

MONROE CAPITAL Corp  
Form 10-Q  
November 06, 2018

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 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 September 30, 2018**

**OR**

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

**Commission file number: 814-00866**

**MONROE CAPITAL CORPORATION**

**(Exact Name of Registrant as Specified in its Charter)**

**Maryland**

**27-4895840**

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

**311 South Wacker Drive, Suite 6400**                      **60606**  
**Chicago, Illinois**  
**(Address of Principal Executive Office) (Zip Code)**

**(312) 258-8300**

**(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 every Interactive Data File required to be submitted 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 such files). Yes  No

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

Large accelerated filer                            Accelerated filer                     

Non-accelerated filer                            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 13(a) of the Exchange Act.

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

As of November 5, 2018, the registrant had 20,444,564 shares of common stock, \$0.001 par value, outstanding.



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**Part I. Financial Information****Item 1. Consolidated Financial Statements****MONROE CAPITAL CORPORATION****CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES****(in thousands, except per share data)**

	September 30, 2018 (unaudited)	December 31, 2017
<b>ASSETS</b>		
Investments, at fair value:		
Non-controlled/non-affiliate company investments	\$ 399,792	\$ 425,747
Non-controlled affiliate company investments	56,183	58,751
Controlled affiliate company investments	26,318	9,640
Total investments, at fair value (amortized cost of: \$510,102 and \$507,580, respectively)	482,293	494,138
Cash	3,969	4,332
Restricted cash	5,938	2,867
Interest receivable	6,382	5,335
Other assets	492	760
Total assets	499,074	507,432
<b>LIABILITIES</b>		
Debt:		
Revolving credit facility	51,536	117,092
2023 Notes	69,000	-
SBA debentures payable	115,000	109,520
Total debt	235,536	226,612
Less: Unamortized deferred financing costs	(6,721	) (4,670
Total debt, less unamortized deferred financing costs	228,815	221,942
Interest payable	766	1,535
Unrealized loss on foreign currency forward contracts	58	-
Management fees payable	2,196	2,064
Incentive fees payable	-	1,157
Accounts payable and accrued expenses	2,450	2,035
Directors' fees payable	37	-
Total liabilities	234,322	228,733
Net assets	\$ 264,752	\$ 278,699

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Commitments and contingencies (See Note 11)

ANALYSIS OF NET ASSETS

Common stock, \$0.001 par value, 100,000 shares authorized, 20,445 and 20,240 shares issued and outstanding, respectively	\$ 20		\$ 20	
Capital in excess of par value	288,844		286,141	
Undistributed net investment income (accumulated distributions in excess of net investment income)	9,477		6,707	
Accumulated net realized gain (loss)	(5,980	)	(372	)
Accumulated net unrealized gain (loss)	(27,609	)	(13,797	)
Total net assets	\$ 264,752		\$ 278,699	
Net asset value per share	\$ 12.95		\$ 13.77	

See Notes to Consolidated Financial Statements.

**MONROE CAPITAL CORPORATION****CONSOLIDATED STATEMENTS OF OPERATIONS****(unaudited)****(in thousands, except per share data)**

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
Investment income:				
Interest income:				
Non-controlled/non-affiliate company investments	\$ 10,938	\$ 10,887	\$ 34,689	\$ 30,995
Non-controlled affiliate company investments	1,815	1,470	5,394	3,777
Controlled affiliate company investments	-	200	-	594
Total interest income	12,753	12,557	40,083	35,366
Dividend income:				
Non-controlled/non-affiliate company investments	288	251	813	751
Controlled affiliate company investments	550	-	1,075	-
Total dividend income	838	251	1,888	751
Fee income:				
Non-controlled/non-affiliate company investments	188	661	1,495	1,626
Non-controlled affiliate company investments	-	-	83	-
Total fee income	188	661	1,578	1,626
Total investment income	13,779	13,469	43,549	37,743
Operating expenses:				
Interest and other debt financing expenses	2,895	1,907	8,437	6,101
Base management fees	2,196	1,953	6,561	5,661
Incentive fees	-	1,721	1,751	4,471
Professional fees	260	277	869	854
Administrative service fees	327	295	973	926
General and administrative expenses	338	292	739	760
Excise taxes	-	100	11	100
Directors' fees	37	37	111	111
Expenses before incentive fee waiver	6,053	6,582	19,452	18,984
Incentive fee waiver	-	-	-	(250)
Total expenses, net of incentive fee waiver	6,053	6,582	19,452	18,734
Net investment income	7,726	6,887	24,097	19,009
Net gain (loss):				
Net realized gain (loss):				



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Non-controlled/non-affiliate company investments	(1,414 )	(2,900 )	(1,414 )	(572 )
Non-controlled affiliate company investments	(4,186 )	-	(4,186 )	-
Secured borrowings	-	-	-	66
Foreign currency and other transactions	(11 )	-	(8 )	-
Net realized gain (loss)	(5,611 )	(2,900 )	(5,608 )	(506 )
Net change in unrealized gain (loss):				
Non-controlled/non-affiliate company investments	(5,981 )	3,099	(6,661 )	3,788
Non-controlled affiliate company investments	2,396	454	(8,684 )	(8,902 )
Controlled affiliate company investments	275	(1,155 )	978	(3,389 )
Secured borrowings	-	-	-	(6 )
Foreign currency and other transactions	202	(67 )	555	(83 )
Net change in unrealized gain (loss)	(3,108 )	2,331	(13,812 )	(8,592 )
Net gain (loss)	(8,719 )	(569 )	(19,420 )	(9,098 )
Net increase (decrease) in net assets resulting from operations	\$ (993 )	\$ 6,318	\$ 4,677	\$ 9,911
Per common share data:				
Net investment income per share - basic and diluted	\$ 0.38	\$ 0.34	\$ 1.19	\$ 1.05
Net increase (decrease) in net assets resulting from operations per share - basic and diluted	\$ (0.05 )	\$ 0.31	\$ 0.23	\$ 0.55
Weighted average common shares outstanding - basic and diluted	20,417	20,240	20,301	18,081

See Notes to Consolidated Financial Statements.

**MONROE CAPITAL CORPORATION****CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS****(unaudited)****(in thousands)**

	Common Stock		Capital in	Undistributed net	Accumulated net	Accumulated net	Total
	Number of shares	Par value	excess of par value	investment income	realized gain (loss)	unrealized gain (loss)	net assets
Balances at June 30, 2017	20,240	\$ 20	\$286,269	\$ 6,869	\$ 2,390	\$ (11,240 )	\$284,308
Net increase (decrease) in net assets resulting from operations	-	-	-	6,887	(2,900 )	2,331	6,318
Issuance of common stock, net of offering and underwriting costs	-	-	-	-	-	-	-
Distributions to stockholders	-	-	-	(7,084 )	-	-	(7,084 )
Balances at September 30, 2017	20,240	\$ 20	\$286,269	\$ 6,672	\$ (510 )	\$ (8,909 )	\$283,542
Balances at June 30, 2018	20,279	\$ 20	\$286,651	\$ 8,907	\$ (369 )	\$ (24,501 )	\$270,708
Net increase (decrease) in net assets resulting from operations	-	-	-	7,726	(5,611 )	(3,108 )	(993 )
Issuance of common stock, net of offering and underwriting costs	166	-	2,193	-	-	-	2,193
Distributions to stockholders	-	-	-	(7,156 )	-	-	(7,156 )
Balances at September 30, 2018	20,445	\$ 20	\$288,844	\$ 9,477	\$ (5,980 )	\$ (27,609 )	\$264,752

	Common Stock		Capital in	Undistributed net	Accumulated net	Accumulated net	Total
	Number of shares	Par value	excess of par value	investment income	realized gain (loss)	unrealized gain (loss)	net assets
Balances at December 31, 2016	16,582	\$ 17	\$233,526	\$ 7,037	\$ 587	\$ (317 )	\$240,850
Net increase (decrease) in net assets resulting from operations	-	-	-	19,009	(506 )	(8,592 )	9,911

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Issuance of common stock, net of offering and underwriting costs	3,624	3	52,218	-	-	-	52,221
Distributions to stockholders	34	-	525	(19,374 )	(591 )	-	(19,440 )
Balances at September 30, 2017	20,240	\$ 20	\$286,269	\$ 6,672	\$ (510 )	\$ (8,909 )	\$283,542
Balances at December 31, 2017	20,240	\$ 20	\$286,141	\$ 6,707	\$ (372 )	\$ (13,797 )	\$278,699
Net increase (decrease) in net assets resulting from operations	-	-	-	24,097	(5,608 )	(13,812 )	4,677
Issuance of common stock, net of offering and underwriting costs	183	-	2,402	-	-	-	2,402
Distributions to stockholders	22	-	301	(21,327 )	-	-	(21,026 )
Balances at September 30, 2018	20,445	\$ 20	\$288,844	\$ 9,477	\$ (5,980 )	\$ (27,609 )	\$264,752

See Notes to Consolidated Financial Statements.

**MONROE CAPITAL CORPORATION****CONSOLIDATED STATEMENTS OF CASH FLOWS****(unaudited)****(in thousands)**

	Nine months ended September 30,	
	2018	2017
Cash flows from operating activities:		
Net increase (decrease) in net assets resulting from operations	\$ 4,677	\$ 9,911
Adjustments to reconcile net increase (decrease) in net assets resulting from operations to net cash provided by (used in) operating activities:		
Net change in unrealized (gain) loss on investments	14,367	8,503
Net change in unrealized (gain) loss on secured borrowings	-	6
Net change in unrealized (gain) loss on foreign currency and other transactions	(555)	83
Net realized (gain) loss on investments	5,600	572
Net realized (gain) loss on secured borrowings	-	(66)
Net realized (gain) loss on foreign currency and other transactions	8	-
Payment-in-kind interest income	(1,389)	(1,363)
Payment-in-kind dividend income	(792)	-
Net accretion of discounts and amortization of premiums	(1,837)	(1,278)
Proceeds from principal payments and sales of investments	120,840	144,445
Purchases of investments	(124,944)	(169,056)
Amortization of deferred financing costs	951	760
Changes in operating assets and liabilities:		
Interest receivable	(1,047)	(1,577)
Other assets	268	116
Payable for open trades	-	7,425
Interest payable	(769)	(194)
Management fees payable	132	204
Incentive fees payable	(1,157)	499
Directors' fees payable	37	37
Accounts payable and accrued expenses	415	(265)
Net cash provided by (used in) operating activities	14,805	(1,238)
Cash flows from financing activities:		
Borrowings on revolving credit facility	86,107	93,529
Repayments of revolving credit facility	(151,050)	(162,000)
Proceeds from 2023 Notes	69,000	-

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SBA debentures borrowings	5,480		40,600	
Payments of deferred financing costs	(3,002)	)	(1,339)	)
Repayments on secured borrowings	-		(1,254)	)
Proceeds from shares sold, net of offering and underwriting costs	2,402		52,221	
Stockholder distributions paid, net of stock issued under the dividend reinvestment plan of \$301, and \$525, respectively	(21,026)	)	(19,440)	)
Net cash provided by (used in) financing activities	(12,089)	)	2,317	
Net increase (decrease) in Cash and Restricted Cash	2,716		1,079	
Effect of foreign currency exchange rates	(8)	)	-	
<b>Cash and Restricted Cash, beginning of period <sup>(1)</sup></b>	7,199		8,331	
<b>Cash and Restricted Cash, end of period <sup>(2)</sup></b>	\$ 9,907		\$ 9,410	
Supplemental disclosure of cash flow information:				
Cash interest paid during the period	\$ 8,197		\$ 5,405	
Cash paid for excise taxes during the period	\$ 91		\$ 495	

Represents cash and restricted cash of \$4,332 and \$2,867, respectively, from the consolidated statement of assets (1) and liabilities as of December 31, 2017. Represents cash and restricted cash of \$5,958 and \$2,373, respectively, from the consolidated statement of assets and liabilities as of December 31, 2016.

Represents cash and restricted cash of \$3,969 and \$5,938, respectively, from the consolidated statement of assets (2) and liabilities as of September 30, 2018. Represents cash and restricted cash of \$3,721 and \$5,689, respectively, from the consolidated statement of assets and liabilities as of September 30, 2017.

See Notes to Consolidated Financial Statements.

## MONROE CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS

(unaudited)

September 30, 2018

(in thousands, except for shares and units)

Portfolio Company <sup>(a)</sup>	Spread Above Index <sup>(b)</sup>	Interest Rate	Maturity	Principal	Amortized Cost	Fair Value <sup>(c)</sup>	% of Net Assets <sup>(d)</sup>	
Non-Controlled/Non-Affiliate Company Investments								
Senior Secured Loans								
Banking, Finance, Insurance & Real Estate								
Echelon Funding I, LLC (Delayed Draw) <sup>(e) (f) (g)</sup>	L+7.50%	9.60%	2/24/2021	15,750	\$ 15,221	\$ 15,412	5.8	%
		12.34%						
HFZ Capital Group, LLC <sup>(e)</sup>	L+10.17%	Cash/0.17% <sup>(h)</sup>	10/21/2019	18,000	17,766	18,000	6.8	%
		PIK						
Liftforward SPV II, LLC <sup>(e) (f)</sup>	L+10.75%	12.99%	11/10/2020	10,000	4,210	4,264	1.6	%
PKS Holdings, LLC <sup>(e)</sup>	L+9.50%	11.60%	11/30/2022	1,766	1,614	1,695	0.7	%
PKS Holdings, LLC (Revolver) <sup>(e) (f)</sup>	L+9.50%	11.60%	11/30/2022	80	—	—	0.0	%
				45,596	38,811	39,371	14.9	%
Beverage, Food & Tobacco								
All Holding Company, LLC <sup>(i)</sup>	L+7.00%	9.24%	11/15/2021	5,225	5,157	5,081	1.9	%
California Pizza Kitchen, Inc.	L+6.00%	8.39%	8/23/2022	6,860	6,806	6,689	2.5	%
				12,085	11,963	11,770	4.4	%
Capital Equipment								
Hastings Manufacturing Company	L+8.25%	10.49%	4/24/2023	2,963	2,906	2,970	1.1	%
Hastings Manufacturing Company (Delayed Draw) <sup>(f) (g)</sup>	L+8.25%	10.49%	4/24/2023	899	—	—	0.0	%
				3,862	2,906	2,970	1.1	%
Chemicals, Plastics & Rubber								
Midwest Composite Technologies, LLC	L+6.75%	8.99%	8/31/2023	900	882	900	0.3	%
Midwest Composite Technologies, LLC (Delayed Draw) <sup>(f) (g)</sup>	L+6.75%	8.99%	8/31/2023	600	—	—	0.0	%
Midwest Composite Technologies, LLC (Revolver) <sup>(f)</sup>	L+6.75%	8.99%	8/31/2023	90	—	—	0.0	%

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Valudor Products LLC	L+7.50%	9.74%	6/19/2023	1,614	1,583	1,610	0.6	%
Valudor Products LLC <sup>(j)</sup>	L+7.50%	9.74%	6/19/2023	211	205	222	0.1	%
Valudor Products LLC (Revolver) <sup>(f)</sup>	L+9.50%	11.74%	6/19/2023	818	699	700	0.3	%
				4,233	3,369	3,432	1.3	%
Construction & Building								
Cali Bamboo, LLC	L+6.25%	8.49%	7/10/2020	5,278	5,238	5,278	2.0	%
Cali Bamboo, LLC (Revolver) <sup>(f)</sup>	L+6.25%	8.49%	7/10/2020	2,165	1,515	1,515	0.6	%
		10.74%						
Cornerstone Detention Products, Inc. <sup>(k)</sup>	L+11.83%	Cash/ 3.33% <sup>(l)</sup>	4/8/2019	3,392	3,384	3,392	1.3	%
		PIK						
Cornerstone Detention Products, Inc. (Revolver) <sup>(f)</sup>	L+8.50%	10.74%	4/8/2019	1,000	200	200	0.1	%
TRP Construction Group, LLC <sup>(i)</sup>	L+6.50%	8.74%	10/5/2022	7,960	7,827	7,964	3.0	%
TRP Construction Group, LLC (Delayed Draw) <sup>(f) (g)</sup>	L+6.50%	8.74%	10/5/2022	7,000	5,684	5,687	2.1	%
TRP Construction Group, LLC (Revolver) <sup>(f)</sup>	L+6.50%	8.74%	10/5/2022	2,133	—	—	0.0	%
				28,928	23,848	24,036	9.1	%
Consumer Goods: Durable								
Parterre Flooring & Surface Systems, LLC <sup>(i)</sup>	L+7.25%	9.49%	8/22/2022	11,400	11,214	11,240	4.2	%
Parterre Flooring & Surface Systems, LLC (Revolver) <sup>(f)</sup>	L+7.25%	9.49%	8/22/2022	2,400	—	—	0.0	%
				13,800	11,214	11,240	4.2	%
Consumer Goods: Non-Durable								
Solaray, LLC	L+6.50%	8.83%	9/11/2023	3,239	3,215	3,239	1.2	%
Solaray, LLC	L+6.50%	8.89%	9/11/2023	696	696	696	0.3	%
				3,935	3,911	3,935	1.5	%

## MONROE CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS – (continued)

(unaudited)

September 30, 2018

(in thousands, except for shares and units)

Portfolio Company <sup>(a)</sup>	Spread Above Index <sup>(b)</sup>	Interest Rate	Maturity	Principal	Amortized Cost	Fair Value <sup>(c)</sup>	% of Net Assets <sup>(d)</sup>	
Energy: Oil & Gas		12.74%						
Landpoint, LLC	L+12.75%	Cash/ <sup>(m)</sup> 2.25%	12/20/2019	2,256	\$ 2,252	\$ 2,224	0.8	%
Landpoint, LLC (Revolver) <sup>(f)</sup>	L+10.50%	PIK 12.74%	12/20/2019	312 2,568	283 2,535	280 2,504	0.1 0.9	% %
Environmental Industries								
Synergy Environmental Corporation <sup>(i)</sup>	L+6.50%	8.74%	4/29/2021	2,952	2,909	2,952	1.1	%
Synergy Environmental Corporation <sup>(i)</sup>	L+6.50%	8.74%	4/29/2021	494	486	494	0.2	%
Synergy Environmental Corporation (Delayed Draw) <sup>(f) (g)</sup>	L+6.50%	8.74%	4/29/2021	1,326	843	843	0.3	%
Synergy Environmental Corporation (Revolver) <sup>(f)</sup>	L+6.50%	8.74%	4/29/2021	671	47	47	0.0	%
				5,443	4,285	4,336	1.6	%
Healthcare & Pharmaceuticals								
American Optics Holdco, Inc. <sup>(e) (n)</sup>	L+8.00%	10.24%	9/13/2022	4,102	4,034	4,168	1.6	%
American Optics Holdco, Inc. (Revolver) <sup>(e) (f) (n)</sup>	L+8.00%	10.24%	9/13/2022	440	110	110	0.0	%
American Optics Holdco, Inc. <sup>(e) (n)</sup>	L+8.00%	10.24%	9/13/2022	755	742	767	0.3	%
American Optics Holdco, Inc. (Revolver) <sup>(e) (f) (n)</sup>	L+8.00%	10.24%	9/13/2022	440	—	—	0.0	%
Familia Dental Group Holdings, LLC <sup>(i)</sup>	L+8.00%	10.24%	4/8/2021	5,087	5,040	5,138	1.9	%
Familia Dental Group Holdings, LLC	L+8.00%	10.24%	4/8/2021	490	490	495	0.2	%
	L+8.00%	10.24%	4/8/2021	573	344	344	0.1	%



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Familia Dental Group Holdings, LLC (Revolver) <sup>(f)</sup>								
Rockdale Blackhawk, LLC (DIP Facility)	n/a	15.10%	12/31/2018	155	155	155	0.1	%
Rockdale Blackhawk, LLC (DIP Facility) <sup>(f)</sup>	n/a	15.10%	12/31/2018	7,234	5,750	5,750	2.2	%
Rockdale Blackhawk, LLC	L+13.00%	15.24%	3/31/2020	10,923	10,465	9,297	3.5	%
Rockdale Blackhawk, LLC (Capex)	L+13.00%	15.24%	3/31/2020	549	549	467	0.2	%
Rockdale Blackhawk, LLC (Revolver)	L+13.00%	15.24%	3/31/2020	1,849	1,849	1,574	0.6	%
Rockdale Blackhawk, LLC (Revolver)	L+13.00%	15.24%	3/31/2020	730	730	621	0.2	%
				33,327	30,258	28,886	10.9	%
High Tech Industries								
Corbett Technology Solutions, Inc. <sup>(i)</sup>	L+7.00%	9.24%	11/8/2021	4,984	4,930	5,084	1.9	%
Corbett Technology Solutions, Inc. (Revolver) <sup>(f)</sup>	L+7.00%	9.24%	11/8/2021	867	—	—	0.0	%
Energy Services Group, LLC	L+8.42%	10.72%	5/4/2022	4,448	4,400	4,493	1.7	%
Energy Services Group, LLC <sup>(e) (p)</sup>	L+8.42%	9.42%	5/4/2022	5,288	5,313	5,335	2.0	%
Energy Services Group, LLC	L+8.42%	10.72%	5/4/2022	1,266	1,250	1,279	0.5	%
Newforma, Inc. <sup>(i)</sup>	L+5.50%	7.89%	6/30/2022	14,850	14,673	14,976	5.6	%
Newforma, Inc. (Revolver) <sup>(f)</sup>	L+5.50%	7.89%	6/30/2022	1,250	—	—	0.0	%
Prototek Sheetmetal Fabrication, LLC	L+7.25%	9.49%	12/12/2022	3,474	3,413	3,508	1.3	%
Prototek Sheetmetal Fabrication, LLC (Delayed Draw) <sup>(f) (g)</sup>	L+7.25%	9.49%	12/12/2022	2,331	815	823	0.3	%
Prototek Sheetmetal Fabrication, LLC (Revolver) <sup>(f)</sup>	L+7.25%	9.49%	12/12/2022	233	—	—	0.0	%
RedZone Robotics, Inc.	L+6.75%	8.99%	6/5/2023	949	930	944	0.4	%
RedZone Robotics, Inc. (Revolver) <sup>(f)</sup>	L+6.75%	8.99%	6/5/2023	158	—	—	0.0	%
RPL Bidco Limited <sup>(e) (n) (p)</sup>	L+7.50%	8.30%	11/9/2023	14,073	14,116	14,214	5.4	%
RPL Bidco Limited (Delayed Draw) <sup>(e) (f) (g) (n) (p)</sup>	L+7.50%	8.30%	11/9/2023	2,085	—	—	0.0	%
RPL Bidco Limited (Revolver) <sup>(e)</sup>	L+7.50%	8.30%	11/9/2023	521	—	—	0.0	%
<sup>(f) (n) (p)</sup>				56,777	49,840	50,656	19.1	%

## MONROE CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS – (continued)

(unaudited)

September 30, 2018

(in thousands, except for shares and units)

Portfolio Company <sup>(a)</sup>	Spread Above Index <sup>(b)</sup>	Interest Rate	Maturity	Principal	Amortized Cost	Fair Value <sup>(c)</sup>	% of Net Assets <sup>(d)</sup>	
Hotels, Gaming & Leisure								
TRG, LLC	L+12.10%	9.60% Cash/ <sup>(q)</sup>	3/31/2021	17,132	\$ 17,067	\$ 18,365	6.9	%
TRG, LLC (CapEx)	L+9.50%	4.61% PIK 9.60% Cash/	3/31/2021	1,368	1,364	1,467	0.6	%
TRG, LLC (Revolver) <sup>(f)</sup>	L+9.50%	2.00% PIK 11.60%	3/31/2021	262	131	140	0.1	%
				18,762	18,562	19,972	7.6	%
Media: Advertising, Printing & Publishing								
AdTheorent, Inc.	L+8.50%	10.60%	12/22/2021	4,711	4,646	4,696	1.8	%
Atlas Sign Industries of FLA, LLC <sup>(i)</sup>	L+9.50%	11.74%	5/15/2023	3,500	3,305	3,341	1.3	%
Destination Media, Inc. <sup>(i)</sup>	L+6.50%	8.74%	4/7/2022	7,416	7,331	7,564	2.8	%
Destination Media, Inc. (Revolver) <sup>(f)</sup>	L+6.50%	8.74%	4/7/2022	542	—	—	0.0	%
MC Sign Lessor Corp.	L+7.00%	9.10%	12/22/2022	9,950	9,776	10,049	3.8	%
MC Sign Lessor Corp. (Delayed Draw) <sup>(f) (g)</sup>	L+7.00%	9.10%	12/22/2022	2,083	—	—	0.0	%
MC Sign Lessor Corp. (Revolver) <sup>(f)</sup>	L+7.00%	9.10%	12/22/2022	625	—	—	0.0	%
				28,827	25,058	25,650	9.7	%
Retail								
Bluestem Brands, Inc.	L+7.50%	9.74%	11/6/2020	2,476	2,464	1,653	0.6	%
Forman Mills, Inc. <sup>(i)</sup>	L+7.50%	9.74%	10/4/2021	8,415	8,303	8,259	3.1	%
LuLu's Fashion Lounge, LLC	L+7.00%	9.24%	8/29/2022	4,625	4,511	4,718	1.8	%
The Worth Collection, Ltd. <sup>(i)</sup>	L+8.50%	10.74%	9/29/2021	10,587	10,446	9,137	3.5	%

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Yandy Holding, LLC	L+11.00%	13.24%	9/30/2019	4,202	4,186	4,185	1.6	%
Yandy Holding, LLC (Revolver) (f)	L+11.00%	13.24%	9/30/2019	907	—	—	0.0	%
				31,212	29,910	27,952	10.6	%
Services: Business								
APCO Worldwide, Inc.	L+8.00%	10.24%	6/30/2022	4,937	4,858	4,910	1.8	%
Burroughs, Inc. (i)	L+7.50%	9.60%	12/22/2022	5,925	5,844	5,700	2.1	%
Burroughs, Inc. (Revolver)	L+7.50%	9.60%	12/22/2022	750	750	721	0.3	%
EB Employee Solutions, LLC (i)	L+8.00%	10.24%	2/28/2019	3,121	3,111	3,100	1.2	%
First Call Resolution, LLC (i)	L+7.00%	9.10%	9/22/2022	4,110	4,051	4,132	1.6	%
First Call Resolution, LLC	L+7.00%	9.39%	9/22/2022	10,000	9,826	10,055	3.8	%
Madison Logic, Inc. (i)	L+8.00%	10.24%	11/30/2021	9,999	9,859	9,999	3.8	%
Madison Logic, Inc. (Revolver) (f)	L+8.00%	10.24%	11/30/2021	988	—	—	0.0	%
				39,830	38,299	38,617	14.6	%
Services: Consumer								
PeopleConnect Intermediate, LLC	L+6.50%	8.84%	7/1/2020	4,355	4,317	4,355	1.6	%
PeopleConnect Intermediate, LLC	L+12.50%	14.84%	7/1/2020	4,677	4,633	4,668	1.8	%
PeopleConnect Intermediate, LLC (Revolver) (f)	L+9.50%	11.84%	7/1/2020	236	118	118	0.1	%
				9,268	9,068	9,141	3.5	%

## MONROE CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS – (continued)

(unaudited)

September 30, 2018

(in thousands, except for shares and units)

Portfolio Company <sup>(a)</sup>	Spread Above Index <sup>(b)</sup>	Interest Rate	Maturity	Principal	Amortized Cost	Fair Value <sup>(c)</sup>	% of Net Assets <sup>(d)</sup>	
Wholesale								
Mid-West Wholesale Hardware Co. <sup>(i)</sup>	L+8.00%	10.24%	2/9/2022	16,444	\$ 16,198	\$ 16,460	6.2	%
Mid-West Wholesale Hardware Co. (Revolver) <sup>(f)</sup>	L+8.00%	10.24%	2/9/2022	4,421	3,158	3,158	1.2	%
Nearly Natural, Inc. <sup>(i)</sup>	L+7.00%	9.39%	12/15/2022	6,947	6,826	7,017	2.6	%
Nearly Natural, Inc. (Revolver) <sup>(f)</sup>	L+7.00%	9.39%	12/15/2022	1,522	—	—	0.0	%
				29,334	26,182	26,635	10.0	%
Total								
Non-Controlled/Non-Affiliate Senior Secured Loans				367,787	330,019	331,103	125.0	%
<b>Unitranche Secured Loans <sup>(r)</sup></b>								
Chemicals, Plastics & Rubber								
MFG Chemical, LLC <sup>(i)</sup>	L+6.00%	8.24%	6/23/2022	10,477	10,351	10,361	3.9	%
MFG Chemical, LLC (Delayed Draw) <sup>(f) (g)</sup>	L+6.00%	8.24%	6/23/2022	1,135	—	—	0.0	%
				11,612	10,351	10,361	3.9	%
Consumer Goods: Durable								
RugsUSA, LLC	L+6.50%	8.89%	4/28/2023	4,000	3,963	4,014	1.5	%
				4,000	3,963	4,014	1.5	%
Healthcare & Pharmaceuticals								
Collaborative Neuroscience Network, LLC	L+11.50%	13.74%	n/a	<sup>(s)</sup> 6,120	6,089	5,838	2.2	%
		12.00%						
Collaborative Neuroscience Network, LLC	n/a	Cash/	n/a	<sup>(s)</sup> 301	301	301	0.1	%
		3.00%						
		PIK						
Collaborative Neuroscience Network, LLC (Revolver)	L+10.00%	12.24%	n/a	<sup>(s)</sup> 200	192	200	0.1	%
Priority Ambulance, LLC <sup>(t)</sup>	L+6.00%	8.39%	4/12/2022	9,932	9,932	9,917	3.8	%

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Priority Ambulance, LLC <sup>(i)</sup>	L+6.00%	8.39%	4/12/2022	525	496	524	0.2	%
Priority Ambulance, LLC (Delayed Draw) <sup>(f)</sup> <sup>(g)</sup>	L+6.00%	8.39%	4/12/2022	103	—	—	0.0	%
				17,181	17,010	16,780	6.4	%
Total Non-Controlled/Non-Affiliate Unitranche Secured Loans				32,793	31,324	31,155	11.8	%
Junior Secured Loans								
Banking, Finance, Insurance & Real Estate								
Confie Seguros Holdings II Co.	L+9.50%	11.74%	5/8/2019	8,594	8,485	8,379	3.2	%
				8,594	8,485	8,379	3.2	%
Beverage, Food & Tobacco								
CSM Bakery Supplies, LLC	L+7.75%	10.09%	7/5/2021	5,792	5,792	5,590	2.1	%
				5,792	5,792	5,590	2.1	%
High Tech Industries								
Answers Finance, LLC	P+7.90%	9.00%	9/15/2021	391	389	359	0.1	%
Micro Holdings Corp.	L+7.50%	9.67%	8/18/2025	3,000	2,972	3,038	1.2	%
				3,391	3,361	3,397	1.3	%
Media: Broadcasting & Subscription								
Mergermarket Bidco Limited	L+7.25%	9.42%	8/4/2025	4,500	4,457	4,511	1.7	%
				4,500	4,457	4,511	1.7	%
Media: Diversified & Production								
The Octave Music Group, Inc.	L+8.25%	10.36%	5/27/2022	5,000	4,954	5,000	1.9	%
				5,000	4,954	5,000	1.9	%

## MONROE CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS – (continued)

(unaudited)

September 30, 2018

(in thousands, except for shares and units)

Portfolio Company <sup>(a)</sup>	Spread Above Index <sup>(b)</sup>	Interest Rate	Maturity	Principal	Amortized Cost	Fair Value <sup>(c)</sup>	% of Net Assets <sup>(d)</sup>	
Services: Consumer								
Education Corporation of America	L+11.00%	13.39%	3/31/2020	625	\$ 622	\$ 625	0.2	%
				625	622	625	0.2	%
Total Non-Controlled/Non-Affiliate Junior Secured Loans				27,902	27,671	27,502	10.4	%
<b>Equity Securities <sup>(v) (w)</sup></b>								
Banking, Finance, Insurance & Real Estate								
PKS Holdings, LLC (warrant to purchase 14,247 class A preferred units) <sup>(e)</sup>	—	— <sup>(x)</sup>	11/30/2027	—	116	84	0.0	%
					116	84	0.0	%
Chemicals, Plastics & Rubber								
Valudor Products, LLC (501,014 class A-1 units)	n/a	10.00% PIK	—	—	501	473	0.2	%
					501	473	0.2	%
Healthcare & Pharmaceuticals								
Collaborative Neuroscience								
Network, LLC (warrant to purchase up to 2 LLC units)	—	— <sup>(x)</sup>	12/27/2022	—	—	71	0.0	%
Collaborative Neuroscience								
Network, LLC (warrant to purchase up to 2 LLC units)	—	— <sup>(x)</sup>	12/31/2027	—	—	—	0.0	%
					—	71	0.0	%
High Tech Industries								
Answers Finance, LLC (76,539 shares of common stock)	—	— <sup>(x)</sup>	—	—	2,413	191	0.1	%
					2,413	191	0.1	%
Hotels, Gaming & Leisure								
Playtime, LLC - Preferred Units (8,665 units)	—	— <sup>(x)</sup>	—	—	200	31	0.0	%

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					200	31	0.0	%
Media: Advertising, Printing & Publishing								
AdTheorent, Inc. (128,866 class A voting units)	—	—	(x)	—	129	146	0.1	%
Atlas Sign Industries of FLA, LLC (warrant to purchase 0.8% of the equity)	—	—	(x)	5/14/2026	125	107	0.0	%
InMobi Pte, Ltd. (represents the right to purchase 2.80% of the equity) <sup>(e)</sup> <sub>(n)</sub>	—	—	(x)	9/18/2025	—	219	0.1	%
					254	472	0.2	%
Retail								
The Tie Bar Operating Company, LLC - Class A Preferred Units (1,275 units)	—	—	—	—	86	124	0.1	%
The Tie Bar Operating Company, LLC - Class B Preferred Units (1,275 units)	—	—	—	—	1	—	0.0	%
					87	124	0.1	%
Services: Business								
APCO Worldwide, Inc. (100 class A voting common stock)	—	—	(x)	—	395	363	0.1	%
					395	363	0.1	%
Services: Consumer								
Education Corporation of America - Series G Preferred Stock (8,333 shares)	n/a	12.00%	—	—	9,158	8,046	3.0	%
		PIK	—	—	9,158	8,046	3.0	%
Wholesale								
Nearly Natural, Inc. (152,174 class A units)	—	—	(x)	—	152	177	0.1	%
					152	177	0.1	%
Total Non-Controlled/Non-Affiliate Equity Securities					13,276	10,032	3.8	%
Total Non-Controlled/Non-Affiliate Company Investments					\$402,290	\$399,792	151.0	%

## MONROE CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS – (continued)

(unaudited)

September 30, 2018

(in thousands, except for shares and units)

Portfolio Company <sup>(a)</sup>	Spread Above Index <sup>(b)</sup>	Interest Rate	Maturity	Principal	Amortized Cost	Fair Value <sup>(c)</sup>	% of Net Assets <sup>(d)</sup>	
<b>Non-Controlled Affiliate Company Investments <sup>(y)</sup></b>								
Senior Secured Loans Banking, Finance, Insurance & Real Estate								
American Community Homes, Inc.	L+10.00%	10.24% Cash/	7/22/2019	7,560	\$ 7,518	\$ 6,743	2.5	%
American Community Homes, Inc.	L+14.50%	2.00% PIK 10.24% Cash/	7/22/2019	4,530	4,508	4,041	1.5	%
American Community Homes, Inc.	L+10.00%	6.50% PIK 10.24% Cash/	7/22/2019	572	568	510	0.2	%
American Community Homes, Inc.	L+10.00%	10.24% Cash/	7/22/2019	458	453	409	0.2	%
American Community Homes, Inc.	L+14.50%	2.00% PIK 10.24% Cash/	7/22/2019	244	241	217	0.1	%
American Community Homes, Inc. (Delayed Draw) <sup>(f) (g)</sup>	L+8.00%	6.50% PIK 10.24%	7/22/2019	1,667	1,577	1,406	0.5	%



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				15,031	14,865	13,326	5.0	%
<b>Containers, Packaging &amp; Glass</b>								
Summit Container Corporation <sup>(i)</sup>	L+8.00%	10.24%	1/6/2021	3,399	3,403	3,261	1.2	%
Summit Container Corporation (Revolver) <sup>(f) (i)</sup>	L+8.00%	10.17%	1/6/2021	5,500	5,259	5,259	2.0	%
				8,899	8,662	8,520	3.2	%
<b>Healthcare &amp; Pharmaceuticals</b>								
SHI Holdings, Inc. <sup>(i)</sup>	L+10.25%	12.49%	7/10/2019	2,605	2,596	2,605	1.0	%
SHI Holdings, Inc. (Revolver) <sup>(f)</sup>	L+10.25%	12.49%	7/10/2019	3,136	2,988	2,993	1.1	%
				5,741	5,584	5,598	2.1	%
<b>Retail</b>								
Luxury Optical Holdings Co.	L+8.00%	10.24% PIK	9/12/2019	4,578	4,559	4,038	1.5	%
Luxury Optical Holdings Co. (Delayed Draw) <sup>(f) (g)</sup>	L+11.50%	13.74%	9/12/2019	1,059	624	622	0.3	%
Luxury Optical Holdings Co. (Revolver)	L+8.00%	10.24% PIK	9/12/2019	211	211	186	0.1	%
TPP Operating, Inc.	n/a	n/a <sup>(o)</sup>	n/a	9,370	9,330	—	0.0	%
TPP Operating, Inc.	n/a	n/a <sup>(o)</sup>	n/a	7,671	7,629	—	0.0	%
TPP Operating, Inc.	n/a	n/a <sup>(o)</sup>	n/a	4,336	4,289	—	0.0	%
				27,225	26,642	4,846	1.9	%
<b>Services: Business</b>								
		10.00% Cash/						
Curion Holdings, LLC <sup>(i)</sup>	n/a		5/2/2022	3,855	3,812	3,668	1.4	%
		4.00% PIK						
Curion Holdings, LLC (Revolver) <sup>(f)</sup>	n/a	14.00%	5/2/2022	308	189	186	0.1	%
				4,163	4,001	3,854	1.5	%
Total Non-Controlled Affiliate Senior Secured Loans				61,059	59,754	36,144	13.7	%
<b>Unitranche Secured Loans <sup>(r)</sup></b>								
<b>Consumer Goods: Non-Durable</b>								
		10.74% Cash/						
Incipio Technologies, Inc. <sup>(z)</sup>	L+9.06%	<sup>(aa)</sup>	7/1/2019	13,803	13,724	12,927	4.9	%
		0.56% PIK						
Incipio Technologies, Inc. <sup>(ab)</sup>	L+8.50%	10.74%	7/1/2019	3,613	3,613	3,613	1.3	%
Incipio Technologies, Inc. (Delayed Draw) <sup>(f) (g)</sup>	L+8.50%	10.74%	7/1/2019	1,535	1,271	1,271	0.5	%
				18,951	18,608	17,811	6.7	%
Total Non-Controlled Affiliate Unitranche Secured Loans				18,951	18,608	17,811	6.7	%

## MONROE CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS – (continued)

(unaudited)

September 30, 2018

(in thousands, except for shares and units)

Portfolio Company <sup>(a)</sup>	Spread Above Index <sup>(b)</sup>	Interest Rate	Maturity	Principal	Amortized Cost	Fair Value <sup>(c)</sup>	% of Net Assets <sup>(d)</sup>	
Junior Secured Loans								
Consumer Goods: Non-Durable								
Incipio Technologies, Inc. <sup>(ac)</sup>	n/a	10.70% PIK <sup>(g)</sup>	12/31/2020	3,766	\$—	\$ 1,422	0.5	%
Incipio Technologies, Inc. <sup>(ad)</sup>	n/a	10.70% PIK <sup>(g)</sup>	12/31/2020	7,194	—	—	0.0	%
				10,960	—	1,422	0.5	%
Services: Business								
Curion Holdings, LLC <sup>(i)</sup>	n/a	15.00% PIK <sup>(g)</sup>	1/2/2023	1,720	1	—	0.0	%
Curion Holdings, LLC <sup>(i)</sup>	n/a	15.00% PIK <sup>(g)</sup>	1/2/2023	44	—	—	0.0	%
				1,764	1	—	0.0	%
Total Non-Controlled Affiliate Company				12,724	1	1,422	0.5	%
Junior Secured Loans								
<b>Equity Securities <sup>(w)</sup></b>								
Banking, Finance, Insurance & Real Estate								
American Community Homes, Inc. (warrant to purchase up to 9.0% of the equity)	—	—	(x) —	—	—	—	0.0	%
						—	0.0	%
Consumer Goods: Non-Durable								
Incipio Technologies, Inc. (1,774 shares of series C common units)	—	—	(x) —	—	—	—	0.0	%
Millennial Brands LLC (10 preferred units)	n/a	15.00% PIK <sup>(g)</sup>	—	—	967	—	0.0	%
Millennial Brands LLC (75,502 common units)	—	—	(x) —	—	—	—	0.0	%
					967	—	0.0	%
Healthcare & Pharmaceuticals								

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SHI Holdings, Inc. (24 shares of common stock)	—	—	(x)	—	—	27	806	0.3	%
						27	806	0.3	%
<b>Retail</b>									
Luxury Optical Holdings Co. (86 shares of common stock)	—	—	(x)	—	—	—	—	0.0	%
TPP Operating, Inc. (24 shares of common stock)	—	—	(x)	—	—	1,953	—	0.0	%
TPP Operating, Inc. (16 shares of common stock)	—	—	(x)	—	—	1,302	—	0.0	%
						3,255	—	0.0	%
<b>Services: Business</b>									
Curion Holdings, LLC (58,779 shares of common stock)	—	—	(x)	—	—	—	—	0.0	%
						—	—	0.0	%
Total Non-Controlled Affiliate Equity Securities						4,249	806	0.3	%
Total Non-Controlled Affiliate Company Investments						\$82,612	\$56,183	21.2	%
<b>Controlled Affiliate Company Investments <sup>(ae)</sup></b>									
<b>Equity Securities</b>									
<b>Investment Funds &amp; Vehicles</b>									
MRCC Senior Loan Fund I, LLC <sup>(e)</sup>	—	—	—	—	—	25,200	26,318	10.0	%
Total Controlled Affiliate Equity Securities						25,200	26,318	10.0	%
Total Controlled Affiliate Company Investments						\$25,200	\$26,318	10.0	%
<b>TOTAL INVESTMENTS</b>						\$510,102	\$482,293	182.2	%

## MONROE CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS – (continued)

(unaudited)

September 30, 2018

(in thousands, except for shares and units)

## Derivative Instruments

*Foreign currency forward contracts*

Description	Notional Amount to be Purchased	Notional Amount to be Sold	Counterparty	Settlement Date	Unrealized Gain (Loss)
Foreign currency forward contract	\$ 138	£ 108	Bannockburn Global Forex, LLC	10/1/2018	\$ (3 )
Foreign currency forward contract	\$ 137	£ 107	Bannockburn Global Forex, LLC	1/2/2019	(3 )
Foreign currency forward contract	\$ 292	£ 228	Bannockburn Global Forex, LLC	2/28/2019	(5 )
Foreign currency forward contract	\$ 136	£ 106	Bannockburn Global Forex, LLC	4/1/2019	(2 )
Foreign currency forward contract	\$ 293	£ 229	Bannockburn Global Forex, LLC	5/31/2019	(5 )
Foreign currency forward contract	\$ 136	£ 106	Bannockburn Global Forex, LLC	7/1/2019	(2 )
Foreign currency forward contract	\$ 294	£ 230	Bannockburn Global Forex, LLC	8/30/2019	(5 )
Foreign currency forward contract	\$ 134	£ 105	Bannockburn Global Forex, LLC	10/1/2019	(2 )
Foreign currency forward contract	\$ 295	£ 230	Bannockburn Global Forex, LLC	11/29/2019	(5 )
Foreign currency forward contract	\$ 133	£ 104	Bannockburn Global Forex, LLC	1/2/2020	(2 )
Foreign currency forward contract	\$ 296	£ 231	Bannockburn Global Forex, LLC	2/28/2020	(5 )

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Foreign currency forward contract	\$ 132	£ 103	Bannockburn Global Forex, LLC	4/1/2020	(2 )
Foreign currency forward contract	\$ 130	£ 102	Bannockburn Global Forex, LLC	5/5/2020	(2 )
Foreign currency forward contract	\$ 296	£ 230	Bannockburn Global Forex, LLC	5/29/2020	(5 )
Foreign currency forward contract	\$ 295	£ 230	Bannockburn Global Forex, LLC	8/28/2020	(5 )
Foreign currency forward contract	\$ 294	£ 229	Bannockburn Global Forex, LLC	11/30/2020	(5 )
					\$ (58 )

All of our investments are issued by eligible portfolio companies, as defined in the Investment Company Act of 1940 (the "1940 Act"), unless otherwise noted. All of our investments are issued by U.S. portfolio companies unless otherwise noted.

The majority of the investments bear interest at a rate that may be determined by reference to London Interbank Offered Rate ("LIBOR" or "L") or Prime Rate ("Prime" or "P") which reset daily, monthly, quarterly, or semiannually. For each such investment, the Company has provided the spread over LIBOR or Prime and the current contractual interest rate in effect at September 30, 2018. Certain investments are subject to a LIBOR or Prime interest rate floor, or rate cap.

Because there is no readily available market value for these investments, the fair value of these investments is determined in good faith using significant unobservable inputs by our board of directors as required by the Investment Company Act of 1940. (See Note 4 in the accompanying notes to the consolidated financial statements.)

Percentages are based on net assets of \$264,752 as of September 30, 2018.

This investment is treated as a non-qualifying investment under Section 55(a) of the 1940 Act. Under the 1940 Act, the Company may not acquire any non-qualifying asset unless, at the time the acquisition is made, qualifying assets represent at least 70% of the Company's total assets. As of September 30, 2018, non-qualifying assets totaled 18.16% of the Company's total assets excluding prepaid expenses.

All or a portion of this commitment was unfunded at September 30, 2018. As such, interest is earned only on the funded portion of this commitment.

This delayed draw loan requires that certain financial covenants be met by the portfolio company prior to any fundings.

The PIK portion of the interest rate for HFZ Capital Group, LLC is structured as a fee paid upon the termination of the commitment. The fee currently accrues at 0.17% per annum.

All of this loan is held in the Company's wholly-owned subsidiary, Monroe Capital Corporation SBIC, LP, and is therefore not collateral to the Company's revolving credit facility.

This investment represents a note convertible to preferred shares of the borrower.

A portion of this loan (principal of \$2,035) is held in the Company's wholly-owned subsidiary, Monroe Capital Corporation SBIC, LP, and is therefore not collateral to the Company's revolving credit facility.

A portion of the PIK interest rate for Cornerstone Detention Products, Inc. is structured as a fee paid upon the termination of the commitment. The fee currently accrues at 2.33% per annum.

The PIK portion of the interest rate for Landpoint, LLC is structured as a fee paid upon the termination of the commitment. The fee currently accrues at 2.25% per annum.

This is an international company.

**MONROE CAPITAL CORPORATION**

**CONSOLIDATED SCHEDULE OF INVESTMENTS – (continued)**

**(unaudited)**

**September 30, 2018**

**(in thousands, except for shares and units)**

This position was on non-accrual status as of September 30, 2018, meaning that the Company has ceased accruing (o) interest income on the position. See Note 2 in the accompanying notes to the consolidated financial statements for additional information on the Company's accounting policies.

(p) This loan is denominated in Great Britain pounds and is translated into U.S. dollars as of the valuation date.

(q) A portion of the PIK interest rate for TRG, LLC is structured as a fee paid upon the termination of the commitment. The fee currently accrues at 2.61% per annum.

The Company structures its unitranche secured loans as senior secured loans. The Company obtains security interests in the assets of these portfolio companies that serve as collateral in support of the repayment of these loans. This collateral may take the form of first-priority liens on the assets of a portfolio company. Generally, the Company syndicates a "first out" portion of the loan to an investor and retains a "last out" portion of the loan, in which case the "first out" portion of the loan will generally receive priority with respect to payments of principal, interest and any other amounts due thereunder. Unitranche structures combine characteristics of traditional first lien senior secured as well as second lien and subordinated loans and the Company's unitranche secured loans will expose the (r) Company to the risks associated with second lien and subordinated loans and may limit the Company's recourse or ability to recover collateral upon a portfolio company's bankruptcy. Unitranche secured loans typically provide for moderate loan amortization in the initial years of the facility, with the majority of the amortization deferred until loan maturity. Unitranche secured loans generally allow the borrower to make a large lump sum payment of principal at the end of the loan term, and there is a risk of loss if the borrower is unable to pay the lump sum or refinance the amount owed at maturity. In many cases the Company, together with its affiliates, are the sole or majority lender of these unitranche secured loans, which can afford the Company additional influence with a borrower in terms of monitoring and, if necessary, remediation in the event of underperformance.

(s) This is a demand note with no stated maturity.

(t) A portion of this loan (principal of \$9,258) is held in the Company's wholly-owned subsidiary, Monroe Capital Corporation SBIC, LP, and is therefore not collateral to the Company's revolving credit facility.

(u) This loan is subject to a prime rate cap of 1.10%.

(v) Represents less than 5% ownership of the portfolio company's voting securities.

(w) Ownership of certain equity investments may occur through a holding company or partnership.

(x) Represents a non-income producing security.

(y) As defined in the 1940 Act, the Company is deemed to be an "Affiliated Person" of the portfolio company as it owns five percent or more of the portfolio company's voting securities. See Note 5 in the accompanying notes to the consolidated financial statements for additional information on transactions in which the issuer was an Affiliated Person (but not a portfolio company that the Company is deemed to control).

(z) A portion of this loan (principal of \$5,061) is held in the Company's wholly-owned subsidiary, Monroe Capital Corporation SBIC, LP, and is therefore not collateral to the Company's revolving credit facility.

(aa)

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The PIK portion of the interest rate for Incipio Technologies, Inc. is structured as a fee paid upon the termination of the commitment. The fee currently accrues at 0.56% per annum.

- (ab) A portion of this loan (principal of \$46) is held in the Company's wholly-owned subsidiary, Monroe Capital Corporation SBIC, LP, and is therefore not collateral to the Company's revolving credit facility.
- (ac) A portion of this loan (principal of \$1,015) is held in the Company's wholly-owned subsidiary, Monroe Capital Corporation SBIC, LP and is therefore not collateral to the Company's revolving credit facility.
- (ad) A portion of this loan (principal of \$1,938) is held in the Company's wholly-owned subsidiary, Monroe Capital Corporation SBIC, LP and is therefore not collateral to the Company's revolving credit facility.
- (ae) As defined in the 1940 Act, the Company is deemed to be both an "Affiliated Person" of and to "Control" this portfolio company as it owns more than 25% in company's voting securities. See Note 5 in the accompanying notes to the consolidated financial statements for additional information on transactions in which the issuer was both an Affiliated Person and a portfolio company that the Company is deemed to Control.

n/a - not applicable

See Notes to Consolidated Financial Statements.

## MONROE CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS

December 31, 2017

(in thousands, except for shares and units)

Portfolio Company (a)	Spread Above Index (b)	Interest Rate	Maturity	Principal	Amortized Cost	Fair Value (c)	% of Net Assets (d)
Non-Controlled/Non-Affiliate Company Investments							
Senior Secured Loans							
Banking, Finance, Insurance & Real Estate							
Echelon Funding I, LLC (Delayed Draw) (e) (f) (g)	L+10.25%	11.61 %	2/24/2021	15,750	\$ 15,415	\$ 15,654	5.6 %
HFZ Capital Group, LLC (e)	L+10.00%	11.36 %	10/21/2019	18,000	17,613	17,991	6.5 %
Liftforward SPV II, LLC (e) (f)	L+10.75%	12.32 %	11/10/2020	10,000	4,212	4,268	1.5 %
PKS Holdings, LLC (e)	L+9.50%	10.85 %	11/30/2022	1,800	1,640	1,719	0.6 %
PKS Holdings, LLC (Revolver) (e) (f)	L+9.50%	10.85 %	11/30/2022	80	—	—	0.0 %
				45,630	38,880	39,632	14.2 %
Beverage, Food & Tobacco							
All Holding Company, LLC (h)	L+7.00%	8.57 %	11/15/2021	5,328	5,246	5,368	1.9 %
California Pizza Kitchen, Inc.	L+6.00%	7.57 %	8/23/2022	6,913	6,850	6,791	2.5 %
				12,241	12,096	12,159	4.4 %
Construction & Building							
Cali Bamboo, LLC	L+8.00%	9.57 %	7/10/2020	5,319	5,266	5,319	1.9 %
Cali Bamboo, LLC (Revolver) (f)	L+8.00%	9.57 %	7/10/2020	2,165	1,039	1,039	0.4 %
		10.07%					
Cornerstone Detention Products, Inc. (i)	L+11.83%	Cash/ 3.33%	(i) 4/8/2019	3,521	3,501	3,500	1.3 %
		PIK					
Cornerstone Detention Products, Inc. (Revolver) (f)	L+8.50%	10.07 %	4/8/2019	400	200	199	0.1 %
TRP Construction Group, LLC (h)	L+6.50%	8.07 %	10/5/2022	8,000	7,845	7,992	2.9 %
TRP Construction Group, LLC (Revolver) (f)	L+6.50%	8.07 %	10/5/2022	2,134	—	—	0.0 %
				21,539	17,851	18,049	6.6 %
Consumer Goods: Durable							
Parterre Flooring & Surface Systems, LLC (h)	L+7.25%	8.82 %	8/22/2022	11,850	11,625	11,808	4.2 %
Parterre Flooring & Surface Systems, LLC (Revolver) (f)	L+7.25%	8.82 %	8/22/2022	2,400	—	—	0.0 %
				14,250	11,625	11,808	4.2 %



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Consumer Goods: Non-Durable								
Gibson Brands, Inc. <sup>(k)</sup>	8.88%	8.88	%	8/1/2018	10,000	8,664	8,435	3.0 %
Solaray, LLC	L+6.50%	8.02	%	9/11/2023	3,264	3,236	3,264	1.2 %
Solaray, LLC (Delayed Draw)	L+6.50%	8.19	%	9/11/2023	699	699	699	0.3 %
					13,963	12,599	12,398	4.5 %
Energy: Oil & Gas								
		12.07%						
Landpoint, LLC	L+12.75%	Cash/ 2.25%	<sup>(l)</sup>	12/20/2019	2,386	2,372	2,352	0.8 %
		PIK						
Landpoint, LLC (Revolver) <sup>(f)</sup>	L+10.50%	12.07	%	12/20/2019	313	—	—	0.0 %
					2,699	2,372	2,352	0.8 %
Environmental Industries								
Synergy Environmental Corporation <sup>(h)</sup>	L+8.00%	9.57	%	4/29/2021	3,011	2,958	3,036	1.1 %
Synergy Environmental Corporation <sup>(h)</sup>	L+8.00%	9.57	%	4/29/2021	504	495	508	0.2 %
Synergy Environmental Corporation (Delayed Draw) <sup>(f)(g)</sup>	L+8.00%	9.57	%	4/29/2018	1,342	859	866	0.3 %
Synergy Environmental Corporation (Revolver) <sup>(f)</sup>	L+8.00%	9.57	%	4/29/2021	671	47	47	0.0 %
					5,528	4,359	4,457	1.6 %

See Notes to Consolidated Financial Statements.

## MONROE CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS – (continued)

December 31, 2017

(in thousands, except for shares and units)

Portfolio Company <sup>(a)</sup>	Spread Above Index <sup>(b)</sup>	Interest Rate	Maturity	Principal	Amortized Cost	Fair Value <sup>(c)</sup>	% of Net Assets <sup>(d)</sup>
Healthcare & Pharmaceuticals							
American Optics Holdco, Inc. <sup>(e) (m)</sup>	L+8.00%	9.57	% 9/13/2022	4,133	\$ 4,055	\$4,136	1.5 %
American Optics Holdco, Inc. (Revolver) <sup>(e) (f) (m)</sup>	L+8.00%	9.57	% 9/13/2022	440	—	—	0.0 %
American Optics Holdco, Inc. <sup>(e) (m)</sup>	L+8.00%	9.57	% 9/13/2022	760	746	761	0.3 %
American Optics Holdco, Inc. (Revolver) <sup>(e) (f) (m)</sup>	L+8.00%	9.57	% 9/13/2022	440	—	—	0.0 %
Beaver-Visitec International Holdings, Inc.	L+5.00%	6.69	% 8/19/2023	4,938	4,895	4,938	1.8 %
Edge Systems Holdings Corp.	L+7.75%	9.32	% 12/1/2021	3,384	3,329	3,445	1.2 %
Edge Systems Holdings Corp. (Revolver) <sup>(f)</sup>	P+6.75%	11.25	% 12/1/2021	260	—	—	0.0 %
Familia Dental Group Holdings, LLC <sup>(h)</sup>	L+8.00%	9.57	% 4/8/2021	5,259	5,199	5,322	1.9 %
Familia Dental Group Holdings, LLC	L+8.00%	9.57	% 4/8/2021	506	506	512	0.2 %
Familia Dental Group Holdings, LLC (Revolver) <sup>(f)</sup>	L+8.00%	9.57	% 4/8/2021	573	344	344	0.1 %
				20,693	19,074	19,458	7.0 %
High Tech Industries							
Answers Finance, LLC	L+5.00%	6.57	% 4/15/2021	253	251	249	0.1 %
Corbett Technology Solutions, Inc. <sup>(h)</sup>	L+7.00%	8.57	% 11/8/2021	4,275	4,224	4,318	1.5 %
Corbett Technology Solutions, Inc. (Revolver) <sup>(f)</sup>	L+7.00%	8.57	% 11/8/2021	867	607	607	0.2 %
Energy Services Group, LLC	L+9.82%	11.39	% 5/4/2022	4,620	4,568	4,678	1.7 %
Energy Services Group, LLC <sup>(e) (n)</sup>	L+9.82%	10.82	% 5/4/2022	2,495	2,361	2,509	0.9 %
Energy Services Group, LLC (Delayed Draw) <sup>(f) (g)</sup>	L+9.82%	11.39	% 5/4/2022	1,313	1,096	1,126	0.4 %
Newforma, Inc. <sup>(h)</sup>	L+7.50%	9.19	% 6/30/2022	14,962	14,754	15,060	5.4 %
Newforma, Inc. (Revolver) <sup>(f)</sup>	L+7.50%	9.19	% 6/30/2022	1,250	—	—	0.0 %
Prototek Sheetmetal Fabrication, LLC	L+7.50%	9.07	% 12/12/2022	3,500	3,430	3,430	1.2 %
Prototek Sheetmetal Fabrication, LLC (Delayed Draw) <sup>(f) (g)</sup>	L+7.50%	9.07	% 12/12/2022	2,334	—	—	0.0 %
Prototek Sheetmetal Fabrication, LLC (Revolver) <sup>(f)</sup>	L+7.50%	9.07	% 12/12/2022	233	—	—	0.0 %

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RPL Bidco Limited <sup>(e) (m) (n)</sup>	L+7.50%	8.02	%	11/9/2023	9,459	9,057	9,516	3.4	%
RPL Bidco Limited (Revolver) <sup>(e) (f)</sup> <sup>(m) (n)</sup>	L+7.50%	8.02	%	11/9/2023	540	—	—	0.0	%
					46,101	40,348	41,493	14.8	%
Hotels, Gaming & Leisure									
BC Equity Ventures LLC	L+6.50%	8.07	%	8/31/2022	2,586	2,543	2,624	0.9	%
Miles Partnership LLC	L+8.50%	10.19	%	3/24/2021	5,946	5,910	6,005	2.2	%
Miles Partnership LLC (Delayed Draw) <sup>(f) (g)</sup>	L+8.50%	10.19	%	3/24/2021	1,422	1,074	1,085	0.4	%
Miles Partnership LLC (Revolver) <sup>(f)</sup>	L+8.50%	10.19	%	3/24/2021	320	—	—	0.0	%
		8.86%							
TRG, LLC	L+12.42%	Cash/ 4.92%		<sup>(o)</sup> 3/31/2021	17,088	17,000	17,190	6.2	%
		PIK							
		8.86%							
TRG, LLC (CapEx) <sup>(f)</sup>	L+9.50%	Cash/ 2.00%		3/31/2021	1,629	1,340	1,354	0.5	%
		PIK							
TRG, LLC (Revolver) <sup>(f)</sup>	L+9.50%	10.86	%	3/31/2021	262	131	131	0.0	%
		8.57%							
Vacation Innovations, LLC <sup>(p)</sup>	L+9.31%	Cash/ 2.31%		<sup>(q)</sup> 8/20/2020	9,282	9,170	10,040	3.6	%
		PIK							
		8.57%							
Vacation Innovations, LLC (Delayed Draw) <sup>(f) (g)</sup>	L+7.50%	Cash/ 0.50%		8/20/2020	2,037	—	—	0.0	%
		PIK							
		8.57%							
Vacation Innovations, LLC (Revolver)	L+7.50%	Cash/ 0.50%		8/20/2020	342	342	342	0.1	%
		PIK							
					40,914	37,510	38,771	13.9	%

See Notes to Consolidated Financial Statements.

## MONROE CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS – (continued)

December 31, 2017

(in thousands, except for shares and units)

Portfolio Company <sup>(a)</sup>	Spread Above Index <sup>(b)</sup>	Interest Rate	Maturity	Principal	Amortized Cost	Fair Value <sup>(c)</sup>	% of Net Assets <sup>(d)</sup>
Media: Advertising, Printing & Publishing							
AdTheorent, Inc.	L+8.50%	9.86	% 12/22/2021	4,906	\$ 4,824	\$4,937	1.8 %
Destination Media, Inc. <sup>(h)</sup>	L+6.50%	8.07	% 4/7/2022	7,850	7,747	7,991	2.8 %
Destination Media, Inc. (Revolver) <sup>(f)</sup>	L+6.50%	8.07	% 4/7/2022	542	—	—	0.0 %
MC Sign Lessor Corp.	L+7.00%	8.53	% 12/22/2022	10,000	9,801	9,800	3.5 %
MC Sign Lessor Corp. (Delayed Draw) <sup>(f) (g)</sup>	L+7.00%	8.53	% 12/22/2022	2,083	—	—	0.0 %
MC Sign Lessor Corp. (Revolver) <sup>(f)</sup>	L+7.00%	8.53	% 12/22/2022	625	146	146	0.1 %
				26,006	22,518	22,874	8.2 %
Media: Broadcasting & Subscription							
Jerry Lee Radio, LLC	L+9.50%	11.07	% 12/17/2020	11,443	11,256	11,443	4.1 %
				11,443	11,256	11,443	4.1 %
Retail							
Bluestem Brands, Inc.	L+7.50%	9.07	% 11/6/2020	2,597	2,581	1,829	0.7 %
Forman Mills, Inc. <sup>(h)</sup>	L+7.50%	9.07	% 10/4/2021	8,479	8,345	8,441	3.0 %
LuLu's Fashion Lounge, LLC	L+7.00%	8.57	% 8/28/2022	4,906	4,767	5,004	1.8 %
The Worth Collection, Ltd. <sup>(h)</sup>	L+8.50%	10.07	% 9/29/2021	10,587	10,421	9,206	3.3 %
Yandy Holding, LLC	L+9.00%	10.57	% 9/30/2019	4,508	4,480	4,366	1.6 %
Yandy Holding, LLC (Revolver) <sup>(f)</sup>	L+9.00%	10.57	% 9/30/2019	907	106	102	0.0 %
				31,984	30,700	28,948	10.4 %
Services: Business							
APCO Worldwide, Inc.	L+8.00%	9.57	% 6/30/2022	5,000	4,908	5,025	1.8 %
Burroughs, Inc. <sup>(h)</sup>	L+7.50%	9.03	% 12/22/2022	6,000	5,910	5,910	2.2 %
Burroughs, Inc. (Revolver) <sup>(f)</sup>	L+7.50%	9.07	% 12/22/2022	750	75	75	0.0 %
Curion Holdings, LLC <sup>(h)</sup>	L+7.00%	8.57	% 5/2/2022	3,884	3,832	3,841	1.4 %
Curion Holdings, LLC (Revolver) <sup>(f)</sup>	L+7.00%	8.57	% 5/2/2022	308	77	76	0.0 %
EB Employee Solutions, LLC <sup>(h)</sup>	L+8.50%	10.07	% 2/28/2019	3,195	3,168	3,115	1.1 %
First Call Resolution, LLC <sup>(h)</sup>	L+7.00%	8.36	% 9/22/2022	5,000	4,916	5,002	1.8 %
Madison Logic, Inc. <sup>(h)</sup>	L+8.00%	9.57	% 11/30/2021	10,237	10,069	10,289	3.7 %
Madison Logic, Inc. (Delayed Draw) <sup>(f) (g)</sup>	L+8.00%	9.57	% 11/30/2021	4,818	—	—	0.0 %
Madison Logic, Inc. (Revolver) <sup>(f)</sup>	L+8.00%	9.57	% 11/30/2021	988	—	—	0.0 %
				40,180	32,955	33,333	12.0 %
Services: Consumer							
PeopleConnect Intermediate, LLC (formerly Intelius, Inc.)	L+6.50%	7.84	% 7/1/2020	4,518	4,462	4,538	1.7 %

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PeopleConnect Intermediate, LLC (formerly Intelius, Inc.)	L+12.50%	13.84	%	7/1/2020	4,759	4,697	4,756	1.7	%
PeopleConnect Intermediate, LLC (formerly Intelius, Inc.) (Revolver) <sup>(f)</sup>	L+9.50%	11.10	%	8/11/2020	236	118	118	0.0	%
					9,513	9,277	9,412	3.4	%
Telecommunications									
								9.86%	
Peerless Network, Inc. <sup>(h)</sup>	L+9.25%			<sup>(r)</sup> 12/11/2020	3,139	3,089	3,152	1.1	%
								Cash/ 0.75%	
								PIK	
					3,139	3,089	3,152	1.1	%
Utilities: Electric CRCI Holdings, Inc.	L+5.50%	7.19	%	8/31/2023	2,782	2,759	2,792	1.0	%
					2,782	2,759	2,792	1.0	%
Wholesale									
Mid-West Wholesale Hardware Co. <sup>(h)</sup>	L+8.00%	9.57	%	2/9/2022	16,568	16,277	16,544	5.9	%
Mid-West Wholesale Hardware Co. (Revolver) <sup>(f)</sup>	L+8.00%	9.57	%	2/9/2022	4,421	—	—	0.0	%

See Notes to Consolidated Financial Statements.

## MONROE CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS – (continued)

December 31, 2017

(in thousands, except for shares and units)

Portfolio Company <sup>(a)</sup>	Spread Above Index <sup>(b)</sup>	Interest Rate	Maturity	Principal	Amortized Cost	Fair Value <sup>(c)</sup>	% of Net Assets <sup>(d)</sup>
Nearly Natural, Inc. <sup>(h)</sup>	L+7.00%	8.59 %	12/15/2022	7,000	\$ 6,861	\$ 6,860	2.5 %
Nearly Natural, Inc. (Revolver) <sup>(f)</sup>	L+7.00%	8.59 %	12/15/2022	1,522	—	—	0.0 %
				29,511	23,138	23,404	8.4 %
Total							
Non-Controlled/Non-Affiliate Senior Secured Loans				378,116	332,406	335,935	120.6 %
Unitranche Secured Loans <sup>(ab)</sup>							
Chemicals, Plastics & Rubber MFG Chemical, LLC <sup>(h)</sup>	L+6.00%	7.57 %	6/23/2022	8,856	8,734	8,860	3.2 %
				8,856	8,734	8,860	3.2 %
Consumer Goods: Non-Durable							
Incipio Technologies, Inc. <sup>(s)</sup>	L+7.75%	9.32 %	12/26/2019	12,209	12,063	11,769	4.2 %
				12,209	12,063	11,769	4.2 %
Healthcare & Pharmaceuticals							
Collaborative Neuroscience Network, LLC	L+11.50%	13.07 %	4/27/2018	6,120	6,076	5,912	2.1 %
		12.00%					
Collaborative Neuroscience Network, LLC	L+15.00%	Cash/ 3.00%	4/27/2018	295	295	295	0.1 %
		PIK					
Collaborative Neuroscience Network, LLC (Revolver)	L+10.00%	11.57 %	4/27/2018	200	191	195	0.1 %
Priority Ambulance, LLC <sup>(h)</sup>	L+6.50%	8.19 %	4/12/2022	9,258	9,088	9,309	3.4 %
Priority Ambulance, LLC (Delayed Draw) <sup>(f) (g)</sup>	L+6.50%	8.19 %	4/12/2022	677	—	—	0.0 %
				16,550	15,650	15,711	5.7 %
Hotels, Gaming & Leisure							
Playtime, LLC	L+7.50%	9.07 %	12/31/2021	4,214	4,214	3,955	1.4 %
				4,214	4,214	3,955	1.4 %
Total Non-Controlled/Non-Affiliate Unitranche Secured Loans				41,829	40,661	40,295	14.5 %
Junior Secured Loans							
Aerospace & Defense							
AIM Aerospace, Inc.	L+9.00%	10.38 %	8/2/2022	5,000	4,943	5,000	1.8 %
				5,000	4,943	5,000	1.8 %

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Banking, Finance, Insurance &  
Real Estate

Confie Seguros Holdings II Co.	L+9.50%	10.98	%	5/8/2019	8,594	8,361	8,336	3.0	%
					8,594	8,361	8,336	3.0	%

Beverage, Food & Tobacco

CSM Bakery Supplies LLC	L+7.75%	9.08	%	7/5/2021	5,792	5,792	5,611	2.0	%
					5,792	5,792	5,611	2.0	%

Healthcare & Pharmaceuticals

Heartland Dental, LLC	L+8.50%	9.75	%	7/31/2024	3,000	2,956	3,034	1.1	%
					3,000	2,956	3,034	1.1	%

High Tech Industries

Answers Finance, LLC	P+7.90%	9.00	% <sup>(ac)</sup>	9/15/2021	394	392	386	0.1	%
Micro Holdings Corp.	L+7.50%	9.09	%	8/18/2025	3,000	2,971	3,021	1.1	%
					3,394	3,363	3,407	1.2	%

Media: Broadcasting &  
Subscription

Mergermarket Bidco Limited	L+7.25%	8.71	%	8/4/2025	4,500	4,456	4,522	1.6	%
					4,500	4,456	4,522	1.6	%

See Notes to Consolidated Financial Statements.

**MONROE CAPITAL CORPORATION****CONSOLIDATED SCHEDULE OF INVESTMENTS – (continued)****December 31, 2017****(in thousands, except for shares and units)**

<b>Portfolio Company</b> <sup>(a)</sup>	<b>Spread Above Index</b> <sup>(b)</sup>	<b>Interest Rate</b>	<b>Maturity</b>	<b>Principal</b>	<b>Amortized Cost</b>	<b>Fair Value</b> <sup>(c)</sup>	<b>% of Net Assets</b> <sup>(d)</sup>
<b>Media: Diversified &amp; Production</b>							
The Octave Music Group, Inc. (fka SCP TPZ Acquisition, Inc.)	L+8.25%	9.62	% 5/29/2022	5,000	\$ 4,947	\$5,006	1.8 %
				5,000	4,947	5,006	1.8 %
<b>Services: Consumer</b>							
Education Corporation of America	L+11.00%	12.69	% 12/31/2018	625	620	625	0.2 %
Pre-Paid Legal Services, Inc. (Legal Shield)	L+9.00%	10.57	% 7/1/2020	3,000	3,000	3,008	1.1 %
				3,625	3,620	3,633	1.3 %
<b>Total Non-Controlled/Non-Affiliate Junior Secured Loans</b>				<b>38,905</b>	<b>38,438</b>	<b>38,549</b>	<b>13.8 %</b>
<b>Equity Securities</b> <sup>(t) (u)</sup>							
<b>Banking, Finance, Insurance &amp; Real Estate</b>							
PKS Holdings, LLC (warrant to purchase 14,247 class A preferred units) <sup>(e)</sup>	—	—	<sup>(v)</sup> 11/30/2027	—	116	119	0.0 %
					116	119	0.0 %
<b>Healthcare &amp; Pharmaceuticals</b>							
<b>Collaborative Neuroscience</b>							
Network, LLC (warrant to purchase up to 2 LLC units)	—	—	<sup>(v)</sup> 12/27/2022	—	—	—	0.0 %
Collaborative Neuroscience Network, LLC (warrant to purchase up to 2 LLC units)	—	—	<sup>(v)</sup> 12/31/2027	—	—	—	0.0 %
					—	—	0.0 %
<b>High Tech Industries</b>							
Answers Finance, LLC (76,539 shares of common stock)	—	—	<sup>(v)</sup> —	—	2,413	1,339	0.5 %
					2,413	1,339	0.5 %
<b>Hotels, Gaming &amp; Leisure</b>							
Playtime, LLC – Preferred Units (8,665 units)	—	—	<sup>(v)</sup> —	—	200	18	0.0 %
					200	18	0.0 %
<b>Media: Advertising, Printing &amp; Publishing</b>							
	—	—	<sup>(v)</sup> —	—	129	171	0.1 %



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AdTheorent, Inc. (128,866 class A voting units)								
InMobi Pte, Ltd. (represents the right to purchase 2.80% of the equity) <sup>(e)</sup>	—	—	(v) 9/18/2025	—	—	219	0.1	%
<sup>(m)</sup>					129	390	0.2	%
Retail								
The Tie Bar Operating Company, LLC – Class A Preferred Units (1,275— units)	—	—	—	—	86	122	0.0	%
The Tie Bar Operating Company, LLC – Class B Preferred Units (1,275— units)	—	—	—	—	1	—	0.0	%
					87	122	0.0	%
Services: Business								
APCO Worldwide, Inc. (100 class A voting common stock)	—	—	(v) —	—	395	399	0.1	%
					395	399	0.1	%
Services: Consumer								
Education Corporation of America – Series G Preferred Stock (8,333 shares)	n/a	12.00% PIK	—	—	8,366	8,429	3.0	%
					8,366	8,429	3.0	%

See Notes to Consolidated Financial Statements.

## MONROE CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS – (continued)

December 31, 2017

(in thousands, except for shares and units)

Portfolio Company <sup>(a)</sup>	Spread Above Index <sup>(b)</sup>	Interest Rate	Maturity	Principal	Amortized Cost	Fair Value <sup>(c)</sup>	% of Net Assets <sup>(d)</sup>	
Wholesale								
Nearly Natural, Inc. (152,174 class A units)	—	—	(v) —	—	\$ 152	\$ 152	0.1	%
					152	152	0.1	%
Total Non-Controlled/Non-Affiliate Equity Securities					11,858	10,968	3.9	%
Total Non-Controlled/Non-Affiliate Company Investments					\$ 423,363	\$ 425,747	152.8	%
<b>Non-Controlled Affiliate Company Investments <sup>(w)</sup></b>								
Senior Secured Loans								
Banking, Finance, Insurance & Real Estate								
American Community Homes, Inc.	L+8.00%	9.57 9.57%	% 7/22/2019	7,667	7,592	7,441	2.7	%
American Community Homes, Inc.	L+12.50%	Cash/ 4.50% PIK 9.57%	7/22/2019	4,413	4,376	4,329	1.6	%
American Community Homes, Inc.	L+12.50%	Cash/ 4.50% PIK	n/a <sup>(x)</sup>	542	536	542	0.2	%
American Community Homes, Inc.	L+8.00%	9.57 9.57%	% 7/22/2019	444	435	431	0.2	%
American Community Homes, Inc.	L+12.50%	Cash/ 4.50% PIK	7/22/2019	228	223	224	0.1	%
American Community Homes, Inc. (Delayed Draw) <sup>(f) (g)</sup>	L+8.00%	9.57 9.57%	% 7/22/2019	444	—	—	0.0	%
American Community Homes, Inc. (Delayed Draw) <sup>(f) (g)</sup>	L+12.50%	Cash/ 4.50% PIK	7/22/2019	222	—	—	0.0	%
				13,960	13,162	12,967	4.8	%
Consumer Goods: Non-Durable								
Millennial Brands LLC (fka Rocket Dog Brands, LLC)	n/a	12.00% PIK	(y) 8/29/2019	1,157	1,157	—	0.0	%

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Millennial Brands LLC (fka Rocket Dog Brands, LLC)	n/a	15.00% PIK	(y) 8/29/2019	422	416	—	0.0	%
Millennial Brands LLC (fka Rocket Dog Brands, LLC)	n/a	17.00% PIK	(y) 3/30/2018	235	235	—	0.0	%
Millennial Brands LLC (fka Rocket Dog Brands, LLC)	n/a	16.50% PIK	(y) 8/29/2019	550	534	550	0.2	%
				2,364	2,342	550	0.2	%
Containers, Packaging & Glass								
Summit Container Corporation (h)	L+12.00%	12.00% Cash/ 2.00% PIK	1/6/2019	3,593	3,576	3,421	1.2	%
Summit Container Corporation (h)	L+12.00%	12.00% Cash/ 2.00% PIK	1/6/2019	1,508	1,508	1,507	0.5	%
				5,101	5,084	4,928	1.7	%
Healthcare & Pharmaceuticals								
Rockdale Blackhawk, LLC	L+13.00%	14.57	% 3/31/2020	10,922	10,355	10,594	3.8	%
Rockdale Blackhawk, LLC (Capex)	L+13.00%	14.57	% 3/31/2020	549	549	533	0.2	%
Rockdale Blackhawk, LLC (Revolver)	L+13.00%	14.57	% 3/31/2020	1,849	1,849	1,797	0.6	%
Rockdale Blackhawk, LLC (Revolver)	L+13.00%	14.57	% 3/31/2020	3,236	3,236	3,145	1.1	%
SHI Holdings, Inc. (h)	L+10.25%	11.82	% 7/10/2019	2,625	2,608	2,625	0.9	%
SHI Holdings, Inc. (Revolver) (f)	L+10.25%	11.82	% 7/10/2019	2,318	2,216	2,226	0.8	%
				21,499	20,813	20,920	7.4	%
Retail								
Luxury Optical Holdings Co.	L+8.00%	9.57% PIK	9/12/2019	4,249	4,218	3,697	1.3	%
Luxury Optical Holdings Co. (Delayed Draw) (f) (g)	L+11.50%	13.07	% 9/12/2019	1,176	741	741	0.3	%
Luxury Optical Holdings Co. (Revolver)	L+8.00%	9.57% PIK	9/12/2019	196	196	170	0.1	%
TPP Operating, Inc.	L+6.00%	7.57% PIK	(y) 11/8/2018	9,370	9,330	—	0.0	%

See Notes to Consolidated Financial Statements.

## MONROE CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS – (continued)

December 31, 2017

(in thousands, except for shares and units)

Portfolio Company <sup>(a)</sup>	Spread Above Index <sup>(b)</sup>	Interest Rate		Maturity	Principal	Amortized Cost	Fair Value <sup>(c)</sup>	% of Net Assets <sup>(d)</sup>
TPP Operating, Inc.	L+6.00%	7.57	% <sup>(y)</sup>	11/8/2018	6,885	\$ 6,885	\$3,373	1.2 %
TPP Operating, Inc.	L+9.61%	11.18	% <sup>(y)</sup>	11/8/2018	4,593	4,593	4,593	1.6 %
					26,469	25,963	12,574	4.5 %
Total Non-Controlled Affiliate Senior Secured Loans					69,393	67,364	51,939	18.6 %
Junior Secured Loans								
Consumer Goods: Non-Durable								
Millennial Brands LLC (fka Rocket Dog Brands LLC)	n/a	15.00% PIK	(y)	5/1/2020	2,011	2,011	—	0.0 %
					2,011	2,011	—	0.0 %
Total Non-Controlled Affiliate Company Junior Secured Loans					2,011	2,011	—	0.0 %
Equity Securities								
Banking, Finance, Insurance & Real Estate								
American Community Homes, Inc. (warrant to purchase up to 9.0% of the equity)	—	—	(v)	10/9/2024	—	—	353	0.1 %
							—	0.1 %
Consumer Goods: Non-Durable								
Millennial Brands LLC (fka Rocket Dog Brands LLC)	—	—	(v)	—	—	—	—	0.0 %
Millennial Brands LLC (fka Rocket Dog Brands LLC)	n/a	15.00% PIK	(y)	—	—	967	—	0.0 %
						967	—	0.0 %
Containers, Packaging & Glass								
Summit Container Corporation (warrant to purchase up to 19.50% of the equity)	—	—	(v)	1/6/2024	—	—	—	0.0 %
							—	0.0 %
Healthcare & Pharmaceuticals								
Rockdale Blackhawk, LLC – LLC Units (18.03% of the LLC interest)	—	—	(v)	—	—	1,093	5,673	2.0 %
SHI Holdings, Inc. (24 shares of common stock)	—	—	(v)	—	—	27	786	0.3 %
						1,120	6,459	2.3 %
Retail								

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Luxury Optical Holdings Co. (86 shares of common stock)	—	—	(v)	—	—	—	—	0.0	%
TPP Operating, Inc. (24 shares of common stock)	—	—	(v)	—	—	1,953	—	0.0	%
TPP Operating, Inc. (16 shares of common stock) <sup>(z)</sup>	—	—	(v)	—	—	1,302	—	0.0	%
						3,255	—	0.0	%
Total Non-Controlled Affiliate Equity Securities						5,342	6,812	2.4	%
Total Non-Controlled Affiliate Company Investments						\$ 74,717	\$ 58,751	21.0	%

See Notes to Consolidated Financial Statements.

**MONROE CAPITAL CORPORATION****CONSOLIDATED SCHEDULE OF INVESTMENTS – (continued)****December 31, 2017****(in thousands, except for shares and units)**

<b>Portfolio Company</b> <sup>(a)</sup>	<b>Spread Above Index</b> <sup>(b)</sup>	<b>Interest Rate</b>	<b>Maturity</b>	<b>Principal</b>	<b>Amortized Cost</b>	<b>Fair Value</b> <sup>(c)</sup>	<b>% of Net Assets</b> <sup>(d)</sup>	
<b>Controlled Affiliate Company</b>								
<b>Investments</b> <sup>(aa)</sup>								
Equity Securities								
Investment Funds & Vehicles								
MRCC Senior Loan Fund I, LLC <sup>(e)</sup>	—	—	—	—	\$ 9,500	\$ 9,640	3.5	%
Total Controlled Affiliate Equity Securities					9,500	9,640	3.5	%
Total Controlled Affiliate Company Investments					\$ 9,500	\$ 9,640	3.5	%
<b>TOTAL INVESTMENTS</b>					<b>\$ 507,580</b>	<b>\$ 494,138</b>	<b>177.3</b>	<b>%</b>

All of our investments are issued by eligible portfolio companies, as defined in the Investment Company Act of 1940 (the "1940 Act"), unless otherwise noted. All of our investments are issued by U.S. portfolio companies unless otherwise noted.

The majority of the investments bear interest at a rate that may be determined by reference to London Interbank Offered Rate ("LIBOR" or "L") or Prime Rate ("Prime" or "P") which reset daily, monthly, quarterly, or semiannually. For each such investment, the Company has provided the spread over LIBOR or Prime and the current contractual interest rate in effect at December 31, 2017. Certain investments are subject to a LIBOR or Prime interest rate floor.

Because there is no readily available market value for these investments, the fair value of these investments is determined in good faith using significant unobservable inputs by our board of directors as required by the Investment Company Act of 1940. (See Note 4 in the accompanying notes to the consolidated financial statements.)

Percentages are based on net assets of \$278,699 as of December 31, 2017.

This investment is treated as a non-qualifying investment under Section 55(a) of the 1940 Act. Under the 1940 Act, the Company may not acquire any non-qualifying asset unless, at the time the acquisition is made, qualifying assets represent at least 70% of the Company's total assets. As of December 31, 2017, non-qualifying assets totaled 13.13% of the Company's total assets excluding prepaid expenses.

All or a portion of this commitment was unfunded at December 31, 2017. As such, interest is earned only on the funded portion of this commitment.

This delayed draw loan requires that certain financial covenants be met by the portfolio company prior to any fundings.

All of this loan is held in the Company's wholly-owned subsidiary, Monroe Capital Corporation SBIC, LP and is therefore not collateral to the Company's revolving credit facility.

A portion of this loan (principal of \$2,113) is held in the Company's wholly-owned subsidiary, Monroe Capital Corporation SBIC, LP and is therefore not collateral to the Company's revolving credit facility.

(j)

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A portion of the PIK interest rate for Cornerstone Detention Products, Inc. is structured as a fee paid upon the termination of the commitment. The fee currently accrues at 2.33% per annum.

- (k) This investment represents a senior secured note that is traded in the secondary bond market.
- (l) The PIK portion of the interest rate for Landpoint, LLC is structured as a fee paid upon the termination of the commitment. The fee currently accrues at 2.25% per annum.
- (m) This is an international company.
- (n) This term loan is denominated in Great Britain pounds and is translated into U.S. dollars as of the valuation date.
- (o) A portion of the PIK interest rate for TRG, LLC is structured as a fee paid upon the termination of the commitment. The fee currently accrues at 2.92% per annum.
- (p) A portion of this loan (principal of \$4,099) is held in the Company's wholly-owned subsidiary, Monroe Capital Corporation SBIC, LP and is therefore not collateral to the Company's revolving credit facility.

See Notes to Consolidated Financial Statements.

**MONROE CAPITAL CORPORATION**

**CONSOLIDATED SCHEDULE OF INVESTMENTS – (continued)**

**December 31, 2017**

**(in thousands, except for shares and units)**

(q) A portion of the PIK interest rate for Vacation Innovations, LLC is structured as a fee paid upon the termination of the commitment. The fee currently accrues at 1.81% per annum.

(r) The PIK portion of the interest rate for Peerless Network, Inc. is structured as a fee paid upon the termination of the commitment. The fee currently accrues at 0.75% per annum.

(s) A portion of this loan (principal of \$4,477) is held in the Company's wholly-owned subsidiary, Monroe Capital Corporation SBIC, LP and is therefore not collateral to the Company's revolving credit facility.

(t) Represents less than 5% ownership of the portfolio company's voting securities.

(u) Ownership of certain equity investments may occur through a holding company or partnership.

(v) Represents a non-income producing security.

(w) As defined in the 1940 Act, the Company is deemed to be an "Affiliated Person" of the portfolio company as it owns five percent or more of the portfolio company's voting securities. See Note 5 in the accompanying notes to the consolidated financial statements for additional information on transactions in which the issuer was an Affiliated Person (but not a portfolio company that the Company is deemed to control).

(x) This is a demand note with no stated maturity.

(y) This position was on non-accrual status as of December 31, 2017, meaning that the Company has ceased accruing interest income on the position. See Note 2 in the accompanying notes to the consolidated financial statements for additional information on the Company's accounting policies.

(z) This investment is held in a wholly owned entity, MCC Holdco Equity Manager I, LLC ("MCC Holdco"), which has an independent manager who has full control over the operations of MCC Holdco, including the right to vote the shares of TPP Holdco LLC, the holding company which owns the Company's equity interest in TPP. See Note 5 in the accompanying notes to the consolidated financial statements for additional information.

(aa) As defined in the 1940 Act, the Company is deemed to be both an "Affiliated Person" of and to "Control" this portfolio company as it owns more than 25% in company's voting securities. See Note 5 in the accompanying notes to the consolidated financial statements for additional information on transactions in which the issuer was both an Affiliated Person and a portfolio company that the Company is deemed to Control.

(ab) The Company structures its unitranche secured loans as senior secured loans. The Company obtains security interests in the assets of these portfolio companies that serve as collateral in support of the repayment of these loans. This collateral may take the form of first-priority liens on the assets of a portfolio company. Generally, the Company syndicates a "first out" portion of the loan to an investor and retains a "last out" portion of the loan, in which case the "first out" portion of the loan will generally receive priority with respect to payments of principal, interest and any other amounts due thereunder. Unitranche structures combine characteristics of traditional first lien senior secured as well as second lien and subordinated loans and the Company's unitranche secured loans will expose the Company to the risks associated with second lien and subordinated loans and may limit the Company's recourse or ability to recover collateral upon a portfolio company's bankruptcy. Unitranche secured loans typically provide for moderate loan amortization in the initial years of the facility, with the majority of the amortization deferred until loan maturity. Unitranche secured loans generally allow the borrower to make a large lump sum payment of principal at the end of the loan term, and there is a risk of loss if the borrower is unable to pay the lump sum or refinance the amount owed at maturity. In many cases the Company, together with its affiliates, are the sole or majority lender of these unitranche secured loans, which can afford the Company additional influence with a borrower in terms of monitoring and, if necessary, remediation in the event of underperformance.



(ac) This term loan is subject to a prime rate cap of 1.10%.

n/a — not applicable

See Notes to Consolidated Financial Statements.

**MONROE CAPITAL CORPORATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**(unaudited)**

**(in thousands, except share and per share data)**

**Note 1. Organization and Principal Business**

Monroe Capital Corporation (“Monroe Capital” and together with its subsidiaries, the “Company”) was formed in February 2011 to act as an externally managed non-diversified, closed-end management investment company and has elected to be treated as a business development company under the Investment Company Act of 1940, as amended (the “1940 Act”). The Company had no substantive operating activities prior to October 24, 2012, the date of its initial public offering. Monroe Capital’s investment objective is to maximize the total return to its stockholders in the form of current income and capital appreciation through investment in senior secured, junior secured and unitranche secured (a combination of senior secured and junior secured debt in the same facility in which the Company syndicates a “first out” portion of the loan to an investor and retains a “last out” portion of the loan) debt and, to a lesser extent, unsecured subordinated debt and equity investments. Monroe Capital is managed by Monroe Capital BDC Advisors, LLC (“MC Advisors”), a registered investment adviser under the Investment Advisers Act of 1940, as amended. In addition, for U.S. federal income tax purposes, Monroe Capital has elected to be treated as a regulated investment company (“RIC”) under Subchapter M of the Internal Revenue Code of 1986, as amended (the “Code”).

On February 28, 2014, the Company’s wholly-owned subsidiary, Monroe Capital Corporation SBIC, LP (“MRCC SBIC”), a Delaware limited partnership, received a license from the Small Business Administration (“SBA”) to operate as a Small Business Investment Company (“SBIC”) under Section 301(c) of the Small Business Investment Act of 1958, as amended. MRCC SBIC commenced operations on September 16, 2013. As of September 30, 2018, MRCC SBIC had \$57,624 in leverageable capital and \$115,000 in SBA-guaranteed debentures outstanding. See Note 7 for additional information.

**Note 2. Summary of Significant Accounting Policies**

**Basis of Presentation**

The accompanying consolidated financial statements of the Company have been prepared in accordance with generally accepted accounting principles in the United States of America (“GAAP”). The accompanying consolidated financial statements of the Company and related financial information have been prepared pursuant to the requirements for reporting on Form 10-Q and Articles 6 or 10 of Regulation S-X. The Company has determined it meets the definition of an investment company and follows the accounting and reporting guidance in the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 946 — *Financial Services — Investment Companies* (“ASC Topic 946”). Certain prior period amounts have been reclassified to conform to the current period presentation.

### **Use of Estimates**

The preparation of the consolidated financial statements in conformity with GAAP requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

### **Consolidation**

As permitted under Regulation S-X and ASC Topic 946, the Company will generally not consolidate its investment in a portfolio company other than an investment company subsidiary or a controlled operating company whose business consists of providing services to the Company. Accordingly, the Company consolidated the results of the Company’s wholly-owned subsidiaries, MRCC SBIC and its wholly-owned general partner MCC SBIC GP, LLC, MRCC Holding Company I, LLC, MRCC Holding Company II, LLC, and MRCC Holding Company III, LLC, in its consolidated financial statements. All intercompany balances and transactions have been eliminated. The Company does not consolidate its non-controlling interest in MRCC Senior Loan Fund I, LLC (“SLF”). See further description of the Company’s investment in SLF in Note 3.

## **Fair Value of Financial Instruments**

The Company applies fair value to substantially all of its financial instruments in accordance with ASC Topic 820 — *Fair Value Measurements and Disclosures* (“ASC Topic 820”). ASC Topic 820 defines fair value, establishes a framework used to measure fair value, and requires disclosures for fair value measurements, including the categorization of financial instruments into a three-level hierarchy based on the transparency of valuation inputs. See Note 4 for further discussion regarding the fair value measurements and hierarchy.

ASC Topic 820 requires disclosure of the fair value of financial instruments for which it is practical to estimate such value. The Company believes that the carrying amounts of its other financial instruments such as cash, receivables and payables approximate the fair value of such items due to the short maturity of such instruments.

## **Revenue Recognition**

The Company’s revenue recognition policies are as follows:

*Investments and related investment income:* Interest and dividend income are recorded on the accrual basis to the extent that the Company expects to collect such amounts. Interest income is accrued based upon the outstanding principal amount and contractual terms of debt and preferred equity investments. Interest is accrued on a daily basis. All other income is recorded into income when earned. The Company records fees on loans based on the determination of whether the fee is considered a yield enhancement or payment for a service. If the fee is considered a yield enhancement associated with a funding of cash on a loan, the fee is generally deferred and recognized into interest income using the effective interest method if captured in the cost basis or using the straight-line method if the loan is unfunded and therefore there is no cost basis. If the fee is not considered a yield enhancement because a service was provided, and the fee is payment for that service, the fee is deemed earned and recognized as fee income in the period earned.

Dividend income on preferred equity securities is recorded as dividend income on an accrual basis to the extent that such amounts are payable by the portfolio company and are expected to be collected. Dividend income on common equity securities is recorded on the record date for private portfolio companies. Each distribution received from limited liability company (“LLC”) and limited partnership (“LP”) investments is evaluated to determine if the distribution should be recorded as dividend income or a return of capital. Generally, the Company will not record distributions from equity investments in LLCs and LPs as dividend income unless there are sufficient accumulated tax-basis earnings and profits in the LLC or LP prior to the distribution. Distributions that are classified as a return of capital are recorded as a reduction in the cost basis of the investment. For the three and nine months ended September 30, 2018,

the Company received return of capital distributions from the Company's investment in LLC equity interest in SLF of zero and \$9,500, respectively. For the three and nine months ended September 30, 2017, the Company did not receive return of capital distributions from the Company's investment in LLC equity interest in SLF, as the Company did not make its investment in SLF until November 2017.

Loan origination fees, original issue discount and market discount or premiums are capitalized, and the Company then amortizes such amounts using the effective interest method as interest income over the life of the investment. Unamortized discounts and loan origination fees totaled \$6,490 and \$8,005 as of September 30, 2018 and December 31, 2017, respectively. Upfront loan origination and closing fees received for the three and nine months ended September 30, 2018 totaled \$381 and \$1,320, respectively. For the three and nine months ended September 30, 2017, upfront loan origination and closing fees received totaled \$755 and \$2,732, respectively. For the three and nine months ended September 30, 2018, interest income included \$281 and \$1,837 of accretion of loan origination fees, original issue discounts and market discounts or premiums, respectively. For the three and nine months ended September 30, 2017, interest income included \$532 and \$1,278 of accretion of loan origination fees, original issue discounts and market discounts or premiums, respectively. Upon the prepayment of a loan or debt security, any unamortized premium or discount or loan origination fees are recorded as interest income. For the three and nine months ended September 30, 2018, interest income included \$450 and \$895 of unamortized discount or loan origination fees recorded as interest income upon prepayment of a loan or debt security, respectively. For the three and nine months ended September 30, 2017, interest income included \$514 and \$1,488 of unamortized discount or loan origination fees recorded as interest income upon prepayment of a loan or debt security, respectively.

The Company has certain investments in its portfolio that contain a payment-in-kind ("PIK") interest provision, which represents contractual interest or dividends that are added to the principal balance and recorded as income. For the three and nine months ended September 30, 2018, interest income included \$733 and \$1,389 of PIK interest, respectively. For the three and nine months ended September 30, 2017, interest income included \$345 and \$1,363 of PIK interest, respectively. For the three and nine months ended September 30, 2018, dividend income included \$288 and \$813 of PIK dividends, respectively. For the three and nine months ended September 30, 2017, dividend income did not include PIK dividends. The Company stops accruing PIK interest when it is determined that PIK interest is no longer collectible. To maintain RIC tax treatment, and to avoid corporate tax, substantially all of this income must be paid out to stockholders in the form of distributions, even though the Company has not yet collected the cash.

Investment transactions are recorded on a trade-date basis. Realized gains or losses on portfolio investments are calculated based upon the difference between the net proceeds from the disposition and the amortized cost basis of the investment, without regard to unrealized gains and losses previously recognized. Realized gains and losses are recorded within net realized gain (loss) on investments in the consolidated statements of operations. Changes in the fair value of investments from the prior period, as determined by the Company's board of directors (the "Board") through the application of the Company's valuation policy, are included within net change in unrealized gain (loss) on investments in the consolidated statements of operations.

*Non-accrual:* Loans or preferred equity securities are placed on non-accrual status when principal, interest or dividend payments become materially past due, or when there is reasonable doubt that principal, interest or dividends will be collected. Additionally, any original issue discount and market discount are no longer accreted to interest income as of the date the loan is placed on non-accrual status. Interest payments received on non-accrual loans may be recognized as income or applied to principal depending upon management's judgment. Non-accrual loans are restored to accrual status when past due principal, interest, or dividends are paid, and, in management's judgment are likely to remain current. The fair value of the Company's investments on non-accrual status totaled \$13,381 and \$8,516 at September 30, 2018 and December 31, 2017, respectively.

*Partial loan sales:* The Company follows the guidance in ASC Topic 860 — Transfers and Servicing ("ASC Topic 860"), when accounting for loan participations and other partial loan sales. Such guidance requires a participation or other partial loan sale to meet the definition of a "participating interest," as defined in the guidance, in order for sale treatment to be allowed. Participations or other partial loan sales which do not meet the definition of a participating interest remain on the Company's consolidated statements of assets and liabilities and the proceeds are recorded as a secured borrowing until the definition is met. For these partial loan sales, the interest earned on the entire loan balance is recorded within "interest income" and the interest earned by the buyer in the partial loan sale is recorded within "interest and other debt financing expenses" in the accompanying consolidated statements of operations. Changes in the fair value of secured borrowings from the prior period, as determined by the Board through the application of the Company's valuation policy, are included as changes in unrealized gain (loss) on secured borrowings in the consolidated statements of operations. See Note 7 for additional information.

## **Distributions**

Distributions to common stockholders are recorded on the record date. The amount, if any, to be distributed is determined by the Board each quarter and is generally based upon the earnings estimated by management. Net realized capital gains, if any, are generally distributed at least annually, although the Company may decide to retain such capital gains for investment.

The determination of the tax attributes for the Company's distributions is made annually, based upon its taxable income for the full year and distributions paid for the full year. Ordinary dividend distributions from a RIC do not qualify for the preferential tax rate on qualified dividend income from domestic corporations and qualified foreign corporations, except to the extent that the RIC received the income in the form of qualifying dividends from domestic corporations and qualified foreign corporations. The tax attributes for distributions will generally include both ordinary income and capital gains, but may also include qualified dividends or return of capital.

The Company has adopted a dividend reinvestment plan ("DRIP") that provides for the reinvestment of dividends on behalf of its stockholders, unless a stockholder has elected to receive dividends in cash. As a result, if the Company declares a cash dividend, the Company's stockholders who have not "opted out" of the DRIP at least three days prior to the dividend payment date will have their cash dividend automatically reinvested into additional shares of the Company's common stock. The Company has the option to satisfy the share requirements of the DRIP through the issuance of new shares of common stock or through open market purchases of common stock by the DRIP plan administrator. Newly issued shares are valued based upon the final closing price of the Company's common stock on a date determined by the Board. Shares purchased in the open market to satisfy the DRIP requirements will be valued based upon the average price of the applicable shares purchased by the DRIP plan administrator, before any associated brokerage or other costs. See Note 9 for additional information.

### **Earnings per Share**

In accordance with the provisions of ASC Topic 260 — *Earnings per Share* ("ASC Topic 260"), basic earnings per share is computed by dividing earnings available to common stockholders by the weighted average number of shares outstanding during the period. The weighted average shares outstanding utilized in the calculation of earnings per share take into account share issues on the issuance date and the Company's repurchases of its common stock on the repurchase date. See Note 10 for additional information on the Company's share activity. For the periods presented in these consolidated financial statements, there were no potentially dilutive common shares issued.

## Segments

In accordance with ASC Topic 280 — *Segment Reporting*, the Company has determined that it has a single reporting segment and operating unit structure.

## Cash

The Company deposits its cash in a financial institution and, at times, such balances may be in excess of the Federal Deposit Insurance Corporation insurance limits.

## Restricted Cash

Restricted cash includes amounts held within MRCC SBIC. Cash held within an SBIC is generally restricted to the originations of new loans from the SBIC and the payment of SBA debentures and related interest expense.

## Unamortized Deferred Financing Costs

Deferred financing costs represent fees and other direct incremental costs incurred in connection with the Company's borrowings. As of September 30, 2018 and December 31, 2017, the Company had unamortized deferred financing costs of \$6,721 and \$4,670, respectively, presented as a direct reduction of the carrying amount of debt on the consolidated statements of assets and liabilities. These amounts are amortized and included in interest expense in the consolidated statements of operations over the estimated average life of the borrowings. Amortization of deferred financing costs for the three and nine months ended September 30, 2018 was \$355 and \$951, respectively. Amortization of deferred financing costs for the three and nine months ended September 30, 2017 was \$274 and \$760, respectively.

## Offering Costs



Offering costs include, among other things, fees paid in relation to legal, accounting, regulatory and printing work completed in preparation of debt and equity offerings. Offering costs are charged against the proceeds from debt or equity offerings within the consolidated statements of changes in net assets. As of September 30, 2018 and December 31, 2017, other assets on the consolidated statements of assets and liabilities included \$288 and \$494, respectively, of deferred offering costs which will be charged against the proceeds from future debt or equity offerings when received.

### **Investments Denominated in Foreign Currency**

As of September 30, 2018, the Company held investments in two portfolio companies that were denominated in Great Britain pounds.

At each balance sheet date, portfolio company investments denominated in foreign currencies are translated into U.S. dollars using the spot exchange rate on the last business day of the period. Purchases and sales of foreign portfolio company investments, and any income from such investments, are translated into U.S. dollars using the rates of exchange prevailing on the respective dates of such transactions.

Although the fair values of foreign portfolio company investments and the fluctuation in such fair values are translated into U.S. dollars using the applicable foreign exchange rates described above, the Company does not isolate that portion of the change in fair values resulting from foreign currency exchange rates fluctuations from the change in fair values of the underlying investment. All fluctuations in fair value are included in net change in unrealized gain (loss) of investments in the Company's consolidated statements of operations.

Investments denominated in foreign currencies and foreign currency transactions may involve certain consideration and risks not typically associated with those of domestic origin, including unanticipated movements in the value of the foreign currency relative to the U.S. dollar.

### **Derivative Instruments**

The Company may enter into foreign currency forward contracts to reduce the Company's exposure to foreign currency exchange rate fluctuations. In a foreign currency forward contract, the Company agrees to receive or deliver a fixed quantity of one currency for another, at a pre-determined price at a future date. Foreign currency forward contracts are marked-to-market based on the difference between the forward rate and the exchange rate at the current period end. Unrealized gain (loss) on foreign currency forward contracts are recorded on the Company's consolidated statements of assets and liabilities by counterparty on a net basis.

The Company does not utilize hedge accounting and as such values its derivatives at fair value with the unrealized gain or loss recorded in net change in unrealized gain (loss) from foreign currency and other transactions in the Company's consolidated statements of operations.

## Income Taxes

The Company has elected to be treated as a RIC under Subchapter M of the Code and operates in a manner so as to qualify for the tax treatment available to RICs. To maintain qualification as a RIC, the Company must, among other things, meet certain source-of-income and asset diversification requirements and distribute to stockholders, for each taxable year, at least 90% of the Company's "investment company taxable income," which is generally the Company's net ordinary income plus the excess, if any, of realized net short-term capital gains over realized net long-term capital losses. If the Company qualifies as a RIC and satisfies the annual distribution requirement, the Company will not have to pay corporate-level federal income taxes on any income that the Company distributes to its stockholders. The Company intends to make distributions in an amount sufficient to maintain RIC status each year and to avoid any federal income taxes on income. The Company will also be subject to nondeductible federal excise taxes if the Company does not distribute at least 98% of net ordinary income, 98.2% of any capital gain net income, if any, and any recognized and undistributed income from prior years for which it paid no federal income taxes. To the extent that the Company determines that its estimated current year annual taxable income may exceed estimated current year dividend distributions, the Company accrues excise tax, if any, calculated as 4% of the estimated excess taxable income as taxable income is earned. For the three and nine months ended September 30, 2018, zero and \$11, respectively, were recorded on the consolidated statements of operations for U.S. federal excise taxes. For the three and nine months ended September 30, 2017, \$100 and \$100, respectively, were recorded on the consolidated statements of operations for U.S. federal excise taxes. As of September 30, 2018 and December 31, 2017, payables for excise taxes of zero and \$80, respectively, were included in accounts payable and accrued expenses on the consolidated statements of assets and liabilities.

The Company accounts for income taxes in conformity with ASC Topic 740 — *Income Taxes* ("ASC Topic 740"). ASC Topic 740 provides guidelines for how uncertain tax positions should be recognized, measured, presented and disclosed in the consolidated financial statements. ASC Topic 740 requires the evaluation of tax positions taken in the course of preparing the Company's tax returns to determine whether the tax positions are "more-likely-than-not" to be sustained by the applicable tax authority. Tax benefits of positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax expense in the current year. It is the Company's policy to recognize accrued interest and penalties related to uncertain tax benefits in income tax expense. There were no material uncertain income tax positions through September 30, 2018. The 2014 through 2017 tax years remain subject to examination by U.S. federal and state tax authorities.

## Subsequent Events

The Company has evaluated the need for disclosures and/or adjustments resulting from subsequent events through the date the consolidated financial statements were issued. There have been no subsequent events that occurred during such period that would require disclosure in this Form 10-Q or would be required to be recognized in the consolidated financial statements as of and for the nine months ended September 30, 2018.

## Recent Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update (“ASU”) 2014-09, *Revenue from Contracts with Customers* (ASC Topic 606) (“ASU 2014-09”). The core principle of ASU 2014-09 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that core principle, an entity should apply the following steps: Step 1: Identify the contract(s) with a customer. Step 2: Identify the performance obligations in the contract. Step 3: Determine the transaction price. Step 4: Allocate the transaction price to the performance obligations in the contract. Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

ASU 2014-09 also specified the accounting for some costs to obtain or fulfill a contract with a customer. In addition, ASU 2014-09 requires that an entity disclose sufficient information to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The initial effective date of ASU 2014-09 was for fiscal periods beginning after December 15, 2016. However, in August 2015, the FASB issued ASU 2015-14, *Revenue from Contracts with Customers* (ASC Topic 606): *Deferral of the Effective Date*, which deferred the effective date to fiscal periods beginning after December 15, 2017. The Company has adopted ASU 2014-09, and the adoption did not have a material impact on the Company’s consolidated financial statements.

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments — Overall* (Subtopic 825-10): *Recognition and Measurement of Financial Assets and Financial Liabilities* (“ASU 2016-01”). ASU 2016-01 retains many current requirements for the classification and measurement of financial instruments; however, it significantly revises an entity’s accounting related to (1) the classification and measurement of investments in equity securities and (2) the presentation of certain fair value changes for financial liabilities measured at fair value. ASU 2016-01 also amends certain disclosure requirements associated with the fair value of financial instruments. This guidance is effective for annual and interim periods beginning after December 15, 2017, and early adoption is not permitted for public business entities. The Company has adopted ASU 2016-01, and the adoption did not have a material impact on the Company’s consolidated financial statements.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement* (“ASU 2018-13”). The primary objective of ASU 2018-13 is to improve the effectiveness of the disclosure requirements for fair value measurements in the notes to the financial statements. ASU 2018-13 is effective for interim and annual reporting periods beginning after December 15, 2019, although early adoption is permitted. Management is currently evaluating the impact these changes will have on the Company’s consolidated financial statements and disclosures.

In August 2018, the SEC issued Final Rule Release No. 33-10532, *Disclosure Update and Simplification*, which amends certain SEC disclosure requirements that have become redundant, duplicative, overlapping, outdated, or superseded, in light of other SEC disclosure requirements, U.S. GAAP requirements, or changes in the information environment. As it pertains to the Company, the amendments include certain presentation changes to the net assets section of the consolidated statements of assets and liabilities and the consolidated statements of changes in net assets (among other changes). The amendments are effective for all filings submitted on or after November 5, 2018. The Company has adopted the final rules, and the adoption did not have a material impact on the Company’s consolidated financial statements.

### Note 3. Investments

The following tables show the composition of the investment portfolio, at amortized cost and fair value (with corresponding percentage of total portfolio investments):

	September 30, 2018			December 31, 2017		
Amortized Cost:						
Senior secured loans	\$ 389,773	76.4	%	\$ 399,770	78.8	%
Unitranche secured loans	49,932	9.8		40,661	8.0	
Junior secured loans	27,672	5.4		40,449	8.0	
LLC equity interest in SLF	25,200	4.9		9,500	1.8	
Equity securities	17,525	3.5		17,200	3.4	
Total	\$ 510,102	100.0	%	\$ 507,580	100.0	%

	September 30, 2018			December 31, 2017		
Fair Value:						
Senior secured loans	\$ 367,247	76.1	%	\$ 387,874	78.5	%
Unitranche secured loans	48,966	10.2		40,295	8.2	
Junior secured loans	28,924	6.0		38,549	7.8	
LLC equity interest in SLF	26,318	5.5		9,640	1.9	
Equity securities	10,838	2.2		17,780	3.6	
Total	\$ 482,293	100.0	%	\$ 494,138	100.0	%

The following tables show the composition of the investment portfolio by geographic region, at amortized cost and fair value (with corresponding percentage of total portfolio investments). The geographic composition is determined by the location of the corporate headquarters of the portfolio company, which may not be indicative of the primary source of the portfolio company's business:

	September 30, 2018		December 31, 2017	
Amortized Cost:				
International	\$ 19,002	3.7 %	\$ 13,858	2.7 %
Midwest	116,699	22.9	98,907	19.5
Northeast	134,279	26.3	142,742	28.1
Southeast	73,029	14.3	84,108	16.6
Southwest	61,698	12.1	59,335	11.7
West	105,395	20.7	108,630	21.4
Total	\$ 510,102	100.0 %	\$ 507,580	100.0 %

	September 30, 2018		December 31, 2017	
Fair Value:				
International	\$ 19,478	4.0 %	\$ 14,632	3.0 %
Midwest	115,442	23.9	98,390	19.9
Northeast	134,047	27.8	143,942	29.1
Southeast	72,297	15.0	85,293	17.3
Southwest	35,700	7.4	47,968	9.7
West	105,329	21.9	103,913	21.0
Total	\$ 482,293	100.0 %	\$ 494,138	100.0 %

The following tables show the composition of the investment portfolio by industry, at amortized cost and fair value (with corresponding percentage of total portfolio investments):

	September 30, 2018		December 31, 2017	
Amortized Cost:				
Aerospace & Defense	\$ —	— %	\$ 4,943	1.0 %
Banking, Finance, Insurance & Real Estate	62,277	12.2	60,519	11.9
Beverage, Food & Tobacco	17,755	3.5	17,888	3.5
Capital Equipment	2,906	0.6	—	—
Chemicals, Plastics & Rubber	14,221	2.8	8,734	1.7
Construction & Building	23,848	4.6	17,851	3.5
Consumer Goods: Durable	15,177	3.0	11,625	2.3
Consumer Goods: Non-Durable	23,486	4.6	29,982	5.9
Containers, Packaging & Glass	8,662	1.7	5,084	1.0
Energy: Oil & Gas	2,535	0.5	2,372	0.5
Environmental Industries	4,285	0.8	4,359	0.9
Healthcare & Pharmaceuticals	52,879	10.3	59,613	11.7
High Tech Industries	55,614	10.9	46,124	9.1
Hotels, Gaming & Leisure	18,762	3.7	41,924	8.2
Investment Funds & Vehicles	25,200	4.9	9,500	1.9
Media: Advertising, Printing & Publishing	25,312	5.0	22,647	4.5
Media: Broadcasting & Subscription	4,457	0.9	15,712	3.1
Media: Diversified & Production	4,954	1.0	4,947	1.0
Retail	59,894	11.7	60,005	11.8
Services: Business	42,696	8.4	33,350	6.6
Services: Consumer	18,848	3.7	21,263	4.2
Telecommunications	—	—	3,089	0.6
Utilities: Electric	—	—	2,759	0.5
Wholesale	26,334	5.2	23,290	4.6
Total	\$ 510,102	100.0 %	\$ 507,580	100.0 %

	September 30, 2018		December 31, 2017	
Fair Value:				
Aerospace & Defense	\$ —	— %	\$ 5,000	1.0 %
Banking, Finance, Insurance & Real Estate	61,160	12.7	61,407	12.4
Beverage, Food & Tobacco	17,360	3.6	17,770	3.6
Capital Equipment	2,970	0.6	—	—
Chemicals, Plastics & Rubber	14,266	3.0	8,860	1.8
Construction & Building	24,036	5.0	18,049	3.7
Consumer Goods: Durable	15,254	3.2	11,808	2.4
Consumer Goods: Non-Durable	23,168	4.8	24,717	5.0
Containers, Packaging & Glass	8,520	1.8	4,928	1.0
Energy: Oil & Gas	2,504	0.5	2,352	0.5
Environmental Industries	4,336	0.9	4,457	0.9
Healthcare & Pharmaceuticals	52,141	10.8	65,582	13.3
High Tech Industries	54,244	11.2	46,239	9.4
Hotels, Gaming & Leisure	20,003	4.1	42,744	8.6
Investment Funds & Vehicles	26,318	5.5	9,640	2.0
Media: Advertising, Printing & Publishing	26,122	5.4	23,264	4.7
Media: Broadcasting & Subscription	4,511	0.9	15,965	3.2
Media: Diversified & Production	5,000	1.0	5,006	1.0
Retail	32,922	6.8	41,644	8.4
Services: Business	42,834	8.9	33,732	6.8
Services: Consumer	17,812	3.7	21,474	4.3
Telecommunications	—	—	3,152	0.6
Utilities: Electric	—	—	2,792	0.6
Wholesale	26,812	5.6	23,556	4.8
Total	\$ 482,293	100.0 %	\$ 494,138	100.0 %

### MRCC Senior Loan Fund I, LLC

The Company co-invests with NLV Financial Corporation (“NLV”), in senior secured loans through SLF, an unconsolidated Delaware limited liability company. SLF is capitalized as underlying investment transactions are completed, taking into account available debt and equity commitments available for funding these investments. All portfolio and investment decisions in respect to SLF must be approved by the SLF investment committee, consisting of one representative from the Company and one representative from NLV. SLF may cease making new investments upon notification of either member, but operations will continue until all investments have been sold or paid-off in the normal course of business. Investments held by SLF are measured at fair value using the same valuation methodologies as described in Note 4. The Company’s investment is illiquid in nature as SLF does not allow for withdrawal from the LLC or the sale of a member’s interest unless approved by the board of members of SLF. The full withdrawal of a member would result in an orderly wind-down of SLF.



SLF's profits and losses are allocated to the Company and NLV in accordance with their respective ownership interests. As of both September 30, 2018 and December 31, 2017, the Company and NLV each owned 50.0% of the LLC equity interests of SLF. As of September 30, 2018, SLF had \$100,000 in equity commitments from its members (in the aggregate), of which \$50,400 was funded. As of December 31, 2017, SLF had \$100,000 in commitments from its members (in the aggregate), of which \$19,000 was funded.

As of both September 30, 2018 and December 31, 2017, the Company had committed to fund \$50,000 of LLC equity interest subscriptions to SLF. As of September 30, 2018 and December 31, 2017, \$25,200 and \$9,500 of the Company's LLC equity interest subscriptions to SLF had been called and contributed, net of return of capital distributions subject to recall, respectively.

For the three and nine months ended September 30, 2018, the Company received \$550 and \$1,075 dividend income from the SLF LLC equity interests, respectively. For the three and nine months ended September 30, 2017, the Company did not receive dividend income from the SLF LLC equity interests, as the Company did not make its investment in SLF until November 2017.

SLF has entered into a senior secured revolving credit facility (as amended, the "SLF Credit Facility") with Capital One, N.A., through its wholly-owned subsidiary MRCC Senior Loan Fund I Financing SPV, LLC ("SLF SPV"), which as of September 30, 2018 allowed SLF SPV to borrow up to \$100,000 at any one time, subject to leverage and borrowing base restrictions. Borrowings under the SLF Credit Facility bear interest at an annual rate of LIBOR (three-month) plus 2.25%. The maturity date on the SLF Credit Facility is March 22, 2023.

SLF does not pay any fees to MC Advisors or its affiliates; however, SLF has entered into an administration agreement with MC Management, pursuant to which certain loan servicing and administrative functions are delegated to MC Management. SLF may reimburse MC Management for its allocable share of overhead and other expenses incurred by MC Management. For the three and nine months ended September 30, 2018, SLF incurred \$29 and \$29, respectively, of allocable expenses. There are no agreements or understandings by which the Company guarantees any SLF obligations.

As of September 30, 2018 and December 31, 2017, SLF had total assets at fair value of \$142,112 and \$41,641, respectively. As of September 30, 2018 and December 31, 2017, SLF had zero and zero portfolio company investments on non-accrual status, respectively. The portfolio companies in SLF are in industries and geographies similar to those in which the Company may invest directly. Additionally, as of September 30, 2018 and December 31, 2017, SLF had commitments to fund various undrawn revolvers and delayed draw investments to its portfolio companies totaling \$5,123 and \$2,083, respectively.

Below is a summary of SLF's portfolio, followed by a listing of the individual investments in SLF's portfolio as of September 30, 2018 and December 31, 2017:

	As of September 30, 2018		December 31, 2017	
Senior secured loans <sup>(1)</sup>	134,629		29,438	
Weighted average current interest rate on senior secured loans <sup>(2)</sup>	7.4	%	7.1	%
Number of borrowers in SLF	39		8	

(1) Represents outstanding principal amount, excluding unfunded commitments.

(2) Computed as the (a) annual stated interest rate on accruing senior secured loans divided by (b) total senior secured loans at outstanding principal amount.

**MRCC SENIOR LOAN FUND I, LLC****CONSOLIDATED SCHEDULE OF INVESTMENTS****(unaudited)****September 30, 2018**

<b>Portfolio Company</b> <sup>(a)</sup>	<b>Spread</b>		<b>Maturity</b>	<b>Principal</b>	<b>Fair Value</b>
	<b>Above Index</b> <sup>(b)</sup>	<b>Interest Rate</b> <sup>(b)</sup>			
Non-Controlled/Non-Affiliate Company Investments					
Senior Secured Loans					
Aerospace & Defense					
MAG Aerospace Industries, Inc.	L+4.75%	6.99	% 6/6/2025	3,292	\$3,283
The KEYW Corporation	L+4.50%	6.63	% 5/8/2024	1,525	1,536
Trident Maritime SH, Inc.	L+5.50%	7.89	% 6/4/2024	4,660	4,658
Trident Maritime SH, Inc. (Revolver) <sup>(d)</sup>	P+4.50%	9.50	% 6/4/2024	340	—
				9,817	9,477
Automotive					
Wheel Pros, LLC	L+4.75%	6.99	% 4/4/2025	3,990	3,943
				3,990	3,943
Banking, Finance, Insurance & Real Estate					
MTC Intermediate Holdco, Inc.	L+4.75%	6.99	% 1/30/2023	4,975	4,975
Pivotal Payments Inc. <sup>(c)</sup>	L+4.50%	6.89	% 10/1/2025	3,750	3,713
Zenith Merger Sub, Inc.	L+5.50%	7.89	% 12/13/2023	3,722	3,720
				12,447	12,408
Beverage, Food & Tobacco					
Il Fornaio (America) Corporation	L+6.50%	8.74	% 11/10/2022	4,947	4,947
SW Ingredients Holdings, LLC	L+4.25%	6.64	% 7/3/2025	3,741	3,728
US Salt, LLC	L+4.75%	6.99	% 11/30/2023	3,482	3,482
				12,170	12,157
Capital Equipment					
Analogic Corp	L+6.00%	8.21	% 6/24/2024	5,000	5,012
				5,000	5,012
Chemicals, Plastics & Rubber					
Loparex International B.V.	L+4.25%	6.64	% 4/11/2025	499	506
Peach State Labs, LLC	L+6.50%	8.61	% 6/30/2021	2,862	2,876
				3,361	3,382
Construction & Building					
Fastener Acquisition, Inc.	L+4.25%	6.64	% 3/28/2025	1,327	1,332
				1,327	1,332
Consumer Goods: Durable					
International Textile Group, Inc.	L+5.00%	7.10	% 5/1/2024	1,863	1,870

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SSH Group Holdings, Inc.	L+4.25%	6.59	% 7/30/2025	2,334	2,357
				4,197	4,227
Consumer Goods: Non-Durable					
Solaray, LLC <sup>(e)</sup>	L+6.50%	8.83	% 9/11/2023	1,613	1,613
Solaray, LLC (Delayed Draw) <sup>(d)</sup>	L+6.50%	8.82	% 9/11/2023	1,870	1,182
				3,483	2,795
Containers, Packaging & Glass					
Port Townsend Holdings Company, Inc.	L+4.75%	6.87	% 4/3/2024	3,975	3,979
PVHC Holding Corp	L+4.75%	7.14	% 8/5/2024	3,325	3,342
PVHC Holding Corp (Delayed Draw) <sup>(d)</sup>	L+4.75%	7.14	% 8/5/2024	425	—
				7,725	7,321
Energy: Oil & Gas					
Drilling Info Holdings, Inc.	L+4.25%	6.54	% 7/30/2025	4,027	4,019
Drilling Info Holdings, Inc. (Delayed Draw) <sup>(d)</sup>	L+4.25%	6.54	% 7/30/2025	640	—
				4,667	4,019
Healthcare & Pharmaceuticals					
LSCS Holdings, Inc.	L+4.25%	6.64	% 3/17/2025	2,328	2,328
LSCS Holdings, Inc.	L+4.25%	6.38	% 3/17/2025	601	601
Radiology Partners, Inc.	L+4.25%	6.59	% 7/9/2025	5,000	5,037
Solara Medical Supplies, LLC	L+6.00%	8.39	% 5/31/2023	5,643	5,649
Solara Medical Supplies, LLC (Delayed Draw) <sup>(d)</sup>	L+6.00%	8.39	% 5/31/2023	1,071	—
Solara Medical Supplies, LLC (Revolver) <sup>(d)</sup>	L+6.00%	8.39	% 5/31/2023	714	—
				15,357	13,615
High Tech Industries					
AQA Acquisition Holding, Inc. <sup>(c)</sup>	L+4.25%	6.64	% 5/24/2023	3,333	3,325
Corel Corporation	L+5.00%	7.31	% 6/4/2024	2,500	2,515
Gigamon, Inc.	L+4.50%	6.89	% 12/27/2024	2,978	3,000
				8,811	8,840
Media: Advertising, Printing & Publishing					
Cadent, LLC	L+5.50%	7.65	% 9/11/2023	5,000	4,987
Cadent, LLC (Revolver) <sup>(d)</sup>	L+5.50%	7.65	% 9/11/2023	167	—
				5,167	4,987
Media: Diversified & Production					
Research Now Group, Inc. and Survey Sampling International, LLC	L+5.50%	7.74	% 12/20/2024	6,948	6,991
				6,948	6,991
Services: Business					
CHA Holdings, Inc.	L+4.50%	6.89	% 4/10/2025	2,049	2,064
CHA Holdings, Inc. (Delayed Draw) <sup>(d)</sup>	L+4.50%	6.89	% 4/10/2025	446	—
Engage2Excel, Inc.	L+6.50%	8.85	% 3/7/2023	4,353	4,379
Engage2Excel, Inc. (Revolver) <sup>(d)</sup>	P+5.50%	10.75	% 3/7/2023	545	18
GI Revelation Acquisition LLC	L+5.00%	7.24	% 4/16/2025	1,397	1,402
Output Services Group, Inc.	L+4.25%	6.49	% 3/27/2024	4,990	5,033
SIRVA Worldwide, Inc.	L+5.50%	7.74	% 8/4/2025	2,000	2,008
				15,780	14,904
Services: Consumer					
LegalZoom.com, Inc.	L+4.25%	6.46	% 11/21/2024	1,985	2,017
				1,985	2,017
Telecommunications					
Intermedia Holdings, Inc.	L+6.00%	8.36	% 7/21/2025	1,833	1,842

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Mavenir Systems, Inc.	L+6.00%	8.14	% 5/8/2025	3,990	4,000
				5,823	5,842
Utilities: Oil & Gas					
NGS US Finco, LLC <sup>(c)</sup>	L+4.25%	6.64	% 9/15/2025	1,750	1,741
				1,750	1,741
Wholesale					
BMC Acquisition, Inc.	L+5.25%	7.84	% 12/30/2024	4,962	5,000
Halo Buyer, Inc.	L+4.50%	6.74	% 6/27/2025	3,510	3,483
Halo Buyer, Inc. (Delayed Draw) <sup>(d)</sup>	L+4.50%	6.72	% 6/27/2025	1,478	1,363
				9,950	9,846
TOTAL INVESTMENTS					\$134,856

(a) All investments are U.S. companies, except for Loparex International B.V.

The majority of investments bear interest at a rate that may be determined by reference to the London Interbank Offered Rate (“LIBOR” or “L”) or Prime Rate (“Prime” or “P”) which reset daily, quarterly or semiannually. The Company <sup>(b)</sup> has provided the spread over LIBOR or Prime and the current contractual rate of interest in effect at September 30, 2018. Certain investments are subject to a LIBOR or Prime interest rate floor.

<sup>(c)</sup> Investment position or portion thereof unsettled as of September 30, 2018.

<sup>(d)</sup> All or a portion of this commitment was unfunded as of September 30, 2018. Principal reflects the commitment outstanding.

<sup>(e)</sup> The Company also holds a portion of the term loan in this portfolio company.

**MRCC SENIOR LOAN FUND I, LLC****SCHEDULE OF INVESTMENTS****December 31, 2017**

<b>Portfolio Company (a)</b>	<b>Spread Above Index (b)</b>	<b>Interest Rate (b)</b>	<b>Maturity</b>	<b>Principal</b>	<b>Fair Value</b>
Non-Controlled/Non-Affiliate Company Investments					
Senior Secured Loans					
Banking, Finance, Insurance & Real Estate					
Clearent Holdings LLC and Clearent, LLC (c)	P+3.75%	8.25	% 1/2/2024	1,056	\$1,045
Clearent Holdings LLC and Clearent, LLC (c)	P+3.75%	8.25	% 1/2/2024	1,257	1,244
Clearent Holdings LLC and Clearent, LLC (c)(d)	P+3.75%	8.25	% 1/2/2024	208	—
				2,521	2,289
Beverage, Food & Tobacco					
Il Fornaio (America) Corporation	L+6.50%	8.07	% 11/10/2022	5,000	5,008
US Salt, LLC (c)	L+4.75%	6.18	% 11/30/2023	3,500	3,500
				8,500	8,508
Consumer Goods: Non-Durable					
Solaray, LLC	L+6.50%	8.02	% 9/11/2023	1,625	1,625
Solaray, LLC (Delayed Draw) (d)	L+6.50%	8.02	% 9/11/2023	1,875	—
				3,500	1,625
High Tech Industries					
Gigamon, Inc. (c)	L+4.50%	6.03	% 12/27/2024	3,000	2,985
				3,000	2,985
Media: Diversified & Production					
Research Now Group, Inc. and Survey Sampling International, LLC (c)	L+5.50%	7.13	% 12/20/2024	7,000	6,714
				7,000	6,714
Services: Consumer					
LegalZoom.com, Inc. (c)	L+4.50%	5.94	% 11/21/2024	2,000	2,005
				2,000	2,005
Wholesale					
BMC Acquisition, Inc. (c)	L+5.25%	6.94	% 12/28/2024	5,000	5,000
				5,000	5,000
<b>TOTAL INVESTMENTS</b>					<b>\$29,126</b>

(a) All investments are U.S. companies.

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The majority of investments bear interest at a rate that may be determined by reference to the London Interbank Offered Rate (“LIBOR” or “L”) or Prime Rate (“Prime” or “P”) which reset daily, quarterly or semiannually. The Company (b) has provided the spread over LIBOR or Prime and the current contractual rate of interest in effect at December 31, 2017. Certain investments are subject to a LIBOR or Prime interest rate floor.

(c) Investment position or portion thereof unsettled as of December 31, 2017.

(d) All or a portion of this commitment was unfunded as of December 31, 2017. Principal reflects the commitment outstanding.

Below is certain summarized financial information for SLF as of September 30, 2018 and December 31, 2017 and for the three and nine months ended September 30, 2018 and 2017:

	September 30, 2018 (unaudited)	December 31, 2017
<b>Assets</b>		
Investments, at fair value	\$ 134,856	\$ 29,126
Cash	491	12,504
Restricted cash	6,362	—
Interest receivable	403	11
Total assets	\$ 142,112	\$ 41,641
<b>Liabilities</b>		
Revolving credit facility	\$ 81,432	\$ —
Less: Unamortized deferred financing costs	(1,198	) —
Total debt, less unamortized deferred financing costs	80,234	—
Payable for open trades	8,754	22,304
Interest payable	311	—
Accounts payable and accrued expenses	178	57
Total liabilities	89,477	22,361
Members' capital	52,635	19,280
Total liabilities and members' capital	\$ 142,112	\$ 41,641

	Three months ended September 30, 2018 (unaudited)		Nine months ended September 30, 2018 (unaudited)	
	2017 <sup>(1)</sup>		2017 <sup>(1)</sup>	
<b>Investment income:</b>				
Interest income	\$ 2,262	\$ —	\$ 4,441	\$ —
Total investment income	2,262	—	4,441	—
<b>Expenses:</b>				
Interest and other debt financing expenses	922	—	1,571	—
Organizational costs	—	—	11	—
Professional fees	139	—	201	—
Total expenses	1,061	—	1,783	—
Net investment income (loss)	1,201	—	2,658	—
<b>Net gain (loss) on investments:</b>				
Net change in unrealized gain (loss) on investments	448	—	1,447	—
Net gain (loss) on investments	448	—	1,447	—
Net increase (decrease) in members' capital	\$ 1,649	\$ —	\$ 4,105	\$ —

(1) SLF commenced operations on November 14, 2017.



#### **Note 4. Fair Value Measurements**

##### **Investments**

The Company values all investments in accordance with ASC Topic 820. ASC Topic 820 requires enhanced disclosures about assets and liabilities that are measured and reported at fair value. As defined in ASC Topic 820, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Where available, fair value is based on observable market prices or parameters, or derived from such prices or parameters. Where observable prices or inputs are not available, valuation models are applied. These valuation models involve some level of management estimation and judgment, the degree of which is dependent on the price transparency for the assets or liabilities or market and the assets' or liabilities' complexity.

ASC Topic 820 establishes a hierarchal disclosure framework which prioritizes and ranks the level of market price observability of inputs used in measuring investments at fair value. Market price observability is affected by a number of factors, including the type of investment and the characteristics specific to the investment. Investments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

Based on the observability of the inputs used in the valuation techniques, the Company is required to provide disclosures on fair value measurements according to the fair value hierarchy. The fair value hierarchy ranks the observability of the inputs used to determine fair values. Investments carried at fair value are classified and disclosed in one of the following three categories:

Level 1 — Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2 — Valuations based on inputs other than quoted prices in active markets, including quoted prices for similar assets or liabilities, which are either directly or indirectly observable.

Level 3 — Valuations based on inputs that are unobservable and significant to the overall fair value measurement. This includes situations where there is little, if any, market activity for the assets or liabilities. The inputs into the determination of fair value are based upon the best information available and may require significant management judgment or estimation.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an asset's or liability's categorization within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the asset or liability. All investments, with the exception of investments measured at fair value using net asset value ("NAV"), as of September 30, 2018 and December 31, 2017 were categorized as Level 3 investments.

With respect to investments for which market quotations are not readily available, the Company's Board undertakes a multi-step valuation process each quarter, as described below:

the quarterly valuation process begins with each portfolio company or investment being initially evaluated and rated by the investment professionals of MC Advisors responsible for the portfolio investment;

preliminary valuation conclusions are then documented and discussed with the investment committee of the Company;

the Board also engages one or more independent valuation firm(s) to conduct independent appraisals of a selection of investments for which market quotations are not readily available. The Company will consult with independent valuation firm(s) relative to each portfolio company at least once in every calendar year, but are generally received quarterly;

the audit committee of the Board reviews the preliminary valuations of MC Advisors and of the independent valuation firm(s) and responds and supplements the valuation recommendations to reflect any comments; and

the Board discusses these valuations and determines the fair value of each investment in the portfolio in good faith, based on the input of MC Advisors, the independent valuation firm(s) and the audit committee.

The accompanying consolidated schedules of investments held by the Company consist primarily of private debt instruments (“Level 3 debt”). The Company generally uses the income approach to determine fair value, as long as it is appropriate. If there is deterioration in credit quality or a debt investment is in workout status, the Company may consider other factors in determining the fair value, including the value attributable to the debt investment from the enterprise value of the portfolio company or the proceeds that would be received in a liquidation analysis. The Company generally considers its Level 3 debt to be performing loans if the borrower is not in default, the borrower is remitting payments in a timely manner; the loan is in covenant compliance or is otherwise not deemed to be impaired. In determining the fair value of the performing Level 3 debt, the Company considers fluctuations in current interest rates, the trends in yields of debt instruments with similar credit ratings, financial condition of the borrower, economic conditions and other relevant factors, both qualitative and quantitative. In the event that a Level 3 debt instrument is not performing, as defined above, the Company will evaluate the value of the collateral utilizing the same framework described above for a performing loan to determine the value of the Level 3 debt instrument.

Under the income approach, the Company uses discounted cash flow models to determine the present value of the future cash flow streams of its debt investments, based on future interest and principal payments as set forth in the associated loan agreements. In determining fair value under the income approach, the Company also considers the following factors: applicable market yields and leverage levels, credit quality, prepayment penalties, the nature and realizable value of any collateral, the portfolio company’s ability to make payments, and changes in the interest rate environment and the credit markets that generally may affect the price at which similar investments may be made.

Under the market approach, the Company typically uses the enterprise value methodology to determine the fair value of an investment. There is no one methodology to estimate enterprise value and, in fact, for any one portfolio company, enterprise value is generally best expressed as a range of values, from which the Company derives a single estimate of enterprise value. In estimating the enterprise value of a portfolio company, the Company analyzes various factors consistent with industry practice, including but not limited to original transaction multiples, the portfolio company's historical and projected financial results, applicable market trading and transaction comparables, applicable market yields and leverage levels, the nature and realizable value of any collateral, the markets in which the portfolio company does business, and comparisons of financial ratios of peer companies that are public. Typically, the enterprise values of private companies are based on multiples of earnings before interest, income taxes, depreciation and amortization ("EBITDA"), cash flows, net income, revenues, or in limited cases, book value.

In addition, for certain debt investments, the Company may base its valuation on indicative bid and ask prices provided by an independent third-party pricing service. Bid prices reflect the highest price that the Company and others may be willing to pay. Ask prices represent the lowest price that the Company and others may be willing to accept. The Company generally uses the midpoint of the bid/ask range as its best estimate of fair value of such investment.

### **Secured Borrowings**

The Company has elected the fair value option under ASC Topic 825 — *Financial Instruments* ("ASC Topic 825") relating to accounting for debt obligations at their fair value for its secured borrowings which arose due to partial loan sales which did not meet the criteria for sale treatment under ASC Topic 860. The Company reports changes in the fair value of its secured borrowings within net change in unrealized gain (loss) on secured borrowings in the consolidated statements of operations. The net gain or loss reflects the difference between the fair value and the principal amount due on maturity.

Due to the absence of a liquid trading market for these secured borrowings, they are valued by calculating the net present value of the future expected cash flow streams using an appropriate risk-adjusted discount rate model. The discount rate considers projected performance of the related loan investment, applicable market yields and leverage levels, credit quality, prepayment penalties and comparable company analysis. The Company consults with an independent valuation firm relative to the fair value of its secured borrowings at least once in every calendar year.

### **Foreign Currency Forward Contracts**

The valuation for the Company's foreign currency forward contracts is based on the difference between the exchange rate associated with the forward contract and the exchange rate at the current period end. Foreign currency forward contracts are categorized as level 2 in the fair value hierarchy.

## Fair Value Disclosures

The following table presents fair value measurements of investments and foreign currency forward contracts, by major class, as of September 30, 2018, according to the fair value hierarchy:

	Fair Value Measurements			
	Level 1	Level 2	Level 3	Total
Investments:				
Senior secured loans	\$—	\$—	\$367,247	\$367,247
Unitranche secured loans	—	—	48,966	48,966
Junior secured loans	—	—	28,924	28,924
Equity securities	—	—	10,838	10,838
Investments measured at NAV <sup>(1)</sup> <sup>(2)</sup>	—	—	—	26,318
Total Investments	\$—	\$—	\$455,975	\$482,293
Foreign currency forward contracts (liability)	\$—	\$ (58 )	\$—	\$ (58 )

Certain investments that are measured at fair value using the NAV have not been categorized in the fair value (1) hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of assets and liabilities.

(2) Represents the Company's investment in LLC equity interests in SLF. The fair value of this investment has been determined using the NAV of the Company's ownership interest in members' capital.

The following table presents fair value measurements of investments, by major class, as of December 31, 2017, according to the fair value hierarchy:

	Fair Value Measurements			
	Level 1	Level 2	Level 3	Total
Investments:				
Senior secured loans	\$—	\$—	\$387,874	\$387,874
Unitranche secured loans	—	—	40,295	40,295
Junior secured loans	—	—	38,549	38,549
Equity securities	—	—	17,780	17,780
Investments measured at NAV <sup>(1)</sup> <sup>(2)</sup>	—	—	—	9,640
Total Investments	\$—	\$—	\$484,498	\$494,138

Certain investments that are measured at fair value using the NAV have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of assets and liabilities.

<sup>(2)</sup> Represents the Company's investment in LLC equity interests in SLF. The fair value of this investment has been determined using the NAV of the Company's ownership interest in members' capital.

Senior, unitranche and junior secured loans are collateralized by tangible and intangible assets of the borrowers. These investments include loans to entities that have some level of challenge in obtaining financing from other, more conventional institutions, such as a bank. Interest rates on these loans are either fixed or floating, and are based on current market conditions and credit ratings of the borrower. Excluding loans on non-accrual, the contractual interest rates on the loans ranged between 7.89% to 16.74% at September 30, 2018 and 6.57% to 15.00% at December 31, 2017. The maturity dates on the loans outstanding at September 30, 2018 range between December 2018 and August 2025.

The following tables provide a reconciliation of the beginning and ending balances for investments and secured borrowings that use Level 3 inputs for the three and nine months ended September 30, 2018:

	Investments					Secured borrowings
	Senior secured loans	Unitranche secured loans	Junior secured loans	Equity securities	Total investments	
Balance as of June 30, 2018	\$387,639	\$ 51,485	\$ 28,515	\$ 11,903	\$ 479,542	\$ —
Net change in unrealized gain (loss) on investments	(5,145 )	(572 )	2,373	(241 )	(3,585 )	—

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Net realized gain (loss) on investments	(2,495 )	—	(2,011 )	(1,094 )	(5,600 )	—
Purchases of investments and other adjustments to cost <sup>(1)</sup>	43,954	1,818	48	270	46,090	—
Proceeds from principal payments and sales on investments <sup>(2)</sup>	(56,706 )	(3,765 )	(1 )	—	(60,472 )	—
Net change in unrealized gain (loss) on secured borrowings	—	—	—	—	—	—
Repayments on secured borrowings	—	—	—	—	—	—
Net realized (gain) loss on secured borrowings	—	—	—	—	—	—
Balance as of September 30, 2018	\$367,247	\$ 48,966	\$ 28,924	\$ 10,838	\$ 455,975	\$ —

	Investments						
	Senior secured loans	Unitranche secured loans	Junior secured loans	Equity securities	Total investments	Secured borrowings	
Balance as of December 31, 2017	\$387,874	\$ 40,295	\$ 38,549	\$ 17,780	\$ 484,498	\$ —	
Net change in unrealized gain (loss) on investments	(10,631 )	(599 )	3,152	(7,267 )	(15,345 )	—	
Net realized gain (loss) on investments	(2,495 )	—	(2,011 )	(1,094 )	(5,600 )	—	
Purchases of investments and other adjustments to cost <sup>(1)</sup>	88,864	13,338	141	1,419	103,762	—	
Proceeds from principal payments and sales on investments <sup>(2)</sup>	(96,365 )	(4,068 )	(10,907 )	—	(111,340 )	—	
Net change in unrealized gain (loss) on secured borrowings	—	—	—	—	—	—	
Repayments on secured borrowings	—	—	—	—	—	—	
Net realized (gain) loss on secured borrowings	—	—	—	—	—	—	
Balance as of September 30, 2018	\$367,247	\$ 48,966	\$ 28,924	\$ 10,838	\$ 455,975	\$ —	

(1) Includes purchases of new investments, effects of refinancing and restructurings, premium and discount accretion and amortization and PIK interest.

(2) Represents net proceeds from investments sold and principal paydowns received.

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The following tables provide a reconciliation of the beginning and ending balances for investments and secured borrowings that use Level 3 inputs for the three and nine months ended September 30, 2017:

	Investments					
	Senior secured loans	Unitranche secured loans	Junior secured loans	Equity securities	Total investments	Secured borrowings
Balance as of June 30, 2017	\$351,491	\$ 37,302	\$ 37,709	\$ 19,047	\$ 445,549	\$ —
Reclassifications <sup>(1)</sup>	(15,747 )	15,747	—	—	—	—
Net change in unrealized gain (loss) on investments	(3,380 )	4,554	305	919	2,398	—
Net realized gain (loss) on investments	—	(3,399 )	7	492	(2,900 )	—
Purchases of investments and other adjustments to cost <sup>(2)</sup>	44,119	225	10,691	—	55,035	—
Proceeds from principal payments and sales on investments <sup>(3)</sup>	(48,499 )	(9,837 )	(10,157 )	(492 )	(68,985 )	—
Net change in unrealized gain (loss) on secured borrowings	—	—	—	—	—	—
Repayments on secured borrowings	—	—	—	—	—	—
Net realized (gain) loss on secured borrowings	—	—	—	—	—	—
Balance as of September 30, 2017	\$327,984	\$ 44,592	\$ 38,555	\$ 19,966	\$ 431,097	\$ —

	Investments					
	Senior secured loans	Unitranche secured loans	Junior secured loans	Equity securities	Total investments	Secured borrowings
Balance as of December 31, 2016	\$275,253	\$ 51,638	\$ 59,366	\$ 26,663	\$ 412,920	\$ 1,314
Reclassifications <sup>(1)</sup>	(18,542 )	15,747	382	2,413	—	—
Net change in unrealized gain (loss) on investments	(5,237 )	5,382	462	(9,110 )	(8,503 )	—
Net realized gain (loss) on investments	41	(3,399 )	7	2,779	(572 )	—
Purchases of investments and other adjustments to cost <sup>(2)</sup>	155,915	4,889	10,893	—	171,697	—
Proceeds from principal payments and sales on investments <sup>(3)</sup>	(79,446 )	(29,665 )	(32,555 )	(2,779 )	(144,445 )	—
Net change in unrealized gain (loss) on secured borrowings	—	—	—	—	—	6
Repayments on secured borrowings	—	—	—	—	—	(1,254 )
Net realized (gain) loss on secured borrowings	—	—	—	—	—	(66 )
Balance as of September 30, 2017	\$327,984	\$ 44,592	\$ 38,555	\$ 19,966	\$ 431,097	\$ —



- (1) Represents non-cash reclassifications of investment type due to restructuring of the investments in portfolio companies.
- (2) Includes purchases of new investments, effects of refinancing and restructurings, premium and discount accretion and amortization and PIK interest.
- (3) Represent net proceeds from investments sold and principal paydowns received.

The total change in unrealized gain (loss) included in the consolidated statements of operations within net change in unrealized gain (loss) on investments for the three and nine months ended September 30, 2018, attributable to Level 3 investments still held at September 30, 2018, was (\$8,712) and (\$13,198), respectively. The total change in unrealized gain (loss) included in the consolidated statements of operations within net change in unrealized gain (loss) on investments for the three and nine months ended September 30, 2017, attributable to Level 3 investments still held at September 30, 2017, was (\$254) and (\$11,637), respectively. Reclassifications impacting Level 3 of the fair value hierarchy are reported as transfers in or out of Level 3 as of the beginning of the period which the reclassifications occur. There were no transfers among Levels 1, 2 and 3 during the three and nine months ended September 30, 2018 and 2017.

### **Significant Unobservable Inputs**

ASC Topic 820 requires disclosure of quantitative information about the significant unobservable inputs used in the valuation of assets and liabilities classified as Level 3 within the fair value hierarchy. Disclosure of this information is not required in circumstances where a valuation (unadjusted) is obtained from a third-party pricing service and the information regarding the unobservable inputs is not reasonably available to the Company and as such, the disclosures provided below exclude those investments valued in that manner. The tables below are not intended to be all-inclusive, but rather to provide information on significant unobservable inputs and valuation techniques used by the Company.

The valuation techniques and significant unobservable inputs used in recurring Level 3 fair value measurements of assets and liabilities as of September 30, 2018 were as follows:

	Fair Value	Valuation Technique	Unobservable Input	Weighted Average		Range			
				Mean		Minimum	Maximum		
Assets:									
Senior secured loans	\$ 259,999	Discounted cash flow	EBITDA multiples	7.1	x	4.0	x	12.5	x
			Market yields	11.7	%	8.2	%	17.0	%
Senior secured loans	29,190	Discounted cash flow	Revenue multiples	3.5	x	3.3	x	3.8	x
			Market yields	8.7	%	8.6	%	8.8	%
Senior secured loans	15,412	Waterfall	Delinquency ratio	0.0	%	0.0	%	0.0	%
Senior secured loans	13,326	Enterprise value	Tangible book value multiples	1.5	x	1.5	x	1.5	x
Senior secured loans	9,821	Enterprise value	EBITDA multiples	7.4	x	6.5	x	8.5	x
Senior secured loans	17,864	Liquidation	Net realizable value of assets	41.3	%	41.3	%	41.3	%
Senior secured loans	9,137	Enterprise value	Revenue multiples	0.4	x	0.4	x	0.4	x
Senior secured loans	222	Combination of enterprise value and discounted cash flow	EBITDA multiples	6.8	x	6.8	x	6.8	x
			Market yields	11.0	%	11.0	%	11.0	%
Unitranche secured loans	35,738	Discounted cash flow	EBITDA multiples	7.7	x	5.5	x	9.0	x
			Market yields	12.3	%	10.0	%	21.5	%
Unitranche secured loans	13,228	Enterprise value	EBITDA multiples	5.6	x	5.5	x	9.0	x
Junior secured loans	625	Discounted cash flow	EBITDA multiples	2.8	x	2.8	x	2.8	x
			Market yields	14.5	%	14.5	%	14.5	%
Junior secured loans	1,422	Enterprise value	EBITDA multiples	5.5	x	5.5	x	5.5	x
Equity securities	8,046	Discounted cash flow	EBITDA multiples	2.8	x	2.8	x	2.8	x
			Market yields	28.5	%	28.5	%	28.5	%
Equity securities	219	Enterprise value	Revenue multiples	2.5	x	2.5	x	2.5	x
Equity securities	2,382	Enterprise value	EBITDA multiples	7.0	x	4.0	x	10.5	x
Total Level 3 Assets	\$ 416,631 <sup>(1)</sup>								

(1) Excludes loans of \$39,344 at fair value where valuation (unadjusted) is obtained from a third-party pricing service for which such disclosure is not required.

The valuation techniques and significant unobservable inputs used in recurring Level 3 fair value measurements of assets and liabilities as of December 31, 2017 were as follows:

	Fair Value	Valuation Technique	Unobservable Input	Weighted Average Mean		Range Minimum	Maximum		
Assets:									
Senior secured loans	\$ 300,882	Discounted cash flow	EBITDA multiples	6.8	x	3.8	x	14.0	x
			Market yields	11.6	%	8.1	%	23.5	%
Senior secured loans	15,654	Waterfall	Delinquency ratio	0.0	%	0.0	%	0.0	%
Senior secured loans	12,967	Discounted cash flow	Tangible book value multiples	1.3	x	1.2	x	1.3	x
			Market yields	14.5	%	10.3	%	19.9	%
Senior secured loans	9,516	Discounted cash flow	Revenue multiples	4.0	x	3.8	x	4.3	x
			Market yields	8.8	%	8.4	%	9.2	%
Senior secured loans	8,718	Enterprise value	EBITDA multiples	7.5	x	6.0	x	9.3	x
Senior secured loans	8,516	Enterprise value	Revenue multiples	0.3	x	0.3	x	0.6	x
Unitranche secured loans	40,000	Discounted cash flow	EBITDA multiples	6.2	x	3.8	x	8.5	x
			Market yields	15.0	%	8.8	%	23.0	%
Unitranche secured loans	295	Enterprise value	EBITDA multiples	5.0	x	4.5	x	5.5	x
Junior secured loans	5,625	Discounted cash flow	EBITDA multiples	9.1	x	3.8	x	10.3	x
			Market yields	11.1	%	10.2	%	14.0	%
Equity securities	8,429	Discounted cash flow	EBITDA multiples	4.0	x	3.8	x	4.3	x
			Market yields	21.0	%	20.0	%	22.0	%
Equity securities	5,892	Enterprise value	Revenue multiples	0.4	x	0.4	x	2.7	x
Equity securities	1,767	Enterprise value	EBITDA multiples	6.8	x	4.5	x	9.0	x
Equity securities	353	Enterprise value	Tangible book value multiples	1.3	x	1.2	x	1.3	x
Total Level 3 Assets	\$ 418,614 (1)								

(1) Excludes loans of \$65,884 at fair value where valuation (unadjusted) is obtained from a third-party pricing service for which such disclosure is not required.

The significant unobservable inputs used in the income approach of fair value measurement of the Company's investments is the discount rate used to discount the estimated future cash flows expected to be received from the underlying investment, which include both future principal and interest payments. Increases (decreases) in the discount rate would result in a decrease (increase) in the fair value estimate of the investment. Included in the consideration and selection of discount rates are the following factors: risk of default, rating of the investment and comparable investments, and call provisions.

The significant unobservable inputs used in the market approach of fair value measurement of the Company's investments are the market multiples of EBITDA or revenue of the comparable guideline public companies. The Company selects a population of public companies for each investment with similar operations and attributes of the portfolio company. Using these guideline public companies' data, a range of multiples of enterprise value to EBITDA or revenue is calculated. The Company selects percentages from the range of multiples for purposes of determining the portfolio company's estimated enterprise value based on said multiple and generally the latest twelve months EBITDA or revenue of the portfolio company (or other meaningful measure). Increases (decreases) in the multiple will result in an increase (decrease) in enterprise value, resulting in an increase (decrease) in the fair value estimate of the investment.

### **Other Financial Assets and Liabilities**

ASC Topic 820 requires disclosure of the fair value of financial instruments for which it is practical to estimate such value. The Company believes that the carrying amounts of its other financial instruments such as cash, receivables and payables approximate the fair value of such items due to the short maturity of such instruments. Fair value of the Company's revolving credit facility is estimated by discounting remaining payments using applicable market rates or market quotes for similar instruments at the measurement date, if applicable. The Company believes that the carrying value of its revolving credit facility approximates fair value. As of September 30, 2018, the 2023 Notes were trading on The Nasdaq Global Select Market for \$24.97 per unit at par value. The par value at underwriting for the 2023 Notes was \$25.00 per unit. Based on this Level 1 input, the fair value of the \$69,000 in principal outstanding 2023 Notes was \$68,917. SBA-guaranteed debentures are carried at cost and with their longer maturity dates, fair value is estimated by discounting remaining payments using current market rates for similar instruments and considering such factors as the legal maturity date and the ability of market participants to prepay the debentures. As of September 30, 2018 and December 31, 2017, the fair value of the Company's SBA debentures using Level 3 inputs were estimated at \$115,000 and \$109,520, respectively, which is the same as the Company's carrying value of the SBA debentures.

### **Note 5. Transactions with Affiliated Companies**

An affiliated company is a company in which the Company has an ownership interest of 5% or more of its voting securities. A controlled affiliate company is a company in which the Company has an ownership interest of more than

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25% of its voting securities. Please see the Company's consolidated schedule of investments for the type of investment, principal amount, interest rate including the spread, and the maturity date. Transactions related to the Company's investments with affiliates for the nine months ended September 30, 2018 and 2017 were as follows:

Portfolio Company	Fair value at December 31, 2017	Transfers in 2017	Purchases (cost)	Sales and paydowns (cost)	PIK interest (cost)	Discount accretion	Net realized gain (loss)	Net unrealized gain (loss)	Fair value at September 30, 2018
Non-controlled affiliate company investments:									
American Community Homes, Inc.	\$ 7,441	\$—	\$—	\$(331 )	\$226	\$ 31	\$—	\$(624 )	\$ 6,743
American Community Homes, Inc.	4,329	—	—	(165 )	283	14	—	(420 )	4,041
American Community Homes, Inc.	542	—	—	—	30	2	—	(64 )	510
American Community Homes, Inc.	431	—	—	—	14	4	—	(40 )	409
American Community Homes, Inc.	224	—	—	—	15	3	—	(25 )	217
American Community Homes, Inc. (Delayed Draw)	—	—	—	—	—	—	—	—	—
American Community Homes, Inc. (Delayed Draw)	—	—	—	—	—	—	—	—	—
American Community Homes, Inc. (Delayed Draw)	—	—	1,577	—	—	—	—	(171 )	1,406
American Community Homes, Inc. (warrant to purchase up to 9.0% of the equity)	353	—	—	—	—	—	—	(353 )	—
	13,320	—	1,577	(496 )	568	54	—	(1,697 )	13,326
Curion Holdings, LLC <sup>(1)</sup>	—	3,775	—	(25 )	45	3	—	(130 )	3,668
Curion Holdings, LLC (Revolver) <sup>(1)</sup>	—	76	112	—	—	—	—	(2 )	186
Curion Holdings, LLC <sup>(1)</sup>	—	—	1	—	—	—	—	(1 )	—

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Curion Holdings, LLC <sup>(1)</sup>	—	—	—	—	—	—	—	—	—
Curion Holdings, LLC (58,779 shares of common stock) <sup>(1)</sup>	—	—	—	—	—	—	—	—	—
	—	3,851	113	(25 )	45	3	—	(133 )	3,854
Incipio Technologies, Inc. <sup>(2)</sup>	—	13,307	—	—	—	33	—	(413 )	12,927
Incipio Technologies, Inc. <sup>(2)</sup>	—	3,613	—	—	—	—	—	—	3,613
Incipio Technologies, Inc. (Delayed Draw)	—	—	1,271	—	—	—	—	—	1,271
Incipio Technologies, Inc. <sup>(2)</sup>	—	1,143	—	—	—	—	—	279	1,422
Incipio Technologies, Inc. <sup>(2)</sup>	—	—	—	—	—	—	—	—	—
Incipio Technologies, Inc. (1,774 shares of Series C common stock) <sup>(2)</sup>	—	—	—	—	—	—	—	—	—
	—	18,063	1,271	—	—	33	—	(134 )	19,233
Luxury Optical Holdings Co.	3,697	—	—	—	328	13	—	—	4,038
Luxury Optical Holdings Co. (Delayed Draw)	741	—	—	(118 )	—	—	—	(1 )	622
Luxury Optical Holdings Co. (Revolver)	170	—	—	—	15	—	—	1	186
Luxury Optical Holdings Co. (86 shares of common stock)	—	—	—	—	—	—	—	—	—
	4,608	—	—	(118 )	343	13	—	—	4,846
Millennial Brands LLC	—	—	—	—	—	—	(1,157 )	1,157	—
Millennial Brands LLC	—	—	—	—	—	—	(416 )	416	—
Millennial Brands LLC	—	—	—	—	—	—	(235 )	235	—
Millennial Brands LLC	550	—	—	(167 )	—	—	(367 )	(16 )	—

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Millennial Brands LLC	—	—	—	—	—	—	(2,011 )	2,011	—
Millennial Brands LLC (10 preferred units)	—	—	—	—	—	—	—	—	—
Millennial Brands LLC (75,502 common units)	—	—	—	—	—	—	—	—	—
	550	—	—	(167 )	—	—	(4,186 )	3,803	—
Rockdale Blackhawk, LLC <sup>(3)</sup>	10,594	(12,753 )	—	—	—	110	—	2,049	—
Rockdale Blackhawk, LLC (Capex) <sup>(3)</sup>	533	(641 )	—	—	—	—	—	108	—
Rockdale Blackhawk, LLC (Revolver) <sup>(3)</sup>	1,797	(2,159 )	—	—	—	—	—	362	—
Rockdale Blackhawk, LLC (Revolver) <sup>(3)</sup>	3,145	(3,778 )	—	—	—	—	—	633	—
Rockdale Blackhawk, LLC (Revolver) <sup>(3)</sup>	—	(2,672 )	2,288	—	—	—	—	384	—
Rockdale Blackhawk, LLC – LLC Units <sup>(3)</sup>	5,673	—	—	—	—	—	—	(5,673 )	—
	21,742	(22,003 )	2,288	—	—	110	—	(2,137 )	—
SHI Holdings, Inc.	2,625	—	—	(20 )	—	8	—	(8 )	2,605
SHI Holdings, Inc. (Revolver)	2,226	—	768	—	—	4	—	(5 )	2,993
SHI Holdings, Inc. (24 shares of common stock)	786	—	—	—	—	—	—	20	806
	5,637	—	768	(20 )	—	12	—	7	6,404
Summit Container Corporation	3,421	—	—	(227 )	34	20	—	13	3,261
Summit Container Corporation	1,507	—	—	(1,523 )	15	—	—	1	—
Summit Container Corporation (Revolver)	—	—	19,329	(14,070 )	—	—	—	—	5,259
Summit Container Corporation (warrant to purchase up to 19.50% of the equity)	—	—	—	—	—	—	—	—	—
	4,928	—	19,329	(15,820 )	49	20	—	14	8,520

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TPP Operating, Inc. (4)	—	—	—	—	—	—	—	—	—
TPP Operating, Inc. (4)	3,373	724	63	(42 )	—	—	—	(4,118 )	—
TPP Operating, Inc. (4)	4,593	(724 )	467	(47 )	—	—	—	(4,289 )	—
TPP Operating, Inc. (24 shares of common stock) (4)	—	—	—	—	—	—	—	—	—
TPP Operating, Inc. (16 shares of common stock) (4)	—	—	—	—	—	—	—	—	—
	7,966	—	530	(89 )	—	—	—	(8,407 )	—
Total non-controlled affiliate company investments	\$ 58,751	\$(89 )	\$ 25,876	\$(16,735 )	\$ 1,005	\$ 245	\$(4,186 )	\$(8,684 )	\$ 56,183
Controlled affiliate company investments:									
MRCC Senior Loan Fund I, LLC	\$ 9,640	\$—	\$ 25,200	\$(9,500 )	\$—	\$—	\$—	\$ 978	\$ 26,318
	9,640	—	25,200	(9,500 )	—	—	—	978	26,318
Total controlled affiliate company investments	\$ 9,640	\$—	\$ 25,200	\$(9,500 )	\$—	\$—	\$—	\$ 978	\$ 26,318



Portfolio Company	Fair value at December 31, 2016	Transfers (cost)	Purchases (cost)	Sales and paydowns (cost)	PIK interest (cost)	Discount accretion	Net		Fair value at September 30, 2017
							realized gain (loss)	Net realized gain (loss)	
Non-controlled affiliate company investments:									
American Community Homes, Inc.	\$ 7,816	\$—	\$—	\$—	\$—	\$ 31	\$ —	\$(406 )	\$ 7,441
American Community Homes, Inc.	4,301	—	—	—	147	15	—	(194 )	4,269
American Community Homes, Inc.	518	—	—	—	18	3	—	(3 )	536
American Community Homes, Inc.	—	—	431	—	—	2	—	(3 )	430
American Community Homes, Inc.	—	—	216	—	3	1	—	1	221
American Community Homes, Inc. (warrant to purchase up to 9.0% of the equity)	1,315	—	—	—	—	—	—	(705 )	610
	13,950	—	647	—	168	52	—	(1,310 )	13,507
Luxury Optical Holdings Co. <sup>(5)</sup>	—	3,854	—	—	66	4	—	(344 )	3,580
Luxury Optical Holdings Co. (Delayed Draw)	—	—	741	—	—	—	—	—	741
Luxury Optical Holdings Co. (Revolver) <sup>(5)</sup>	—	116	67	—	2	—	—	(20 )	165
Luxury Optical Holdings Co. (86 shares of common stock) <sup>(5)</sup>	—	—	—	—	—	—	—	—	—
	—	3,970	808	—	68	4	—	(364 )	4,486
Millennial Brands LLC	464	—	—	—	33	—	—	(497 )	—
Millennial Brands LLC	365	—	—	—	15	(1 )	—	(325 )	54
Millennial Brands LLC	225	—	—	—	10	—	—	(33 )	202
Millennial Brands LLC	—	—	—	—	72	—	—	(72 )	—
Millennial Brands LLC (10 preferred units)	—	—	—	—	—	—	—	—	—
Millennial Brands LLC (75,502 common units)	—	—	—	—	—	—	—	—	—
	1,054	—	—	—	130	(1 )	—	(927 )	256
Rockdale Blackhawk, LLC	10,933	—	—	—	—	147	—	(283 )	10,797
	565	—	—	(16 )	—	—	—	(7 )	542

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Rockdale Blackhawk, LLC (Capex)										
Rockdale Blackhawk, LLC (Revolver)	924	—	925	—	—	—	—	(25 )	1,824	
Rockdale Blackhawk, LLC (Revolver)	—	—	3,236	—	—	—	—	(44 )	3,192	
Rockdale Blackhawk, LLC - LLC Units (18.00% of the LLC interest) <sup>(6)</sup>	14,655	—	—	—	—	—	—	(6,035 )	8,620	
	27,077	—	4,161	(16 )	—	147	—	(6,394 )	24,975	
SHI Holdings, Inc.	2,625	—	—	—	—	12	—	(12 )	2,625	
SHI Holdings, Inc. (Revolver)	1,203	—	833	—	—	3	—	(4 )	2,035	
SHI Holdings, Inc. (24 shares of common stock)	469	—	—	—	—	—	—	323	792	
	4,297	—	833	—	—	15	—	307	5,452	
Summit Container Corporation	3,550	—	—	(102 )	54	18	—	(99 )	3,421	
Summit Container Corporation	—	—	1,499	—	1	—	—	(2 )	1,498	
Summit Container Corporation (warrant to purchase up to 19.50% of the equity)	113	—	—	—	—	—	—	(113 )	—	
	3,663	—	1,499	(102 )	55	18	—	(214 )	4,919	
Total non-controlled affiliate company investments	\$ 50,041	\$ 3,970	\$ 7,948	\$ (118 )	\$ 421	\$ 235	\$ —	\$ (8,902 )	\$ 53,595	
Controlled affiliate company investments:										
TPP Operating, Inc. <sup>(7)</sup>	\$ 1,799	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (1,799 )	\$ —	
TPP Operating, Inc. <sup>(7)</sup>	4,344	2,541	—	—	—	—	—	(1,590 )	5,295	
TPP Operating, Inc. <sup>(7)</sup>	2,756	(2,541 )	4,330	(972 )	—	—	—	—	3,573	
TPP Operating, Inc. (40 shares of common stock) <sup>(7)</sup>	—	—	—	—	—	—	—	—	—	
TPP Acquisition, Inc. (829 shares of common stock) <sup>(7)</sup>	—	—	—	—	—	—	—	—	—	
	8,899	—	4,330	(972 )	—	—	—	(3,389 )	8,868	
Total controlled affiliate company investments	\$ 8,899	\$ —	\$ 4,330	\$ (972 )	\$ —	\$ —	\$ —	\$ (3,389 )	\$ 8,868	

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Portfolio Company	For the nine months ended September 30,					
	2018			2017		
	Interest income	Dividend income	Fee income	Interest income	Dividend income	Fee income
Non-controlled affiliate company investments:						
American Community Homes, Inc.	\$ 806	\$ —	\$ —	\$ 584	\$ —	\$ —
American Community Homes, Inc.	617	—	—	470	—	—
American Community Homes, Inc.	72	—	—	58	—	—
American Community Homes, Inc.	50	—	—	17	—	—
American Community Homes, Inc.	34	—	—	13	—	—
American Community Homes, Inc. (Delayed Draw)	—	—	—	—	—	—
American Community Homes, Inc. (Delayed Draw)	—	—	—	—	—	—
American Community Homes, Inc. (Delayed Draw)	23	—	—	—	—	—
American Community Homes, Inc. (Warrant)	—	—	—	—	—	—
	1,602	—	—	1,142	—	—
Curion Holdings, LLC	115	—	—	—	—	—
Curion Holdings, LLC (Revolver)	4	—	—	—	—	—
Curion Holdings, LLC	—	—	—	—	—	—
Curion Holdings, LLC	—	—	—	—	—	—
Curion Holdings, LLC (Common stock)	—	—	—	—	—	—
	119	—	—	—	—	—
Incipio Technologies, Inc.	486	—	—	—	—	—
Incipio Technologies, Inc.	139	—	—	—	—	—
Incipio Technologies, Inc. (Delayed Draw)	28	—	—	—	—	—
Incipio Technologies, Inc.	—	—	—	—	—	—
Incipio Technologies, Inc.	—	—	—	—	—	—
Incipio Technologies, Inc. (Common stock)	—	—	—	—	—	—
	653	—	—	—	—	—
Luxury Optical Holdings Co.	343	—	—	137	—	—
Luxury Optical Holdings Co. (Delayed Draw)	66	—	—	1	—	—
Luxury Optical Holdings Co. (Revolver)	15	—	—	4	—	—
Luxury Optical Holdings Co. (Common stock)	—	—	—	—	—	—
	424	—	—	142	—	—
Millennial Brands LLC	—	—	—	32	—	—
Millennial Brands LLC	—	—	—	13	—	—
Millennial Brands LLC	—	—	—	10	—	—
Millennial Brands LLC	—	—	—	71	—	—
Millennial Brands LLC	—	—	—	—	—	—
Millennial Brands LLC (Preferred units)	—	—	—	—	—	—
Millennial Brands LLC (Common units)	—	—	—	—	—	—
	—	—	—	126	—	—
Rockdale Blackhawk, LLC	920	—	—	829	—	—

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Rockdale Blackhawk, LLC (Capex)	41	—	—	53	—	—
Rockdale Blackhawk, LLC (Revolver)	137	—	—	168	—	—
Rockdale Blackhawk, LLC (Revolver)	240	—	—	87	—	—
Rockdale Blackhawk, LLC (Revolver)	104	—	—	—	—	—
Rockdale Blackhawk, LLC (LLC interest)	—	—	—	381	—	—
	1,442	—	—	1,518	—	—
SHI Holdings, Inc.	249	—	—	225	—	—
SHI Holdings, Inc. (Revolver)	249	—	—	142	—	—
SHI Holdings, Inc. (Common stock)	—	—	—	—	—	—
	498	—	—	367	—	—
Summit Container Corporation	399	—	83	480	—	—
Summit Container Corporation	108	—	—	2	—	—
Summit Container Corporation (Revolver)	149	—	—	—	—	—
Summit Container Corporation (Warrant)	—	—	—	—	—	—
	656	—	83	482	—	—
TPP Operating, Inc.	—	—	—	—	—	—
TPP Operating, Inc.	—	—	—	—	—	—
TPP Operating, Inc.	—	—	—	—	—	—
TPP Operating, Inc. (Common stock)	—	—	—	—	—	—
TPP Operating, Inc. (Common stock)	—	—	—	—	—	—
	—	—	—	—	—	—
Total non-controlled affiliate company investments	\$5,394	\$—	\$ 83	\$3,777	\$—	\$—
Controlled affiliate company investments:						
MRCC Senior Loan Fund I, LLC	\$—	\$ 1,075	\$—	\$—	\$—	\$—
TPP Acquisition, Inc. (Common stock)	—	—	—	—	—	—
TPP Operating, Inc.	—	—	—	254	—	—
TPP Operating, Inc.	—	—	—	340	—	—
	—	1,075	—	594	—	—
Total controlled affiliate company investments	\$—	\$ 1,075	\$—	\$594	\$—	\$—

The Company provided a follow-on investment to Curion Holdings, LLC (“Curion”) as a part of a restructuring (1) during the three months ended September 30, 2018. As part of the restructuring, the Company also received 12.1% of the equity of Curion. For the purpose of this schedule, transfers in represents the fair value at June 30, 2018.

The Company provided a follow-on investment to Incipio Technologies, Inc. (“Incipio”) as a part of a restructuring (2) during the three months ended September 30, 2018. As a part of the restructuring, the Company also received 17.74% of the equity of Incipio. For the purpose of this schedule, transfers in represents the fair value at June 30, 2018.

On July 24, 2018, Rockdale Blackhawk, LLC (“Rockdale”) filed for bankruptcy as part of a restructuring process. During the three months ended September 30, 2018, the Company funded additional investments under the debtor in possession (“DIP”) financing facility established in conjunction with the bankruptcy and received repayments on a (3) portion of its pre-petition debt. On July 20, 2018, the Company put back its 22.65% equity investment in Rockdale, resulting in a realized loss of \$1,093, and therefore it is no longer an affiliated investment. The Company placed its investment in the pre-petition debt of Rockdale on non-accrual status in conjunction with the bankruptcy filing. For the purpose of this schedule, transfers out represents the fair value at June 30, 2018.

In December 2017, the Company transferred 16% of the equity interest in TPP Operating, Inc. (“TPP”) shares to a wholly-owned entity, MCC Holdco Equity Manager I, LLC (“MCC Holdco”), which has an independent manager who has full control over the operations of MCC Holdco, including the right to vote the shares of TPP Holdco LLC, the holding company which owns the Company’s equity interest in TPP. As a result, the Company then only controlled 24.0% of the voting interests in TPP and TPP Acquisition, Inc. was no longer considered a controlled affiliate company investment. As a result, TPP is presented as a non-controlled affiliate company investment for (4) the nine months ended September 30, 2018 and a controlled affiliate company investment for the nine months ended September 30, 2017. During the nine months ended September 30, 2018, TPP ceased operations and the Company, along with the other owners, appointed an assignee and pursuant to Delaware state law completed a General Assignment for the Benefit of Creditors to the assignee. The purpose of the assignment was to wind down the TPP business and distribute the assets to its creditors. The assignee has informed the Company that it will have de minimis assets, if any, to distribute to its creditors. As a result, while the Company still has debt and equity positions in TPP, the Company has valued these positions at zero as of September 30, 2018.

The Company provided a follow-on investment to Luxury Optical Holdings Co. (“LOH”) as a part of a restructuring (5) during the three months ended September 30, 2017. As part of the restructuring, the Company also received 9.6% of the equity of LOH. For the purpose of this schedule, transfers in represents the fair value at June 30, 2017.

The Company provided a follow-on investment to Rockdale during the three months ended September 30, 2017. In (6) conjunction with the follow-on investment, the Company also received an additional 6.4% of the equity in Rockdale, increasing total equity ownership to 18.0%.

On September 2, 2016, TPP Acquisition, Inc. filed for bankruptcy as part of a restructuring process. The existing lenders, including the Company, submitted a credit bid to purchase certain assets of TPP Acquisition, Inc., which was approved by the bankruptcy court. The sale closed on November 8, 2016. A new operating company, TPP (7) Operating, Inc., was formed to acquire certain of the assets of TPP Acquisition, Inc. and continue business operations. These new operations are no longer encumbered by significant lease liabilities. The Company initially owned 40% of the equity interests in the new operating company, TPP Operating, Inc. and owned 40.0% of the equity interests in TPP Acquisition, Inc., the former operating company, until its dissolution during the year ended December 31, 2017.

## Note 6. Transactions with Related Parties

The Company has entered into an Investment Advisory and Management Agreement with MC Advisors, under which MC Advisors, subject to the overall supervision of the Board, provides investment advisory services to the Company. The Company pays MC Advisors a fee for its services under the Investment Advisory and Management Agreement consisting of two components — a base management fee and an incentive fee. The base management fee is calculated at an annual rate equal to 1.75% of invested assets (calculated as total assets excluding cash, which includes assets financed using leverage) and is payable in arrears. Base management fees for the three and nine months ended September 30, 2018 were \$2,196 and \$6,561, respectively. Base management fees for the three and nine months

ended September 30, 2017 were \$1,953 and \$5,661, respectively.

The incentive fee consists of two parts. The first part is calculated and payable quarterly in arrears and equals 20% of “pre-incentive fee net investment income” for the immediately preceding quarter, subject to a 2% (8% annualized) preferred return, or “hurdle,” and a “catch up” feature. The foregoing incentive fee is subject to a total return requirement, which provides that no incentive fee in respect of pre-incentive fee net investment income will be payable except to the extent that 20% of the cumulative net increase in net assets resulting from operations over the then current and 11 preceding calendar quarters exceeds the cumulative incentive fees accrued and/or paid for the 11 preceding calendar quarters (the “Incentive Fee Limitation”). Therefore, any ordinary income incentive fee that is payable in a calendar quarter will be limited to the lesser of (1) 20% of the amount by which pre-incentive fee net investment income for such calendar quarter exceeds the 2% hurdle, subject to the “catch-up” provision, and (2) (x) 20% of the cumulative net increase in net assets resulting from operations for the then current and 11 preceding calendar quarters minus (y) the cumulative incentive fees accrued and/or paid for the 11 preceding calendar quarters. For the foregoing purpose, the “cumulative net increase in net assets resulting from operations” is the sum of pre-incentive fee net investment income, realized gains and losses and unrealized gains and losses for the then current and 11 preceding calendar quarters. The second part of the incentive fee is determined and payable in arrears as of the end of each fiscal year in an amount equal to 20% of realized capital gains, if any, on a cumulative basis from inception through the end of the year, computed net of all realized capital losses on a cumulative basis and unrealized depreciation, less the aggregate amount of any previously paid capital gain incentive fees.

Incentive fees for the three and nine months ended September 30, 2018 were zero and \$1,751, respectively. Incentive fees for the three and nine months ended September 30, 2017, consisted solely of part one incentive fees (based on net investment income) of zero and \$1,751, respectively. The part one incentive fees for those periods include the effect of \$1,545 and \$3,419, respectively, of Incentive Fee Limitation as described above. Incentive fees for the three months ended September 30, 2017 consisted solely of part one incentive fees (based on net investment income) of \$1,721. Incentive fees for the nine months ended September 30, 2017, consisted of part one incentive fees of \$4,646 and part two incentive fees (based upon net realized and unrealized gains and losses, or capital gains) of (\$175). Part two incentive fees reduced total incentive fees for the nine months ended September 30, 2017, primarily as a result of net unrealized losses during the period. The Company accrues, but does not pay, a capital gains incentive fee in connection with any unrealized capital appreciation, as appropriate. If, on a cumulative basis, the sum of net realized gains (losses) plus net unrealized gain (loss) decreases during a period, the Company will reverse any excess capital gains incentive fee previously accrued such that the amount of capital gains incentive fee accrued is no more than 20% of the sum of net realized gains (losses) plus net unrealized gain (loss). For the three and nine months ended September 30, 2018, no incentive fees were waived. For the three and nine months ended September 30, 2017, MC Advisors waived part one incentive fees of zero and \$250, respectively.

The Company has entered into an Administration Agreement with Monroe Capital Management Advisors, LLC (“MC Management”), under which the Company reimburses MC Management (subject to the review and approval of the Board) for its allocable portion of overhead and other expenses, including the costs of furnishing the Company with office facilities and equipment and providing clerical, bookkeeping, record-keeping and other administrative services at such facilities, and the Company’s allocable portion of the cost of the chief financial officer and chief compliance officer and their respective staffs. To the extent that MC Management outsources any of its functions, the Company will pay the fees associated with such functions on a direct basis, without incremental profit to MC Management. For the three and nine months ended September 30, 2018, the Company incurred \$925 and \$2,581, respectively, in administrative expenses (included within Professional fees, Administrative service fees and General and administrative expenses on the consolidated statements of operations) under the Administration Agreement, of which \$327 and \$973, respectively, was related to MC Management overhead and salary allocation and paid directly to MC Management. For the three and nine months ended September 30, 2017, the Company incurred \$864 and \$2,540, respectively, in administrative expenses (included within Professional fees, Administrative service fees and General and administrative expenses on the consolidated statements of operations) under the Administration Agreement, of which \$295 and \$926, respectively, was related to MC Management overhead and salary allocation and paid directly to MC Management. As of September 30, 2018 and December 31, 2017, \$327 and \$322, respectively, of expenses were due to MC Management under this agreement and are included in accounts payable and accrued expenses on the consolidated statements of assets and liabilities.

The Company has entered into a license agreement with Monroe Capital LLC under which Monroe Capital LLC has agreed to grant the Company a non-exclusive, royalty-free license to use the name “Monroe Capital” for specified purposes in its business. Under this agreement, the Company will have a right to use the “Monroe Capital” name at no cost, subject to certain conditions, for so long as the Advisor or one of its affiliates remains its investment advisor. Other than with respect to this limited license, the Company has no legal right to the “Monroe Capital” name.

As of September 30, 2018 and December 31, 2017, the Company had accounts payable to members of the Board of \$37 and zero, respectively, representing accrued and unpaid fees for their services.

**Note 7. Borrowings**

On June 20, 2018, the Company's stockholders approved the application of the reduced asset coverage requirements in Section 61(a)(2) of the Investment Company Act to the Company. As a result of this approval, the Company is now permitted to borrow amounts such that its asset coverage ratio, as defined in the Investment Company Act, is at least 150% after such borrowing (if certain requirements are met), rather than 200%, as previously required. As of September 30, 2018 and December 31, 2017, the Company's asset coverage ratio based on aggregate borrowings outstanding was 314% and 334%, respectively.



*Revolving Credit Facility:* As of September 30, 2018, the Company had U.S. dollar borrowings of \$32,250 and non-U.S. dollar borrowings denominated in Great Britain pounds of £14,800 (\$19,286 in U.S. dollars) under its revolving credit facility with ING Capital LLC, as agent, to finance the purchase of the Company's assets. As of December 31, 2017, the Company had U.S. dollar borrowings of \$105,200 and non-U.S. dollar borrowings denominated in Great Britain pounds of £8,800 (\$11,892 in U.S. dollars) under its revolving credit facility with ING Capital LLC, as agent, to finance the purchase of the Company's assets. The borrowings denominated in Great Britain pounds may be positively or negatively affected by movements in the rate of exchange between the U.S. dollar and the Great Britain pound. These movements are beyond the control of the Company and cannot be predicted. The borrowings denominated in Great Britain pounds are translated into U.S. dollars based on the spot rate at each balance sheet date. The impact resulting from changes in foreign currency borrowings is included in net change in unrealized gain (loss) on foreign currency and other transactions in the Company's consolidated statements of operations and totaled \$260 and \$613 for the three and nine months ended September 30, 2018 and (\$67) and (\$83) for the three and nine months ended September 30, 2017, respectively. As of September 30, 2018, the maximum amount the Company was able to borrow was \$200,000 and this borrowing can be increased to \$300,000 pursuant to an accordion feature (subject to maintaining 200% asset coverage, as defined by the 1940 Act). On February 22, 2017, the Company closed a \$40,000 upside to the revolving credit facility, bringing the maximum amount the Company is able to borrow from \$160,000 to the now current maximum amount of \$200,000, in accordance with the facility's accordion feature. The maturity date on the facility is December 14, 2020.

The revolving credit facility is secured by a lien on all of the Company's assets, including cash on hand, but excluding the assets of the Company's wholly-owned subsidiary, MRCC SBIC. The Company's ability to borrow under the revolving credit facility is subject to availability under a defined borrowing base, which varies based on portfolio characteristics and certain eligibility criteria and concentration limits, as well as required valuation methodologies. The Company may make draws under the revolving credit facility to make or purchase additional investments through December 2019 and for general working capital purposes until the maturity date of the revolving credit facility. Borrowings under the revolving credit facility bear interest, at the Company's election, at an annual rate of LIBOR (one-month, two-month, three-month or six-month at our discretion based on the term of the borrowing) plus 2.75% or at a daily rate equal to 1.75% per annum plus the greater of the prime interest rate, the federal funds rate plus 0.5% or LIBOR plus 1.0%. In addition to the stated interest rate on borrowings under the revolving credit facility, the Company is required to pay a fee of 0.5% per annum on any unused portion of the revolving credit facility if the unused portion of the facility is less than 65% of the then available maximum borrowing or a fee of 1.0% per annum on any unused portion of the revolving credit facility if the unused portion of the facility is greater than or equal to 65% of the then available maximum borrowing. As of September 30, 2018 and December 31, 2017, the outstanding borrowings were accruing at a weighted average interest rate of 4.4% and 4.4%, respectively. The weighted average interest rate of the revolving credit facility borrowings (excluding debt issuance costs) for the three and nine months ended September 30, 2018 was 4.7% and 4.6%, respectively. The weighted average fee rate on the unused portion of the revolving credit facility for the three and nine months ended September 30, 2018 was 0.7% and 0.6%, respectively. The weighted average interest rate of the revolving credit facility borrowings (excluding debt issuance costs) for the three and nine months ended September 30, 2017 was 4.1% and 4.1%, respectively. The weighted average fee rate on the unused portion of the revolving credit facility for the three and nine months ended September 30, 2017 was 0.5% and 0.5%, respectively.

The Company's ability to borrow under the revolving credit facility is subject to availability under the borrowing base, which permits the Company to borrow up to 70% of the fair market value of its portfolio company investments depending on the type of the investment the Company holds and whether the investment is quoted. The Company's ability to borrow is also subject to certain concentration limits, and continued compliance with the representations, warranties and covenants given by the Company under the facility. The revolving credit facility contains certain financial and restrictive covenants, including, but not limited to, the Company's maintenance of: (1) a minimum consolidated total net assets at least equal to the greater of (a) 40% of the consolidated total assets on the last day of each quarter or (b) \$120,000 plus 65% of the net proceeds to the Company from sales of its securities after December 14, 2015; (2) a ratio of total assets (less total liabilities other than indebtedness) to total indebtedness of not less than 2.1 times; and (3) a ratio of earnings before interest and taxes to interest expense of at least 2.5 times. The revolving credit facility also requires the Company to undertake customary indemnification obligations with respect to ING Capital LLC and other members of the lending group and to reimburse the lenders for expenses associated with entering into the credit facility. The revolving credit facility also has customary provisions regarding events of default, including events of default for nonpayment, change in control transactions at both Monroe Capital Corporation and MC Advisors, failure to comply with financial and negative covenants, and failure to maintain our relationship with MC Advisors. If the Company incurs an event of default under the revolving credit facility and fails to remedy such default under any applicable grace period, if any, then the entire revolving credit facility could become immediately due and payable, which would materially and adversely affect the Company's liquidity, financial condition, results of operations and cash flows.

On April 25, 2018, the Company entered into an amendment to the revolving credit facility which, among other things, removes the pricing step-down related to the Company's net worth to fix the interest rate the revolving credit facility bears to LIBOR plus 2.75% and makes certain borrowing base changes to allow more flexibility under the revolving credit facility. The Company paid the lenders an amendment fee of \$200 in conjunction with the amendment which has been capitalized within unamortized deferred financing costs and is amortized into interest expense over the estimated average life of the borrowings.

The Company's revolving credit facility also imposes certain conditions that may limit the amount of the Company's distributions to stockholders. Distributions payable in the Company's common stock under the DRIP are not limited by the revolving credit facility. Distributions in cash or property other than common stock are generally limited to 115% of the amount of distributions required to maintain the Company's status as a RIC.

*2023 Notes:* On September 12, 2018, the Company closed a public offering of \$69,000 in aggregate principal amount of senior unsecured notes for net proceeds of \$66,394 (“2023 Notes”). The 2023 Notes will mature on October 31, 2023. Interest on the 2023 Notes is paid quarterly on January 31, April 30, July 31, and October 31, at an annual rate of 5.75%, commencing on October 31, 2018. The Company may redeem the 2023 Notes in whole or in part at any time or from time to time on or after October 31, 2020. The 2023 Notes are general, unsecured obligations and rank equal in right of payment with all of the Company’s existing and future unsecured indebtedness. The 2023 Notes are listed on The Nasdaq Global Select Market under the trading symbol MRCCL.

*SBA Debentures:* On February 28, 2014, the Company’s wholly-owned subsidiary, MRCC SBIC received a license from the SBA to operate as a SBIC under Section 301(c) of the Small Business Investment Act of 1958, as amended. MRCC SBIC commenced operations on September 16, 2013.

The SBIC license allows MRCC SBIC to obtain leverage by issuing SBA-guaranteed debentures, subject to the issuance of a leverage commitment by the SBA and other customary procedures. SBA-guaranteed debentures are non-recourse, interest only debentures with interest payable semi-annually and have a ten year maturity. The principal amount of SBA-guaranteed debentures is not required to be paid prior to maturity but may be prepaid at any time without penalty. The interest rate of SBA-guaranteed debentures is fixed on a semi-annual basis (pooling date) at a market-driven spread over U.S. Treasury Notes with 10-year maturities. The SBA, as a creditor, has a superior claim to MRCC SBIC’s assets over the Company’s stockholders in the event the Company liquidates MRCC SBIC or the SBA exercises its remedies upon an event of default.

SBA regulations currently limit the amount that an individual SBIC may borrow to a maximum of \$150,000 when it has at least \$75,000 in regulatory capital, receives a leverage commitment from the SBA and has been through an audit examination by the SBA subsequent to licensing. The SBA also historically limited a related group of SBICs (commonly referred to as a “family of funds”) to a maximum of \$225,000 in total borrowings. On December 18, 2015, this family of funds limitation was raised to \$350,000 in total borrowings. As the Company has other affiliated SBICs already in operation, MRCC SBIC was historically limited to a maximum of \$40,000 in borrowings. Pursuant to the increase in the family of funds limitation, the Company submitted a commitment application to the SBA and on April 13, 2016, MRCC SBIC was approved by the SBA for an additional \$75,000 in SBA-guaranteed debentures, for a total of \$115,000 in available debentures.

As of September 30, 2018, MRCC SBIC had \$57,624 in leverageable capital and \$115,000 in SBA-guaranteed debentures outstanding. As of December 31, 2017, MRCC SBIC had \$57,624 in leverageable capital and \$109,520 in SBA-guaranteed debentures outstanding.

As of September 30, 2018, MRCC SBIC had the following SBA-guaranteed debentures outstanding:

Maturity Date	Interest Rate	Amount
September 2024	3.4	% \$12,920
March 2025	3.3	% 14,800
March 2025	2.9	% 7,080
September 2025	3.6	% 5,200
March 2027	3.5	% 20,000
September 2027	3.2	% 32,100
March 2028	3.9	% 18,520
September 2028	4.2	% 4,380
Total		\$115,000

As of December 31, 2017, MRCC SBIC had the following SBA-guaranteed debentures outstanding:

Maturity Date	Interest Rate	Amount
September 2024	3.4	% \$12,920
March 2025	3.3	% 14,800
March 2025	2.9	% 7,080
September 2025	3.6	% 5,200
March 2027	3.5	% 20,000
September 2027	3.2	% 32,100
March 2028	2.5	%(1) 9,160
March 2028	2.6	%(1) 2,780
March 2028	2.7	%(1) 5,480
Total		\$109,520

(1) Represents an interim rate of interest as the SBA-guaranteed debentures had not yet pooled.

On October 2, 2014, the Company was granted exemptive relief from the SEC for permission to exclude the debt of MRCC SBIC guaranteed by the SBA from the asset coverage test under the 1940 Act. The receipt of this exemption for this SBA-guaranteed debt increases flexibility under the asset coverage test.

*Secured Borrowings:* Certain partial loan sales do not qualify for sale accounting under ASC Topic 860 because these sales do not meet the definition of a “participating interest,” as defined in the guidance, in order for sale treatment to be allowed. Participations or other partial loan sales which do not meet the definition of a participating interest remain as an investment on the accompanying consolidated statements of assets and liabilities and the portion sold is recorded as a secured borrowing in the liabilities section of the consolidated statements of assets and liabilities. For these partial loan sales, the interest earned on the entire loan balance is recorded within “interest income” and the interest earned by the buyer in the partial loan sale is recorded within “interest and other debt financing expenses” in the accompanying consolidated statements of operations. As of September 30, 2018 and December 31, 2017, there were no secured borrowings.

*Components of interest expense:* The components of the Company’s interest expense and other debt financing expenses are as follows:

	Three months ended September 30,	
	2018	2017
Interest expense – revolving credit facility	\$ 1,347	\$ 944
Interest expense – 2023 Notes	209	—
Interest expense – SBA-guaranteed debentures	984	683
Amortization of deferred financing costs	355	274
Interest expense – secured borrowings	—	—
Other	—	6
Total interest and other debt financing expenses	\$ 2,895	\$ 1,907

	Nine months ended September 30,	
	2018	2017
Interest expense – revolving credit facility	\$ 4,455	\$ 3,674
Interest expense – 2023 Notes	209	—
Interest expense – SBA-guaranteed debentures	2,822	1,607
Amortization of deferred financing costs	951	760
Interest expense – secured borrowings	—	34
Other	—	26
Total interest and other debt financing expenses	\$ 8,437	\$ 6,101

## Note 8. Derivative Instruments

The Company enters into foreign currency forward contracts from time to time to help mitigate the impact that an adverse change in foreign exchange rates would have on the value of the Company's investments denominated in foreign currencies. As of September 30, 2018, the counterparty to these forward currency contracts was Bannockburn Global Forex, LLC. Net unrealized gain or loss on foreign currency forward contracts are included in net change in unrealized gain (loss) from foreign currency and other transactions and net realized gain or loss on forward currency forward contracts are included in net realized gain (loss) from foreign currency and other transactions in the accompanying consolidated statements of operations.

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Certain information related to the Company's foreign currency forward contracts is presented below as of September 30, 2018. There were no derivatives outstanding as of December 31, 2017.

As of September 30, 2018					
Notional Amount to be Sold	Settlement Date	Gross Amount of Unrealized Gain	Gross Amount of		Balance Sheet location of Net Amounts
			Unrealized Gain	Unrealized Loss	
Foreign currency forward contract	£ 108	10/1/2018	\$ —	\$ (3)	Unrealized loss on foreign currency forward contracts
Foreign currency forward contract	£ 107	1/2/2019	—	(3)	Unrealized loss on foreign currency forward contracts
Foreign currency forward contract	£ 228	2/28/2019	—	(5)	Unrealized loss on foreign currency forward contracts
Foreign currency forward contract	£ 106	4/1/2019	—	(2)	Unrealized loss on foreign currency forward contracts
Foreign currency forward contract	£ 229	5/31/2019	—	(5)	Unrealized loss on foreign currency forward contracts
Foreign currency forward contract	£ 106	7/1/2019	—	(2)	Unrealized loss on foreign currency forward contracts
Foreign currency forward contract	£ 230	8/30/2019	—	(5)	Unrealized loss on foreign currency forward contracts
Foreign currency forward contract	£ 105	10/1/2019	—	(2)	Unrealized loss on foreign currency forward contracts
Foreign currency forward contract	£ 230	11/29/2019	—	(5)	Unrealized loss on foreign currency forward contracts
Foreign currency forward contract	£ 104	1/2/2020	—	(2)	Unrealized loss on foreign currency forward contracts
Foreign currency forward contract	£ 231	2/28/2020	—	(5)	Unrealized loss on foreign currency forward contracts
Foreign currency forward contract	£ 103	4/1/2020	—	(2)	Unrealized loss on foreign currency forward contracts
Foreign currency forward contract	£ 102	5/5/2020	—	(2)	Unrealized loss on foreign currency forward contracts
Foreign currency forward contract	£ 230	5/29/2020	—	(5)	Unrealized loss on foreign currency forward contracts
Foreign currency forward contract	£ 230	8/28/2020	—	(5)	Unrealized loss on foreign currency forward contracts
Foreign currency forward contract	£ 229	11/30/2020	—	(5)	Unrealized loss on foreign currency forward contracts
Total	£ 2,678		\$ —	\$ (58)	

For the three and nine months ended September 30, 2018, the Company recognized net change in unrealized loss of \$58 and \$58, respectively, included in net change in unrealized gain (loss) from foreign currency and other transactions in the Company's consolidated statements of operations.

## Note 9. Distributions

The Company's distributions are recorded on the record date. The following table summarizes distributions declared during the nine months ended September 30, 2018 and 2017:

Date Declared	Record Date	Payment Date	Amount Per Share	Cash Distribution	DRIP Shares Issued	DRIP Shares Value	DRIP Shares Repurchased in the Open Market	Cost of DRIP Shares Repurchased
Nine months ended September 30, 2018:								
March 1, 2018	March 16, 2018	March 30, 2018	\$ 0.35	\$ 7,084	—	\$ —	23,908	\$ 301
June 1, 2018	June 15, 2018	June 29, 2018	0.35	6,786	22,308	301	—	—
August 31, 2018	September 14, 2018	September 28, 2018	0.35	7,156	—	—	24,946	338
Total distributions declared			\$ 1.05	\$ 21,026	22,308	\$ 301	48,854	\$ 639
Nine months ended September 30, 2017:								
March 7, 2017	March 17, 2017	March 31, 2017	\$ 0.35	\$ 5,549	16,217	\$ 254	—	\$ —
May 31, 2017	June 15, 2017	June 30, 2017	0.35	6,807	17,932	271	—	—
August 31, 2017	September 15, 2017	September 29, 2017	0.35	7,084	—	—	6,508	93
Total distributions declared			\$ 1.05	\$ 19,440	34,149	\$ 525	6,508	\$ 93

## Note 10. Stock Issuances and Repurchases

*Stock Issuances:* On July 1, 2016, the Company amended the ATM securities offering program with MLV & Co. LLC ("MLV") and JMP Securities LLC ("JMP") to replace MLV with FBR Capital Markets & Co. ("FBR"), an affiliate of MLV (the "Prior ATM Program"). On May 12, 2017, the Company entered into new equity distribution agreements with each



FBR and JMP that reference the Company's current registration statement (the "ATM Program"). All other material terms of the Prior ATM Program remain unchanged under the ATM Program. During the nine months ended September 30, 2017, the Company sold 173,939 shares at an average price of \$15.71 per share for gross proceeds of \$2,732 under the Prior ATM Program and no shares were sold under the ATM Program. Aggregate underwriters' discounts and commissions were \$41 and offering costs were \$23, resulting in net proceeds of approximately \$2,668. During the nine months ended September 30, 2018, the Company sold 182,299 shares at an average price of \$13.82 per share for gross proceeds of \$2,519 under the ATM Program. Aggregate underwriters' discounts and commissions were \$38 and offering costs were \$79, resulting in net proceeds of approximately \$2,402.

On June 9, 2017, the Company closed a public offering of 3,000,000 shares of its common stock at a public offering price of \$15.00 per share, raising approximately \$45,000 in gross proceeds. On June 14, 2017, pursuant to the underwriters' exercise of the over-allotment option, the Company sold an additional 450,000 shares of its common stock, at a public offering price of \$15.00 per share, raising an additional \$6,750 in gross proceeds for a total of \$51,750. Aggregate underwriters' discounts and commissions were \$2,070 and offering costs were \$127, resulting in net proceeds of approximately \$49,553.

#### **Note 11. Commitments and Contingencies**

*Commitments:* As of September 30, 2018 and December 31, 2017, the Company had \$36,328 and \$41,238, respectively, in outstanding commitments to fund investments under undrawn revolvers, capital expenditure loans and delayed draw commitments. As described in Note 3, the Company had commitments up to \$24,800 and \$40,500, respectively, to SLF, as of September 30, 2018 and December 31, 2017 that may be contributed primarily for the purpose of funding new investments approved by the SLF investment committee.

*Indemnifications:* In the normal course of business, the Company enters into contracts and agreements that contain a variety of representations and warranties that provide general indemnifications. The Company's maximum exposure under these agreements is unknown, as these involve future claims that may be made against the Company but that have not occurred. The Company expects the risk of any future obligations under these indemnifications to be remote.

*Concentration of credit and counterparty risk:* Credit risk arises primarily from the potential inability of counterparties to perform in accordance with the terms of the contract. In the event that the counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counterparties or issuers of the instruments. It is the Company's policy to review, as necessary, the credit standing of each counterparty.

*Market risk:* The Company's investments and borrowings are subject to market risk. Market risk is the potential for changes in the value due to market changes. Market risk is directly impacted by the volatility and liquidity in the markets in which the investments and borrowings are traded.

*Legal proceedings:* In the normal course of business, the Company may be subject to legal and regulatory proceedings that are generally incidental to its ongoing operations. While there can be no assurance of the ultimate disposition of any such proceedings, the Company is not currently aware of any such proceedings or disposition that would have a material adverse effect on the Company's consolidated financial statements.

**Note 12. Financial Highlights**

The following is a schedule of financial highlights for the nine months ended September 30, 2018 and 2017:

	September 30, 2018	September 30, 2017	
Per share data:			
Net asset value at beginning of period	\$ 13.77	\$ 14.52	
Net investment income <sup>(1)</sup>	1.19	1.05	
Net gain (loss) <sup>(1)</sup>	(0.96	)	(0.50
Net increase in net assets from operations <sup>(1)</sup>	0.23	0.55	
Stockholder distributions <sup>(2)</sup>	(1.05	)	(1.05
Other <sup>(3)</sup>	—	(0.01	
Net asset value at end of period	\$ 12.95	\$ 14.01	
Net assets at end of period	\$ 264,752	\$ 283,542	
Shares outstanding at end of period	20,444,564	20,239,957	
Per share market value at end of period	\$ 13.57	\$ 14.31	
Total return based on market value <sup>(4)</sup>	6.75	%	(0.29
Total return based on average net asset value <sup>(5)</sup>	1.72	%	3.78
Ratio/Supplemental data:			
Ratio of net investment income to average net assets <sup>(6)</sup>	12.07	%	10.24
Ratio of total expenses to average net assets <sup>(6)(7)</sup>	9.35	%	9.01
Average debt outstanding	\$ 235,520	\$ 177,739	
Average debt outstanding per share	\$ 11.60	\$ 9.83	
Portfolio turnover <sup>(8)</sup>	24.53	%	33.83

(1) Calculated using the weighted average shares outstanding during the periods presented.

Management monitors available taxable earnings, including net investment income and realized capital gains, to determine if a tax return of capital may occur for the year. To the extent the Company's taxable earnings fall below the total amount of the Company's distributions for that fiscal year, a portion of those distributions may be deemed

(2) a tax return of capital to the Company's stockholders. The tax character of distributions will be determined at the end of the fiscal year. However, if the character of such distributions were determined as of September 30, 2018 and 2017, none of the distributions would have been characterized as a tax return of capital to the Company's stockholders; this tax return of capital may differ from the return of capital calculated with reference to net investment income for financial reporting purposes.

(3) Includes the effect of share issuances above (below) net asset value and the impact of different share amounts used in calculating per share data as a result of calculating certain per share data based on weighted average shares outstanding during the period and certain per share data based on shares outstanding as of a period end or transaction date.

(4) Total return based on market value is calculated assuming a purchase of common shares at the market value on the first day and a sale at the market value on the last day of the periods reported. Distributions, if any, are assumed for purposes of this calculation to be reinvested at prices obtained under the Company's DRIP. Total return based on market value does not reflect brokerage commissions. Return calculations are not annualized.

(5) Total return based on average net asset value is calculated by dividing the net increase in net assets from operations by the average net asset value. Return calculations are not annualized.

(6) Ratios are annualized. Incentive fees included within the ratio are not annualized.

(7) The following is a schedule of supplemental ratios for the nine months ended September 30, 2018 and 2017. These ratios have been annualized unless otherwise noted.

	September 30, 2018		September 30, 2017	
Ratio of interest and other debt financing expenses to average net assets	4.15	%	3.11	%
Ratio of total expenses (without incentive fees) to average net assets	8.71	%	7.40	%
Ratio of incentive fees, net of incentive fee waiver, to average net assets (not annualized) <sup>(9)</sup>	0.64	%	1.61	%

(8) Ratios are not annualized.

(9) The ratio of waived incentive fees to average net assets was zero and 0.10% for nine months ended September 30, 2018 and 2017, respectively.

**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND**