7.50%	1/13/19	1,850	—	—	
Wright Medical Group, Inc., Revolver (9)(16)(17)(23)	Healthcare & Pharmaceuticals	5.00% (1M L+425, 0.75% Floor)	12/23/21	10,000	10,000	9,900	
Wright Medical Group, Inc., Unfunded Revolver (8)(9)(16)(17)(21)(23)	Healthcare & Pharmaceuticals	0.50% Unfunded	12/23/21	40,000	(478) (400)
Total Revolvers and Letters of Credit—0.8% (10)					\$12,355	\$12,270	
Total First Lien Secured Debt—26.6% (10)					\$431,505	\$400,364	
Second Lien Secured Debt							
1A Smart Start LLC	Consumer Services	9.50% (3M L+850, 1.00% Floor)	8/22/22	\$35,000	\$34,405	\$34,422	
Access CIG, LLC (16)	Business Services	9.75% (3M L+875, 1.00% Floor)	10/17/22	35,755	34,314	35,599	
Access CIG, LLC (16)	Business Services	9.75% (3M L+875, 1.00% Floor)	10/17/22	15,215	14,676	15,148	

See notes to financial statements.

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APOLLO INVESTMENT CORPORATION
SCHEDULE OF INVESTMENTS (Unaudited)

December 31, 2016

(In thousands, except share data)

Investment	Industry	Interest Rate (20)	Maturity Date	Par (12)	Cost	Fair Value (1)
Active Network, LLC	Business Services	10.50% (3M L+950, 1.00% Floor)	11/15/21	\$ 16,225	\$16,074	\$16,022
A-L Parent LLC	Advertising, Printing & Publishing	8.25% (3M L+725, 1.00% Floor)	12/2/24	10,048	9,948	10,123
Appriss Holdings, Inc.	Business Services	10.25% (3M L+925, 1.00% Floor)	5/21/21	23,309	23,044	23,309
Aptean, Inc.	Business Services	10.50% (3M L+950, 1.00% Floor)	12/20/23	9,548	9,404	9,530
Armor Holding II LLC	Diversified Investment Vehicles, Banking, Finance, Real Estate	10.25% (3M L+900, 1.25% Floor)	12/26/20	8,000	7,900	8,030
Asurion Corporation	Insurance	8.50% (3M L+750, 1.00% Floor)	3/3/21	39,590	39,394	40,357
BioClinica Holding I, LP	Healthcare & Pharmaceuticals	9.25% (3M L+825, 1.00% Floor)	10/21/24	24,612	24,128	24,504
Confie Seguros Holding II Co.	Insurance	10.25% (1M L+900, 1.25% Floor)	5/8/19	22,344	22,269	22,232
Elements Behavioral Health, Inc.	Healthcare & Pharmaceuticals	13.00% (3M L+1200 PIK, 1.00% Floor)	2/11/20	10,832	10,777	8,666
Garden Fresh Restaurant Corp. (14)(16)	Hotel, Gaming, Leisure, Restaurants	7.75% (3M L+625 PIK, 1.50% Floor)	1/1/19	9,466	7,746	—
Garden Fresh Restaurant Corp. (14)(16)	Hotel, Gaming, Leisure, Restaurants	15.00% (3M L+1350 PIK, 1.50% Floor)	1/1/19	51,902	45,904	—
GCA Services Group, Inc.	Business Services	10.00% (3M L+900, 1.00% Floor)	3/1/24	10,000	9,767	9,950
Grocery Outlet, Inc.	Food & Grocery	9.25% (3M L+825, 1.00% Floor)	10/21/22	25,000	24,703	25,063
Infiltrator Systems Integrated, LLC	Manufacturing, Capital Equipment	9.75% (3M L+875, 1.00% Floor)	5/26/23	13,889	13,651	13,958
Institutional Shareholder Services, Inc.	Business Services	9.50% (3M L+850, 1.00% Floor)	4/30/22	8,232	8,159	8,149
K&N Parent, Inc.	Automotive	9.75% (3M L+875, 1.00% Floor)	10/21/24	30,000	29,407	29,775
Lanai Holdings III, Inc.	Healthcare & Pharmaceuticals	9.50% (3M L+850, 1.00% Floor)	8/28/23	17,391	16,892	16,870
Landslide Holdings, Inc.	Business Services		9/21/23	18,510	18,152	18,880

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Ministry Brands, LLC (16)(23)	Business Services	9.50% (3M L+850, 1.00% Floor) 10.25% (3M L+925, 1.00% Floor)	6/2/23	7,840	7,724	7,720
Ministry Brands, LLC, Unfunded Delayed Draw (8)(16)(21)(23)	Business Services	5.63% Unfunded (3ML+463, 1.00% Floor)	6/2/23	2,160	(32)	(33)
MSC Software Corp. (17)	High Tech Industries	8.50% (3M L+750, 1.00% Floor) 10.25% (3M L+925, 1.00% Floor)	5/31/21	13,448	13,355	13,465
MW Industries, Inc.	Manufacturing, Capital Equipment	10.50% (3M L+950, 1.00% Floor)	12/28/20	20,000	19,546	19,900
PAE Holding Corporation	Aerospace & Defense	10.50% (3M L+950, 1.00% Floor)	10/20/23	22,026	21,269	22,411
PetVet Care Centers, LLC	Healthcare & Pharmaceuticals	9.50% (3M L+850, 1.00% Floor)	6/17/21	13,500	13,098	13,297
Poseidon Merger Sub, Inc.	Business Services	9.50% (3M L+850, 1.00% Floor) 10.00% (3M L+900, 1.00% Floor)	8/15/23	18,000	17,551	17,820
Power Products, LLC (9)	Manufacturing, Capital Equipment	10.00% (3M L+900, 1.00% Floor)	12/20/23	37,500	36,194	36,844
River Cree Enterprises LP (11)(17)	Hotel, Gaming, Leisure, Restaurants	11.00%	1/20/21	C\$19,000	17,913	14,133

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APOLLO INVESTMENT CORPORATION
SCHEDULE OF INVESTMENTS (Unaudited)

December 31, 2016

(In thousands, except share data)

Investment	Industry	Interest Rate (20)	Maturity Date	Par (12)	Cost	Fair Value (1)
Sequential Brands Group, Inc. (17)	Consumer Goods – Durable	9.63% (1M L+900)	7/1/22	\$17,600	\$17,397	\$17,330
SiTV, Inc. (11)	Broadcasting & Subscription	10.375%	7/1/19	2,219	2,219	1,354
SMG	Hotel, Gaming, Leisure, Restaurants	9.25% (3M L+825, 1.00% Floor)	2/27/21	19,649	19,649	19,600
Sprint Industrial Holdings, LLC	Containers, Packaging & Glass	11.25% (3M L+1000, 1.25% Floor)	11/14/19	16,163	15,627	8,647
Sterling Holdings Ultimate Parent, Inc.	Business Services	9.25% (3M L+825, 1.00% Floor)	6/19/23	20,000	19,819	20,000
STG-Fairway Acquisitions, Inc.	Business Services	10.25% (3M L+925, 1.00% Floor)	6/30/23	15,000	14,675	14,100
TMK Hawk Parent, Corp.	Transportation – Cargo, Distribution	8.50% (3M L+750, 1.00% Floor)	10/1/22	34,000	33,735	33,830
Velocity Technology Solutions, Inc.	Business Services	9.50% (3M L+825, 1.25% Floor)	9/28/20	16,500	16,286	16,088
Wave Holdco Merger Sub, Inc.	Telecommunications	10.25% (3M L+925, 1.00% Floor)	5/27/23	10,000	9,761	9,826
Total Second Lien Secured Debt—43.6% (10)					\$716,500	\$656,919
Total Secured Debt—70.2% (10)					\$1,148,005	\$1,057,283
Unsecured Debt						
American Tire Distributors, Inc. (11)	Transportation – Cargo, Distribution	10.25%	3/1/22	\$14,741	\$14,811	\$14,133
Canacol Energy Ltd. (17)	Energy – Oil & Gas	9.50% (3M L+850, 1.00% Floor)	12/31/19	75,000	73,694	73,500
Flex Acquisition Company, Inc.	Containers, Packaging & Glass	8.00% (3M L+700, 1.00% Floor)	12/29/17	12,777	12,714	12,713
Lonestar Intermediate Super Holdings, LLC	Insurance	10.00% (1M L+900 Cash (1M L+975 PIK Toggle), 1.00% Floor)	8/31/21	4,865	4,819	5,034
Sorenson Holdings, LLC (11)	Consumer Goods – Durable	13.85% Cash (13.85% PIK Toggle)	10/31/21	52	35	48
U.S. Security Associates Holdings, Inc.	Business Services	11.00%	7/28/18	135,000	135,000	135,000
UniTek Global Services Inc. (16)	Telecommunications	15.00% PIK	7/13/19	8,231	8,231	8,355
Total Unsecured Debt—16.5% (10)					\$249,304	\$248,783
Total Corporate Debt—86.7% (10)					\$1,397,309	\$1,306,066

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Structured Products and Other

Asset Repackaging

Trust Six B.V. (11)(17)(19)	Utilities – Electric	13.11%	5/18/27	\$58,411	\$25,548	\$30,894
Craft 2013-1, Credit-Linked Note (11)(16)(17)	Diversified Investment Vehicles, Banking, Finance, Real Estate	10.13% (3M L+925)	4/17/22	25,000	25,020	24,750
Craft 2013-1, Credit-Linked Note (16)(17)	Diversified Investment Vehicles, Banking, Finance, Real Estate	10.13% (3M L+925)	4/17/22	7,625	7,700	7,549
Craft 2014-1A, Credit-Linked Note (11)(17)	Diversified Investment Vehicles, Banking, Finance, Real Estate	10.55% (3M L+965)	5/15/21	42,500	42,375	41,650
Craft 2015-2, Credit-Linked Note (11)(17)	Diversified Investment Vehicles, Banking, Finance, Real Estate	10.13% (3M L+925)	1/16/24	26,000	25,833	24,960
NXT Capital CLO 2014-1, LLC, Class E Notes (11)(17)	Diversified Investment Vehicles, Banking, Finance, Real Estate	6.38% (3M L+550)	4/23/26	5,000	4,708	4,324
Total Structured Products and Other—8.9% (10)					\$131,184	\$134,127

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Investment