

APOLLO

| Investment Corporation

2019 ANNUAL REPORT

Dear Fellow Shareholders,

We are pleased to present you with the annual report for Apollo Investment Corporation ("AINV" or the "Company") for the fiscal year ended March 31, 2019.

Significant Progress Executing Strategy in Fiscal Year 2019

AINV operates as part of Apollo Global Management's ("Apollo Global") Direct Origination business which has approximately \$20 billion of available capital and competes with other major middle market lenders. Throughout the year, AINV continued to take advantage of its ability to co-investⁱ with other funds and entities managed by Apollo Global which allowed us to participate in larger financing transactions, while maintaining smaller hold sizes on AINV's balance sheet.

We believe that the combination of a strong asset origination platform, broad product suite, and deep sponsor relationships, provides AINV with access to attractive investment opportunities. We believe the scale of the Apollo Global platform and AINV's ability to co-investⁱ with other Apollo Global affiliated funds has already resulted in significantly more investment opportunities for AINV. Investments made pursuant to our co-investment order^l increased to 63% of the corporate lending portfolio at the end of the year, up from 38% a year ago.

Over the past year, we made significant progress executing our de-risking investment strategy. Throughout the year, we continued to reposition our investment portfolio into "core"ⁱⁱ or lower risk assets and reduce our exposure to "non-core"ⁱⁱⁱ assets which are in industries that are higher on the risk spectrum. Core assetsⁱⁱ represented 81% of the portfolio at the end of the year, up from 77% a year ago. Non-coreⁱⁱⁱ and legacy assets decreased to 19% of the portfolio at the end of the year, down from 23% a year ago. We remain focused on prudently exiting our remaining non-core positions.

We also continued to make steady progress to improve the risk profile of our corporate lending portfolio by increasing our exposure to first lien floating rate loans, which we believe better positions the portfolio to withstand market and economic volatility. At the end of the year, first lien debt had increased to 65% of the corporate lending portfolio, up from 41% a year ago. The floating rate portion of our corporate lending portfolio had increased to 100%, up from 92% a year ago. In addition, we continued to reduce the portfolio's concentration risk as the average borrower exposure in the corporate lending portfolio was \$15.5 million, down from \$18.5 million a year ago.

For most of the past year, the market was highly competitive, given the significant amount of capital raised by middle market direct lenders. We believe that by being part of the Apollo Global Direct Origination platform, AINV is able to maintain volume and credit quality even during periods of intense competition.

Prudent Plans to Grow Portfolio

In last year's shareholder letter, we wrote about the recent passage of an important piece of legislation impacting our industry. The Small Business Credit Availability Act ("SBCAA"), which was signed into law in late March 2018, increased the allowable leverage for business development companies ("BDCs") such as AINV. In April 2018, our Board of Directors (our "Board") approved the modified asset coverage requirement. Accordingly, effective April 4, 2019,^{iv} AINV's asset coverage requirement was reduced from 200% to 150%, which allows us to increase the amount of leverage we can utilize and therefore grow our portfolio. Even with this increase in allowable leverage, BDCs still remain conservatively leveraged compared to non-BDC lenders.

We believe that the significant progress we made during fiscal year 2019 has positioned us to prudently grow our portfolio. We intend to use the incremental investment capacity to invest in lower risk assets, specifically first lien floating rate corporate loans sourced by Apollo Global's Direct Origination platform. We believe that AINV is in a unique position to implement a prudent and lower risk portfolio growth strategy given the robust volume of available deal flow that already exists within Apollo Global's Direct Origination platform. With our new target portfolio asset mix, we expect to operate with a debt-to-equity ratio of between 1.25x to 1.40x, well below the new regulatory limit of 2.0x.

Review of Apollo Investment Corporation's Fiscal Year 2019

Given the competitive market backdrop and our asset repositioning strategy, our investment activity during the year focused on first lien floating rate corporate loans where we were able to utilize the platform's significant scale, broad product suite, and deep sponsor relationships to provide middle market private companies with financing. During the year, the Company made over \$1 billion in new investment commitments^v to 64 different borrowers. Of these new commitments, 93% were in first lien loans, 100% were in floating rate loans, and 81% were made pursuant to our co-investment order.ⁱ Also, during the year, the Company exited approximately \$590 million of investment commitments. For the year, gross fundings totaled \$850 million^{vi} and net fundings totaled \$191 million. The Company's net leverage^{vii} increased to 0.83x at the end of the year, compared to 0.57x a year ago. We ended the year with a \$2.41 billion investment portfolio deployed across 113 borrowers in 25 different industries.

For the year, total investment income was \$255.1 million, net investment income was \$127.8 million, net investment income per share was \$1.81, and GAAP earnings per share was \$1.02. NAV per share was \$19.06 at the end of the year. AINV paid cash distributions to shareholders of \$1.80 per share during the year. With the total return provision in our incentive fee calculation which nets the impact of any gains and losses, both realized and unrealized,^{viii} our incentive fee was down year over year.

Improving Our Capital Structure

In connection with our plan to prudently increase our leverage, we successfully amended, extended and upsized our senior secured revolving credit facility (the "Senior Secured Facility") during the year. The amended facility lowered the Company's asset coverage requirement from

200% to 150%. In addition, we extended the final maturity of the Senior Secured Facility by approximately two years, and increased commitments by \$520 million to \$1.71 billion from both new and existing lenders.^{ix} We are extremely appreciative of the support from all of our credit providers. With the increase in the size of the revolving credit facility, AINV has sufficient access to funding today to reach our target leverage range without the need to raise any additional capital.

The market did present us with what we believe was an attractive opportunity to repurchase our shares in the open market during the year. Our Board authorized two new \$50 million stock repurchase plans during the year bringing total share repurchase authorization to \$250 million. During the year, we repurchased 3.2 million shares or \$50.8 million of stock. Since the inception of the share repurchase program and through the end of fiscal year 2019, we have repurchased approximately 10.0 million shares, or 12.7% of initial shares outstanding, for an aggregate cost of \$170.9 million. Since the inception of our share repurchase program, stock buybacks have added approximately 57 cents to net asset value per share. We will continue to maintain a balanced approach to deploying capital into new investments and repurchasing stock.

During the year, the Board also approved, and the Company completed, a one-for-three reverse stock split of the Company's common stock. We believe a higher nominal stock price from the reverse stock split will attract a much broader universe of investors and reduce the volatility of our stock.

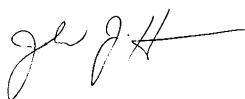
Looking Ahead to Fiscal Year 2020 and Beyond

Given the significant progress we have made repositioning the portfolio into lower risk assets and reducing our exposure to non-core assets over the past year, we believe we are well positioned to prudently grow the portfolio in fiscal year 2020. While the overall private credit lending environment remains competitive, we believe that our diversified origination platform combined with our significant scale will allow us to find attractive risk adjusted return opportunities for our shareholders in all markets. Longer-term, we believe the tremendous amount of private equity dry powder combined with the retrenchment of banks from middle market leveraged lending creates a very attractive supply/demand dynamic for lenders like us.

In summary we are very pleased with the repositioning of our portfolio and believe that we are well positioned for future success. We see considerable opportunities for progress in the coming years and look forward to providing periodic updates to you. We remain committed to maximizing value for our shareholders and we thank you for your continued support.

Sincerely,

John Hannan



Chairman

Howard Widra



Chief Executive Officer

ⁱ On March 29, 2016, the Company received an exemptive order from the Securities and Exchange Commission permitting greater flexibility to participate in co-investment transactions with certain of its affiliates where terms other than price and quantity are negotiated, subject to the conditions included therein.

ⁱⁱ Core assets include leveraged lending, life sciences, asset based, lender finance, and aviation.

ⁱⁱⁱ Non-core assets include oil & gas, structured credit, renewables, shipping, and commodities.

^{iv} The Company announced that on April 4, 2018, its Board of Directors approved the application of the modified asset coverage requirements set forth in new Section 61(a)(2) of the Investment Company Act of 1940, as amended by The Small Business Credit Availability Act ("SBCAA"). As a result, the asset coverage ratio test applicable to the Company decreased from 200% to 150% on April 4, 2019.

^v Excludes non-core and legacy assets.

^{vi} Excludes Merx Aviation and revolvers.

^{vii} The Company's net leverage ratio is defined as debt outstanding plus payable for investments purchased, less receivable for investments sold, less cash and cash equivalents, less foreign currencies, divided by net assets.

^{viii} The incentive fee on income includes a total return requirement with a rolling twelve quarter look-back beginning from April 1, 2018. The calculation of the incentive fee with the total return requirement began on January 1, 2019. The incentive fee rate and performance threshold remain 20% and 7% respectively. There was no change to the catch-up provision. For the period between April 1, 2018 through December 31, 2018, the incentive fee rate was waived to 15%, subject to the 7% annualized performance

^{ix} Lender commitments to the Senior Secured Facility increased by \$400 million at close in November 2018. Two new lenders made a combined \$120 million commitment to the Senior Secured Facility post close.

Additional Notes

Portfolio data at fair value unless otherwise specified.

All references to "year" refer to the Company's fiscal year, unless otherwise specified.

All data adjusted for the Company's one-for-three reverse stock split which was effective as of the close of business on November 30, 2018.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended March 31, 2019

OR

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

Commission File Number: 814-00646

APOLLO INVESTMENT CORPORATION

(Exact name of Registrant as specified in its charter)

Maryland

52-2439556

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

9 West 57th Street

37th Floor

New York, New York

10019

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: (212) 515-3450

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock, \$0.001 par value	AINV	NASDAQ Global Select Market
6.875% Senior Notes due 2043	AIY	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

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

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

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

The aggregate market value of the common equity held by non-affiliates of the Registrant as of September 30, 2018 was \$0.96 billion (based on the closing sale price of the Registrant's Common Stock on that date as reported on the NASDAQ Global Select Market). For the purposes of calculating this amount only, all executive officers and Directors are "affiliates" of the Registrant. As of May 15, 2019, there were 68,832,452 shares of the Registrant's Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's Proxy Statement for the Annual Meeting of Stockholders to be held on August 6, 2019 are incorporated by reference in Part III of this Form 10-K.

APOLLO INVESTMENT CORPORATION

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PART I

Item 1. Business

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

General

Apollo Investment Corporation, a Maryland corporation organized on February 2, 2004, is a closed-end, externally managed, non-diversified management investment company that has elected to be treated as a business development company (“BDC”) under the Investment Company Act of 1940 (the “1940 Act”). In addition, for tax purposes we have elected to be treated as a regulated investment company (“RIC”) under Subchapter M of the Internal Revenue Code of 1986, as amended (the “Code”). We commenced operations on April 8, 2004 upon completion of our initial public offering that raised \$870 million in net proceeds from selling 62 million shares of common stock at a price of \$15.00 per share (20.7 million shares at a price of \$45.00 per share adjusted for the one-for-three reverse stock split). Since then, and through March 31, 2019, we have raised approximately \$2.21 billion in net proceeds from additional offerings of common stock and we have repurchased common stock for \$170.9 million.

Our investment objective is to generate current income and capital appreciation. We invest primarily in various forms of debt investments, including secured and unsecured debt, loan investments and/or equity in private middle-market companies. We may also invest in the securities of public companies and in structured products and other investments such as collateralized loan obligations (“CLOs”) and credit-linked notes (“CLNs”). A CLO is a form of securitization in which the cash flows of a portfolio of loans are pooled and passed on to different classes of owners in various tranches. A CLN is a note where the payment of principal and/or interest is based on the performance of one or more debt obligations. CLNs are not securitizations.

Our portfolio is comprised primarily of investments in debt, including secured and unsecured debt of private middle-market companies that, in the case of senior secured loans, generally are not broadly syndicated and whose aggregate tranche size is typically less than \$250 million. Our portfolio also includes equity interests such as common stock, preferred stock, warrants or options. In this Form 10-K, we use the term “middle-market” to refer to companies with annual revenues between \$50 million and \$2 billion. While we primarily invest in investments in U.S. secured and unsecured loans, other debt securities and equity, we may also invest a portion of the portfolio in other investment opportunities, including foreign securities and structured products. Most of the debt instruments we invest in are unrated or rated below investment grade, which is often an indication of size, credit worthiness and speculative nature relative to the capacity of the borrower to pay interest and principal. Generally, if the Company's unrated investments were rated, they would be rated below investment grade. These securities, which are often referred to as “junk” or “high yield,” have predominantly speculative characteristics with respect to the issuer's capacity to pay interest and repay principal. They may also be difficult to value and are illiquid.

During the year ended March 31, 2019, we invested \$1.3 billion across 42 new and 46 existing portfolio companies primarily through a combination of primary and secondary debt investments. This compares to \$1.0 billion across 39 new and 28 existing portfolio companies during the year ended March 31, 2018. Investments sold or repaid during the year ended March 31, 2019 totaled \$1.1 billion versus \$1.2 billion during the year ended March 31, 2018. The weighted average yields on our secured debt portfolio, unsecured debt portfolio, total debt portfolio and total portfolio as of March 31, 2019 at our current cost basis were 10.2%, 0.0%, 10.2% and 9.6%, respectively. As of March 31, 2018, the yields were 10.7%, 11.3%, 10.7% and 9.6%, respectively. The portfolio yields may be higher than an investor's yield on an investment in us due to sales load and other expenses. For the years ended March 31, 2019 and March 31, 2018, the total return based on the change in market price per share and taking into account dividends and distributions, if any, reinvested in accordance with the dividend reinvestment plan was 8.3% and (12.1)%, respectively. Such returns do not reflect any sales load that stockholders may have paid in connection with their purchase of shares of our common stock.

As of March 31, 2019, our portfolio consisted of 113 portfolio companies and was invested 89% in secured debt, 0% in unsecured debt, 2% in structured products and other, 1% in preferred equity, and 8% in common equity/interests and warrants measured at fair value. As of March 31, 2018, our portfolio consisted of 90 portfolio companies and was invested 82% in secured debt, 5% in unsecured debt, 3% in structured products and other, 1% in preferred equity, and 9% in common equity/interests and warrants measured at fair value.

Since the initial public offering of Apollo Investment in April 2004 and through March 31, 2019, invested capital totaled \$19.4 billion in 478 portfolio companies. Over the same period, Apollo Investment completed transactions with more than 100 different financial sponsors.

As of March 31, 2019, 0% or \$0.0 billion is fixed rate debt and 100% or \$1.5 billion is floating rate debt, measured at fair value. On a cost basis, 0% or \$0.0 billion is fixed rate debt and 100% or \$1.5 billion is floating rate debt. As of March 31, 2018, 8% or \$0.1 billion was fixed rate debt and 92% or \$1.2 billion was floating rate debt, measured at fair value. On a cost basis, 8% or \$0.1 billion was fixed rate debt and 92% or \$1.2 billion was floating rate debt. The interest rate type information is calculated using the Company's corporate debt portfolio and excludes aviation, oil and gas, structured credit, renewables, shipping, commodities and investments on non-accrual status.

Apollo Investment Management, L.P.

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

AIM is led by John Hannan, James Zelter, Howard Widra, Patrick Ryan and Tanner Powell. Potential investment and disposition opportunities are generally approved by one or more committees composed of personnel across AGM, including Messrs. Zelter, Widra, Ryan and Powell, by all or a majority of Messrs. Zelter, Widra, Ryan or Powell depending on the underlying investment type and/or the amount of such investment. The composition of such committees and the overall approval process for the Company's investments may change from time to time. AIM draws upon AGM's more than 28 year history and benefits from the broader firm's significant capital markets, trading and research expertise developed through investments in many core sectors in over 200 companies since inception.

Apollo Investment Administration, LLC

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

Operating and Regulatory Structure

Our investment activities are managed by AIM and supervised by our Board of Directors, a majority of whom are independent of AGM and its affiliates. AIM is an investment adviser that is registered under the Investment Advisers Act of 1940. Under our investment advisory management agreement, we pay AIM an annual base management fee based on our average gross assets as well as an incentive fee.

As a BDC, we are required to comply with certain regulatory requirements. Also, while we are permitted to finance investments using debt, our ability to use debt is limited in certain significant respects (see "Item 1A. Risk Factors"). We have elected to be treated for federal income tax purposes as a RIC under Subchapter M of the Code.

Investments

Apollo Investment seeks to create a portfolio that includes primarily debt investments including secured loans and unsecured loans and, to a lesser extent, equity investments by investing, on an individual portfolio company basis, approximately \$20 million to \$250 million of capital, on average, in the securities of middle-market companies, as well as structured products such as CLOs and CLNs. The average investment size will vary as the size of our capital base varies. Our target portfolio consists primarily of long-term secured debt, as well as unsecured and mezzanine positions of private middle-market companies. Structurally, unsecured and mezzanine debt usually ranks subordinate in priority of payment to senior debt, such as bank debt, and is characterized as unsecured. As such, other creditors may rank senior to us in the event of an insolvency.

However, unsecured and mezzanine debt ranks senior to common and preferred equity in a borrowers' capital structure. Unsecured and mezzanine debt may have a fixed or floating interest rate. Additional income can be generated from upfront fees, call protections including call premiums, equity co-investments or warrants. We may also invest in debt and equity positions of structured products, such as CLOs and CLNs.

Our principal focus is to provide capital to middle-market companies in a variety of industries. We generally seek to target companies that generate positive free cash flows or that may support debt investments with strong asset coverage, and we may provide debtor-in-possession or reserve financing. Additionally, we may acquire investments in the secondary market if we believe the risk-adjusted returns are attractive.

The following is a representative list of the industries in which we have invested as of March 31, 2019:

- Advertising, Printing & Publishing
- Aerospace & Defense
- Automotive
- Aviation and Consumer Transport
- Beverage, Food & Tobacco
- Business Services
- Chemicals, Plastics & Rubber
- Construction & Building
- Consumer Goods – Durable
- Consumer Goods – Non-durable
- Consumer Services
- Containers, Packaging & Glass
- Diversified Investment Vehicles, Banking, Finance, Real Estate
- Energy – Electricity
- Energy – Oil & Gas
- Food & Grocery
- Healthcare & Pharmaceuticals
- High Tech Industries
- Hotel, Gaming, Leisure, Restaurants
- Manufacturing, Capital Equipment
- Media – Diversified & Production
- Metals & Mining
- Telecommunications
- Transportation – Cargo, Distribution
- Utilities – Electric

We may also invest in other industries if we are presented with attractive opportunities. In an effort to increase our returns and the number of investments that we can make, we may in the future seek to securitize our debt investments. To the extent we elect to include higher quality portfolio holdings in the securitization vehicle and retain lower quality holdings in our portfolio, investing in our shares may be riskier. To securitize debt investments, we may create a wholly owned subsidiary and contribute a pool of loans to the subsidiary. We may sell debt or interests in the subsidiary on a non-recourse basis to purchasers whom we would expect to be willing to accept a lower interest rate to invest in investment-grade securities. We may use the proceeds of such sales to reduce indebtedness or to fund additional investments. We may also invest through special purpose entities or other arrangements, including total return swaps and repurchase agreements, in order to obtain non-recourse financing or for other purposes.

We may invest, to the extent permitted by law, in the securities and instruments of other investment companies and in private funds. We may also co-invest on a concurrent basis with affiliates of ours, subject to compliance with applicable regulations and our allocation procedures. Certain types of negotiated co-investments may be made only in accordance with the terms of the exemptive order we received from the SEC permitting us to do so. On March 29, 2016, we received an exemptive order from the SEC (the “Order”) permitting us greater flexibility to negotiate the terms of co-investment transactions with certain of our affiliates, including investment funds managed by AIM or its affiliates, subject to the conditions included therein. Under the terms of the Order, a “required majority” (as defined in Section 57(o) of the 1940 Act) of our independent directors must be able to reach certain conclusions in connection with a co-investment transaction, including that (1) the terms of the proposed transaction are reasonable and fair to us and our stockholders and do not involve overreaching of us or our stockholders on the part of any person concerned, and (2) the transaction is consistent with the interests of our stockholders and is consistent with our Board of Directors approved criteria. In certain situations where co-investment with one or more funds managed by AIM or its affiliates is not covered by the Order, the personnel of AIM or its affiliates will need to decide which fund will proceed with the investment. Such personnel will make these determinations based on allocation policies and procedures, which are designed to reasonably ensure that investment opportunities are allocated fairly and equitably among affiliated funds over time and in a manner that is consistent with applicable laws, rules and regulations. The Order is subject to certain terms and conditions so there can be no assurance that we will be permitted to co-invest with certain of our affiliates other than in the circumstances currently permitted by regulatory guidance and the Order.

The following table summarizes our top ten portfolio companies and industries based on fair value as of March 31, 2019:

Portfolio Company	% of Portfolio	Industry	% of Portfolio
Merx Aviation Finance, LLC	17.7%	Aviation and Consumer Transport	17.7%
Spotted Hawk	4.5%	Healthcare & Pharmaceuticals	15.1%
Dynamic Product Tankers (Prime), LLC	3.3%	Business Services	14.6%
MSEA Tankers LLC	3.0%	High Tech Industries	7.9%
Carbonfree Chemicals SPE I LLC (f/k/a Maxus Capital Carbon SPE I LLC)	2.4%	Transportation – Cargo, Distribution	6.7%
Genesis Healthcare, Inc.	2.2%	Energy – Oil & Gas	6.6%
Glacier Oil & Gas Corp. (f/k/a Miller Energy Resources, Inc.)	1.9%	Consumer Goods – Non-durable	3.9%
PSI Services, LLC	1.8%	Chemicals, Plastics & Rubber	3.5%
RA Outdoors, LLC (Active Outdoors)	1.7%	Aerospace & Defense	3.1%
Aero Operating LLC	1.6%	Diversified Investment Vehicles, Banking, Finance, Real Estate	2.7%
Total	40.1%	Total	81.8%

The following table summarizes our top ten portfolio companies and industries based on fair value as of March 31, 2018:

Portfolio Company	% of Portfolio	Industry	% of Portfolio
Merx Aviation Finance, LLC	17.9%	Business Services	18.4%
Spotted Hawk	4.7%	Aviation and Consumer Transport	17.9%
Dynamic Product Tankers (Prime), LLC	3.7%	Healthcare & Pharmaceuticals	11.3%
U.S. Security Associates Holdings, Inc.	3.6%	Energy – Oil & Gas	8.2%
MSEA Tankers LLC	3.2%	Transportation - Cargo, Distribution	8.0%
Glacier Oil & Gas Corp. (f/k/a Miller Energy Resources, Inc.)	2.9%	High Tech Industries	6.9%
Skyline Data, News and Analytics LLC (Dodge)	2.3%	Energy – Electricity	3.8%
Genesis Healthcare, Inc.	2.1%	Aerospace & Defenses	3.0%
Carbonfree Chemicals SPE I LLC (f/k/a Maxus Capital Carbon SPE I LLC)	2.1%	Telecommunications	3.0%
UniTek Global Services Inc.	2.0%	Chemicals, Plastics & Rubber	2.8%
Total	44.5%	Total	83.3%

Investment Selection and Due Diligence

We are committed to a value oriented philosophy of, among other things, capital preservation and commit resources to managing risks associated with our investment portfolio. Our Investment Adviser conducts due diligence on prospective portfolio companies. In conducting its due diligence, our Investment Adviser uses information provided by the company and its management team, publicly available information, as well as information from their extensive relationships with former and current management teams, consultants, competitors and investment bankers and the direct experience of the senior partners of our affiliates.

Our Investment Adviser's due diligence will typically include:

- review of historical and prospective financial information;
- on-site visits;
- interviews with management, employees, customers and vendors of the potential portfolio company;
- review of loan documents;
- background checks; and
- research relating to the company's management, industry, markets, products and services, and competitors.

Upon the completion of due diligence and a decision to seek approval for an investment in a company, the professionals leading the proposed investment generally present the investment opportunity to and seek approval in accordance with our investment approval process. Additional due diligence with respect to any investment may be conducted on our behalf by attorneys and accountants prior to the closing of the investment, as well as other outside advisers, as appropriate.

Investment Structure

Once we have determined that a prospective portfolio company is suitable for investment, we work with the management of that company and its other capital providers, including senior, junior and equity capital providers, to structure an investment.

We generally seek to structure our investments as secured loans with a direct lien on the assets or cash flows of the company that provide for increased downside protection in the event of insolvency while maintaining attractive risk-adjusted returns and current interest income. We generally seek for these secured loans to obtain security interests in the assets of our portfolio companies that serve as collateral in support of the repayment of these loans. This collateral may take the form of first or second priority liens on the assets of a portfolio company. In some cases, we may enter into debt investments that, by their terms, convert into equity or additional debt securities or defer payments of interest after our investment. Also, in some cases our debt investments may be collateralized by a subordinated lien on some or all of the assets of the borrower. Typically, our loans have maturities of three to ten years.

We seek to tailor the terms of our investments to the facts and circumstances of the transaction and the prospective portfolio company, negotiating a structure that protects our rights and manages our risk while creating incentives for the portfolio company to achieve its business plan and improve its profitability.

For example, in addition to seeking a senior position in the capital structure of our portfolio companies, we seek to limit the downside potential of our investments by:

- requiring an expected total return on our investments (including both interest and potential equity appreciation) that compensates us for credit risk;
- generally incorporating call protection into the investment structure where possible; and
- negotiating covenants and information rights in connection with our investments that afford our portfolio companies flexibility in managing their businesses, but which are still consistent with our goal of preserving our capital. Such restrictions may include affirmative and negative covenants, default penalties, lien protection, change of control provisions and board rights, including either observation or participation rights. Our investments may include equity features, such as warrants or options to buy a minority interest in the portfolio company. Any warrants we receive with our debt securities generally require only a nominal cost to exercise, and thus, as a portfolio company appreciates in value, we may achieve additional investment return from this equity interest. We may structure the warrants to provide provisions protecting our rights as a minority-interest holder, as well as puts, or rights to sell such securities back to the company, upon the occurrence of specified events. In many cases, we may also seek to obtain registration rights in connection with these equity interests, which may include demand and “piggyback” registration rights.

We expect to hold most of our investments to maturity or repayment, but we may sell certain of our investments sooner if a liquidity event takes place such as a sale or recapitalization or worsening of credit quality of a portfolio company, among other reasons.

Investment Valuation Process

The following is a description of the steps we take each quarter to determine the value of our portfolio. Our portfolio of investments is recorded at fair value as determined in good faith by or under the direction of our Board of Directors pursuant to a written valuation policy and a consistently applied valuation process utilizing the input of our Investment Adviser, independent valuation firms, third party pricing services and the Audit Committee of the Board of Directors. Since this process necessarily involves the use of judgment and the engagement of independent valuation firms, there is no certainty as to the value of our portfolio investments. Investments for which market quotations are readily available are recorded in our financial statements at such market quotations if they are deemed to represent fair value. Market quotations may be deemed not to represent fair value where AIM believes that facts and circumstances applicable to an issuer, a seller or purchaser or the market for a particular security causes current market quotes not to reflect the fair value of the security, among other reasons. Examples of these events could include cases in which material events are announced after the close of the market on which a security is primarily traded, when a security trades infrequently causing a quoted purchase or sale price to become stale or in the event of a “fire sale” by a distressed seller.

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

1. Our quarterly valuation process begins with each investment being initially valued by the investment professionals of our Investment Adviser who are responsible for the portfolio company.
2. Preliminary valuation conclusions are then documented and discussed with senior management of our Investment Adviser.
3. Independent valuation firms are engaged by our Board of Directors to conduct independent appraisals by reviewing our Investment Adviser’s preliminary valuations and then making their own independent assessment.
4. The Audit Committee of the Board of Directors reviews the preliminary valuation of our Investment Adviser and the valuation prepared by the independent valuation firms and responds, if warranted, to the valuation recommendation of the independent valuation firms.
5. The Board of Directors discusses valuations and determines in good faith the fair value of each investment in our portfolio based on the input of our Investment Adviser, the applicable independent valuation firm, and the Audit Committee of the Board of Directors.
6. For Level 3 investments entered into within the last 15 business days of the current quarter-end period, the purchase price or any recent comparable trade activity on the security investment shall be considered to reasonably approximate the fair value of the investment, provided that no material change has since occurred in the issuer’s business, significant inputs or the relevant environment.

Investments determined by these valuation procedures which have a fair value of less than \$1 million during the prior fiscal quarter may be valued based on inputs identified by the Investment Adviser without the necessity of obtaining valuation from an independent valuation firm, if once annually an independent valuation firm using the procedures described herein provides valuation. In addition, some of our investments provide for payment-in-kind (“PIK”) interest or dividends. Such amounts of accrued PIK interest or dividends are added to the cost of the investment on the respective capitalization dates and generally become due at maturity of the investment or upon the investment being called by the issuer. Upon capitalization, PIK is subject to the fair value estimates associated with their related investments.

Ongoing Relationships with Portfolio Companies

Monitoring

AIM monitors our portfolio companies on an ongoing basis and also monitors the financial trends of each portfolio company to determine if each is meeting its respective business plans and to assess the appropriate course of action for each company. In addition, senior investment professionals of AIM may take board seats or obtain board observation rights for our portfolio companies.

AIM has several methods of evaluating and monitoring the performance and fair value of our investments, which can include, but are not limited to, the assessment of success of the portfolio company in adhering to its business plan and compliance with covenants; periodic and regular contact with portfolio company management and, if appropriate, the financial or strategic sponsor, to discuss financial position, requirements and accomplishments; comparisons to other portfolio companies in the industry; attendance at and participation in board meetings; and review of monthly and quarterly financial statements and financial projections for portfolio companies.

AIM also uses an investment rating system to characterize and monitor our expected level of returns on each investment in our portfolio. These ratings are just one of several factors that AIM uses to monitor our portfolio, but they are not in and of themselves a determinative of fair value. AIM grades the credit risk of all investments on a scale of 1 to 5 no less frequently than quarterly. This system is intended primarily to reflect the underlying risk of a portfolio investment relative to our initial cost basis in respect of such portfolio investment (i.e., at the time of acquisition), although it may also take into account under certain circumstances the performance of the portfolio company’s business, the collateral coverage of the investment and other relevant factors.

Under this system, investments with a grade of 1 involve the least amount of risk to our initial cost basis. The trends and risk factors for this investment since origination or acquisition are generally favorable, which may include the performance of the portfolio company or a potential exit. Investments graded 2 involve a level of risk to our initial cost basis that is similar to the level of risk underwritten at the time of origination or acquisition. This portfolio company is generally performing in accordance with our analysis of its business and the full return of principal and interest or dividend is expected. Investments graded 3 indicate that the risk to our ability to recoup the cost of such investment has increased since origination or acquisition, but full return of principal and interest or dividend is expected. A portfolio company with an investment grade of 3 requires closer monitoring. Investments graded 4 indicate that the risk to our ability to recoup the cost of such investment has increased significantly since origination or acquisition, including as a result of factors such as declining performance and noncompliance with debt covenants, and we expect some loss of interest, dividend or capital appreciation, but still expect an overall positive internal rate of return on the investment. Investments graded 5 indicate that the risk to our ability to recoup the cost of such investment has increased materially since origination or acquisition and the portfolio company likely has materially declining performance. Loss of interest or dividend and some loss of principal investment is expected, which would result in an overall negative internal rate of return on the investment. For investments graded 4 or 5, AIM enhances its level of scrutiny over the monitoring of such portfolio company.

AIM monitors and, when appropriate, changes the investment ratings assigned to each investment in our portfolio. In connection with our valuation process, AIM reviews these investment ratings on a quarterly basis, and the Audit Committee of the Board of Directors monitors such ratings. It is possible that the grade of certain of these portfolio investments may be reduced or increased over time.

Managerial Assistance

As a BDC, we must offer, and must provide upon request, significant managerial assistance to certain of our portfolio companies. This assistance could involve, among other things, monitoring the operations of our portfolio companies, participating in board and management meetings, consulting with and advising officers of portfolio companies and providing other organizational and financial guidance. We may receive fees for these services.

Competition

Our primary competitors in providing financing to middle-market companies include public and private funds, commercial and investment banks, commercial financing companies, other BDCs or hedge funds, and, to the extent they provide an alternative form of financing, private equity funds. Some of our existing and potential competitors are substantially larger and have considerably greater financial, technical and marketing resources than we do. For example, some competitors may have a lower cost of funds and access to funding sources that are not available to us. In addition, some of our competitors may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments and establish more relationships than us. Furthermore, many of our competitors are not subject to the regulatory restrictions that the 1940 Act imposes on us as a BDC or the restrictions that the Code imposes on us as a RIC.

We also expect to use the industry information of AGM's investment professionals to which we have access to assess investment risks and determine appropriate pricing for our investments in portfolio companies. In addition, we believe that the relationships of the senior managers of AIM and those of our affiliates enable us to learn about, and compete effectively for, financing opportunities with attractive middle-market companies in the industries in which we seek to invest.

Staffing

The Company has no employees. All of the services we utilize are provided by third parties. Our Chief Financial Officer, Chief Legal Officer and Chief Compliance Officer and additional personnel assisting them in such functions are employees of AIA and perform their respective functions under the terms of the administration agreement with AIA. Certain of our other executive officers are managing partners of our Investment Adviser. Our day-to-day investment operations are managed by our Investment Adviser, which draws on the broader capabilities of the Opportunistic Credit segment of AGM's credit business. In addition, we generally reimburse AIA for our allocable portion of expenses incurred by it in performing its obligations under the administration agreement, including rent and our allocable portion of the cost of our Chief Financial Officer, Chief Legal Officer and Chief Compliance Officer and their respective staffs.

Investment Advisory Management Agreement

Management Services

AIM serves as our investment adviser and is a wholly-owned direct subsidiary of Apollo Global Management. AIM is registered as an investment adviser under the Investment Advisers Act of 1940, as amended (the "Advisers Act"). Subject to the overall supervision of our Board of Directors, the investment adviser manages the day-to-day operations of, and provides investment advisory and management services to, Apollo Investment. Under the terms of the investment advisory management agreement, AIM:

- determines the composition of our portfolio, the nature and timing of the changes to our portfolio and the manner of implementing such changes;
- identifies, evaluates and negotiates the structure of the investments we make (including performing due diligence on our prospective portfolio companies); and
- closes and monitors the investments we make.

AIM's services under the investment advisory management agreement are not exclusive, and it is free to furnish similar services to other entities so long as its services to us are not impaired.

Management and Incentive Fee

Pursuant to the investment advisory management agreement, we incur a fee payable to AIM for investment advisory and management services consisting of two components - a base management fee and an incentive fee. For the fiscal years ended March 31, 2019, 2018 and 2017, we accrued \$35.73 million, \$47.94 million and \$52.93 million, respectively, in base management fees and incurred \$21.19 million, \$28.71 million and \$18.78 million, respectively, in performance-based incentive fees.

Base Management Fee

Effective April 1, 2018, the base management fee is calculated initially at an annual rate of 1.50% (0.375% per quarter) of the lesser of (i) the average of the value of the Company's gross assets (excluding cash or cash equivalents but including other assets purchased with borrowed amounts) at the end of each of the two most recently completed calendar quarters and (ii) the average monthly value (measured as of the last day of each month) of the Company's gross assets (excluding cash or cash equivalents but including other assets purchased with borrowed amounts) during the most recently completed calendar quarter; provided, however, in each case, the base management fee is calculated at an annual rate of 1.00% (0.250% per quarter) of the average of the value of the Company's gross assets (excluding cash or cash equivalents but including other assets purchased with borrowed amounts) that exceeds the product of (A) 200% and (B) the value of the Company's net asset value at the end of the prior calendar quarter. The base management fee will be payable quarterly in arrears. The value of the Company's gross assets shall be calculated in accordance with the Company's valuation policies.

For the period from April 1, 2017 through March 31, 2018, the base management was calculated at an annual rate of 2% (0.5% per quarter) of the average of the value of the Company's gross assets (excluding cash or cash equivalents but including other assets purchased with borrowed amounts) at the end of each of the two most recently completed calendar quarters. For the same period, the Investment Adviser agreed to waive 25% of its base management fee so the base management fee was reduced from 2% to 1.5%.

Performance-based Incentive Fee

The incentive fee (the "Incentive Fee") consists of two components that are determined independent of each other, with the result that one component may be payable even if the other is not. A portion of the Incentive Fee is based on income and a portion is based on capital gains, each as described below:

A. Incentive Fee based on Income

(i) Incentive Fee on Pre-Incentive Fee Net Investment Income - (April 1, 2017 - December 31, 2018)

The first part of the incentive fee was calculated and payable quarterly in arrears based on our pre-incentive fee net investment income for the immediately preceding calendar quarter at an annual rate of 20%. For this purpose, pre-incentive fee net investment income means interest income, dividend income and any other income (including, without limitation, any accrued income that the Company has not yet received in cash and any other fees such as commitment, origination, structuring, diligence and consulting fees or other fees that the Company receives from portfolio companies) accrued during the calendar quarter, minus the Company's operating expenses accrued during the calendar quarter (including, without limitation, the Base Management Fee, administration expenses and any interest expense and dividends paid on any issued and outstanding preferred stock, but excluding the Incentive Fee on Income and the Incentive Fee on Capital Gains). Pre-incentive fee net investment income did not include any realized or unrealized gains or losses. Pre-incentive fee net investment income, expressed as a rate of return on the value of our net assets at the end of the immediately preceding calendar quarter, is compared to the rate of 1.75% per quarter (7% annualized) (the "performance threshold"). For the period from April 1, 2017 through December 31, 2018, if the resulting incentive fee rate was less than 20% due to the incentive fee waiver discussed below, the percentage at which the Investment Adviser's 100% catch-up is complete would also be reduced ratably from 2.1875% (8.75% annualized) to as low as 2.06% (8.24% annualized) ("catch-up threshold").

The Company pays the Investment Adviser an incentive fee with respect to our pre-incentive fee net investment income in each calendar quarter as follows: (1) no incentive fee in any calendar quarter in which our pre-incentive fee net investment income does not exceed the performance threshold; and (2) 100% of our pre-incentive fee net investment income with respect to that portion of such pre-incentive fee net investment income, if any, that exceeds 1.75% but does not exceed the catch-up threshold in any calendar quarter; and (3) for the period from April 1, 2017 through December 31, 2018, 15% to 20% of the amount of our pre-incentive fee net investment income, if any, that exceeds the catch-up threshold in any calendar quarter. These calculations are appropriately prorated for any period of less than three months. The effect of the fee calculation described above is that if pre-incentive fee net investment income is equal to or exceeds the catch-up threshold, the Investment Adviser will receive a fee of 15% to 20% of our pre-incentive fee net investment income for the quarter.

Incentive Fee Waiver

For the period from April 1, 2018 through December 31, 2018, the Investment Adviser agreed to waive 25% of its performance based incentive fee so that the incentive fee on pre-incentive fee net investment income was accrued at 15%.

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

(ii) Incentive Fee on Pre-Incentive Fee Net Income - effective from January 1, 2019

As of January 1, 2019, the incentive fee on pre-incentive fee net investment income is determined and paid quarterly in arrears by calculating the amount by which (x) the aggregate amount of the pre-incentive fee net investment income in respect of the current calendar quarter and each of the eleven preceding calendar quarters beginning with the calendar quarter that commences on or after April 1, 2018 (the “trailing twelve quarters”) exceeds (y) the preferred return amount in respect of the trailing twelve quarters.

The preferred return amount will be determined on a quarterly basis, and will be calculated by summing the amounts obtained by multiplying 1.75% by the Company’s net asset value at the beginning of each applicable calendar quarter comprising the relevant trailing twelve quarters. The preferred return amount will be calculated after making appropriate adjustments to the Company’s net asset value at the beginning of each applicable calendar quarter for Company capital issuances and distributions during the applicable calendar quarter.

The amount of the Incentive Fee on Income that will be paid to the Investment Adviser for a particular quarter will equal the excess of the incentive fee on pre-incentive fee net investment income, so calculated less the aggregate incentive fee on pre-incentive fee net investment income that were paid to the Investment Adviser (excluding waivers, if any) in the preceding eleven calendar quarters comprising the relevant trailing twelve quarters.

The Company will pay the Investment Adviser an incentive fee with respect to our pre-incentive fee net investment income in each calendar quarter as follows:

- (1) no incentive fee in any calendar quarter in which our pre-incentive fee net investment income for the trailing twelve quarters does not exceed the preferred return amount.
- (2) 100% of our pre-incentive fee net investment income for the trailing twelve quarters, if any, that exceeds the preferred return amount but is less than or equal to an amount (the “catch-up amount”) determined by multiplying 2.1875% by the Company’s net asset value at the beginning of each applicable calendar quarter comprising the relevant trailing twelve quarters.
- (3) for any quarter in which the Company’s pre-incentive fee net investment income for the trailing twelve quarters exceeds the catch-up amount, the incentive fee shall equal 20% of the amount of the Company’s pre-incentive fee net investment income for such trailing twelve quarters.

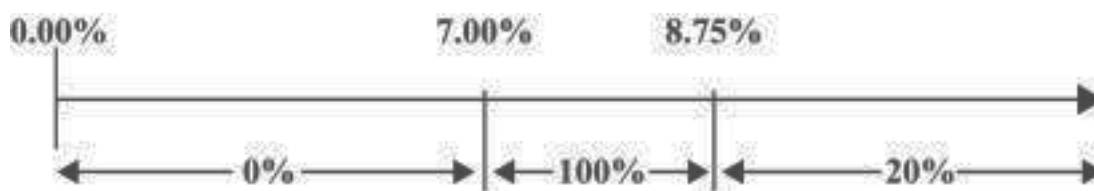
The Incentive Fee on Income as calculated is subject to a cap (the “Incentive Fee Cap”). The Incentive Fee Cap in any quarter is an amount equal to (a) 20% of the Cumulative Pre-Incentive Fee Net Return (as defined below) during the relevant trailing twelve quarters less (b) the aggregate Incentive Fees on Income that were paid to the Investment Adviser (excluding waivers, if any) in the preceding eleven calendar quarters (or portion thereof) comprising the relevant trailing twelve quarters.

For this purpose, “Cumulative Pre-Incentive Fee Net Return” during the relevant trailing twelve quarters means (x) Pre-Incentive Fee Net Investment Income in respect of the trailing twelve quarters less (y) any Net Capital Loss, since April 1, 2018, in respect of the trailing twelve quarters. If, in any quarter, the Incentive Fee Cap is zero or a negative value, the Company shall pay no Incentive Fee on Income to the Investment Adviser in that quarter. If, in any quarter, the Incentive Fee Cap is a positive value but is less than the Incentive Fee on Income calculated in accordance with the calculation described above of the 1940 Act, the Company shall pay the Investment Adviser the Incentive Fee Cap for such quarter. If, in any quarter, the Incentive Fee Cap is equal to or greater than the Incentive Fee on Income calculated in accordance with the calculation described above, the Company shall pay the Investment Adviser the Incentive Fee on Income for such quarter.

“Net Capital Loss” in respect of a particular period means the difference, if positive, between (i) aggregate capital losses, whether realized or unrealized, in such period and (ii) aggregate capital gains, whether realized or unrealized, in such period.

The following is a graphical representation of the calculation of the Incentive Fee based on income:

Incentive Fee based on Income
Percentage of Ordinary Income comprising the Incentive Fee based on Income
(expressed as an annualized rate of return on the value of net assets as of the beginning
of each of the quarters included in the Trailing Twelve Quarters)



B. Incentive Fee on Cumulative Net Realized Gains

The Incentive Fee on Capital Gains is determined and payable in arrears as of the end of each calendar year (or upon termination of the investment advisory management agreement). This fee shall equal 20.0% of the sum of the Company's realized capital gains on a cumulative basis, calculated as of the end of each calendar year (or upon termination of the investment advisory management agreement), computed net of all realized capital losses and unrealized capital depreciation on a cumulative basis, less the aggregate amount of any Incentive Fees on Capital Gains previously paid to the Investment Adviser. The aggregate unrealized capital depreciation of the Company shall be calculated as the sum of the differences, if negative, between (a) the valuation of each investment in the Company's portfolio as of the applicable calculation date and (b) the accreted or amortized cost basis of such investment.

For accounting purposes only, we are required under GAAP to accrue a theoretical capital gains incentive fee based upon net realized capital gains and unrealized capital gain and loss on investments held at the end of each period. The accrual of this theoretical capital gains incentive fee assumes all unrealized capital gain and loss is realized in order to reflect a theoretical capital gains incentive fee that would be payable to the Investment Adviser at each measurement date. There was no accrual for theoretical capital gains incentive fee for the three months ended June 30, 2018 and 2017. It should be noted that a fee so calculated and accrued would not be payable under the Advisers Act or the investment advisory management agreement, and would not be paid based upon such computation of capital gains incentive fees in subsequent periods. Amounts actually paid to the Investment Adviser will be consistent with the Advisers Act and formula reflected in the investment advisory management agreement which specifically excludes consideration of unrealized capital gain.

On January 16, 2019, we entered into a fee offset agreement with AIM in connection with revenue realized by AIM and its affiliates for the management of certain aircraft assets. We will receive an offsetting credit against total incentive fees otherwise due to AIM under the investment advisory management agreement. The amount offset will initially be 20% of the management fee revenue earned and incentive fee revenue realized by AIM and its affiliates in connection with managing aircraft assets on related insurance balance sheets ("New Balance Sheet Investments"), new aircraft managed account capital ("New Managed Accounts") and new dedicated aircraft funds ("New Aircraft Funds"). Once the aggregate capital raised by New Aircraft Funds or New Managed Accounts and capital invested by the New Balance Sheet Investments exceeds \$3 billion cumulatively, the fee offset will step down to 10% of the amount of incremental management fee revenue earned and incentive fee revenue realized by AIM and its affiliates. The fee offset will be in place for seven years, however the incentive fees realized by AIM and its affiliates after this seven-year period from applicable investments that were raised or made within the seven-year period will also be used to offset incentive fees payable to AIM by us. The offset will be limited to the amount of incentive fee payable by us to AIM and any unapplied fee offset which exceeds the incentive fees payable in a given quarter will carry forward to be credited against the incentive fees payable by us in subsequent quarters.

Payment of Our Expenses

All investment professionals of the Investment Adviser and their respective staffs when and to the extent engaged in providing investment advisory and management services, and the compensation and routine overhead expenses of such personnel allocable to such services, are provided and paid for by AIM. We bear all other costs and expenses of our operations and transactions, including those relating to: calculation of our net asset value (including the cost and expenses of any independent valuation firm); expenses incurred by AIM payable to third parties, including agents, consultants or other advisers, in monitoring our financial and legal affairs and in monitoring our investments and performing due diligence on our prospective portfolio companies; interest payable on debt, if any, incurred to finance our investments; offerings of our common stock and other securities; investment advisory and management fees; fees payable to third parties, including agents, consultants or other advisers, relating to, or associated with, evaluating and making investments; transfer agent and custodial fees; registration fees; listing fees; taxes; independent directors' fees and expenses; costs of preparing and filing reports or other documents of the SEC; the costs of any reports, proxy statements or other notices to stockholders, including printing costs; our allocable portion of the fidelity bond, directors' and officers' errors and omissions liability insurance, and any other insurance premiums; direct costs and expenses of administration, including auditor and legal costs; and all other expenses incurred by us or Apollo Administration in connection with administering our business, such as our allocable portion of overhead under the administration agreement, including rent and our allocable portion of the cost of our Chief Financial Officer, Chief Legal Officer and Chief Compliance Officer and their respective staffs.

Duration and Termination

The continuation of our investment advisory management agreement was approved by our Board of Directors on August 8, 2018. Unless terminated earlier as described below, it will remain in effect from year to year if approved annually by our Board of Directors or by the affirmative vote of the holders of a majority of our outstanding voting securities, including, in either case, approval by a majority of our directors who are not "interested persons" as defined in the 1940 Act. The investment advisory management agreement will automatically terminate in the event of its assignment. Either party may terminate the investment advisory management agreement without penalty upon not more than 60 days' written notice to the other party. See "Risk Factors - Risks relating to our business and structure."

Indemnification

The investment advisory management agreement provides that, absent willful misfeasance, bad faith or gross negligence in the performance of its duties or reckless disregard of its duties and obligations, AIM and its officers, managers, partners, agents, employees, controlling persons, members and any other person or entity affiliated with it are entitled to indemnification from Apollo Investment for any damages, liabilities, costs and expenses (including reasonable attorneys' fees and amounts reasonably paid in settlement) arising from the rendering of AIM's services under the investment advisory management agreement or otherwise as an investment adviser of Apollo Investment.

Administrative Agreement

Pursuant to a separate administration agreement, AIA furnishes us with office facilities, equipment and clerical, bookkeeping and record keeping services at such facilities. Under the administration agreement, AIA also performs, or oversees the performance of, our required administrative services, which include, among other things, being responsible for the financial records that we are required to maintain and preparing reports to our stockholders and reports filed with the SEC. In addition, AIA assists us in determining and publishing our net asset value, oversees the preparation and filing of our tax returns and the printing and dissemination of reports to our stockholders, and generally oversees the payment of our expenses and the performance of administrative and professional services rendered to us by others. Payments under the administration agreement are equal to an amount based upon our allocable portion of AIA's overhead in performing its obligations under the administration agreement, including rent and our allocable portion of the cost of our Chief Financial Officer, Chief Legal Officer and Chief Compliance Officer and their respective staffs. Under the administration agreement, AIA also provides on our behalf managerial assistance to those portfolio companies to which we are required to provide such assistance. Either party may terminate the administration agreement without penalty upon 60 days' written notice to the other party.

At the fiscal years ended March 31, 2019, 2018 and 2017, expenses incurred (net of reimbursements) under the administration agreement were \$6.7 million, \$6.7 million and \$7.3 million, respectively. For administrative expenses accrued during the most recently completed fiscal quarter, please see "Management's Discussion and Analysis of Financial Condition and Result of Operations - Results of Operations; Expenses."

Indemnification

The administration agreement provides that, absent willful misfeasance, bad faith or gross negligence in the performance of its duties or reckless disregard of its duties and obligations, AIA and its officers, managers, partners, agents, employees, controlling persons, members and any other person or entity affiliated with it are entitled to indemnification from us for any damages, liabilities, costs and expenses (including reasonable attorneys' fees and amounts reasonably paid in settlement) arising from the rendering of AIA's services under the administration agreement or otherwise as administrator for us.

License Agreement

We have entered into a license agreement with AGM pursuant to which AGM has agreed to grant us a non-exclusive, royalty-free license to use the name "Apollo." Under this agreement, we have the right to use the "Apollo" name, for so long as AIM or one of its affiliates remains our Investment Adviser. Other than with respect to this limited license, we will have no legal right to the "Apollo" name. This license agreement will remain in effect for so long as the investment advisory management agreement with our Investment Adviser is in effect.

Sarbanes-Oxley Act of 2002

The Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act") imposes a wide variety of regulatory requirements on publicly-held companies and their insiders. Many of these requirements affect us. For example:

- Pursuant to Rule 13a-14 under the Securities Exchange Act of 1934 (the "1934 Act"), our Chief Executive Officer and Chief Financial Officer must certify the accuracy of the financial statements contained in our periodic reports.
- Pursuant to Item 307 of Regulation S-K, our periodic reports must disclose our conclusions about the effectiveness of our disclosure controls and procedures.
- Pursuant to Rule 13a-15 of the 1934 Act, our management must prepare a report regarding its assessment of our internal control over financial reporting.
- Pursuant to Item 308 of Regulation S-K and Rule 13a-15 of the 1934 Act, our periodic reports must disclose whether there were significant changes in our internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation, including any corrective actions with regard to material weaknesses.

The Sarbanes-Oxley Act requires us to review our current policies and procedures to determine whether we comply with the Sarbanes-Oxley Act and the regulations promulgated thereunder. We will continue to monitor our compliance with all regulations that are adopted under the Sarbanes-Oxley Act and will take actions necessary to ensure that we are in compliance therewith.

Available Information

We file with or submit to the SEC annual, quarterly and current periodic reports, proxy statements, codes of ethics and other information meeting the informational requirements of the 1934 Act. You may inspect and copy any materials we file with or submit to the SEC at the SEC's Public Reference Room at 100 F Street NE, Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site that contains reports, proxy and information statements, and other information filed electronically by us with the SEC which are available on the SEC's Internet site at <http://www.sec.gov>. In addition, information specifically regarding how we voted proxies relating to portfolio securities for the year ended March 31, 2019 is available without charge, upon request, by calling 212-515-3450. Copies of these reports, proxy and information statements and other information may be obtained, after paying a duplicating fee, by electronic request at the following e-mail address: publicinfo@sec.gov, or by writing the SEC's Public Reference Section, Washington, D.C. 20549-0102.

Our Internet address is www.apolloic.com. We make available free of charge on our website our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. Information contained on our website is not incorporated by reference into this annual report on Form 10-K, and you should not consider information contained on our website to be part of this annual report on Form 10-K.

Item 1A. Risk Factors

Investing in Apollo Investment involves a number of significant risks relating to the current environment, our business and structure, our investments, issuance of our preferred stock, and an investment in our common stock. As a result, there can be no assurance that we will achieve our investment objective. You should carefully consider the risks described below, together with all of the other information included in this report, before you decide whether to invest in Apollo Investment. The risks set forth below are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may have a material adverse effect on our business, financial condition and/or operating results.

Risks Relating to the Current Environment

Changes in interest rates may adversely affect the value of our portfolio investments which could have an adverse effect on our business, financial condition and results of operations.

Our debt investments may be based on floating rates, such as the London Interbank Offered Rate (“LIBOR”), the Euro Interbank Offered Rate (“EURIBOR”), the federal funds rate or the prime rate. General interest rate fluctuations may have a substantial negative impact on our investments, the value of our common stock and our rate of return on invested capital. A reduction in the interest rates on new investments relative to interest rates on current investments could also have an adverse impact on our net interest income. An increase in interest rates could decrease the value of any investments we hold which earn fixed interest rates, including subordinated loans, senior and junior secured and unsecured debt securities and loans and high-yield bonds, and also could increase our interest expense, thereby decreasing our net income. Also, an increase in interest rates available to investors could make investment in our common stock less attractive if we are not able to increase our dividend rate, which could reduce the value of our common stock.

Because we have borrowed money, and may issue preferred stock to finance investments, our net investment income depends, in part, upon the difference between the rate at which we borrow funds or pay distributions on preferred stock and the rate that our investments yield. As a result, we can offer no assurance that a significant change in market interest rates will not have a material adverse effect on our net investment income.

Declining interest rates also can adversely affect our overall performance, because we may be forced to re-deploy principal and interest payments from existing investments into lower-yielding investments. This “reinvestment risk” can be exacerbated to the extent borrowers can prepay their loans without significant penalties, particularly because such prepayments tend to increase as interest rates decline.

You should also be aware that a change in the general level of interest rates can be expected to lead to a change in the interest rate we receive on many of our debt investments. Accordingly, a change in the interest rate could make it easier for us to meet or exceed the performance threshold and may result in a substantial increase in the amount of incentive fees payable to our Investment Adviser with respect to the portion of the incentive fee based on income.

Price declines and illiquidity in the corporate debt markets have adversely affected, and may in the future adversely affect, the fair value of our portfolio investments, reducing our net asset value through increased net unrealized depreciation.

As a BDC, we are required to carry our investments at market value or, if no market value is ascertainable, at fair value as determined in good faith by or under the direction of our Board. Decreases in the market values or fair values of our investments are recorded as unrealized depreciation, which reduces our net asset value. Depending on market conditions, we could incur substantial realized losses and may suffer additional unrealized losses in future periods, which could have a material adverse impact on our business, financial condition and results of operations.

Capital markets may experience periods of disruption and instability. Such market conditions may materially and adversely affect debt and equity capital markets in the United States and abroad, which may have a negative impact on our business and operations.

From time to time, capital markets may experience periods of disruption and instability. For example, between 2007 and 2009, the global capital markets experienced an extended period of disruption as evidenced by a lack of liquidity in the debt capital markets, write-offs in the financial services sector, the re-pricing of credit risk and the failure of certain major financial institutions. Despite actions of the United States, federal government and foreign governments, these events contributed to worsening general economic conditions that materially and adversely impacted the broader financial and credit markets and reduced the availability of debt and equity capital for the market as a whole and financial services firms in particular. While market conditions have largely recovered from the events of 2008 and 2009, there have been continuing periods of volatility, some lasting longer than others. For example, in the latter half of 2015 and continuing through the date of this Annual Report, economic uncertainty and market volatility in China and geopolitical unrest in the Middle East, combined with continued volatility of oil prices, among other factors, have caused disruption in the capital markets, including the markets in which we participate. There can be no assurance that these market conditions will not continue or worsen in the future. During such market disruptions, we may have difficulty raising debt or equity capital especially as a result of regulatory constraints.

Market conditions may in the future make it difficult to extend the maturity of or refinance our existing indebtedness, including the final maturity of our senior secured credit facility in November 2023, and any failure to do so could have a material adverse effect on our business. The illiquidity of our investments may make it difficult for us to sell such investments if required. As a result, we may realize significantly less than the value at which we have recorded our investments.

Given the extreme volatility and dislocation that the capital markets have historically experienced, many BDCs have faced, and may in the future face, a challenging environment in which to raise capital. We may in the future have difficulty accessing debt and equity capital, and a severe disruption in the global financial markets or deterioration in credit and financing conditions could have a material adverse effect on our business, financial condition and results of operations. In addition, significant changes in the capital markets, including the extreme volatility and disruption, have had, and may in the future have, a negative effect on the valuations of our investments and on the potential for liquidity events involving our investments. An inability to raise capital, and any required sale of our investments for liquidity purposes, could have a material adverse impact on our business, financial condition or results of operations. AIM monitors developments and seeks to manage our investments in a manner consistent with achieving our investment objective, but there can be no assurance that it will be successful in doing so; and AIM may not timely anticipate or manage existing, new or additional risks, contingencies or developments, including regulatory developments in the current or future market environment.

Volatility in the global financial markets resulting from relapse of the Eurozone crisis, geopolitical developments in Eastern Europe, turbulence in the Chinese stock markets and global commodity markets, the United Kingdom's vote to leave the European Union or otherwise could have a material adverse effect on our business, financial condition and results of operations.

Volatility in the global financial markets could have an adverse effect on the United States and could result from a number of causes, including a relapse in the Eurozone crisis, geopolitical developments in Eastern Europe, turbulence in the Chinese stock markets and global commodity markets or otherwise. In 2010, a financial crisis emerged in Europe, triggered by high budget deficits and rising direct and contingent sovereign debt in Greece, Ireland, Italy, Portugal and Spain, which created concerns about the ability of these nations to continue to service their sovereign debt obligations. While the financial stability of many of such countries has improved significantly, risks resulting from any future debt crisis in Europe or any similar crisis could have a detrimental impact on the global economic recovery, sovereign and non-sovereign debt in these countries and the financial condition of European financial institutions.

Market and economic disruptions have affected, and may in the future affect, consumer confidence levels and spending, personal bankruptcy rates, levels of incurrence and default on consumer debt and home prices, among other factors. Recently, uncertainty between the United States and other countries with respect to trade policies, treaties and tariffs, among other factors, have caused disruptions in the global markets, including markets in which we participate. We cannot assure you that these market conditions will not continue or worsen in the future. Furthermore, we cannot assure you that market disruptions in Europe, including the increased cost of funding for certain governments and financial institutions, will not impact the global economy, and we cannot assure you that assistance packages will be available, or if available, be sufficient to stabilize countries and markets in Europe or elsewhere affected by a financial crisis. To the extent uncertainty regarding any economic recovery in Europe negatively impacts consumer confidence and consumer credit factors, our business, financial condition and results of operations could be significantly and adversely affected.

In the second quarter of 2015, stock prices in China experienced a significant drop, resulting primarily from continued sell-off of shares trading in Chinese markets. In addition, in August 2015, Chinese authorities sharply devalued China's currency. Since then, the Chinese capital markets have continued to experience periods of instability. These market and economic disruptions have affected, and may in the future affect, the U.S. capital markets, which could adversely affect our business, financial condition or results of operations.

The occurrence of events similar to those in recent years, such as the aftermath of the war in Iraq, instability in Afghanistan, Pakistan, Egypt, Libya, Syria, Russia, Ukraine and the Middle East, ongoing epidemics of infectious diseases in certain parts of the world, terrorist attacks in the U.S. and around the world, social and political discord, debt crises (such as the Greek crisis), sovereign debt downgrades, continued tensions between North Korea and the United States and the international community generally, new and continued political unrest in various countries, such as Venezuela, the exit or potential exit of one or more countries from the European Union (the "EU") or the Economic and Monetary Union (the "EMU"), the change in the U.S. president and the new administration, among others, may result in market volatility, may have long term effects on the U.S. and worldwide financial markets, and may cause further economic uncertainties in the U.S. and worldwide.

On June 23, 2016, the United Kingdom voted, via referendum, to exit from the EU ("Brexit"), triggering political, economic and legal uncertainty. On March 29, 2017, the United Kingdom made a formal notification to the European Council under Article 50 of the Treaty on EU, which triggered a two year period during which the terms of an exit will be negotiated. The United Kingdom and the EU are therefore in a period of legal, regulatory and political uncertainty. As a consequence of continued uncertainty surrounding Brexit, the financial markets have experienced high levels of volatility. While such uncertainty most directly affects the United Kingdom and the EU, global markets suffered immediate and significant disruption. It is likely that, in the near term, uncertainty over Brexit will continue to bring about higher levels of uncertainty and volatility. During this period of uncertainty, the negative impact on not only the United Kingdom and European economies, but the broader global economy, could be significant, potentially resulting in increased market and currency volatility (including volatility of the value of the British pound sterling relative to the United States dollar and other currencies and volatility in global currency markets generally), and illiquidity and lower economic growth for companies that rely significantly on Europe for their business activities and revenues. It is possible that certain economic activity will be curtailed until some signs of clarity begin to emerge, on the outcome of negotiations around the terms for United Kingdom's exit out of the EU. Additional risks associated with the outcome of Brexit include macroeconomic risk to the United Kingdom and European economies, impetus for further disintegration of the EU and related political stresses (including those related to sentiment against cross border capital movements and activities of investors like us), prejudice to financial services business that are conducting business in the EU and which are based in the United Kingdom, legal uncertainty regarding achievement of compliance with applicable financial and commercial laws and regulations in view of the expected steps to be taken pursuant to or in contemplation of Article 50 of the Treaty on European Union and negotiations undertaken under Article 218 of the Treaty on the Functioning of the European Union, and the unavailability of timely information as to expected legal, tax and other regimes. Any further exits from the EU, or the possibility of such exits, would likely cause additional market disruption globally and introduce new legal and regulatory uncertainties. The Company will continue to monitor the potential impact of Brexit on its results of operations and financial condition.

The occurrence of any of these above event(s) could have a significant adverse impact on the value and risk profile of the Company's portfolio. The Company does not know how long the securities markets may be affected by similar events and cannot predict the effects of similar events in the future on the U.S. economy and securities markets. Non-investment grade and equity securities tend to be more volatile than investment-grade fixed income securities; therefore, these events and other market disruptions may have a greater impact on the prices and volatility of non-investment grade and equity securities than on investment-grade fixed income securities. There can be no assurances that similar events and other market disruptions will not have other material and adverse implications.

Should the economic recovery in the United States be adversely impacted by increased volatility in the global financial markets caused by continued contagion from the Eurozone crisis, further turbulence in Chinese stock markets and global commodity markets, Brexit or for any other reason, loan and asset growth and liquidity conditions at U.S. financial institutions, including us, may deteriorate.

Uncertainty about the financial stability of the United States and the current presidential administration could have a significant adverse effect on our business, financial condition and results of operations.

Due to federal budget deficit concerns, S&P downgraded the federal government's credit rating from AAA to AA+ for the first time in history on August 5, 2011, which was affirmed by S&P in June 2018. Further, Moody's and Fitch had warned that they may downgrade the federal government's credit rating. Further downgrades or warnings by S&P or other rating agencies, and the United States government's credit and deficit concerns in general, could cause interest rates and borrowing costs to rise, which may negatively impact both the perception of credit risk associated with our debt portfolio and our ability to access the debt markets on favorable terms. In addition, a decreased U.S. government credit rating could create broader financial turmoil and uncertainty, which may weigh heavily on our financial performance and the value of our common stock.

In October 2014, the Federal Reserve System of the United States (the "Federal Reserve") announced that it was concluding its bond-buying program, or quantitative easing, which was designed to stimulate the economy and expand the Federal Reserve's holdings of long-term securities, suggesting that key economic indicators, such as the unemployment rate, had showed signs of improvement since the inception of the program. It is unclear what effect, if any, the conclusion of the Federal Reserve's bond-buying program will have on the value of our investments. However, it is possible that, without quantitative easing by the Federal Reserve, these developments, along with the United States government's credit and deficit concerns and the European sovereign debt crisis discussed above, could cause interest rates and borrowing costs to rise, which may negatively impact our ability to access the debt markets on favorable terms. Additionally, in January 2018, the Federal Reserve reaffirmed its view that the current target range of 1.25% to 1.50% for the federal funds rate was appropriate based on current economic conditions. However, if key economic indicators, such as the unemployment rate or inflation, do not progress at a rate consistent with the Federal Reserve's objectives, the target range for the federal funds rate may increase and cause interest rates and borrowing costs to rise, which may negatively impact our ability to access the debt markets on favorable terms.

In December 2017, the Trump administration enacted substantial changes to U.S. fiscal and tax policies, which include comprehensive corporate and individual tax reform. In addition, the Trump administration has called for significant changes to U.S. trade, healthcare, immigration, foreign, and government regulatory policy. In this regard, there is significant uncertainty with respect to legislation, regulation and government policy at the federal level, as well as the state and local levels. Recent events have created a climate of heightened uncertainty and introduced new and difficult-to-quantify macroeconomic and political risks with potentially far-reaching implications. There has been a corresponding meaningful increase in the uncertainty surrounding interest rates, inflation, foreign exchange rates, trade volumes and fiscal and monetary policy. To the extent the U.S. Congress or Trump administration implements changes to U.S. policy, those changes may impact, among other things, the U.S. and global economy, international trade and relations, unemployment, immigration, corporate taxes, healthcare, the U.S. regulatory environment, inflation and other areas.

Changes in existing laws or regulations, the interpretations thereof or newly enacted laws or regulations may negatively impact our business.

Changes in laws or regulations governing our operations or the operations of our portfolio companies, or newly enacted laws or regulations, such as the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), Public Law No. 115-97 (the "Tax Cuts and Jobs Act") and the Small Business Credit Availability Act (the "SBCAA"), could require changes to certain of our business, practices or that of our portfolio companies. These changes could negatively impact the operations, cash flows or financial condition of us or our portfolio companies, impose additional costs on us or our portfolio companies or otherwise adversely affect our business, or business of our portfolio companies.

The Federal Reserve has raised the Federal Funds Rate nine times during the period between December 2015 and December 2018, and it may continue to raise the Federal Funds Rate over time. General interest rate fluctuations may have a substantial negative impact on our investments, the value of our common stock and our rate of return on invested capital. A reduction in the interest rates on new investments relative to interest rates on current investments could also have an adverse impact on our net investment income. An increase in interest rates could decrease the value of any investments we hold which earn fixed interest rates, including subordinated loans, senior and junior secured and unsecured debt securities and loans and high-yield bonds, and also could increase our interest expense, thereby decreasing our net investment income. Also, an increase in interest rates available to investors could make investment in our common stock less attractive if we are not able to increase our distributions rate, which could reduce the value of our common stock.

On May 24, 2018, President Trump signed into law the Economic Growth, Regulatory Relief, and Consumer Protection Act, which increased from \$50 billion to \$250 billion the asset threshold for designation of “systemically important financial institutions” or “SIFIs” subject to enhanced prudential standards set by the Federal Reserve, staggering application of this change based on the size and risk of the covered bank holding company. On May 30, 2018, the Federal Reserve voted to consider changes to the Volcker Rule that would loosen compliance requirements for all banks. On July 17, 2018, the House of Representatives passed the JOBS and Investor Confidence Act, which includes 32 pieces of legislation intended to help small businesses, entrepreneurs and investors by reforming capital markets. The proposed legislation includes provisions to expand the definition of “accredited investors,” extend on-ramp exemptions for emerging growth companies and ease securities regulations on initial public offerings. The legislation was forwarded to the Senate for consideration, where no further action was taken, although it may be reintroduced in the future. At this time it is not possible to determine the potential impact of these new laws and proposals on us.

On March 23, 2018, the SBCAA was signed into law. The SBCAA, among other things, modifies the applicable provisions of the 1940 Act to reduce the required asset coverage ratio applicable to a BDC from 200% to 150% subject to certain approval, time and disclosure requirements (including either stockholder approval or approval of a “required majority” of its board of directors). On April 4, 2018, the Board of Directors approved the application of the modified asset coverage requirements for the Company. Accordingly, effective April 4, 2019, for every \$100 of net assets, we may raise \$200 from senior securities, such as borrowings or issuing preferred stock, and the risks associated with an investment in us may increase.

Further areas identified as subject to potential change, amendment or repeal include the Dodd-Frank Act, including the Volcker Rule, the interpretation of those rules relating to capital, margin, trading and clearance and settlement of derivatives and various swaps and derivatives regulations, credit risk retention requirements and the authorities of the Federal Reserve, the Financial Stability Oversight Council and the SEC. Although we cannot predict the impact, if any, of these changes to our business, they could adversely affect our business, financial condition, operating results and cash flows. Until we know what policy changes are made and how those changes impact our business and the business of our competitors over the long term, we will not know if, overall, we will benefit from them or be negatively affected by them.

United States tariff, import/export regulations and other economic sanction laws could have a significant adverse effect on our business, financial condition and results of operations.

There has been ongoing discussion and commentary regarding potential significant changes to United States trade policies, treaties and tariffs. The current administration, along with Congress, has created significant uncertainty about the future relationship between the United States and other countries with respect to such trade policies, treaties and tariffs. These developments, or the perception that any of them could occur, may have a material adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global trade and, in particular, trade between the impacted nations and the United States. Any of these factors could depress economic activity and restrict our portfolio companies’ access to suppliers or customers and have a material adverse effect on their business, financial condition and results of operations, which in turn would negatively impact us.

Additionally, economic sanction laws in the United States and other jurisdictions may prohibit us or our affiliates from transacting with certain countries, individuals and companies. In the United States, the U.S. Department of the Treasury’s (the “Treasury”) Office of Foreign Assets Control administers and enforces laws, executive orders and regulations establishing U.S. economic and trade sanctions, which prohibit, among other things, transactions with, and the provision of services to, certain non-U.S. countries, territories, entities and individuals. These types of sanctions may significantly restrict or completely prohibit investment activities in certain jurisdictions, and if we, our portfolio companies or other issuers in which we invest were to violate any such laws or regulations, we may face significant legal and monetary penalties.

The Foreign Corrupt Practices Act (the “FCPA”), and other anti-corruption laws and regulations, as well as anti-boycott regulations, may also apply to and restrict our activities, our portfolio companies and other issuers of our investments. If an issuer or we were to violate any such laws or regulations, such issuer or we may face significant legal and monetary penalties. The U.S. government has indicated that it is particularly focused on FCPA enforcement, which may increase the risk that an issuer or us becomes the subject of such actual or threatened enforcement. In addition, certain commentators have suggested that private investment firms and the funds that they manage may face increased scrutiny and/or liability with respect to the activities of their underlying portfolio companies. As such, a violation of the FCPA or other applicable regulations by us or an issuer of our portfolio investments could have a material adverse effect on us. We are committed to complying with the FCPA and other anticorruption laws and regulations, as well as anti-boycott regulations, to which it is subject. As a result, we may be adversely affected because of our unwillingness to enter into transactions that violate any such laws or regulations.

Uncertainty relating to the LIBOR calculation process may adversely affect the value of our portfolio of the LIBOR-indexed, floating-rate debt securities in our portfolio or the cost of our borrowings.

Concerns have been publicized that some of the member banks surveyed by the British Bankers' Association ("BBA") in connection with the calculation of LIBOR across a range of maturities and currencies may have been under-reporting or otherwise manipulating the interbank lending rate applicable to them in order to profit on their derivatives positions or to avoid an appearance of capital insufficiency or adverse reputational or other consequences that may have resulted from reporting interbank lending rates higher than those they actually submitted. A number of BBA member banks have entered into settlements with their regulators and law enforcement agencies with respect to alleged manipulation of LIBOR, and investigations by regulators and governmental authorities in various jurisdictions are ongoing.

On July 27, 2017, the United Kingdom's Financial Conduct Authority, which regulates LIBOR, announced that it intends to phase out LIBOR by the end of 2021. It is unclear if at that time whether or not LIBOR will cease to exist or if new methods of calculating LIBOR will be established such that it continues to exist after 2021. In addition, in April 2018, the Federal Reserve System, in conjunction with the Alternative Reference Rates Committee, announced the replacement of LIBOR with a new index, calculated by short-term repurchase agreements collateralized by U.S. Treasury securities, called the Secured Overnight Financing Rate, or the "SOFR." At this time, it is not possible to predict whether SOFR will attain market traction as a LIBOR replacement. Additionally, the future of LIBOR at this time is uncertain. Potential changes, or uncertainty related to such potential changes, may adversely affect the market for LIBOR-based securities, including our portfolio of LIBOR-indexed, floating-rate debt securities, or the cost of our borrowings. In addition, changes or reforms to the determination or supervision of LIBOR may result in a sudden or prolonged increase or decrease in reported LIBOR, which could have an adverse impact on the market for LIBOR-based securities, including the value of the LIBOR-indexed, floating-rate debt securities in our portfolio, or the cost of our borrowings. Additionally, if LIBOR ceases to exist, we may need to renegotiate the credit agreements extending beyond 2021 with our portfolio companies that utilize LIBOR as a factor in determining the interest rate and certain of our existing credit facilities to replace LIBOR with the new standard that is established. The potential effect of the phase-out or replacement of LIBOR on our cost of capital and net investment income cannot yet be determined.

If AIC can no longer satisfy the conditions of Letter 12-40 (as defined below) issued by the Commodity Futures Trading Commission (the "CFTC"), AIC and AIM could be subject to additional regulatory requirements.

AIM has claimed relief available under a no-action letter ("Letter 12-40") issued by the staff of the CFTC. Letter 12-40 relieves AIM from registering with the CFTC as the commodity pool operator ("CPO") of AIC, provided that AIC (i) continues to be regulated by the SEC as a BDC, (ii) allocates no more than a designated percentage of its liquidation value to futures contracts, certain swap contracts and certain other derivative instruments that are within the jurisdiction of the Commodity Exchange Act (collectively, "CEA-regulated products"), and (iii) is not marketed to the public as a commodity pool or as a vehicle for trading in CEA-regulated products. If AIC can no longer satisfy the conditions of Letter 12-40, AIM could be subject to the CFTC's CPO registration requirements, and the disclosure and operations of AIC would need to comply with all applicable regulations governing commodity pools and CPOs. If AIM were required to register as a CPO, it would also be required to become a member of the National Futures Association ("NFA") and be subject to the NFA's rules and bylaws. Compliance with these additional registration and regulatory requirements may increase AIM's operating expenses, which, in turn, could result in AIC's investors being charged additional fees.

The continued uncertainty relating to the sustainability and pace of economic recovery in the U.S. and globally could have a negative impact on our business.

Apollo Investment's business is directly influenced by the economic cycle, and could be negatively impacted by a downturn in economic activity in the U.S. as well as globally. Fiscal and monetary actions taken by U.S. and non-U.S. government and regulatory authorities could have a material adverse impact on our business. To the extent uncertainty regarding the U.S. or global economy negatively impacts consumer confidence and consumer credit factors, our business, financial condition and results of operations could be adversely affected. Moreover, Federal Reserve policy, including with respect to certain interest rates and the decision to end its quantitative easing policy, may also adversely affect the value, volatility and liquidity of dividend and interest paying securities. Market volatility, rising interest rates and/or a return to unfavorable economic conditions could adversely affect our business.

Changes to U.S. federal income tax laws could materially and adversely affect us and our stockholders.

The present U.S. federal income tax laws may be modified, possibly with retroactive effect, by legislative, judicial or administrative action at any time, which could affect the U.S. federal income tax treatment of us or an investment in our shares. For example, the recently enacted Tax Cuts and Jobs Act makes substantial changes to the Code. Among those changes are a significant permanent reduction in the generally applicable corporate tax rate, changes in the taxation of individuals and other non-corporate taxpayers that generally but not universally reduce their taxes on a temporary basis subject to “sunset” provisions, the elimination or modification of various previously allowed deductions (including substantial limitations on the deductibility of interest and, in the case of individuals, the deduction for personal state and local taxes), certain preferential rates of taxation on certain dividends and certain business income derived by non-corporate taxpayers in comparison to other ordinary income recognized by such taxpayers, and significant changes to the international tax rules. The effect of these, and the many other, changes made in the Tax Cuts and Jobs Act remains uncertain, both in terms of their direct effect on the taxation of an investment in our common stock and their indirect effect on the value of our assets or our common stock or market conditions generally.

Furthermore, many of the provisions of the Tax Cuts and Jobs Act will require guidance through the issuance of Treasury regulations in order to assess their effect. The Treasury and the Internal Revenue Service continue to release guidance in the form of regulations providing rules for implementation and interpretation of the Tax Cuts and Jobs Act provisions. There may be a substantial delay before further regulations are promulgated, increasing the uncertainty as to the ultimate effect of the statutory amendments on us. Therefore, uncertainty remains regarding significant provisions of the Tax Cuts and Jobs Act while some of the Treasury regulations and guidance remain in proposed form. Accordingly, we cannot predict any additional future impact the enactment of such legislation will have on us, our subsidiaries, our portfolio companies and the holders of our securities. There may also be technical corrections legislation proposed with respect to the Tax Cuts and Jobs Act, the effect of which cannot be predicted and may be adverse to us or our stockholders.

Risks Relating to our Business and Structure

We may suffer credit losses.

Investment in small and middle-market companies is highly speculative and involves a high degree of risk of credit loss. These risks are likely to increase during volatile economic periods, as the U.S. and many other economies have experienced. See “Risks Relating to our Investments.”

We are dependent upon Apollo Investment Management’s key personnel for our future success and upon their access to AGM’s investment professionals and partners.

We depend on the diligence, skill and network of business contacts of the senior management of AIM specifically and AGM generally. Members of our senior management may depart at any time. We also depend, to a significant extent, on AIM’s access to the investment professionals and partners of AGM and the information and deal flow generated by the AGM investment professionals in the course of their investment and portfolio management activities. The senior management of AIM evaluates, negotiates, structures, closes and monitors our investments. Our future success depends on the continued service of senior members of AGM’s credit platform, including the senior management team of AIM. The departure of our senior management, any senior managers of AIM, or of a significant number of the investment professionals or partners of AGM, could have a material adverse effect on our ability to achieve our investment objective. In addition, we can offer no assurance that AIM will remain our Investment Adviser or that we will continue to have access to AGM’s partners and investment professionals or its information and deal flow.

Our financial condition and results of operations depend on our ability to manage future growth effectively.

Our ability to achieve our investment objective depends, in part, on our ability to grow, which depends, in turn, on AIM’s ability to identify, invest in and monitor companies that meet our investment criteria. Accomplishing this result on a cost-effective basis is largely a function of AIM’s structuring of the investment process, its ability to provide competent, attentive and efficient services to us and our access to financing on acceptable terms. The senior management team of AIM has substantial responsibilities under the investment advisory management agreement, and with respect to certain members, in connection with their roles as officers of other AGM funds.

They may also be called upon to provide managerial assistance to our portfolio companies. These demands on their time may distract them or slow the rate of investment. In order to grow, we and AIM may need to hire, train, supervise and manage new employees. Any failure to manage our future growth effectively could have a material adverse effect on our business, financial condition and results of operations.

We operate in a highly competitive market for investment opportunities.

A number of entities compete with us to make the types of investments that we make. We compete with public and private funds, commercial and investment banks, commercial financing companies, other BDCs and, to the extent they provide an alternative form of financing, private equity funds. Competition for investment opportunities intensifies from time to time and may intensify further in the future. Some of our existing and potential competitors are substantially larger and have considerably greater financial, technical and marketing resources than we do. For example, some competitors may have a lower cost of funds and access to funding sources that are not available to us. In addition, some of our competitors may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments and establish more relationships than us. Furthermore, many of our competitors are not subject to the regulatory restrictions and valuation requirements that the 1940 Act imposes on us as a BDC and that the Code imposes on us as a RIC. We cannot assure you that the competitive pressures we face will not have a material adverse effect on our business, financial condition and results of operations. Also, as a result of this existing and potentially increasing competition, we may not be able to take advantage of attractive investment opportunities from time to time, and we can offer no assurance that we will be able to identify and make investments that are consistent with our investment objective.

We do not seek to compete primarily based on the interest rates we offer, and we believe that some of our competitors make loans with interest rates that are comparable to or lower than the rates we offer.

We may lose investment opportunities if we do not match our competitors' pricing, terms and structure. The loss of such investment opportunities may limit our ability to grow or cause us to have to shrink the size of our portfolio, which could decrease our earnings. If we match our competitors' pricing, terms and structure, we may experience decreased net interest income and increased risk of credit loss.

Any failure on our part to maintain our status as a BDC would reduce our operating flexibility.

If we do not remain a BDC, we might be regulated as a closed-end investment company under the 1940 Act, which would subject us to substantially more regulatory restrictions under the 1940 Act and correspondingly decrease our operating flexibility.

We will be subject to corporate-level income tax if we are unable to maintain our status as a RIC.

To maintain our RIC status under the Code, we must meet certain source-of-income, asset diversification and annual distribution requirements. The annual distribution requirement for a RIC generally is satisfied if we distribute at least 90% of our "investment company taxable income" (generally, our ordinary income and the excess, if any, of our net short-term capital gains over our net long-term capital losses), if any, to our stockholders on an annual basis. To the extent we use debt financing, we are subject to certain asset coverage ratio requirements and other financial covenants under loan and credit agreements, and could in some circumstances also become subject to such requirements under the 1940 Act, that could, under certain circumstances, restrict us from making distributions necessary to maintain our status as a RIC. If we are unable to obtain cash from other sources, we may fail to maintain our status as a RIC and, thus, may be subject to corporate-level income tax. To maintain our status as a RIC, we must also meet certain asset diversification requirements at the end of each calendar quarter. Failure to meet these tests may result in our having to dispose of certain investments quickly in order to prevent the loss of RIC status. Because most of our investments are in private companies, any such dispositions could be made at disadvantageous prices and may result in substantial losses. If we fail to maintain our status as a RIC for any reason and become subject to corporate-level income tax, the resulting corporate-level taxes could substantially reduce our net assets, the amount of income available for distribution and the amount of our distributions. Such a failure would have a material adverse effect on us and our stockholders.

To maintain our status as a RIC in a subsequent year, we would be required to distribute to our stockholders our earnings and profits attributable to non-RIC years. In addition, if we failed to maintain our status as a RIC for a period greater than two taxable years, then we would be required to elect to recognize and pay tax on any net built-in gain (the excess of aggregate gain, including items of income, over aggregate loss that would have been realized if we had been liquidated) or, alternatively, be subject to taxation on such built-in gain recognized for a period of five years, in order to qualify as a RIC in a subsequent year.

We may have difficulty paying our required distributions if we recognize income before or without receiving cash representing such income.

For U.S. federal income tax purposes, we include in income certain amounts that we have not yet received in cash, such as original issue discount ("OID"), which may arise if, for example, we receive warrants in connection with the making of a loan or payment-in-kind interest, which represents contractual interest added to the loan balance and typically due at the end of the loan term or possibly in other circumstances. Such OID is included in income before we receive any corresponding cash payments and could be significant relative to our overall investment activities. Loans structured with these features may represent a higher level of credit risk than loans the interest on which must be paid in cash at regular intervals. We also may be required to include in income certain other amounts that we do not receive in cash.

The incentive fee payable by us that relates to our net investment income is computed and paid on income that may include some interest that has been accrued but not yet received in cash. If a portfolio company defaults on a loan, it is possible that accrued interest previously used in the calculation of the incentive fee will become uncollectible. Consequently, while we may make incentive fee payments on income accruals that we may not collect in the future and with respect to which we do not have a formal clawback right against our Investment Adviser per se, the amount of accrued income written off in any period will reduce the income in the period in which such write-off was taken and thereby reduce such period's incentive fee payment.

Since in certain cases we may recognize income before or without receiving cash representing such income, we may have difficulty meeting the tax requirement to distribute at least 90% of our investment company taxable income to maintain our status as a RIC. Accordingly, we may have to sell some of our investments at times we would not consider advantageous, raise additional debt or equity capital or reduce new investment originations in order to meet distribution and/or leverage requirements.

Regulations governing our operation as a BDC affect our ability to raise, and the way in which we raise, additional capital.

We may issue debt securities or preferred stock and/or borrow money from banks or other financial institutions, which we refer to collectively as "senior securities," up to the maximum amount permitted by the 1940 Act. As a BDC, we currently are required to meet an asset coverage ratio of total assets to total borrowings and other senior securities, which include all of our borrowings and any preferred stock we may issue in the future, of at least 200%. This means that for every \$100 of net assets, we may raise \$100 from senior securities, such as borrowings or issuing preferred stock. If this ratio declines below 200%, the contractual arrangements governing these securities may require us to sell a portion of our investments and, depending on the nature of our leverage, repay a portion of our indebtedness at a time when such sales may be disadvantageous. On March 23, 2018, the President signed into law the SBCAA, which included various changes to regulations under the federal securities laws that impact BDCs, including changes to the 1940 Act to allow BDCs to decrease their asset coverage requirement to 150% from 200% under certain circumstances. On April 4, 2018, the Board of Directors approved the application of the modified asset coverage requirements for the Company. Accordingly, effective April 4, 2019, for every \$100 of net assets, we may raise \$200 from senior securities, such as borrowings or issuing preferred stock. As of April 4, 2019, if the asset coverage ratio declines below 150%, the contractual arrangements governing these securities may require us to sell a portion of our investments and, depending on the nature of our leverage, repay a portion of our indebtedness at a time when such sales may be disadvantageous.

BDCs may issue and sell common stock at a price below net asset value per share only in limited circumstances, one of which is during the one-year period after stockholder approval. In the past, our stockholders have approved a plan so that during the subsequent 12 month period we could, in one or more public or private offerings of our common stock, sell or otherwise issue shares of our common stock at a price below the then current net asset value per share, subject to certain conditions including parameters on the level of permissible dilution, approval of the sale by a majority of our independent directors and a requirement that the sale price be not less than approximately the market price of the shares of our common stock at specified times, less the expenses of the sale. Although we currently do not have such authority, we may in the future seek to receive such authority on terms and conditions set forth in the corresponding proxy statement. There is no assurance such approvals will be obtained.

In the event we sell, or otherwise issue, shares of our common stock at a price below net asset value per share, existing stockholders will experience net asset value dilution and the investors who acquire shares in such offering may thereafter experience the same type of dilution from subsequent offerings at a discount. For example, if we sell an additional 10% of our common shares at a 5% discount from net asset value, a stockholder who does not participate in that offering for its proportionate interest will suffer net asset value dilution of up to 0.5% or \$5 per \$1,000 of net asset value.

In addition to issuing securities to raise capital as described above, we may in the future securitize our loans to generate cash for funding new investments. To securitize loans, we may create a wholly-owned subsidiary, contribute a pool of loans to the subsidiary and have the subsidiary issue primarily investment grade debt securities to purchasers who we would expect would be willing to accept a substantially lower interest rate than the loans earn. We would retain all or a portion of the equity in the securitized pool of loans. Our retained equity would be exposed to any losses on the portfolio of loans before any of the debt securities would be exposed to such losses. An inability to successfully securitize our loan portfolio could limit our ability to grow our business and fully execute our business strategy and adversely affect our earnings, if any. Moreover, the successful securitization of our loan portfolio might expose us to losses as the residual loans in which we do not sell interests will tend to be those that are riskier and more apt to generate losses.

We currently use borrowed funds to make investments and are exposed to the typical risks associated with leverage.

We are exposed to increased risk of loss due to our use of debt to make investments. A decrease in the value of our investments will have a greater negative impact on the value of our common stock than if we did not use debt. Our ability to make distributions will be restricted if we fail to satisfy certain of our asset coverage ratios and other financial covenants and any amounts that we use to service our indebtedness are not available for distributions to our common stockholders.

The agreements governing certain of our debt instruments require us to comply with certain financial and operational covenants. These covenants require us to, among other things, maintain certain financial ratios, including asset coverage and minimum stockholders' equity. As of March 31, 2019, we were in compliance with these covenants. However, our continued compliance with these covenants depends on many factors, some of which are beyond our control. In the event of deterioration in the capital markets and pricing levels subsequent to this period, net unrealized loss in our portfolio may increase in the future. Absent an amendment to our Senior Secured Facility (as defined below), continued unrealized loss in our investment portfolio could result in non-compliance with certain covenants.

Accordingly, there are no assurances that we will continue to comply with these covenants. Failure to comply with these covenants would result in a default which, if we were unable to obtain a waiver from the debt holders, could accelerate repayment under the instruments and thereby have a material adverse impact on our liquidity, financial condition, results of operations and ability to make distributions.

Our current and future debt securities are and may be governed by an indenture or other instrument containing covenants restricting our operating flexibility. We, and indirectly our stockholders, bear the cost of issuing and servicing such securities. Any convertible or exchangeable securities that we issue in the future may have rights, preferences and privileges more favorable than those of our common stock.

We fund a portion of our investments with borrowed money, which magnifies the potential for gain or loss on amounts invested and may increase the risk of investing in us.

Borrowings and other types of financing, also known as leverage, magnify the potential for gain or loss on amounts invested and, therefore, increase the risks associated with investing in our securities. Our lenders and debt holders have fixed dollar claims on our assets that are superior to the claims of our common stockholders or any preferred stockholders. If the value of our assets increases, then leveraging would cause the net asset value to increase more sharply than it would have had we not leveraged. Conversely, if the value of our assets decreases, leveraging would cause net asset value to decline more sharply than it otherwise would have had we not leveraged. Similarly, any increase in our income in excess of consolidated interest payable on the borrowed funds would cause our net income to increase more than it would without the leverage, while any decrease in our income would cause net income to decline more sharply than it would have had we not borrowed. Such a decline could negatively affect our ability to make distributions to our common stockholders. Leverage is generally considered a speculative investment technique.

Effective April 4, 2019 we are allowed to borrow amounts such that our asset coverage, as calculated pursuant to the 1940 Act, equals at least 150% after such borrowing. (i.e., we would be able to borrow up to two dollars for every dollar we have in assets less all liabilities and indebtedness not represented by senior securities issued by us). Accordingly, our interest expense as a percentage of our total assets will be higher if we use increased leverage as permitted under our modified asset coverage requirement.

Effective April 4, 2019, our asset coverage requirement reduced from 200% to 150%, which may increase the risk of investing with us.

On April 4, 2018, our Board of Directors, including a “required majority” of our Board of Directors, approved the application of the modified asset coverage requirements set forth in Section 61(a)(2) of the 1940 Act, as amended by the SBCAA. As a result, effective April 4, 2019, our asset coverage requirement applicable to senior securities reduced from 200% to 150% (i.e., the revised regulatory leverage limitation permits BDCs to double the amount of borrowings, such that we would be able to borrow up to two dollars for every dollar we have in assets less all liabilities and indebtedness not represented by senior securities issued by us), and the risks associated with an investment in us may have increased.

We may in the future determine to fund a portion of our investments with preferred stock, which would magnify the potential for gain or loss and the risks of investing in us in the same way as our borrowings.

Preferred stock, which is another form of leverage, has the same risks to our common stockholders as borrowings because the dividends on any preferred stock we issue must be cumulative. Payment of such dividends and repayment of the liquidation preference of such preferred stock must take preference over any dividends or other payments to our common stockholders, and preferred stockholders are not subject to any of our expenses or losses and are not entitled to participate in any income or appreciation in excess of their stated preference.

Changes in interest rates may affect our cost of capital and net investment income.

Because we borrow money, and may issue preferred stock to finance investments, our net investment income will depend, in part, upon the difference between the rate at which we borrow funds or pay dividends on preferred stock and the rate at which we invest these funds. As a result, we can offer no assurance that a significant change in market interest rates will not have a material adverse effect on our net investment income. In periods of rising interest rates, our cost of funds would increase except to the extent we have issued fixed rate debt or preferred stock, which could reduce our net investment income. Our long-term fixed-rate investments are financed primarily with equity and long-term debt. We may use interest rate risk management techniques in an effort to limit our exposure to interest rate fluctuations. Such techniques may include various interest rate hedging activities to the extent permitted by the 1940 Act and applicable commodities laws. Interest rate hedging activities do not protect against credit risk.

We have analyzed the potential impact of changes in interest rates on interest income net of interest expense. Assuming no changes to our balance sheet as of March 31, 2019, a hypothetical one percent increase in LIBOR on our floating rate assets and liabilities would increase our earnings by four cents per average share over the next twelve months. Assuming no changes to our balance sheet as of March 31, 2019, a hypothetical two percent increase in LIBOR on our floating rate assets and liabilities would increase our earnings by eight cents per average share over the next twelve months. Assuming no changes to our balance sheet as of March 31, 2019, a hypothetical three percent increase in LIBOR on our floating rate assets and liabilities would increase our earnings by twelve cents per average share over the next twelve months. Assuming no changes to our balance sheet as of March 31, 2019, a hypothetical four percent increase in LIBOR on our floating rate assets and liabilities would increase our earnings by sixteen cents per average share over the next twelve months. Assuming no changes to our balance sheet as of March 31, 2019, a hypothetical one percent decrease in LIBOR on our floating rate assets and liabilities would decrease our earnings by less than one cent per average share over the next twelve months. In addition, we believe that our interest rate matching strategy and our ability to hedge mitigates the effects any changes in interest rates may have on our investment income. Although management believes that this is indicative of our sensitivity to interest rate changes, it does not adjust for potential changes in credit quality, size and composition of the assets on the balance sheet and other business developments that could affect net increase or decrease in net assets resulting from operations, or net income. Accordingly, no assurances can be given that actual results would not differ materially from the potential outcome simulated by this estimate.

A portion of our floating rate investments may include features such as LIBOR floors. To the extent we invest in credit instruments with LIBOR floors, we may lose some of the benefits of incurring leverage. Specifically, if we issue preferred stock or debt (or otherwise borrow money), our costs of leverage will increase as rates increase. However, we may not benefit from the higher coupon payments resulting from increased interest rates if our investments in LIBOR floors and rates do not rise to levels above the LIBOR floors. In this situation, we will experience increased financing costs without the benefit of receiving higher income. This in turn may result in the potential for a decrease in the level of income available for dividends or distributions made by us.

You should also be aware that a change in the general level of interest rates can be expected to lead to a change in the interest rates we receive on many of our debt investments. Accordingly, a change in interest rates could make it easier for us to meet or exceed the performance threshold and may result in a substantial increase in the amount of incentive fees payable to our Investment Adviser with respect to pre-incentive fee net investment income.

In July 2017, the head of the United Kingdom Financial Conduct Authority announced the desire to phase out the use of LIBOR by the end of 2021. There is currently no definitive information regarding the future utilization of LIBOR or of any particular replacement rate. As such, the potential effect of any such event on our cost of capital and net investment income cannot yet be determined.

Our business requires a substantial amount of capital to grow because we must distribute most of our income.

Our business requires a substantial amount of capital. We have issued equity securities and have borrowed from financial institutions. A reduction in the availability of new capital could limit our ability to grow. We must distribute at least 90% of our investment company taxable income to maintain our RIC status. As a result, any such cash earnings may not be available to fund investment originations. We expect to continue to borrow from financial institutions and issue additional debt and equity securities. If we fail to obtain funds from such sources or from other sources to fund our investments, it could limit our ability to grow, which may have an adverse effect on the value of our securities. In addition, as a BDC, our ability to borrow or issue additional preferred stock may be restricted if our total assets are less than 150% of our total borrowings and preferred stock.

Many of our portfolio investments are recorded at fair value as determined in good faith by or under the direction of our Board of Directors and, as a result, there is uncertainty as to the value of our portfolio investments.

A large percentage of our portfolio investments are not publicly traded. The fair value of these investments may not be readily determinable. We value these investments quarterly at fair value (based on ASC 820, its corresponding guidance and the principal markets in which these investments trade) as determined in good faith by or under the direction of our Board of Directors pursuant to a written valuation policy and a consistently applied valuation process utilizing the input of our Investment Adviser, independent valuation firms, third party pricing services and the Audit Committee of the Board of Directors. Our Board of Directors utilizes the services of independent valuation firms to aid it in determining the fair value of these investments. The types of factors that may be considered in fair value pricing of these investments include the nature and realizable value of any collateral, the portfolio company's ability to make payments and its earnings, the markets in which the portfolio company does business, comparison to more liquid securities, indices and other market-related inputs, discounted cash flow, our principal market and other relevant factors. For these securities for which a quote is either not readily available or deemed not to represent fair value, we utilize independent valuation firms to assist with valuation of these Level 3 investments. Because such valuations, and particularly valuations of private securities and private companies, are inherently uncertain, may fluctuate over short periods of time and may be based on estimates, our determinations of fair value may differ materially from the values that would have been used if a readily available market for these investments existed and may differ materially from the amounts we realize on any disposition of such investments. Our net asset value could be adversely affected if our determinations regarding the fair value of these investments were materially higher than the values that we ultimately realize upon the disposal of such investments. In addition, decreases in the market values or fair values of our investments are recorded as unrealized loss. Unprecedented declines in prices and liquidity in the corporate debt markets have resulted in significant net unrealized loss in our portfolio, as well as a reduction in NAV, in the past. Depending on market conditions, we could incur substantial realized losses and may continue to suffer additional unrealized losses in future periods, which could have a material adverse impact on our business, financial condition and results of operations.

The lack of liquidity in our investments may adversely affect our business.

We generally make investments in private companies. Substantially all of these securities are subject to legal and other restrictions on resale or are otherwise less liquid than publicly traded securities. The illiquidity of our investments may make it difficult for us to sell such investments if the need arises. In addition, if we are required to liquidate all or a portion of our portfolio quickly, we may realize significantly less than the value at which we have previously recorded our investments. Furthermore, we may face other restrictions on our ability to liquidate an investment in a portfolio company to the extent that we or an affiliated manager of AGM has material non-public information regarding such portfolio company.

We may experience fluctuations in our periodic results.

We could experience fluctuations in our periodic operating results due to a number of factors, including the interest rates payable on the debt securities we acquire, the default rate on such securities, the level of our expenses (including the interest rates payable on our borrowings), the dividend rates on preferred stock we issue, variations in and the timing of the recognition of realized and unrealized gains or losses, the degree to which we encounter competition in our markets and general economic conditions. As a result of these factors, results for any period should not be relied upon as being indicative of performance in future periods.

Our ability to enter into transactions with our affiliates is restricted.

We are prohibited under the 1940 Act from knowingly participating in certain transactions with certain of our affiliates without the prior approval of our independent directors and, in some cases, of the SEC. Any person that owns, directly or indirectly, 5% or more of our outstanding voting securities will be our affiliate for purposes of the 1940 Act and we are generally prohibited from buying or selling any security (other than our securities) from or to such affiliate, absent the prior approval of our independent directors. The 1940 Act also prohibits certain “joint” transactions with certain of our affiliates, which could include investments in the same portfolio company (whether at the same or different times), without prior approval of our independent directors and, in some cases, of the SEC. We are prohibited from buying or selling any security from or to any person who owns more than 25% of our voting securities or certain of that person’s affiliates, or entering into prohibited joint transactions with such persons, absent the prior approval of the SEC through an exemptive order (the “Order”) (other than in certain limited situations pursuant to current regulatory guidance). The analysis of whether a particular transaction constitutes a joint transaction requires a review of the relevant facts and circumstances then existing. Similar restrictions limit our ability to transact business with our officers or directors or their affiliates.

Under the terms of the Order, a “required majority” (as defined in Section 57(o) of the 1940 Act) of our independent directors must be able to reach certain conclusions in connection with a co-investment transaction, including that (1) the terms of the proposed transaction are reasonable and fair to us and our stockholders and do not involve overreaching of us or our stockholders on the part of any person concerned, and (2) the transaction is consistent with the interests of our stockholders and is consistent with our Board of Directors approved criteria. In certain situations where co-investment with one or more funds managed by AIM or its affiliates is not covered by the Order, the personnel of AIM or its affiliates will need to decide which fund will proceed with the investment. Such personnel will make these determinations based on allocation policies and procedures, which are designed to reasonably ensure that investment opportunities are allocated fairly and equitably among affiliated funds over time and in a manner that is consistent with applicable laws, rules and regulations. The Order is subject to certain terms and conditions so there can be no assurance that we will be permitted to co-invest with certain of our affiliates other than in the circumstances currently permitted by regulatory guidance and the Order.

There are significant potential conflicts of interest which could adversely affect our investment returns.

Allocation of Personnel

Potential investment and disposition opportunities are generally approved by one or more investment committees composed of personnel across AGM including Messrs. Zelter, Widra, Ryan and Powell and/or by all or a majority of Messrs. Zelter, Widra, Ryan and Powell depending on the underlying investment type and/or the amount of such investment. Our executive officers and directors, and the partners of our Investment Adviser, AIM, serve or may serve as officers, directors or principals of entities that operate in the same or a related line of business as we do or of investment funds managed by our affiliates. Accordingly, they may have obligations to investors in those entities, the fulfillment of which might not be in the best interests of us or our stockholders. Moreover, we note that, notwithstanding the difference in principal investment objectives between us and other AGM funds, such other AGM sponsored funds, including new affiliated potential pooled investment vehicles or managed accounts not yet established (whether managed or sponsored by AGM or AIM itself), have and may from time to time have overlapping investment objectives with us and, accordingly, invest in, whether principally or secondarily, asset classes similar to those targeted by us. To the extent such other investment vehicles have overlapping investment objectives, the scope of opportunities otherwise available to us may be adversely affected and/or reduced. As a result, certain partners of AIM may face conflicts in their time management and commitments as well as in the allocation of investment opportunities to other AGM funds. In addition, in the event such investment opportunities are allocated among us and other investment vehicles managed or sponsored by, or affiliated with, AIM our desired investment portfolio may be adversely affected. Although AIM endeavors to allocate investment opportunities in a fair and equitable manner, it is possible that we may not be given the opportunity to participate in certain investments made by investment funds managed by AIM or investment managers affiliated with AIM.

No Information Barriers

There are no information barriers amongst AGM and certain of its affiliates. If AIM were to receive material non-public information about a particular company, or have an interest in investing in a particular company, AGM or certain of its affiliates may be prevented from investing in such company. Conversely, if AGM or certain of its affiliates were to receive material non-public information about a particular company, or have an interest in investing in a particular company, we may be prevented from investing in such company.

This risk may affect us more than it does other investment vehicles, as AIM generally does not use information barriers that many firms implement to separate persons who make investment decisions from others who might possess material, non-public information that could influence such decisions. AIM's decision not to implement these barriers could prevent its investment professionals from undertaking certain transactions such as advantageous investments or dispositions that would be permissible for them otherwise. In addition, AIM could in the future decide to establish information barriers, particularly as its business expands and diversifies.

Co-Investment Activity and Allocation of Investment Opportunities

In certain circumstances, negotiated co-investments may be made only in accordance with the terms of the exemptive order we received from the SEC permitting us to do so. The Order is subject to certain terms and conditions so there can be no assurance that we will be permitted to co-invest with certain of our affiliates other than in the circumstances currently permitted by regulatory guidance and the Order.

AGM and its affiliated investment managers, including AIM, may determine that an investment is appropriate both for us and for one or more other funds. In such event, depending on the availability of such investment and other appropriate factors, AIM may determine that we should invest on a side-by-side basis with one or more other funds. We may make all such investments subject to compliance with applicable regulations and interpretations, and our allocation procedures. AGM has adopted allocation procedures that are intended to ensure that each fund or account managed by AGM or certain of its affiliates ("Apollo-advised funds") is treated in a manner that, over time, is fair and equitable. Allocations generally are made pro rata based on order size. In certain circumstances, the allocation policy provides for the allocation of investments pursuant to a predefined arrangement that is other than pro rata. As a result, in situations where a security is appropriate for us but is limited in availability, we may receive a lower allocation than may be desired by our portfolio managers or no allocation if it is determined that the investment is more appropriate for a different Apollo-advised fund because of its investment mandate. Investment opportunities may be allocated on a basis other than pro rata to the extent it is done in good faith and does not, or is not reasonably expected to, result in an improper disadvantage or advantage to one participating Apollo-advised fund as compared to another participating Apollo-advised fund.

In the event investment opportunities are allocated among us and other Apollo-advised funds, we may not be able to structure our investment portfolio in the manner desired. Although AGM endeavors to allocate investment opportunities in a fair and equitable manner, it is possible that we may not be given the opportunity to participate in certain investments made by other Apollo-advised funds or portfolio managers affiliated with AIM. Furthermore, we and the other Apollo-advised funds may make investments in securities where the prevailing trading activity may make impossible the receipt of the same price or execution on the entire volume of securities purchased or sold by us and such other Apollo-advised funds. When this occurs, the various prices may be averaged, and we will be charged or credited with the average price. Thus, the effect of the aggregation may operate on some occasions to our disadvantage. In addition, under certain circumstances, we may not be charged the same commission or commission equivalent rates in connection with a bunched or aggregated order.

It is possible that other Apollo-advised funds may make investments in the same or similar securities at different times and on different terms than we do. From time to time, we and the other Apollo-advised funds may make investments at different levels of an issuer's capital structure or otherwise in different classes of an issuer's securities. Such investments may inherently give rise to conflicts of interest or perceived conflicts of interest between or among the various classes of securities that may be held by such entities. Conflicts may also arise because portfolio decisions regarding us may benefit such other Apollo-advised funds. For example, the sale of a long position or establishment of a short position by us may impair the price of the same security sold short by (and therefore benefit) one or more Apollo-advised funds, and the purchase of a security or covering of a short position in a security by us may increase the price of the same security held by (and therefore benefit) one or more Apollo-advised funds. In these circumstances AIM and its affiliates will seek to resolve each conflict in a manner that is fair to the various clients involved in light of the totality of the circumstances. In some cases the resolution may not be in our best interests.

AGM and its clients may pursue or enforce rights with respect to an issuer in which we have invested, and those activities may have an adverse effect on us. As a result, prices, availability, liquidity and terms of our investments may be negatively impacted by the activities of AGM or its clients, and transactions for us may be impaired or effected at prices or terms that may be less favorable than would otherwise have been the case.

Fees and Expenses

In the course of our investing activities, we pay management and incentive fees to AIM, and reimburse AIM for certain expenses it incurs. As a result, investors in our common stock invest on a “gross” basis and receive distributions on a “net” basis after expenses, resulting in, among other things, a lower rate of return than one might achieve through direct investments. As a result of this arrangement, there may be times when the management team of AIM has interests that differ from those of our common stockholders, giving rise to a conflict.

Effective April 4, 2019, we are allowed to borrow amounts such that our asset coverage, as calculated pursuant to the 1940 Act, equals at least 150% after such borrowing (i.e., we are able to borrow up to two dollars for every dollar we have in assets less all liabilities and indebtedness not represented by senior securities issued by us). Accordingly, the Investment Adviser may have conflicts of interest in connection with decisions to use increased leverage permitted under our modified asset coverage requirement applicable to senior securities, as the incurrence of such additional indebtedness would result in an increase in the base management fees payable to the Investment Adviser and may also result in an increase in the income based fees and capital gains incentive fees payable to the Investment Adviser.

AIM receives a quarterly incentive fee based, in part, on our pre-incentive fee income, if any, for the immediately preceding calendar quarter. This incentive fee will not be payable to AIM unless the pre-incentive net investment income exceeds the performance threshold. To the extent we or AIM are able to exert influence over our portfolio companies, the quarterly pre-incentive fee may provide AIM with an incentive to induce our portfolio companies to prepay interest or other obligations in certain circumstances.

Allocation of Expenses

We have entered into a royalty-free license agreement with AGM, pursuant to which AGM has agreed to grant us a non-exclusive license to use the name “Apollo.” Under the license agreement, we have the right to use the “Apollo” name for so long as AIM or one of its affiliates remains the Investment Adviser. In addition, we rent office space from AIA, an affiliate of AIM, and pay AIA our allocable portion of overhead and other expenses incurred by AIA in performing its obligations under the administration agreement, including our allocable portion of the compensation, rent and other expenses of our Chief Financial Officer, Chief Legal Officer and Chief Compliance Officer and their respective staffs, which can create conflicts of interest that our Board of Directors must monitor.

In the past following periods of volatility in the market price of a company’s securities, securities class action litigation has, from time to time, been brought against that company.

If our stock price fluctuates significantly, we may be the target of securities litigation in the future. Securities litigation could result in substantial costs and divert management’s attention and resources from our business.

To the extent OID and PIK interest constitute a portion of our income, we will be exposed to typical risks associated with such income being required to be included in taxable and accounting income prior to receipt of cash representing such income.

Our investments may include OID and PIK interest arrangements, which represents contractual interest added to a loan balance and due at the end of such loan's term. To the extent OID or PIK interest constitute a portion of our income, we are exposed to typical risks associated with such income being required to be included in taxable and accounting income prior to receipt of cash, including the following:

- The higher interest rates of OID and PIK instruments reflect the payment deferral and increased credit risk associated with these instruments, and OID and PIK instruments generally represent a significantly higher credit risk than coupon loans.
- Even if the accounting conditions for income accrual are met, the borrower could still default when our actual collection is supposed to occur at the maturity of the obligation.
- OID and PIK instruments may have unreliable valuations because their continuing accruals require continuing judgments about the collectability of the deferred payments and the value of any associated collateral. OID and PIK income may also create uncertainty about the source of our cash distributions.
- Capitalizing PIK interest to loan principal increases our gross assets, thus increasing our Investment Adviser's future base management fees, and increases future investment income, thus increasing our Investment Adviser's future income incentive fees at a compounding rate.
- Market prices of zero-coupon or PIK securities may be affected to a greater extent by interest rate changes and may be more volatile than securities that pay interest periodically and in cash.
- Recent tax legislation requires that income be recognized for tax purposes no later than when recognized for financial reporting purposes.
- For accounting purposes, any cash distributions to stockholders representing OID and PIK income are not designated as paid-in capital, even if the cash to pay them derives from offering proceeds. As a result, despite the fact that a distribution representing OID and PIK income could be paid out of amounts invested by our stockholders, the 1940 Act does not require that stockholders be given notice of this fact by reporting it as a return of capital.

Changes in the laws or regulations governing our business or the businesses of our portfolio companies and any failure by us or our portfolio companies to comply with these laws or regulations, could negatively affect the profitability of our operations or of our portfolio companies.

We are subject to changing rules and regulations of federal and state governments, as well as the stock exchange on which our common stock is listed. These entities, including the Public Company Accounting Oversight Board, the SEC and the NASDAQ Global Select Market, have issued a significant number of new and increasingly complex requirements and regulations over the course of the last several years and continue to develop additional regulations. In particular, changes in the laws or regulations or the interpretations of the laws and regulations that govern BDCs, RICs or non-depository commercial lenders could significantly affect our operations and our cost of doing business. We are subject to federal, state and local laws and regulations and are subject to judicial and administrative decisions that affect our operations, including our loan originations, maximum interest rates, fees and other charges, disclosures to portfolio companies, the terms of secured transactions, collection and foreclosure procedures and other trade practices. If these laws, regulations or decisions change, or if we expand our business into jurisdictions that have adopted more stringent requirements than those in which we currently conduct business, we may have to incur significant expenses in order to comply, or we might have to restrict our operations. In addition, if we do not comply with applicable laws, regulations and decisions, we may lose licenses needed for the conduct of our business and be subject to civil fines and criminal penalties, any of which could have a material adverse effect upon our business, financial condition and results of operations.

Provisions of the Maryland General Corporation Law and of our charter and bylaws could deter takeover attempts and have an adverse impact on the price of our common stock.

The Maryland General Corporation Law, our charter and our bylaws contain provisions that may discourage, delay or make more difficult a change in control or the removal of our directors. We are subject to Subtitle 6 of Title 3 of the Maryland General Corporate Law, the Maryland Business Combination Act, subject to any applicable requirements of the 1940 Act. Our Board of Directors has adopted a resolution exempting from the Business Combination Act any business combination between us and any other person, subject to prior approval of such business combination by our Board of Directors, including approval by a majority of our disinterested directors. If the resolution exempting business combinations is repealed or our Board of Directors does not approve a business combination, the Business Combination Act may discourage third parties from trying to acquire control of us and increase the difficulty of consummating such an offer. We are subject to Subtitle 7 of Title 3 of the Maryland General Corporate Law, the Maryland Control Share Acquisition Act. Our bylaws exempt from the Maryland Control Share Acquisition Act acquisitions of our common stock by any person. If we amend our bylaws to repeal the exemption from the Control Share Acquisition Act, the Control Share Acquisition Act also may make it more difficult for a third party to obtain control of us and increase the difficulty of consummating such an offer. We intend to give the SEC prior notice should our Board of Directors elect to amend our bylaws to repeal the exemption from the Control Share Acquisition Act.

We have also adopted other measures that may make it difficult for a third party to obtain control of us, including provisions of our charter classifying our Board of Directors in three classes serving staggered three-year terms, and provisions of our charter authorizing our Board of Directors to classify or reclassify shares of our stock in one or more classes or series, to cause the issuance of additional shares of our stock, and to amend our charter, without stockholder approval, to increase or decrease the number of shares of stock that we have authority to issue. These provisions, as well as other provisions of our charter and bylaws, may delay, defer or prevent a transaction or a change in control that might otherwise be in the best interests of our stockholders.

We may choose to pay dividends in our own common stock, in which case you may be required to pay federal income taxes in excess of the cash dividends you receive.

We may distribute taxable dividends that are payable in cash and shares of our common stock at the election of each stockholder. The Internal Revenue Service has issued guidance on cash/stock dividends paid by publicly traded RICs where the cash component is limited to 20% of the total distribution if certain requirements are satisfied. Stockholders receiving such dividends will be required to include the full amount of the dividend (including the portion payable in stock) as ordinary income (or, in certain circumstances, long-term capital gain) to the extent of our current and accumulated earnings and profits for federal income tax purposes. As a result, stockholders may be required to pay income taxes with respect to such dividends in excess of the cash dividends received. If a U.S. stockholder sells the common stock that it receives as a dividend in order to pay this tax, the sales proceeds may be less than the amount included in income with respect to the dividend, depending on the market price of our common stock at the time of the sale. Furthermore, with respect to non-U.S. stockholders, we may be required to withhold U.S. tax with respect to such dividends, including in respect of all or a portion of such dividend that is payable in common stock. In addition, if a significant number of our stockholders determine to sell shares of our common stock in order to pay taxes owed on dividends, it may put downward pressure on the trading price of our common stock. It is unclear whether and to what extent we would choose to pay taxable dividends in cash and common stock.

If we fail to maintain an effective system of internal control over financial reporting, we may not be able to accurately report our financial results or prevent fraud. As a result, stockholders could lose confidence in our financial and other public reporting, which would harm our business and the trading price of our common stock.

Effective internal controls over financial reporting are necessary for us to provide reliable financial reports and, together with adequate disclosure controls and procedures, are designed to prevent fraud. Any failure to implement required new or improved controls, or difficulties encountered in their implementation could cause us to fail to meet our reporting obligations. In addition, any testing by us conducted in connection with Section 404 of the Sarbanes-Oxley Act, or the subsequent testing by our independent registered public accounting firm (when undertaken, as noted below), may reveal deficiencies in our internal controls over financial reporting that are deemed to be material weaknesses or that may require prospective or retroactive changes to our financial statements or identify other areas for further attention or improvement. Inferior internal controls could also cause investors and lenders to lose confidence in our reported financial information, which could have a negative effect on the trading price of our common stock.

We and our portfolio companies may experience cyber security incidents and are subject to cyber security risks.

Our business and the business of our portfolio companies relies upon secure information technology systems for data processing, storage and reporting. Despite careful security and controls design, implementation and updating, our and our portfolio company's information technology systems could become subject to cyber-attacks. Cyber-attacks include, but are not limited to, gaining unauthorized access to digital systems (e.g., through "hacking" or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cyber-attacks may also be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of service attacks on websites (i.e., efforts to make network services unavailable to intended users). Our employees and the Investment Adviser's employees have been and expect to continue to be the target of fraudulent calls, emails and other forms of activities. Network, system, application and data breaches could result in operational disruptions or information misappropriation, which could have a material adverse effect on our business, results of operations and financial condition or the business, results of operations and financial conditions of our portfolio companies.

Cyber security failures or breaches by the Investment Adviser and other service providers (including, but not limited to, accountants, custodians, transfer agents and administrators), and the issuers of securities in which we invest, have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, interference with our ability to calculate its net asset value, impediments to trading, the inability of our stockholders to transact business, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs. In addition, substantial costs may be incurred in order to prevent any cyber incidents in the future. While we have established a business continuity plan in the event of, and risk management systems to prevent, such cyber-attacks, there are inherent limitations in such plans and systems including the possibility that certain risks have not been identified. Furthermore, we cannot control the cyber security plans and systems put in place by our service providers and issuers in which we invest. We and our stockholders could be negatively impacted as a result. The costs related to cyber or other security threats or disruptions may not be fully insured or indemnified by other means. In addition, cyber-security has become a top priority for regulators around the world, and some jurisdictions have enacted laws requiring companies to notify individuals of data security breaches involving certain types of personal data. If we fail to comply with the relevant laws and regulations, we could suffer financial losses, a disruption of our businesses, liability to investors, regulatory intervention or reputational damage.

The failure in cyber security systems, as well as the occurrence of events unanticipated in our disaster recovery systems and management continuity planning could impair our ability to conduct business effectively.

The occurrence of a disaster such as a cyber-attack, a natural catastrophe, an industrial accident, a terrorist attack or war, events unanticipated in our disaster recovery systems, or a support failure from external providers, could have an adverse effect on our ability to conduct business and on our results of operations and financial condition, particularly if those events affect our computer-based data processing, transmission, storage, and retrieval systems or destroy data. If a significant number of our managers were unavailable in the event of a disaster, our ability to effectively conduct our business could be severely compromised.

We depend heavily upon computer systems to perform necessary business functions. Despite our implementation of a variety of security measures, our computer systems could be subject to cyber-attacks and unauthorized access, such as physical and electronic break-ins or unauthorized tampering. Like other companies, we may experience threats to our data and systems, including malware and computer virus attacks, unauthorized access, system failures and disruptions. If one or more of these events occurs, it could potentially jeopardize the confidential, proprietary and other information processed and stored in, and transmitted through, our computer systems and networks, or otherwise cause interruptions or malfunctions in our operations, which could result in damage to our reputation, financial losses, litigation, increased costs, and/or regulatory penalties.

We are dependent on information systems and systems failures could significantly disrupt our business, which may, in turn, negatively affect the market price of our common stock and our ability to pay dividends.

Our business is dependent on our Investment Adviser and third parties' communications and information systems. Any failure or interruption of those systems, including as a result of the termination of an agreement with any third-party service providers, could cause delays or other problems in our activities. Our financial, accounting, data processing, backup or other operating systems and facilities may fail to operate properly or become disabled or damaged as a result of a number of factors including events that are wholly or partially beyond our control and adversely affect our business. There could be:

- sudden electrical or telecommunications outages;
- natural disasters such as earthquakes, tornadoes and hurricanes;
- disease pandemics;
- events arising from local or larger scale political or social matters, including terrorist acts; and
- cyber-attacks.

These events, in turn, could have a material adverse effect on our operating results and negatively affect the market price of our common stock and our ability to pay dividends to our stockholders.

The effect of global climate change may impact the operations of our portfolio companies.

There is evidence of global climate change. Climate change creates physical and financial risk and some of our portfolio companies may be adversely affected by climate change. For example, the needs of customers of energy companies vary with weather conditions, primarily temperature and humidity. To the extent weather conditions are affected by climate change, energy use could increase or decrease depending on the duration and magnitude of any changes. Increased energy use due to weather changes may require additional investments by our portfolio companies engaged in the energy business in more pipelines and other infrastructure to serve increased demand. Increases in the cost of energy also could adversely affect the cost of operations of our portfolio companies if the use of energy products or services is material to their business. A decrease in energy use due to weather changes may affect some of our portfolio companies' financial condition, through decreased revenues. Extreme weather conditions in general require more system backup, adding to costs, and can contribute to increased system stresses, including service interruptions. Energy companies could also be affected by the potential for lawsuits against or taxes or other regulatory costs imposed on greenhouse gas emitters, based on links drawn between greenhouse gas emissions and climate change.

Our Investment Adviser and Administrator have the right to resign on 60 days' notice, and we may not be able to find a suitable replacement within that time, resulting in a disruption in our operations that could adversely affect our business, financial condition and results of operations.

Our Investment Adviser and Administrator have the right, under our investment management agreement and administration agreement, respectively, to resign at any time upon not less than 60 days' written notice, whether we have found a replacement or not. If our Investment Adviser or our Administrator resigns, we may not be able to find a replacement or hire internal management or administration with similar expertise and ability to provide the same or equivalent services on acceptable terms within 60 days, or at all. If we are unable to do so quickly, our operations are likely to experience a disruption, our business, financial condition and results of operations as well as our ability to pay distributions are likely to be adversely affected and the market price of our shares may decline. In addition, the coordination of our internal management and investment activities or our internal administration activities, as applicable, is likely to suffer if we are unable to identify and reach an agreement with a single institution or group of executives having the expertise possessed by our Investment Adviser and its affiliates or our Administrator and its affiliates. Even if we are able to retain comparable management or administration, whether internal or external, the integration of such management or administration and their lack of familiarity with our investment objective may result in additional costs and time delays that may adversely affect our business, financial condition and results of operations.

Risks Relating to our Investments

Our investments in portfolio companies are risky, and we could lose all or part of our investment.

Investment in middle-market companies is speculative and involves a number of significant risks including a high degree of risk of credit loss. Middle-market companies may have limited financial resources and may be unable to meet their obligations under their debt securities that we hold, which may be accompanied by a deterioration in the value of any collateral and a reduction in the likelihood of us realizing any guarantees we may have obtained in connection with our investment. In addition, they typically have shorter operating histories, narrower product lines and smaller market shares than larger businesses, which tend to render them more vulnerable to competitors' actions and market conditions, as well as general economic downturns. Middle-market companies are more likely to depend on the management talents and efforts of a small group of persons; therefore, the death, disability, resignation or termination of one or more of these persons could have a material adverse impact on our portfolio company and, in turn, on us. Middle-market companies also generally have less predictable operating results, may from time to time be parties to litigation, may be engaged in rapidly changing businesses with products subject to a substantial risk of obsolescence, and may require substantial additional capital to support their operations, finance expansion or maintain their competitive position. In addition, our executive officers, directors and our Investment Adviser may, in the ordinary course of business, be named as defendants in litigation arising from our investments in the portfolio companies.

Investments in the energy sector are subject to many risks.

We have made certain investments in and relating to the energy sector. The operations of energy companies are subject to many risks inherent in the transporting, processing, storing, distributing, mining or marketing of natural gas, natural gas liquids, crude oil, coal, refined petroleum products or other hydrocarbons, or in the exploring, managing or producing of such commodities, including, without limitation: damage to pipelines, storage tanks or related equipment and surrounding properties caused by hurricanes, tornadoes, floods, fires and other natural disasters or by acts of terrorism, inadvertent damage from construction and farm equipment, leaks of natural gas, natural gas liquids, crude oil, refined petroleum products or other hydrocarbons, and fires and explosions. These risks could result in substantial losses due to personal injury or loss of life, severe damage to and destruction of property and equipment and pollution or other environmental damage, and may result in the curtailment or suspension of their related operations, any and all of which could adversely affect our portfolio companies in the energy sector. In addition, the energy sector has experienced significant volatility at times, which may occur in the future, and which could negatively affect the returns on any investment made by the Company in this sector. In addition, valuation of certain investments includes the probability weighting of future events which are outside of management's control. The final outcome of such events could increase or decrease the fair value of the investment in a future period.

Crude oil and natural gas prices are volatile. A substantial and/or extended decline in crude oil and natural gas prices could have a material adverse effect on some of our portfolio companies in the energy sector.

Crude oil and natural gas prices historically have been volatile and likely will continue to be volatile given current geopolitical conditions. The prices for crude oil and natural gas are subject to a variety of factors beyond our control, such as the domestic and foreign supply of crude oil and natural gas; consumer demand for crude oil and natural gas, and market expectations regarding supply and demand. These factors and the volatility of the energy markets make it extremely difficult to predict price movements. Accordingly, our portfolio companies in the energy sector is at risk for the volatility in crude oil and natural gas prices. A prolonged decline in crude oil and/or natural gas prices may have an adverse effect on our business, financial condition and/or operating results.

Cyclical within the energy sector may adversely affect our business.

Industries within the energy sector are cyclical with fluctuations in commodity prices and demand for commodities driven by a variety of factors. The highly cyclical nature of the industries within the energy sector may lead to volatile changes in commodity prices, which may adversely affect the earnings of energy companies in which we may invest.

A prolonged continuation of depressed oil and natural gas prices could negatively impact the energy and power industry and energy-related investments within our investment portfolio.

A prolonged continuation of depressed oil and natural gas prices would adversely affect the credit quality and performance of certain of our debt and equity investments in energy and power and related companies. A decrease in credit quality and performance would, in turn, negatively affect the fair value of these investments, which would consequently negatively affect our net asset value. Should a prolonged period of depressed oil and natural gas prices occur, the ability of certain of our portfolio companies in the energy and power and related industries to satisfy financial or operating covenants imposed by us or other lenders may be adversely affected, which could, in turn, negatively impact their financial condition and their ability to satisfy their debt service and other obligations. Likewise, should a prolonged period of depressed oil and natural gas prices occur, it is possible that the cash flow and profit generating capacity of these portfolio companies could also be adversely affected thereby negatively impacting their ability to pay us dividends or distributions on our investments.

Commodities are subject to many risks that may adversely affect some of our portfolio companies.

The prices of commodities are subject to a variety of factors such as political and regulatory changes, seasonal variations, weather, technology and market conditions. These factors and the volatility of the commodities markets make it extremely difficult to predict price movements. Accordingly, the commodities industry has experienced significant volatility at times, which may occur in the future, and which could negatively affect the returns on any investment made by the Company in this industry.

Economic recessions or downturns could impair our portfolio companies and harm our operating results.

Many of our portfolio companies may be susceptible to economic slowdowns or recessions and may be unable to repay our loans during these periods. Therefore, our non-performing assets may increase and the value of our portfolio may decrease during these periods if we are required to write down the values of our investments. Adverse economic conditions also may decrease the value of collateral securing some of our loans and the value of our equity investments. Economic slowdowns or recessions could lead to financial losses in our portfolio and a decrease in revenues, net income and assets. Unfavorable economic conditions also could increase our funding costs, limit our access to the capital markets or result in a decision by lenders not to extend credit to us. These events could prevent us from increasing investments and harm our operating results.

A portfolio company's failure to satisfy financial or operating covenants imposed by us or other lenders could lead to defaults and, potentially, acceleration of the time when the loans are due and foreclosure on its secured assets, which could trigger cross-defaults under other agreements and jeopardize the portfolio company's ability to meet its obligations under the debt that we hold. We may incur additional expenses to the extent necessary to seek recovery upon default or to negotiate new terms with a defaulting portfolio company.

Our portfolio companies may be highly leveraged and a covenant breach by our portfolio companies may harm our operating results.

Some of our portfolio companies may be highly leveraged, which may have adverse consequences to these companies and to us as an investor. These companies may be subject to restrictive financial and operating covenants and the leverage may impair these companies' ability to finance their future operations and capital needs. As a result, these companies' flexibility to respond to changing business and economic conditions and to take advantage of business opportunities may be limited. Further, a leveraged company's income and net assets will tend to increase or decrease at a greater rate than if borrowed money were not used.

A portfolio company's failure to satisfy financial or operating covenants imposed by us or other lenders could lead to defaults and, potentially, termination of its loans and foreclosure on its secured assets, which could trigger cross-defaults under other agreements and jeopardize a portfolio company's ability to meet its obligations under the debt or equity securities that we hold. We may incur expenses to the extent necessary to seek recovery upon default or to negotiate new terms, which may include the waiver of certain financial covenants, with a defaulting portfolio company.

There may be circumstances where our debt investments could be subordinated to claims of other creditors or we could be subject to, among other things, lender liability or fraudulent conveyance claims.

We could, in certain circumstances, become subject to potential liabilities that may exceed the value of our original investment in a portfolio company that experiences severe financial difficulties. For example, we may be adversely affected by laws related to, among other things, fraudulent conveyances, voidable preferences, lender liability, and the bankruptcy court's discretionary power to disallow, subordinate or disenfranchise particular claims or re-characterize investments made in the form of debt as equity contributions.

If we do not invest a sufficient portion of our assets in qualifying assets, we could fail to qualify as a BDC or be precluded from investing according to our current business strategy.

As a BDC, we may not acquire any assets other than “qualifying assets” unless, at the time of and after giving effect to such acquisition, at least 70% of our total assets are qualifying assets. We believe that most of the investments that we may acquire in the future will constitute qualifying assets. However, we may be precluded from investing in what we believe are attractive investments if such investments are not qualifying assets for purposes of the 1940 Act. If we do not invest a sufficient portion of our assets in qualifying assets, we could be found to be in violation of the 1940 Act provisions applicable to BDCs, which would have a material adverse effect on our business, financial condition and results of operations. Similarly, these rules could prevent us from making follow-on investments in existing portfolio companies (which could result in the dilution of our position) or could require us to dispose of investments at inappropriate times in order to come into compliance with the 1940 Act. Because most of our investments will be in private companies, and therefore will be relatively illiquid, any such dispositions could be made at disadvantageous prices and could result in substantial losses.

Our portfolio contains a limited number of portfolio companies, which subjects us to a greater risk of significant loss if any of these companies defaults on its obligations under any of its debt securities.

A consequence of the limited number of investments in our portfolio is that the aggregate returns we realize may be significantly adversely affected if one or more of our significant portfolio company investments perform poorly or if we need to write down the value of any one significant investment. Beyond our income tax diversification requirements, we do not have fixed guidelines for diversification, and our portfolio could contain relatively few portfolio companies.

Our failure to make follow-on investments in our portfolio companies could impair the value of our portfolio.

Following an initial investment in a portfolio company, we may make additional investments in that portfolio company as “follow-on” investments, in order to: (1) increase or maintain in whole or in part our equity ownership percentage; (2) exercise warrants, options or convertible securities that were acquired in the original or subsequent financing; or (3) attempt to preserve or enhance the value of our investment.

We may elect not to make follow-on investments, may be constrained in our ability to employ available funds, or otherwise may lack sufficient funds to make those investments. We have the discretion to make any follow-on investments, subject to the availability of capital resources. The failure to make follow-on investments may, in some circumstances, jeopardize the continued viability of a portfolio company and our initial investment, or may result in a missed opportunity for us to increase our participation in a successful operation. Even if we have sufficient capital to make a desired follow-on investment, we may elect not to make a follow-on investment because we may not want to increase our concentration of risk, because we prefer other opportunities, or because we are inhibited by compliance with BDC requirements or the desire to maintain our tax status.

When we do not hold controlling equity interests in our portfolio companies, we may not be in a position to exercise control over our portfolio companies or to prevent decisions by management of our portfolio companies that could decrease the value of our investments.

We do not generally take controlling equity positions in our portfolio companies. To the extent that we do not hold a controlling equity interest in a portfolio company, we are subject to the risk that a portfolio company may make business decisions with which we disagree, and the stockholders and management of a portfolio company may take risks or otherwise act in ways that are adverse to our interests. Due to the lack of liquidity for the debt and equity investments that we typically hold in our portfolio companies, we may not be able to dispose of our investments in the event we disagree with the actions of a portfolio company, and may therefore suffer a decrease in the value of our investments.

An investment strategy focused primarily on privately-held companies presents certain challenges, including the lack of available information about these companies, a dependence on the talents and efforts of only a few key portfolio company personnel and a greater vulnerability to economic downturns.

We have invested and will continue to invest primarily in privately-held companies. Generally, little public information exists about these companies, and we are required to rely on the ability of AIM’s investment professionals to obtain adequate information to evaluate the potential returns from investing in these companies.

If we are unable to uncover all material information about these companies, we may not make a fully informed investment decision, and we may lose money on our investments. Also, privately-held companies frequently have less diverse product lines and smaller market presence than public company competitors, which often are larger. These factors could affect our investment returns.

Our portfolio companies may incur debt that ranks equally with, or senior to, our investments in such companies.

We have invested and intend to invest primarily in mezzanine and senior debt securities issued by our portfolio companies. The portfolio companies usually have, or may be permitted to incur, other debt that ranks equally with, or senior to, the debt securities in which we invest. By their terms, such debt instruments may provide that the holders are entitled to receive payment of interest or principal on or before the dates on which we are entitled to receive payments in respect of the debt securities in which we invest. Also, in the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of a portfolio company, holders of debt instruments ranking senior to our investment in that portfolio company would typically be entitled to receive payment in full before we receive any distribution in respect of our investment. After repaying such senior creditors, such portfolio company may not have any remaining assets to use for repaying its obligation to us. In the case of debt ranking equally with debt securities in which we invest, we would have to share on an equal basis any distributions with other creditors holding such debt in the event of an insolvency, liquidation, dissolution, reorganization or bankruptcy of the relevant portfolio company.

In addition, we may not be in a position to control any portfolio company by investing in its debt securities. As a result, we are subject to the risk that a portfolio company in which we invest may make business decisions with which we disagree and the management of such company, as representatives of the holders of their common equity, may take risks or otherwise act in ways that do not serve our interests as debt investors.

Our incentive fee may induce AIM to make certain investments, including speculative investments.

The incentive fee payable by us to AIM may create an incentive for AIM to make investments on our behalf that are risky or more speculative than would be the case in the absence of such compensation arrangement. The way in which the incentive fee payable to AIM is determined, which is calculated separately in two components as a percentage of the net investment income (subject to a performance threshold) and as a percentage of the realized gain on invested capital, may encourage our Investment Adviser to use leverage to increase the return on our investments. Under certain circumstances, the use of leverage may increase the likelihood of default, which would disfavor the holders of our common stock, including investors in offerings of common stock, securities convertible into our common stock or warrants representing rights to purchase our common stock or securities convertible into our common stock. In addition, AIM receives the incentive fee based, in part, upon net capital gains realized on our investments. Unlike the portion of the incentive fee based on net investment income, there is no performance threshold applicable to the portion of the incentive fee based on net capital gains. As a result, AIM may have a tendency to invest more in investments that are likely to result in capital gains as compared to income producing securities. Such a practice could result in our investing in more speculative securities than would otherwise be the case, which could result in higher investment losses, particularly during economic downturns.

The incentive fee payable by us to AIM also may create an incentive for AIM to invest on our behalf in instruments that have a deferred interest feature such as investments with PIK provisions. Under these investments, we would accrue the interest over the life of the investment but would typically not receive the cash income from the investment until the end of the term or upon the investment being called by the issuer. Our net investment income used to calculate the income portion of our incentive fee, however, includes accrued interest. The payment of incentive fees to AIM is made on accruals of expected cash interest. If a portfolio company defaults on a loan, it is possible that accrued interest previously used in the calculation of the incentive fee will become uncollectible. Thus, while a portion of this incentive fee would be based on income that we have not yet received in cash and with respect to which we do not have a formal claw-back right against our Investment Adviser per se, the amount of accrued income to the extent written off in any period will reduce the income in the period in which such write-off was taken and thereby reduce such period's incentive fee payment. However, even if a loan is put on non-accrual status, its capitalized interest will not be reversed and may continue to be included in the calculation of the base management fee based on an estimation of the loan's fair value.

We may invest, to the extent permitted by law, in the securities and instruments of other investment companies, including private funds, and, to the extent we so invest, will bear our ratable share of any such investment company's expenses, including management and performance fees. We will also remain obligated to pay management and incentive fees to AIM with respect to the assets invested in the securities and instruments of other investment companies. With respect to each of these investments, each of our common stockholders will bear his or her share of the management and incentive fee of AIM as well as indirectly bearing the management and performance fees and other expenses of any investment companies in which we invest.

Our investments in foreign securities may involve significant risks in addition to the risks inherent in U.S. investments.

Our investment strategy contemplates that a portion of our investments may be in securities of foreign companies. Investing in foreign companies may expose us to additional risks not typically associated with investing in U.S. companies. These risks include changes in exchange control regulations, political and social instability, expropriation, imposition of foreign taxes, less liquid markets and less available information than is generally the case in the United States, higher transaction costs, less government supervision of exchanges, brokers and issuers, less developed bankruptcy laws, difficulty in enforcing contractual obligations,

lack of uniform accounting and auditing standards and greater price volatility. These risks are likely to be more pronounced for investments in companies located in emerging markets and particularly for middle-market companies in these economies.

Although most of our investments are denominated in U.S. dollars, our investments that are denominated in a foreign currency are subject to the risk that the value of a particular currency may change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation, and political developments. We may employ hedging techniques to minimize these risks, but we can offer no assurance that we will, in fact, hedge currency risk or, that if we do, such strategies will be effective.

Hedging transactions may expose us to additional risks.

If we engage in hedging transactions, we may expose ourselves to risks associated with such transactions. We may utilize instruments such as forward contracts, currency options and interest rate swaps, caps, collars and floors to seek to hedge against fluctuations in the relative values of our portfolio positions from changes in currency exchange rates and market interest rates. Hedging against a decline in the values of our portfolio positions does not eliminate the possibility of fluctuations in the values of such positions or prevent losses if the values of such positions decline. However, such hedging can establish other positions designed to gain from those same developments, thereby offsetting the decline in the value of such portfolio positions. Such hedging transactions may also limit the opportunity for gain if the values of the underlying portfolio positions should increase. Moreover, it may not be possible to hedge against an exchange rate or interest rate fluctuation that is so generally anticipated that we are not able to enter into a hedging transaction at an acceptable price. Our ability to engage in hedging transactions may also be adversely affected by recent rules adopted by the CFTC.

While we may enter into transactions to seek to reduce currency exchange rate and interest rate risks, unanticipated changes in currency exchange rates or interest rates may result in poorer overall investment performance than if we had not engaged in any such hedging transactions. In addition, the degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the portfolio positions being hedged may vary. Moreover, for a variety of reasons, we may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Any such imperfect correlation may prevent us from achieving the intended hedge and expose us to risk of loss. In addition, it may not be possible to hedge fully or perfectly against currency fluctuations affecting the value of securities denominated in non-U.S. currencies because the value of those securities is likely to fluctuate as a result of factors not related to currency fluctuations. Our ability to engage in hedging transactions may also be adversely affected by recent rules adopted by the CFTC.

New market structure requirements applicable to derivatives could significantly increase the costs of utilizing over-the-counter ("OTC") derivatives.

The Dodd-Frank Act, as amended, made broad changes to the OTC derivatives market, granted significant new authority to the Commodity Futures Trading Commission, or CFTC, and the SEC to regulate OTC derivatives (swaps and security-based swaps) and participants in these markets.

These changes include, but are not limited to: requirements that many categories of the most liquid OTC derivatives (currently limited to specified interest rate swaps and index credit default swaps) be executed on qualifying, regulated exchanges and be submitted for clearing; real-time public and regulatory reporting of specified information regarding OTC derivative transactions; and enhanced documentation requirements and recordkeeping requirements. Margin requirements for uncleared OTC derivatives and position limits are also expected to be adopted by the CFTC and other regulators in the future. The CFTC has implemented mandatory clearing and exchange-trading of certain OTC derivatives contracts including many standardized interest rate swaps and credit default index swaps. The CFTC continues to approve contracts for central clearing. Exchange-trading and central clearing are expected to reduce counterparty credit risk by substituting the clearinghouse as the counterparty to a swap and increase liquidity, but exchange-trading and central clearing do not make swap transactions risk-free. Uncleared swaps, such as nondeliverable foreign currency forwards, are subject to certain margin requirements that mandate the posting and collection of minimum margin amounts. This requirement may result in the portfolio and its counterparties posting higher margin amounts for uncleared swaps than would otherwise be the case. Certain rules require centralized reporting of detailed information about many types of cleared and uncleared swaps. Reporting of swap data may result in greater market transparency, but may subject a portfolio to additional administrative burdens, and the safeguards established to protect trader anonymity may not function as expected.

While these changes are intended to mitigate systemic risk and to enhance transparency and execution quality in the OTC derivative markets, the impact of these changes is not known at this time. Furthermore, “financial end users,” such as us, that enter into OTC derivatives that are not cleared will, pending finalization of the applicable regulations, generally be required to provide margin to collateralize their obligations under such derivatives. Under current proposed rules, the level of margin that would be required to be collected in connection with uncleared OTC derivatives is in many cases substantially greater than the level currently required by market participants or clearinghouses.

Lastly, future CFTC or SEC rulemakings to implement the Dodd-Frank Act requirements could potentially limit or completely restrict our ability to use certain instruments as a part of our investment strategy, increase the costs of using these instruments or make them less effective. The SEC has also indicated that it may adopt new policies on the use of derivatives by registered investment companies. Such policies could affect the nature and extent of our use of derivatives.

These changes could significantly increase the costs to us of utilizing OTC derivatives, reduce the level of exposure that we are able to obtain (whether for risk management or investment purposes) through OTC derivatives, and reduce the amounts available to us to make non-derivative investments. These changes could also impair liquidity in certain OTC derivatives and adversely affect the quality of execution pricing that we are able to obtain, all of which could adversely impact our investment returns. Furthermore, the margin requirements for cleared and uncleared OTC derivatives may require that AIM, in order to maintain its relief from the CFTC’s CPO registration requirements, limit our ability to enter into hedging transactions or to obtain synthetic investment exposures, in either case adversely affecting our ability to mitigate risk.

Proposed position aggregation requirements may restrict the swap positions that AIM may enter into.

The Dodd-Frank Act significantly expanded the scope of the CFTC’s authority and obligation to require reporting of, and adopt limits on, the size of positions that market participants may own or control in commodity futures and futures options contracts and swaps. The Dodd-Frank Act also narrowed existing exemptions from such position limits for a broad range of risk management transactions.

In accordance with the requirements of the Dodd-Frank Act, the CFTC is required to establish speculative position limits on additional listed futures and options on physical commodities and economically equivalent OTC derivatives; position limits applicable to swaps that are economically equivalent to United States listed futures and futures options contracts, including contracts on non-physical commodities, such as rates, currencies, equities and credit default swaps; and aggregate position limits for a broad range of derivatives contracts based on the same underlying commodity, including swaps and futures and futures options contracts.

The full impact of these recent changes is not known at this time. Individually and collectively, these changes could increase our costs of maintaining positions in commodity futures and futures option contracts and swaps and reduce the level of exposure we are able to obtain (whether for risk management or investment purposes) through commodity futures and futures option contracts and swaps. These changes could also impair liquidity in certain swaps and adversely affect the quality of execution pricing that we are able to obtain, all of which could adversely impact our investment returns.

The effects of various environmental regulations may negatively affect the aviation industry and some of our portfolio companies.

The effects of various environmental regulations may negatively affect the airline industry. This may adversely affect some of our portfolio companies. Governmental regulations regarding aircraft and engine noise and emissions levels apply based on where the relevant aircraft is registered and operated. For example, jurisdictions throughout the world have adopted noise regulations which require all aircraft to comply with noise level standards. In addition to the current requirements, the United States and the International Civil Aviation Organization (“ICAO”) have adopted a new, more stringent set of standards for noise levels which applies to engines manufactured or certified on or after January 1, 2006. Currently, U.S. regulations would not require any phase-out of aircraft that qualify with the older standards applicable to engines manufactured or certified prior to January 1, 2006, but the EU has established a framework for the imposition of operating limitations on aircraft that do not comply with the new standards and incorporated aviation-related emissions into the EU’s Emissions Trading Scheme (“ETS”) beginning in 2012.

In addition to more stringent noise restrictions, the United States and other jurisdictions are beginning to impose more stringent limits on nitrogen oxide, carbon monoxide and carbon dioxide emissions from engines, consistent with current ICAO standards. Concerns over global warming also could result in more stringent limitations on the operation of aircraft.

The United States aviation industry is extensively regulated by government agencies, particularly the Federal Aviation Administration and the National Transportation Safety Board. New air travel regulations have been, and management anticipates will continue to be, implemented that could have a negative impact on airline and airport revenues. Continued increased regulations of the aviation industry, or a continued downturn in the aviation industry's economic situation, could have a material adverse effect on the Company.

European countries generally have relatively strict environmental regulations that can restrict operational flexibility and decrease aircraft productivity. The European Parliament has confirmed that all emissions from flights within the EU are subject to the ETS requirement, even those emissions that are emitted outside of the EU. The EU suspended the enforcement of the ETS requirements for international flights outside of the EU due to a proposal issued by the ICAO in October 2013 to develop a global program to reduce international aviation emissions, which would be enforced by 2020. In response to this, the European Commission has proposed to amend the ETS so that only flights or portions thereof that take place in European regional airspace are subject to the ETS requirements. The potential impact of ETS and the forthcoming ICAO requirements on costs have not been completely identified. Any of these regulations could limit the economic life of the aircraft and engines, reduce their value, limit our portfolio companies’ ability to lease or sell the non-compliant aircraft and engines or, if engine modifications are permitted, require our portfolio companies to make significant additional investments in the aircraft and engines to make them compliant. In addition, compliance with current or future regulations, taxes or duties imposed to deal with environmental concerns could cause our portfolio companies to incur higher costs, thereby generating lower net revenues and resulting in an adverse impact on the financial condition of such portfolio companies.

Our investments in the healthcare and pharmaceutical services industry sector are subject to extensive government regulation and certain other risks particular to that industry.

We invest in healthcare and pharmaceutical services. Our investments in portfolio companies that operate in this sector are subject to certain significant risks particular to that industry. The laws and rules governing the business of healthcare companies and interpretations of those laws and rules are subject to frequent change. Broad latitude is given to the agencies administering those regulations. Existing or future laws and rules could force our portfolio companies engaged in healthcare to change how they do business, restrict revenue, increase costs, change reserve levels and change business practices. Healthcare companies often must obtain and maintain regulatory approvals to market many of their products, change prices for certain regulated products and consummate some of their acquisitions and divestitures. Delays in obtaining or failing to obtain or maintain these approvals could reduce revenue or increase costs. Policy changes on the local, state and federal level, such as the expansion of the government’s role in the healthcare arena and alternative assessments and tax increases specific to the healthcare industry or healthcare products as part of federal health care reform initiatives, could fundamentally change the dynamics of the healthcare industry. In particular, health insurance reform, including The Patient Protection and Affordable Care Act and The Health Care and Education Reconciliation Act of 2010, or Health Insurance Reform Legislation, could have a significant effect on our portfolio companies in this industry sector. As Health Insurance Reform Legislation is implemented, our portfolio companies in this industry sector may be forced to change how they do business. We can give no assurance that these portfolio companies will be able to adapt successfully in response to these changes. Any of these factors could materially adversely affect the operations of a portfolio company in this industry sector and, in turn, impair our ability to timely collect principal and interest payments owed to us.

Risks Relating to our Debt Instruments

Our senior secured credit facility begins amortizing in December 2022 and any inability to renew, extend or replace the facility could adversely impact our liquidity and ability to find new investments or maintain distributions to our stockholders.

On November 19, 2018, the Company amended and restated the Senior Secured Facility from the previous August 29, 2017 amendment. The amended and restated agreement increased lenders' commitments from \$1.19 billion to \$1.59 billion, extended the final maturity date through November 19, 2023 and included a provision which allows the Company to increase the total commitments under the existing revolving facility up to an aggregate principal amount of \$2.385 billion from new or existing lenders on the same terms and conditions as the existing commitments. On February 28, 2019, the Company entered into an amendment to its Senior Secured Facility to increase the multicurrency commitments under the Senior Secured Facility by \$50 million from \$1.59 billion to \$1.64 billion pursuant to the accordion provisions therein. The Senior Secured Facility is secured by substantially all of the assets in the Company's portfolio, including cash and cash equivalents. Commencing November 30, 2022, the Company is required to repay, in twelve consecutive monthly installments of equal size, the outstanding amount under the Senior Secured Facility as of November 19, 2022. In addition, the stated interest rate on the facility remains as a formula-based calculation based on a minimum borrowing base, resulting in a stated interest rate, depending on the type of borrowing, of (a) either LIBOR plus 1.75% per annum or LIBOR plus 2.00% per annum, or (b) either Alternate Base Rate plus 0.75% per annum or Alternate Base Rate plus 1% per annum. Alternate Base Rate means, for any day, a rate per annum equal to the greatest of (a) the Prime Rate in effect on such day, (b) the Federal Funds Effective Rate for such day plus 1/2 of 1% and (c) the rate per annum equal to 1% plus the rate appearing on Reuters Screen LIBOR01 Page at approximately 11:00 A.M., London time, on such day, for US Dollar deposits with a term of one month. As of March 31, 2019, the stated interest rate on the facility was LIBOR plus 2.00%. The Company is required to pay a commitment fee of 0.375% per annum on any unused portion of the Senior Secured Facility and participation fees and fronting fees totaling 2.25% per annum on the letters of credit issued.

There can be no assurance that we will be able to renew, extend or replace the Senior Secured Facility upon the termination of the lenders' obligations to make new loans or the Senior Secured Facility's final maturity on terms that are favorable to us, if at all. Our ability to renew, extend or replace the Senior Secured Facility will be constrained by then-current economic conditions affecting the credit markets. In the event that we are not able to renew, extend or replace the Senior Secured Facility at the time of the termination of the lenders' obligations to make new loans or the Senior Secured Facility's final maturity, this could have a material adverse effect on our liquidity and ability to fund new investments, our ability to make distributions to our stockholders and our ability to qualify as a RIC.

Our senior secured notes and unsecured notes have maturity dates over the course of the next several years, and any inability to replace or repay our senior secured notes or unsecured notes could adversely impact our liquidity and ability to fund new investments or maintain distributions to our stockholders.

On June 17, 2013, the Company issued \$135 million aggregate principal amount of 6.875% senior unsecured notes due July 15, 2043 (the "2043 Notes"). On June 24, 2013, an additional \$15 million aggregate principal amount of the 2043 Notes was issued pursuant to the underwriters' over-allotment option exercise. On March 3, 2015, the Company issued \$350 million aggregate principal amount of 5.250% senior unsecured notes due March 3, 2025 (the "2025 Notes").

There can be no assurance that we will be able to replace the 2043 Notes or the 2025 Notes upon their maturity on terms that are favorable to us, if at all. Our ability to replace the 2043 Notes or the 2025 Notes will be constrained by then-current economic conditions affecting the credit markets. In the event that we are not able to replace or repay the 2043 Notes or the 2025 Notes at the time of their maturity, this could have a material adverse effect on our liquidity and ability to fund new investments, our ability to make distributions to our stockholders and our ability to qualify as a RIC.

The trading market or market value of our debt securities may fluctuate.

Our publicly issued debt securities may or may not have an established trading market. We cannot assure you that a trading market for debt securities will ever develop or be maintained if developed. In addition to our creditworthiness, many factors may materially adversely affect the trading market for, and market value of, debt securities we may issue. These factors include, but are not limited to, the following:

- the time remaining to the maturity of these debt securities;
- the outstanding principal amount of debt securities with terms identical to these debt securities;
- the ratings assigned by national statistical ratings agencies;
- the general economic environment;
- the supply of debt securities trading in the secondary market, if any;
- the redemption or repayment features, if any, of these debt securities;
- the level, direction and volatility of market interest rates generally; and
- market rates of interest higher or lower than rates borne by the debt securities.

You should also be aware that there may be a limited number of buyers if and when you decide to sell your debt securities. This too may materially adversely affect the market value of the debt securities or the trading market for the debt securities.

Terms relating to redemption may materially adversely affect your return on any debt securities that we may issue.

If our noteholders' debt securities are redeemable at our option, we may choose to redeem your debt securities at times when prevailing interest rates are lower than the interest rate paid on your debt securities. In addition, if our noteholders' debt securities are subject to mandatory redemption, we may be required to redeem such debt securities also at times when prevailing interest rates are lower than the interest rate paid on such debt securities. In this circumstance, a noteholder may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as the debt securities being redeemed.

Our credit ratings may not reflect all risks of an investment in our debt securities.

Our credit ratings are an assessment by third parties of our ability to pay our obligations. Consequently, real or anticipated changes in our credit ratings will generally affect the market value of our debt securities. Our credit ratings, however, may not reflect the potential impact of risks related to market conditions generally or other factors discussed above on the market value of or trading market for the publicly issued debt securities.

Risks Relating to an Investment in our Common Stock

Investing in our securities involves a high degree of risk and is highly speculative.

The investments we make in accordance with our investment objective may result in a higher amount of risk than alternative investment options and volatility or loss of principal. Our investments in portfolio companies may be highly speculative and aggressive, therefore, an investment in our securities may not be suitable for someone with a low risk tolerance.

There is a risk that investors in our equity securities may not receive distributions or that our distributions may not grow over time and that investors in our debt securities may not receive all of the interest income to which they are entitled.

We intend to make distributions on a quarterly basis to our stockholders out of assets legally available for distribution. We cannot assure you that we will achieve investment results that will allow us to make a specified level of cash distributions or year-to-year increases in cash distributions. In addition, due to the asset coverage test applicable to us as a BDC, we may in the future be limited in our ability to make distributions. Also, our revolving credit facility may limit our ability to declare dividends if we default under certain provisions or fail to satisfy certain other conditions. If we do not distribute a certain percentage of our income annually, we will suffer adverse tax consequences, including possible loss of the tax benefits available to us as a RIC. In addition, in accordance with U.S. generally accepted accounting principles and tax regulations, we include in income certain amounts that we have not yet received in cash, such as contractual payment-in-kind interest, which represents contractual interest added to the loan balance that becomes due at the end of the loan term, or the accrual of original issue or market discount. Since we may recognize income before or without receiving cash representing such income, we may have difficulty meeting the requirement to distribute at least 90% of our investment company taxable income to obtain tax benefits as a RIC.

We will be subject to a 4% non-deductible federal excise tax on certain undistributed income of RICs unless we distribute in a timely manner an amount at least equal to the sum of (1) 98% of our ordinary income for each calendar year, (2) 98.2% of our capital gain net income for the one-year period ending October 31 in that calendar year and (3) any income recognized, but not distributed, in preceding years. We will not be subject to excise taxes on amounts on which we are required to pay corporate income taxes (such as retained net capital gains). Finally, if more stockholders opt to receive cash distributions rather than participate in our dividend reinvestment plan, we may be forced to liquidate some of our investments and raise cash in order to make cash distribution payments.

Our shares may trade at discounts from net asset value or at premiums that are unsustainable over the long term.

Shares of BDCs may trade at a market price that is less than the net asset value that is attributable to those shares. This characteristic of closed-end investment companies is separate and distinct from the risk that our net asset value per share may decline. The possibility that our shares of common stock will trade at a discount from net asset value or at a premium that is unsustainable over the long term are separate and distinct from the risk that our net asset value will decrease. It is not possible to predict whether shares will trade at, above, or below net asset value.

Investigations and reviews of Apollo affiliates' use of placement agents could harm Apollo Investment's reputation, depress its stock price or have other negative consequences.

While Apollo Investment has not, to date, raised any funds through the use of placement agents (other than through the ordinary course of engagement of underwriters, from time to time, in connection with the public offering of Apollo Investment's securities), affiliates of AIM sometimes use placement agents to assist in marketing certain of the investment funds that they manage. Various state attorneys general and federal and state agencies have initiated industry-wide investigations into the use of placement agents in connection with the solicitation of investments, particularly with respect to investments by public pension funds. Certain affiliates of AGM have received subpoenas and other requests for information from various government regulatory agencies and investors in AGM's funds, seeking information regarding the use of placement agents. On April 15, 2013, Alfred J. Villalobos, the former principal of Arvco Capital Research ("Arvco"), a placement agent firm that AGM at one time used, and related entities (the "Arvco Debtors") brought a civil action in the United States Bankruptcy Court for the District of Nevada against AGM. This action sought to recover purported fees the Arvco Debtors claimed AGM had not paid them for a portion of Arvco's alleged placement agent services in connection with certain funds managed by Apollo. Subsequently, a Chapter 7 Trustee was appointed for the Arvco Debtors, and after a lengthy stay in light of a criminal case against Mr. Villalobos, and Mr. Villalobos's death, the Trustee filed an amended complaint, and Apollo asserted counterclaims for indemnification. On March 20, 2017, the court granted AGM's motion to dismiss certain claims, leaving two breach of contract claims remaining. On October 20, 2017, the court granted summary judgment in favor of AGM as to part of the remaining claims, and on August 2, 2018, the court granted summary judgment for AGM on the remaining claims. On November 13, 2018, AGM and the Trustee entered into a settlement agreement in which, in exchange for releases, the Trustee agreed not to appeal the grant of summary judgment in AGM's favor, and AGM agreed to withdraw its counterclaims. The Court approved the settlement on January 3, 2019.

The market price of our securities may fluctuate significantly.

The market price and liquidity of the market for our securities may be significantly affected by numerous factors, some of which are beyond our control and may not be directly related to our operating performance. These factors include:

- volatility in the market price and trading volume of securities of business development companies or other companies in our sector, which are not necessarily related to the operating performance of these companies;
- changes in regulatory policies or tax guidelines, particularly with respect to RICs or business development companies;
- the inclusion or exclusion of our common stock from certain indices;
- changes in law, regulatory policies or tax guidelines, or interpretations thereof, particularly with respect to RICs or BDCs;
- loss of RIC status;
- changes in earnings or variations in operating results;
- changes in the value of our portfolio of investments;
- any shortfall in investment income or net investment income or any increase in losses from levels expected by investors or securities analysts;
- departure of AIM's key personnel;
- operating performance of companies comparable to us;
- short-selling pressure with respect to shares of our common stock or BDCs generally;
- uncertainty surrounding the strength of the U.S. economic recovery;
- concerns regarding volatility in the Chinese stock market and Chinese currency;
- concerns regarding continued volatility of oil prices;
- uncertainty between the U.S. and other countries with respect to trade policies, treaties and tariffs;
- general economic trends and other external factors; and
- loss of a major funding source.

We may be unable to invest the net proceeds raised from offerings on acceptable terms, which would harm our financial condition and operating results.

Until we identify new investment opportunities, we intend to either invest the net proceeds of future offerings in interest-bearing deposits or other short-term instruments or use the net proceeds from such offerings to reduce then-outstanding obligations under our credit facility. We cannot assure you that we will be able to find enough appropriate investments that meet our investment criteria or that any investment we complete using the proceeds from an offering will produce a sufficient return.

Sales of substantial amounts of our securities may have an adverse effect on the market price of our securities.

Sales of substantial amounts of our securities, or the availability of such securities for sale, could adversely affect the prevailing market prices for our securities. If this occurs and continues, it could impair our ability to raise additional capital through the sale of securities should we desire to do so.

If you do not fully exercise your subscription rights in any rights offering of our common stock, your interest in us may be diluted and, if the subscription price is less than our net asset value per share, you may experience an immediate dilution of the aggregate net asset value of your shares.

In the event we issue subscription rights to acquire shares of our common stock, stockholders who do not fully exercise their subscription rights should expect that they will, at the completion of the rights offering, own a smaller proportional interest in us than would be the case if they fully exercised their rights. In addition, if the subscription price is less than the net asset value per share of our common stock, a stockholder who does not fully exercise its subscription rights may experience an immediate dilution of the aggregate net asset value of its shares as a result of the offering. We would not be able to state the amount of any such dilution prior to knowing the results of the offering. Such dilution could be substantial.

Stockholders may experience dilution in their ownership percentage if they do not participate in our dividend reinvestment plan.

All distributions declared in cash payable to stockholders that are participants in our dividend reinvestment plan are generally automatically reinvested in shares of our common stock. As a result, stockholders that do not participate in the dividend reinvestment plan may experience dilution over time. Stockholders who do not elect to receive distributions in shares of common stock may experience accretion to the net asset value of their shares if our shares are trading at a premium and dilution if our shares are trading at a discount. The level of accretion or discount would depend on various factors, including the proportion of our stockholders who participate in the plan, the level of premium or discount at which our shares are trading and the amount of the distribution payable to a stockholder.

Risks Relating to Issuance of our Preferred Stock

If we issue preferred stock, the net asset value and market value of our common stock may become more volatile.

We cannot assure you that the issuance of preferred stock would result in a higher yield or return to the holders of the common stock. The issuance of preferred stock would likely cause the net asset value and market value of the common stock to become more volatile. If the dividend rate on the preferred stock were to approach the net rate of return on our investment portfolio, the benefit of leverage to the holders of the common stock would be reduced. If the dividend rate on the preferred stock were to exceed the net rate of return on our portfolio, the leverage would result in a lower rate of return to the holders of common stock than if we had not issued preferred stock. Any decline in the net asset value of our investments would be borne entirely by the holders of common stock. Therefore, if the market value of our portfolio were to decline, the leverage would result in a greater decrease in net asset value to the holders of common stock than if we were not leveraged through the issuance of preferred stock. This greater net asset value decrease would also tend to cause a greater decline in the market price for the common stock.

We might be in danger of failing to maintain the required asset coverage of the preferred stock or of losing our ratings on the preferred stock or, in an extreme case, our current investment income might not be sufficient to meet the dividend requirements on the preferred stock. In order to counteract such an event, we might need to liquidate investments in order to fund a redemption of some or all of the preferred stock. In addition, we would pay (and the holders of common stock would bear) all costs and expenses relating to the issuance and ongoing maintenance of the preferred stock, including higher advisory fees if our total return exceeds the dividend rate on the preferred stock. Holders of preferred stock may have different interests than holders of common stock and may at times have disproportionate influence over our affairs.

The issuance of shares of preferred stock with dividend or conversion rights, liquidation preferences or other economic terms favorable to the holders of preferred stock could adversely affect the market price for our common stock by making an investment in the common stock less attractive. In addition, the dividends on any preferred stock we issue must be cumulative. Payment of dividends and repayment of the liquidation preference of preferred stock must take preference over any dividends or other payments to our common stockholders, and holders of preferred stock are not subject to any of our expenses or losses and are not entitled to participate in any income or appreciation in excess of their stated preference (other than convertible preferred stock that converts into common stock). In addition, under the 1940 Act, preferred stock constitutes a “senior security” for purposes of the 200% asset coverage test.

Holders of any preferred stock we might issue would have the right to elect members of the Board of Directors and class voting rights on certain matters.

Holders of any preferred stock we might issue, voting separately as a single class, would have the right to elect two members of the Board of Directors at all times and in the event dividends become two full years in arrears would have the right to elect a majority of the directors until such arrearage is completely eliminated. In addition, preferred stockholders have class voting rights on certain matters, including changes in fundamental investment restrictions and conversion to open-end status, and accordingly can veto any such changes. Restrictions imposed on the declarations and payment of dividends or other distributions to the holders of our common stock and preferred stock, both by the 1940 Act and by requirements imposed by rating agencies or the terms of our credit facilities, might impair our ability to maintain our qualification as a RIC for federal income tax purposes. While we would intend to redeem our preferred stock to the extent necessary to enable us to distribute our income as required to maintain our qualification as a RIC, there can be no assurance that such actions could be effected in time to meet the tax requirements.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

As of March 31, 2019, we did not own any real estate or other physical properties materially important to our operations. Our administrative and principal executive offices are located at 3 Bryant Park, New York, NY 10036 and 9 West 57th Street, New York, NY 10019, respectively. We believe that our office facilities are suitable and adequate for our business as it is currently conducted.

Item 3. Legal Proceedings

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

On May 20, 2013, the Company was named as a defendant in a complaint by the bankruptcy trustee of DSI Renal Holdings and related companies (“DSI”). The complaint alleges, among other things, that the Company participated in a “fraudulent conveyance” involving a restructuring and subsequent sale of DSI in 2010 and 2011. The complaint seeks, jointly and severally from all defendants, (1) damages of approximately \$425 million, of which the Company’s share would be approximately \$41 million, and the return of 9,000 shares of common stock of DSI obtained by the Company in the restructuring and sale and (2) punitive damages. At this point in time, the Company is unable to assess whether it may have any liability in this action. On July 20, 2017, the United States Bankruptcy Court for the District of Delaware, where the action is pending, granted in part and denied in part the Company’s (and other defendants’) motion to dismiss the complaint. Discovery has concluded, and on April 30, 2019, defendants (including the Company) filed motions for partial summary judgment. No trial date has been set. The Company has not made any determination that this action is or may be material to the Company and intends to vigorously defend itself.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Price Range of Common Stock and Stockholders

Our common stock is traded on the NASDAQ Global Select Market under the symbol “AINV.”

The following table sets forth, for the quarterly reporting periods indicated, the net asset value (“NAV”) per share of our common stock and the high and low sales price for our common stock, as reported on the NASDAQ Global Select Market, and distributions per share information:

	NAV Per Share (1)	Sales Price		Premium (Discount) of High Sales Price to NAV (2)	Premium (Discount) of Low Sales Price to NAV (2)	Distributions Declared
		High	Low			
Year Ended March 31, 2019						
Fourth quarter	\$ 19.06	\$ 15.98	\$ 12.26	(16.1)%	(35.7)%	\$ 0.45
Third quarter	19.03	16.58	12.05	(12.9)%	(36.7)%	0.45
Second quarter	19.40	18.00	16.26	(7.2)%	(16.2)%	0.45
First quarter	19.42	17.55	15.54	(9.6)%	(20.0)%	0.45
Year Ended March 31, 2018						
Fourth quarter	\$ 19.67	\$ 17.55	\$ 15.57	(10.8)%	(20.9)%	\$ 0.45
Third quarter	19.81	18.60	16.80	(6.1)%	(15.2)%	0.45
Second quarter	20.17	19.44	17.07	(3.6)%	(15.3)%	0.45
First quarter	20.18	20.46	18.54	1.3 %	(8.2)%	0.45

- (1) NAV per share is determined as of the last day in the relevant quarter and therefore may not reflect the net asset value per share on the date of the high and low sales prices. The net asset values shown are based on outstanding shares at the end of the relevant quarter.
- (2) Calculated using the respective high or low sales price divided by the net asset value per share at the end of the relevant quarter.
- (3) Numbers prior to December 31, 2018 have been retroactively adjusted for all periods presented due to the reverse stock split that was effective as of the close of business on November 30, 2018.

While our common stock has from time to time traded in excess of our net asset value, there can be no assurance, however, that it will trade at such a premium (to NAV) in the future. The last reported closing market price of our common stock on May 15, 2019 was \$15.69 per share. As of May 15, 2019, we had 60 stockholders of record.

Distributions

We intend to continue to make quarterly distributions to our stockholders. Our quarterly distributions, if any, will be determined by our Board of Directors. We expect that our distributions to stockholders generally will be from accumulated net investment income and from cumulative net realized capital gains, as applicable, although a portion may represent a return of capital.

We have elected to be taxed as a RIC under Subchapter M of the Code. To maintain our RIC status, we must distribute at least 90% of our ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any, out of the assets legally available for distribution. Although we intend to distribute realized net capital gains (i.e., net long-term capital gains in excess of short-term capital losses), if any, at least annually, out of the assets legally available for such distributions, we may in the future decide to retain such capital gains for investment. Currently, we have substantial net capital loss carryforwards and consequently do not expect to generate cumulative net capital gains in the foreseeable future.

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

We may not be able to achieve operating results that will allow us to make distributions at a specific level or to increase the amount of these distributions from time to time. In addition, due to the asset coverage test applicable to us as a BDC, we may in the future be limited in our ability to make distributions. Also, our revolving credit facility may limit our ability to declare distributions if we default under certain provisions or fail to satisfy certain other conditions. If we do not distribute a certain percentage of our income annually, we may suffer adverse tax consequences, including possible loss of the tax benefits available to us as a RIC.

In addition, in accordance with U.S. generally accepted accounting principles and tax regulations, we include in income certain amounts that we have not yet received in cash, such as contractual payment-in-kind interest, which represents contractual interest added to the loan balance that becomes due at the end of the loan term, or the accrual of original issue or market discount. Since we may recognize income before or without receiving cash representing such income, we may not be able to meet the requirement to distribute at least 90% of our investment company taxable income to obtain tax benefits as a RIC.

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

All distributions declared in cash payable to stockholders that are participants in our dividend reinvestment plan are generally automatically reinvested in shares of our common stock. Stockholders who do not elect to receive distributions in shares of common stock may experience accretion to the net asset value of their shares if our shares are trading at a premium and dilution if our shares are trading at a discount. The level of accretion or discount would depend on various factors, including the proportion of our stockholders who participate in the plan, the level of premium or discount at which our shares are trading and the amount of the dividend payable to a stockholder.

The following table lists the quarterly distributions per share from our common stock for the past two fiscal years:

	Distributions Declared
Year Ended March 31, 2019	
Fourth quarter	\$ 0.45
Third quarter	0.45
Second quarter	0.45
First quarter	0.45
Year Ended March 31, 2018	
Fourth quarter	\$ 0.45
Third quarter	0.45
Second quarter	0.45
First quarter	0.45

Unregistered Sales of Equity Securities and Use of Proceeds

Unregistered Sales of Equity Securities

None.

Issuer Purchases of Equity Securities

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

Date of Adoption	Maximum Cost of Shares That May Be Repurchased	Cost of Shares Repurchased	Remaining Cost of Shares That May Be Repurchased
August 6, 2015	\$ 50.0 million	\$ 50.0 million	\$ —
December 14, 2015	50.0 million	50.0 million	—
September 14, 2016	50.0 million	50.0 million	—
October 30, 2018	50.0 million	20.9 million	29.1 million
February 6, 2019	50.0 million	—	50.0 million
Total as of March 31, 2019	<u>\$ 250.0 million</u>	<u>\$ 170.9 million</u>	<u>\$ 79.1 million</u>

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

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

Effective Date	Termination Date	Amount Allocated to 10b5-1 Repurchase Plans
September 15, 2015	November 5, 2015	\$ 5.0 million
January 1, 2016	February 5, 2016	10.0 million
April 1, 2016	May 19, 2016	5.0 million
July 1, 2016	August 5, 2016	15.0 million
September 30, 2016	November 8, 2016	20.0 million
January 4, 2017	February 6, 2017	10.0 million
March 31, 2017	May 19, 2017	10.0 million
June 30, 2017	August 7, 2017	10.0 million
October 2, 2017	November 6, 2017	10.0 million
January 3, 2018	February 8, 2018	10.0 million
June 18, 2018	August 9, 2018	10.0 million
September 17, 2018	October 31, 2018	10.0 million
December 12, 2018	February 7, 2019	10.0 million
February 25, 2019	May 17, 2019	25.0 million
March 18, 2019	May 17, 2019	10.0 million

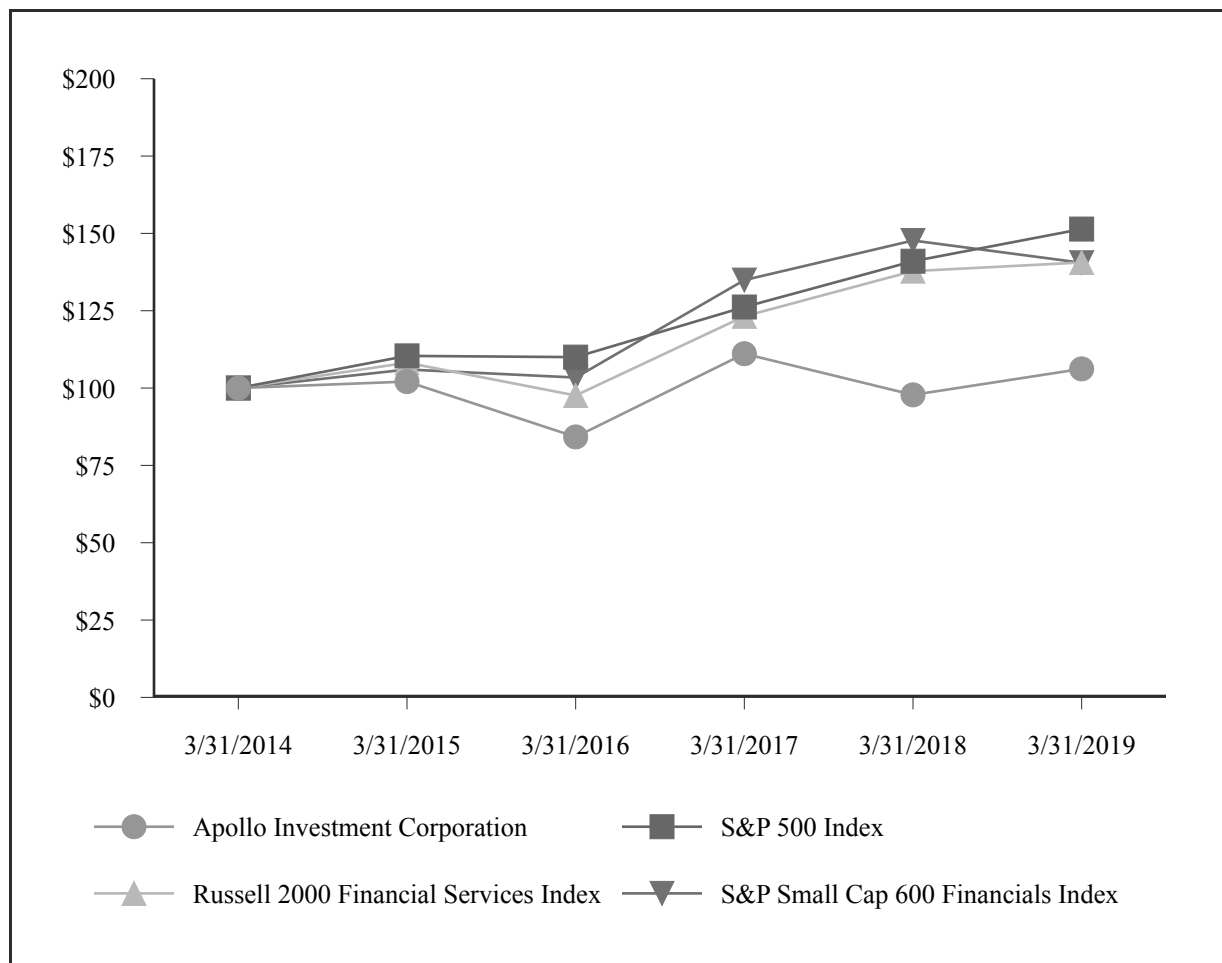
The following table presents information with respect to the Company's purchases of its common stock since adoption of the Repurchase Plans through March 31, 2019:

Month	Total Number of Shares Purchased	Average Price Paid Per Share*	Total Number of Shares Purchased as Part of Publicly Announced Plans	Maximum Dollar Value of Shares That May Yet Be Purchased Under Publicly Announced Plans
August 2015	510,000	\$ 19.71	510,000	\$ 40.0 million
September 2015	603,466	18.46	603,466	28.8 million
November 2015	1,116,666	18.10	1,116,666	8.6 million
December 2015	627,443	17.58	627,443	47.6 million
January 2016	670,708	14.91	670,708	37.6 million
June 2016	362,933	16.73	362,933	31.5 million
July 2016	16,491	16.53	16,491	31.2 million
August 2016	596,294	17.67	596,294	20.7 million
September 2016	411,523	18.13	411,523	63.2 million
October 2016	527,417	17.82	527,417	53.8 million
November 2016	239,289	17.45	239,289	49.6 million
August 2017	33,333	17.96	33,333	49.0 million
September 2017	186,767	17.98	186,767	45.7 million
October 2017	144,867	17.96	144,867	43.1 million
November 2017	64,500	17.79	64,500	41.9 million
December 2017	50,100	17.89	50,100	41.0 million
January 2018	577,386	17.32	577,386	31.0 million
February 2018	70,567	16.23	70,567	29.9 million
May 2018	263,667	17.12	263,667	25.4 million
June 2018	198,601	16.94	198,601	22.0 million
July 2018	8,867	16.75	8,867	21.9 million
August 2018	502,767	17.11	502,767	13.3 million
September 2018	444,467	16.54	444,467	5.9 million
October 2018	160,800	16.46	160,800	53.3 million
November 2018	595,672	15.81	595,672	43.9 million
December 2018	741,389	13.49	741,359	33.9 million
February 2019	19,392	15.16	19,392	83.6 million
March 2019	291,426	15.40	291,426	79.1 million
Total	10,036,798	\$ 17.03	10,036,768	

* The average price per share is inclusive of commissions.

Stock Performance Graph

This graph compares the return on our common stock with that of the Standard & Poor's 500 Stock Index, the Russell 2000 Financial Services Index, and the S&P Small Cap 600 Financials Index, for the period March 31, 2014 through March 31, 2019. The graph assumes that, on March 31, 2014, a person invested \$100 in each of the following: our common stock, the S&P 500 Index, the Russell 2000 Financial Services Index, and the S&P Small Cap 600 Financials Index. The graph measures total stockholder return, which takes into account both changes in stock price and distributions. It assumes that distributions paid are invested in like securities.



The graph and other information furnished under this Part II, Item 5 of this Annual Report on Form 10-K shall not be deemed to be “soliciting material” or to be “filed” with the SEC or subject to Regulation 14A or 14C, or to the liabilities of Section 18 of the 1934 Act. The stock price performance included in the above graph is not necessarily indicative of future stock price performance.

Item 6. Selected Financial Data

The following selected financial data should be read in conjunction with “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” and financial statements and notes thereto contained in “Item 8. Financial Statements and Supplementary Data” of this report. All amounts are in thousands, except share and per share data and number of portfolio companies.

	Year Ended March 31,				
	2019	2018	2017	2016	2015
Summary of Operations					
Total investment income	\$ 255,076	\$ 259,287	\$ 279,862	\$ 379,745	\$ 433,631
Net expenses	127,327	125,900	130,619	186,488	205,658
Net investment income	127,749	133,387	149,243	193,257	227,973
Net realized and change in unrealized gains (losses)	(55,803)	(46,358)	(130,873)	(237,783)	(152,551)
Net increase (decrease) in net assets resulting from operations	71,946	87,029	18,370	(44,526)	75,422
Per Share Data					
Net asset value	\$ 19.06	\$ 19.67	\$ 20.22	\$ 21.84	\$ 24.54
Net investment income	1.81	1.83	2.01	2.49	2.88
Earnings (loss) per share — basic	1.02	1.19	0.25	(0.57)	0.96
Earnings (loss) per share — diluted (1)	N/A	N/A	N/A	(0.57)	0.96
Distributions declared	1.80	1.80	1.95	2.40	2.40
Balance Sheet Data					
Total assets (2)	\$ 2,497,797	\$ 2,311,810	\$ 2,410,120	\$ 3,078,637	\$ 3,543,738
Total debt outstanding (2)	1,128,686	789,846	848,449	1,312,960	1,481,606
Net assets	1,312,627	1,418,086	1,481,797	1,645,581	1,937,608
Other Data					
Total return (3)	8.31%	(12.06)%	31.44%	(17.53)%	1.86%
Number of portfolio companies at year end	113	90	86	89	105
Total portfolio investments for the year	\$ 1,278,060	\$ 1,049,363	\$ 601,065	\$ 1,088,517	\$ 2,211,081
Investment sales and repayments for the year	\$ 1,086,779	\$ 1,153,978	\$ 1,094,634	\$ 1,338,689	\$ 2,250,782
Weighted average yield on debt portfolio at year end (4)	10.2%	10.7 %	10.3%	11.0 %	11.2%
Weighted average yield on total portfolio at year end (5)	9.6%	9.6 %	8.7%	9.8 %	9.9%
Weighted average shares outstanding — basic	70,645,944	72,874,613	74,138,358	77,518,605	78,913,784
Weighted average shares outstanding — diluted (1)	N/A	N/A	N/A	77,518,605	78,913,784

- (1) In applying the if-converted method, conversion is not assumed for purposes of computing diluted EPS if the effect would be anti-dilutive. For the years ended March 31, 2019, March 31, 2018 and March 31, 2017, the Company did not have any convertible notes. As such, diluted EPS and diluted weighted average shares outstanding were not applicable. For the years ended March 31, 2016 and March 31, 2015, anti-dilution would total \$0.12 and \$0.06, respectively.
- (2) Numbers prior to March 31, 2017 were updated due to the retrospective application of the new accounting pronouncements (ASU 2015-03 and ASU 2015-15) adopted as of April 1, 2016.
- (3) Total return is based on the change in market price per share and takes into account distributions, if any, reinvested in accordance with Apollo Investment’s dividend reinvestment plan.
- (4) Exclusive of investments on non-accrual status.
- (5) Inclusive of all income generating investments, non-income generating investments and investments on non-accrual status.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

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

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

We generally use words such as “anticipates,” “believes,” “expects,” “intends” and similar expressions to identify forward-looking statements. Our actual results could differ materially from those projected in the forward-looking statements for any reason, including any factors set forth in “Risk Factors” and elsewhere in this report.

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

Overview

Apollo Investment Corporation (the “Company,” “Apollo Investment,” “AIC,” “we,” “us,” or “our”) was incorporated under the Maryland General Corporation Law in February 2004. We have elected to be treated as a business development company (“BDC”) under the Investment Company Act of 1940 (the “1940 Act”). As such, we are required to comply with certain regulatory requirements. For instance, we generally have to invest at least 70% of our total assets in “qualifying assets,” including securities of private or thinly traded public U.S. companies, cash equivalents, U.S. government securities and high-quality debt investments that mature in one year or less. In addition, for federal income tax purposes we have elected to be treated as a regulated investment company (“RIC”) under Subchapter M of the Internal Revenue Code of 1986, as amended (the “Code”). Pursuant to this election and assuming we qualify as a RIC, we generally do not have to pay corporate-level federal income taxes on any income we distribute to our stockholders. We commenced operations on April 8, 2004 upon completion of our initial public offering that raised \$870 million in net proceeds from selling 62 million shares of common stock at a price of \$15.00 per share (20.7 million shares at a price of \$45.00 per share adjusted for the one-for-three reverse stock split. Since then, and through March 31, 2019, we have raised approximately \$2.21 billion in net proceeds from additional offerings of common stock and we have repurchased common stock for \$170.9 million.

Apollo Investment Management, L.P. (the “Investment Adviser” or “AIM”) is our investment adviser and an affiliate of Apollo Global Management, LLC and its consolidated subsidiaries (“AGM”). The Investment Adviser, subject to the overall supervision of our Board of Directors, manages the day-to-day operations of, and provides investment advisory services to the Company. AGM and other affiliates manage other funds that may have investment mandates that are similar, in whole or in part, with ours. AIM and its affiliates may determine that an investment is appropriate both for us and for one or more of those other funds. In such event, depending on the availability of such investment and other appropriate factors, AIM may determine that we should invest on a side-by-side basis with one or more other funds. We make all such investments subject to compliance with applicable regulations and interpretations, and our allocation procedures. Certain types of negotiated co-investments may be made only in accordance with the terms of the exemptive order (the “Order”) we received from the SEC permitting us to do so. Under the terms of the Order, a “required majority” (as defined in Section 57(o) of the 1940 Act) of our independent directors must be able to reach certain conclusions in connection with a co-investment transaction, including that (1) the terms of the proposed transaction are reasonable and fair to us and our stockholders and do not involve overreaching of us or our stockholders on the part of any person concerned, and (2) the transaction is consistent with the interests of our stockholders and is consistent with our Board of Directors’ approved criteria. In certain situations where co-investment with one or more funds managed by AIM or its affiliates is not covered by the Order, the personnel of AIM or its affiliates will need to decide which fund will proceed with the investment. Such personnel will make these determinations based on allocation policies and procedures, which are designed to reasonably ensure that investment opportunities are allocated fairly and equitably among affiliated funds over time and in a manner that is consistent with applicable laws, rules and regulations. The Order is subject to certain terms and conditions so there can be no assurance that we will be permitted to co-invest with certain of our affiliates other than in the circumstances currently permitted by regulatory guidance and the Order.

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

Investments

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

Our level of investment activity can and does vary substantially from period to period depending on many factors, including the amount of debt and equity capital available to middle-market companies, the level of merger and acquisition activity for such companies, the general economic environment, and the competitive environment for the types of investments we make. As a BDC, we must not acquire any assets other than “qualifying assets” specified in the 1940 Act unless, at the time the acquisition is made, at least 70% of our total assets are qualifying assets (with certain limited exceptions). As of March 31, 2019, non-qualifying assets represented approximately 16.3% of the total assets of the Company.

Revenue

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

Expenses

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

- investment advisory and management fees;
- expenses incurred by AIM payable to third parties, including agents, consultants or other advisors, in monitoring our financial and legal affairs and in monitoring our investments and performing due diligence on our prospective portfolio companies;
- calculation of our net asset value (including the cost and expenses of any independent valuation firm);
- direct costs and expenses of administration, including independent registered public accounting and legal costs;
- costs of preparing and filing reports or other documents with the SEC;
- interest payable on debt, if any, incurred to finance our investments;
- offerings of our common stock and other securities;
- registration and listing fees;
- fees payable to third parties, including agents, consultants or other advisors, relating to, or associated with, evaluating and making investments;
- transfer agent and custodial fees;
- taxes;
- independent directors' fees and expenses;
- marketing and distribution-related expenses;
- the costs of any reports, proxy statements or other notices to stockholders, including printing and postage costs;
- our allocable portion of the fidelity bond, directors and officers/errors and omissions liability insurance, and any other insurance premiums;
- organizational costs; and
- all other expenses incurred by us or the Administrator in connection with administering our business, such as our allocable portion of overhead under the administration agreement, including rent and our allocable portion of the cost of our Chief Financial Officer, Chief Legal Officer and Chief Compliance Officer and their respective staffs.

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

Portfolio and Investment Activity

Our portfolio and investment activity during the years ended March 31, 2019 and March 31, 2018 was as follows:

(in millions)*	Year Ended March 31,	
	2019	2018
Investments made in portfolio companies	\$ 1,278.1	\$ 1,049.4
Investments sold	(205.2)	(189.0)
Net activity before repaid investments	1,072.8	860.3
Investments repaid	(881.6)	(964.9)
Net investment activity	\$ 191.3	\$ (104.6)
Portfolio companies at beginning of period	90	86
Number of new portfolio companies	42	39
Number of exited portfolio companies	(19)	(35)
Portfolio companies at end of period	113	90
Number of investments made in existing portfolio companies	46	28

* Totals may not foot due to rounding.

Our portfolio composition and weighted average yields as of March 31, 2019 and March 31, 2018 were as follows:

	March 31, 2019	March 31, 2018
Portfolio composition, at fair value:		
First lien secured debt	66%	50%
Second lien secured debt	23%	31%
Total secured debt	89%	82%
Unsecured debt	—	5%
Structured products and other	2%	3%
Preferred equity	1%	1%
Common equity/interests and warrants	8%	9%
Weighted average yields, at amortized cost (1):		
First lien secured debt (2)	9.9%	10.5%
Second lien secured debt (2)	11.4%	10.9%
Secured debt portfolio (2)	10.2%	10.7%
Unsecured debt portfolio (2)	—	11.3%
Total debt portfolio (2)	10.2%	10.7%
Total portfolio (3)	9.6%	9.6%
Interest rate type, at fair value (4):		
Fixed rate amount	—	\$0.1 billion
Floating rate amount	\$1.5 billion	\$1.2 billion
Fixed rate, as percentage of total	—	8%
Floating rate, as percentage of total	100%	92%
Interest rate type, at amortized cost (4):		
Fixed rate amount	—	\$0.1 billion
Floating rate amount	\$1.5 billion	\$1.2 billion
Fixed rate, as percentage of total	—	8%
Floating rate, as percentage of total	100%	92%

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

(2) Exclusive of investments on non-accrual status.

(3) Inclusive of all income generating investments, non-income generating investments and investments on non-accrual status.

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

Since the initial public offering of Apollo Investment in April 2004 and through March 31, 2019, invested capital totaled \$19.4 billion in 478 portfolio companies. Over the same period, Apollo Investment completed transactions with more than 100 different financial sponsors.

Recent Developments

Effective April 4, 2019, the Company's asset coverage ratio test was reduced from 200% to 150% as set forth in Section 61(a)(2) of the Investment Company Act of 1940, as amended by the Small Business Credit Availability Act ("SBCAA").

Critical Accounting Policies

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

Fair Value Measurements

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

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

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

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

Level 3: Unobservable inputs for the asset or liability.

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

As of March 31, 2019, \$2.18 billion or 90.6% of the Company’s investments were classified as Level 3. The high proportion of Level 3 investments relative to our total investments is directly related to our investment philosophy and target portfolio, which consists primarily of long-term secured debt, as well as unsecured and mezzanine positions of private middle-market companies. A fundamental difference exists between our investments and those of comparable publicly traded fixed income investments, namely high-yield bonds, and this difference affects the valuation of our private investments relative to comparable publicly traded instruments.

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

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

Investment Valuation Process

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

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

1. Our quarterly valuation process begins with each investment being initially valued by the investment professionals of our Investment Adviser who are responsible for the portfolio company.
2. Preliminary valuation conclusions are then documented and discussed with senior management of our Investment Adviser.
3. Independent valuation firms are engaged by our Board of Directors to conduct independent appraisals by reviewing our Investment Adviser's preliminary valuations and then making their own independent assessment.
4. The Audit Committee of the Board of Directors reviews the preliminary valuation of our Investment Adviser and the valuation prepared by the independent valuation firms and responds, if warranted, to the valuation recommendation of the independent valuation firms.
5. The Board of Directors discusses valuations and determines in good faith the fair value of each investment in our portfolio based on the input of our Investment Adviser, the applicable independent valuation firm, and the Audit Committee of the Board of Directors.
6. For Level 3 investments entered into within the last 15 business days of the current quarter-end period, the purchase price or any recent comparable trade activity on the security investment shall be considered to reasonably approximate the fair value of the investment, provided that no material change has since occurred in the issuer's business, significant inputs or the relevant environment.

Investments determined by these valuation procedures which have a fair value of less than \$1 million during the prior fiscal quarter may be valued based on inputs identified by the Investment Adviser without the necessity of obtaining valuation from an independent valuation firm, if once annually an independent valuation firm using the procedures described herein provides a valuation. Investments in all asset classes are valued utilizing a market approach, an income approach, or both approaches, as appropriate. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities (including a business). The income approach uses valuation techniques to convert future amounts (for example, cash flows or earnings) to a single present amount (discounted). The measurement is based on the value indicated by current market expectations about those future amounts. In following these approaches, the types of factors that we may take into account in fair value pricing our investments include, as relevant: available current market data, including relevant and applicable market trading and transaction comparables, applicable market yields and multiples, security covenants, seniority of investment in the investee company's capital structure, call protection provisions, information rights, the nature and realizable value of any collateral, the portfolio company's ability to make payments, its earnings and discounted cash flows, the markets in which the portfolio company does business, comparisons of financial ratios of peer companies that are public, M&A comparables, our principal market (as the reporting entity) and enterprise values, among other factors. When readily available, broker quotations and/or quotations provided by pricing services are considered in the valuation process of independent valuation firms. During the year ended March 31, 2019, there were no significant changes to the Company's valuation techniques and related inputs considered in the valuation process.

Investment Income Recognition

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

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

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

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

Expenses

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

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

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

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

Results of Operations

For information regarding results of operations for the year ended March 31, 2017, see the Company's Form 10-K for the fiscal year ended March 31, 2018.

Operating results for the years ended March 31, 2019 and 2018 were as follows:

(in millions)*	Year Ended March 31,	
	2019	2018
Investment Income		
Interest income (excluding Payment-in-kind (“PIK”) interest income)	\$ 223.1	\$ 213.1
Dividend income	15.3	19.7
PIK interest income	8.6	20.2
Other income	8.1	6.2
Total investment income	\$ 255.1	\$ 259.3
Expenses		
Management and performance-based incentive fees, net of amounts waived	\$ 51.4	\$ 56.9
Interest and other debt expenses, net of reimbursements	58.0	52.7
Administrative services expense, net of reimbursements	6.5	6.7
Other general and administrative expenses	11.4	9.6
Net Expenses	\$ 127.3	\$ 125.9
Net Investment Income	\$ 127.8	\$ 133.4
Net Realized and Change in Unrealized Gains (Losses)		
Net realized losses	\$ (50.0)	\$ (258.1)
Net change in unrealized losses	(5.8)	211.8
Net Realized and Change in Unrealized Losses	\$ (55.8)	\$ (46.4)
Net Increase (Decrease) in Net Assets Resulting from Operations	\$ 72.0	\$ 87.0
Net Investment Income on Per Average Share Basis (1)	\$ 1.81	\$ 1.83
Earnings per share — basic (1)	\$ 1.02	\$ 1.19

* Totals may not foot due to rounding.

(1) Based on the weighted average number of shares outstanding for the period presented.

Total Investment Income

For the year ended March 31, 2019 as compared to the year ended March 31, 2018

The decrease in total investment income for the year ended March 31, 2019 compared to the year ended March 31, 2018 was primarily driven by the decrease in dividend income of \$4.4 million and the decrease in total interest income (including PIK) of \$1.7 million. The decrease in dividend income was due to the sales of structured products investments (Ivy Hill Middle Market Credit Fund IX, Ltd. and Ivy Hill Middle Market Credit Fund X, Ltd.) and a decrease of \$3.0 million in dividends from Merx Aviation Finance, LLC, from \$12.4 million for the year ended March 31, 2018 to \$9.4 million for the year ended March 31, 2019. The decrease in total interest income (including PIK) was primarily due to a decrease in prepayment fees and income recognized from the acceleration of discount, premium, or deferred fees on repaid investments which totaled \$8.4 million and \$13.3 million for the year ended March 31, 2019 and year ended March 31, 2018, respectively. This was partially offset by an increase in the income-bearing investment portfolio. Furthermore, there was an increase in other income of \$1.9 million due to higher bridge fees and structuring fees, partially offset by lower amendment fees.

Net Expenses

For the year ended March 31, 2019 as compared to the year ended March 31, 2018

The increase in net expenses for the year ended March 31, 2019 compared to the year ended March 31, 2018 was primarily due to the increase in interest and other debt expenses of \$5.3 million due to the change in the average debt outstanding and net leverage from \$0.90 billion and 0.57x, respectively during the year ended March 31, 2018, to \$0.99 billion and 0.83x, respectively during the year ended March 31, 2019. Furthermore, the weighted average interest cost increased from 5.28% for the year ended March 31, 2018 to 5.31% for the year ended March 31, 2019. The increase of \$1.8 million in other general and administrative expenses was due to an increase in legal fees from \$4.0 million for the year ended March 31, 2018 to \$5.2 million for the year ended March 31, 2019. The increase in net expenses was partially offset by a decrease in management and performance-based incentive fees (net of amounts waived) of \$5.5 million which was due to lower performance based incentive fee expenses (net of amounts waived) of \$15.6 million for the year ended March 31, 2019 from \$21.0 million for the year ended March 31, 2018. Performance based incentive fees for the year ended March 31, 2019 were lower as a total return based fee became effective January 1, 2019 and no performance based incentive fees was accrued from January 1, 2019 to March 31, 2019.

Net Realized Gains (Losses)

During the year ended March 31, 2019, we recognized gross realized gains of \$2.6 million and gross realized losses of \$52.6 million, resulting in net realized losses of \$50.0 million. Significant realized gains (losses) for the year ended March 31, 2019 are summarized below:

(in millions)	Net Realized Gain (Loss)
Renew Financial LLC (f/k/a Renewable Funding, LLC)	\$ 2.0
WTI Crude Oil Call/Put Options	(30.0)
Accelerate Parent Corp. (American Tire)	(10.1)
Elements Behavioral Health, Inc.	(11.9) *

* Elements Behavioral Health, Inc. was written off during the period as no proceeds were expected to be realized and the realized loss was previously recorded as an unrealized loss.

During the year ended March 31, 2018, we recognized gross realized gains of \$27.0 million and gross realized losses of \$285.1 million, resulting in net realized losses of \$258.1 million. Significant realized gains (losses) for the year ended March 31, 2018 are summarized below:

(in millions)	Net Realized Gain (Loss)
Renew Financial LLC (f/k/a Renewable Funding, LLC)	\$ 7.8
Ivy Hill Middle Market Credit Fund IX, Ltd.	2.0
Venoco, Inc.	(89.0) *
Delta Educational Systems, Inc./Gryphon Colleges Corp.	(72.8) *
AIC SPV Holdings I, LLC	(43.3) *
Solarplicity Group Limited (f/k/a AMP Solar UK)	(27.1) **
LVI Group Investments, LLC	(17.5) *
Magnetation, LLC	(10.4) *
Clothesline Holdings, Inc.	(6.0) *
Sungevity Inc.	(4.4) *
SCM Insurance Services, Inc.	(3.1) *

* Venoco, Inc., Delta Educational Systems, Inc./Gryphon Colleges Corp., Magnetation, LLC, Clothesline Holdings, Inc. and Sungevity Inc. were written off during the period as no proceeds were expected to be realized. AIC SPV Holdings I, LLC, Solarplicity Group Limited (f/k/a AMP Solar UK), LVI Group Investments, LLC and SCM Insurance Services, Inc. were sold/repaid during the period. The realized losses on these investments were previously recorded as unrealized losses.

** Included in this amount is a realized loss on foreign currency of \$7.7 million which is substantially offset by \$15.5 million of net realized gain on foreign currencies related to foreign-denominated debt under the Senior Secured Facility.

On October 16, 2017, the Company redeemed the entire \$150 million aggregate principal amount outstanding of the 2042 Notes in accordance with the terms of the indenture governing the 2042 Notes, before its stated maturity date, which resulted in a realized loss on the extinguishment of debt of \$5.79 million.

Net Change in Unrealized Gains (Losses)

During the year ended March 31, 2019, we recognized gross unrealized gains of \$66.5 million and gross unrealized losses of \$72.3 million, including the impact of transferring unrealized to realized gains (losses), resulting in net change in unrealized losses of \$5.8 million. Significant changes in unrealized gains (losses) for the year ended March 31, 2019 are summarized below:

(in millions)	Net Change in Unrealized Gain (Loss)
WTI Crude Oil Call/Put Options	\$ 19.1
Elements Behavioral Health, Inc.	11.9
Merx Aviation Finance, LLC	11.9
Sprint Industrial Holdings, LLC.	5.8
Asset Repackaging Trust Six B.V. (Israel Electric)	3.3
AMP Solar Group, Inc.	1.2
MSEA Tankers LLC	1.1
Glacier Oil & Gas Corp. (f/k/a Miller Energy Resources, Inc.)	(17.0)
Crowne Automotive	(7.1)
Renew Financial LLC (f/k/a Renewable Funding, LLC)	(6.6)
Dynamic Product Tankers (Prime), LLC	(6.3)
Solarplicity Group Limited (f/k/a AMP Solar UK)	(5.5)
Accelerate Parent Corp. (American Tire)	(2.6)
BioClinica Holding I, LP	(1.8)
LabVantage Solutions	(1.6)
Pelican	(1.6)
Niacet Corporation	(1.5)

During the year ended March 31, 2018, we recognized gross unrealized gains of \$302.7 million and gross unrealized losses of \$90.9 million, including the impact of transferring unrealized to realized gains (losses), resulting in net change in unrealized losses of \$211.8 million. Significant changes in unrealized gains (losses) for the year ended March 31, 2018 are summarized below:

(in millions)	Net Change in Unrealized Gain (Loss)
Venoco, Inc.	\$ 89.0
Delta Career Education Corporation	72.8
AIC SPV Holdings I, LLC	44.8
Solarplicity Group Limited (f/k/a AMP Solar UK)	25.2
LVI Group Investments, LLC	17.5
Magnetation, LLC	10.9
SHD Oil & Gas, LLC	9.9
SCM Insurance Services, Inc.	7.9
Clothesline Holdings, Inc.	6.0
Sungevity Inc.	4.4
Elements Behavioral Health, Inc.	(10.1)
Carbonfree Chemicals SPE I LLC (f/k/a Maxus Capital Carbon SPE I LLC)	(3.4)
Golden Bear 2016-R, LLC	(3.0)
Merx Aviation Finance, LLC	(2.2)
Access Information	(1.8)

Liquidity and Capital Resources

The Company's liquidity and capital resources are generated and generally available through periodic follow-on equity and debt offerings, our Senior Secured Facility (as defined in Note 8 to the financial statements), our senior secured notes, our senior unsecured notes, investments in special purpose entities in which we hold and finance particular investments on a non-recourse basis, as well as from cash flows from operations, investment sales of liquid assets and repayments of senior and subordinated loans and income earned from investments. For liquidity and capital resources information for the year ended March 31, 2017, see the Company's Form 10-K for the fiscal year ended March 31, 2018.

Cash Equivalents

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

Debt

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

The following table shows the contractual maturities of our debt obligations as of March 31, 2019:

(in millions)	Payments Due by Period				
	Total	Less than 1 Year	1 to 3 Years	3 to 5 Years	More than 5 Years
Senior Secured Facility (1)	\$ 638.9	\$ —	\$ —	\$ 638.9	\$ —
2025 Notes	350.0	—	—	—	350.0
2043 Notes	150.0	—	—	—	150.0
Total Debt Obligations	<u>\$ 1,138.9</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 638.9</u>	<u>\$ 500.0</u>

- (1) As of March 31, 2019, aggregate lender commitments under the Senior Secured Facility totaled \$1.64 billion and have \$985.1 million of unused capacity. As of March 31, 2019, there were \$16.0 million of letters of credit issued under the Senior Secured Facility as shown as part of total commitments in Note 10 to the financial statements.

Stockholders' Equity

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

Distributions

Distributions paid to stockholders during the years ended March 31, 2019 and 2018 totaled \$128.0 million (\$1.80 per share) and \$131.5 million (\$1.80 per share), respectively. For income tax purposes, distributions made to stockholders are reported as ordinary income, capital gains, non-taxable return of capital, or a combination thereof. Although the tax character of distributions paid to stockholders through March 31, 2019 may include return of capital, the exact amount cannot be determined at this point. The final determination of the tax character of distributions will not be made until we file our tax return for the tax year ended March 31, 2019. Tax characteristics of all distributions will be reported to stockholders on Form 1099 after the end of the calendar year. Our quarterly distributions, if any, will be determined by our Board of Directors.

To maintain our RIC status, we must distribute at least 90% of our ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any, at least annually, out of the assets legally available for distribution. Although we currently intend to distribute realized net capital gains (i.e., net long-term capital gains in excess of short-term capital losses), if any, at least annually, out of the assets legally available for such distributions, we may in the future decide to retain such capital gains for investment. Currently, we have substantial net capital loss carryforwards and consequently do not expect to generate cumulative net capital gains in the foreseeable future.

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

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

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

PIK Income

For the years ended March 31, 2019 and 2018, PIK income totaled \$8.6 million and \$20.2 million on total investment income of \$255.1 million and \$259.3 million, respectively. In order to maintain the Company’s status as a RIC, this non-cash source of income must be paid out to stockholders annually in the form of distributions, even though the Company has not yet collected the cash. See Note 5 to the financial statements for more information on the Company’s PIK income.

Related Party Transactions

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

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

We are subject to financial market risks, including changes in interest rates. During the year ended March 31, 2019, many of the loans in our portfolio had floating interest rates. These loans are usually based on LIBOR and typically have durations of one to six months after which they reset to current market interest rates. The Company also has a Senior Secured Facility that is based on LIBOR rates.

The following table shows the estimated annual impact on net investment income of base rate changes in interest rates (considering interest rate flows for variable rate instruments) to our loan portfolio and outstanding debt as of March 31, 2019, assuming no changes in our investment and borrowing structure:

Basis Point Change	Net Investment Income	Net Investment Income Per Share
Up 200 basis points	\$ 14.2 million	\$ 0.207
Up 100 basis points	7.4 million	0.107
Down 100 basis points	(7.3) million	(0.106)
Down 200 basis points	(9.8) million	(0.143)

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

Item 8. Financial Statements and Supplementary Data

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Management's Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, and for performing an assessment of the effectiveness of internal control over financial reporting as of March 31, 2019. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. The Company's internal control over financial reporting includes those policies and procedures that (i) pertain to assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Management performed an assessment of the effectiveness of the Company's internal control over financial reporting as of March 31, 2019 based upon criteria in *Internal Control — Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on our assessment, management determined that the Company's internal control over financial reporting was effective as of March 31, 2019 based on the criteria on *Internal Control — Integrated Framework* issued by COSO.

The effectiveness of the Company's internal control over financial reporting as of March 31, 2019 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears herein.

Report of Independent Registered Public Accounting Firm

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

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying statements of assets and liabilities, including the schedules of investments, of Apollo Investment Corporation as of March 31, 2019 and 2018, and the related statements of operations, changes in net assets and cash flows for each of the three years in the period ended March 31, 2019, including the related notes (collectively referred to as the “financial statements”). We also have audited the Company's internal control over financial reporting as of March 31, 2019, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2019 and 2018, and the results of its operations, changes in its net assets and its cash flows for each of the three years in the period ended March 31, 2019 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of March 31, 2019, based on criteria established in Internal Control - Integrated Framework (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express opinions on the Company's financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the financial statements included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our procedures included confirmation of securities owned as of March 31, 2019 and 2018 by correspondence with the custodian, administrative agents and portfolio companies. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP

New York, New York

May 16, 2019

We have served as the Company's auditor since 2004.

APOLLO INVESTMENT CORPORATION
STATEMENTS OF ASSETS AND LIABILITIES
(In thousands, except share and per share data)

	<u>March 31, 2019</u>	<u>March 31, 2018</u>
Assets		
Investments at fair value:		
Non-controlled/non-affiliated investments (cost — \$1,654,322 and \$1,471,492, respectively)	\$ 1,627,406	\$ 1,450,033
Non-controlled/affiliated investments (cost — \$67,072 and \$73,943, respectively)	49,681	68,954
Controlled investments (cost — \$736,717 and \$723,161, respectively)	731,045	729,060
Cash and cash equivalents	36,280	14,035
Foreign currencies (cost — \$4,963 and \$1,494, respectively)	4,909	1,298
Cash collateral on option contracts	—	5,016
Receivable for investments sold	336	2,190
Interest receivable	24,280	22,272
Dividends receivable	3,748	2,550
Deferred financing costs	19,776	14,137
Variation margin receivable	—	1,846
Prepaid expenses and other assets	336	419
Total Assets	<u>\$ 2,497,797</u>	<u>\$ 2,311,810</u>
Liabilities		
Debt	\$ 1,128,686	\$ 789,846
Payable for investments purchased	677	41,827
Distributions payable	31,040	32,447
Management and performance-based incentive fees payable	8,880	16,585
Interest payable	5,818	5,310
Accrued administrative services expense	2,983	2,507
Other liabilities and accrued expenses	7,086	5,202
Total Liabilities	<u>\$ 1,185,170</u>	<u>\$ 893,724</u>
Commitments and contingencies (Note 10)		
Net Assets	<u>\$ 1,312,627</u>	<u>\$ 1,418,086</u>
Net Assets		
Common stock, \$0.001 par value (400,000,000 shares authorized; 68,876,986 and 72,104,032 shares issued and outstanding, respectively)	\$ 69	\$ 72
Capital in excess of par value	2,155,836	2,636,651
Accumulated under-distributed (over-distributed) earnings	(843,278)	(1,218,637)
Net Assets	<u>\$ 1,312,627</u>	<u>\$ 1,418,086</u>
Net Asset Value Per Share	<u>\$ 19.06</u>	<u>\$ 19.67</u>

See notes to financial statements.

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

	Year Ended March 31,		
	2019	2018	2017
Investment Income			
Non-controlled/non-affiliated investments:			
Interest income (excluding Payment-in-kind (“PIK”) interest income)	\$ 164,186	\$ 157,076	\$ 160,457
Dividend income	4	—	2,066
PIK interest income	3,365	7,176	7,824
Other income	8,135	6,548	4,551
Non-controlled/affiliated investments:			
Interest income (excluding PIK interest income)	—	266	1,914
Dividend income	1,198	2,528	14,485
PIK interest income	—	7,626	2,809
Other income	—	(306)	70
Controlled investments:			
Interest income (excluding PIK interest income)	58,868	55,781	50,405
Dividend income	14,100	17,153	17,750
PIK interest income	5,220	5,439	17,531
Total Investment Income	\$ 255,076	\$ 259,287	\$ 279,862
Expenses			
Management fees	\$ 35,733	\$ 47,937	\$ 52,934
Performance-based incentive fees	21,190	28,710	18,776
Interest and other debt expenses	58,319	53,039	59,765
Administrative services expense	6,772	6,915	7,513
Other general and administrative expenses	11,378	9,599	13,200
Total expenses	133,392	146,200	152,188
Management and performance-based incentive fees waived	(5,542)	(19,718)	(21,233)
Expense reimbursements	(523)	(582)	(336)
Net Expenses	\$ 127,327	\$ 125,900	\$ 130,619
Net Investment Income	\$ 127,749	\$ 133,387	\$ 149,243
Net Realized and Change in Unrealized Gains (Losses)			
Net realized gains (losses):			
Non-controlled/non-affiliated investments	\$ (22,109)	\$ (96,498)	\$ (97,774)
Non-controlled/affiliated investments	2,007	(167,416)	50,014
Controlled investments	—	—	(2,173)
Option contracts	(29,995)	(4,275)	752
Credit default swaps	—	—	(878)
Foreign currency transactions	64	15,851	8,236
Extinguishment of debt	—	(5,790)	—
Net realized losses	(50,033)	(258,128)	(41,823)
Net change in unrealized gains (losses):			
Non-controlled/non-affiliated investments	(5,454)	86,870	134,198
Non-controlled/affiliated investments	(12,403)	173,674	(185,926)
Controlled investments	(11,571)	7,622	(55,689)
Option contracts	19,145	(19,145)	—
Foreign currency translations	4,513	(37,251)	18,367
Net change in unrealized losses	(5,770)	211,770	(89,050)
Net Realized and Change in Unrealized Losses	\$ (55,803)	\$ (46,358)	\$ (130,873)
Net Increase in Net Assets Resulting from Operations	\$ 71,946	\$ 87,029	\$ 18,370
Earnings (Loss) Per Share — Basic	\$ 1.02	\$ 1.19	\$ 0.25

See notes to financial statements.

APOLLO INVESTMENT CORPORATION
STATEMENTS OF CHANGES IN NET ASSETS
(In thousands, except share data)

	Year Ended March 31,		
	2019	2018	2017
Operations			
Net investment income	\$ 127,749	\$ 133,387	\$ 149,243
Net realized losses	(50,033)	(258,128)	(41,823)
Net change in unrealized losses	(5,770)	211,770	(89,050)
Net Increase in Net Assets Resulting from Operations	\$ 71,946	\$ 87,029	\$ 18,370
Distributions to Stockholders			
Distribution of net investment income	\$ (112,042)	\$ (86,906)	\$ (76,950)
Distribution of return of capital	(14,533)	(44,088)	(67,286)
Net Decrease in Net Assets Resulting from Distributions to Stockholders	\$ (126,575)	\$ (130,994)	\$ (144,236)
Capital Share Transactions			
Repurchase of common stock	\$ (50,830)	\$ (19,746)	\$ (37,918)
Net Decrease in Net Assets Resulting from Capital Share Transactions	\$ (50,830)	\$ (19,746)	\$ (37,918)
Net Assets			
Net decrease in net assets during the period	\$ (105,459)	\$ (63,711)	\$ (163,784)
Net assets at beginning of period	1,418,086	1,481,797	1,645,581
Net Assets at End of Period	\$ 1,312,627	\$ 1,418,086	\$ 1,481,797
Capital Share Activity			
Shares repurchased during the period	(3,227,046)	(1,127,519)	(2,153,947)
Shares issued and outstanding at beginning of period	72,104,032	73,231,551	75,385,499
Shares Issued and Outstanding at End of Period	68,876,986	72,104,032	73,231,552

See notes to financial statements.

APOLLO INVESTMENT CORPORATION
STATEMENTS OF CASH FLOWS
(In thousands)

	Year Ended March 31,		
	2019	2018	2017
Operating Activities			
Net increase (decrease) in net assets resulting from operations	\$ 71,946	\$ 87,029	\$ 18,370
Net realized losses	50,033	258,128	41,823
Net change in unrealized losses	5,770	(211,770)	89,050
Net amortization of premiums and accretion of discounts on investments	(6,430)	(6,616)	(5,155)
Accretion of discount on notes	593	593	593
Amortization of deferred financing costs	4,842	4,739	5,625
Increase in gains/(losses) from foreign currency transactions	64	15,850	8,236
PIK interest and dividends capitalized	(6,412)	(14,616)	(33,389)
Changes in operating assets and liabilities:			
Purchases of investments	(1,319,211)	(1,021,505)	(612,464)
Proceeds from sales and repayments of investments	1,083,139	1,181,545	1,122,057
Purchases of option contracts	—	(12,627)	(4,746)
Purchases of credit default swaps	—	—	(879)
Proceeds from option contracts	—	8,330	5,499
Net settlement of option contracts	(9,002)	(20,970)	—
Decrease (increase) in interest receivable	(2,012)	(5,199)	12,791
Decrease (increase) in dividends receivable	(1,198)	3,939	3,020
Decrease (increase) in prepaid expenses and other assets	83	294	8,810
Increase (decrease) in management and performance-based incentive fees payable	(7,705)	279	(14,818)
Increase (decrease) in interest payable	508	(2,009)	(125)
Increase (decrease) in accrued administrative services expense	476	257	235
Increase (decrease) in other liabilities and accrued expenses	1,884	(1,873)	(2,116)
Net Cash Provided by Operating Activities	<u>\$ (132,632)</u>	<u>\$ 263,798</u>	<u>\$ 642,417</u>
Financing Activities			
Issuances of debt	\$ 973,250	\$ 1,123,983	\$ 922,423
Payments of debt	(631,000)	(1,226,945)	(1,370,124)
Financing costs paid and deferred	(9,908)	(522)	(7,883)
Repurchase of common stock	(50,830)	(19,746)	(37,918)
Distributions paid	(127,980)	(131,502)	(156,513)
Net Cash Used in Financing Activities	<u>\$ 153,532</u>	<u>\$ (254,732)</u>	<u>\$ (650,015)</u>
Cash, Cash Equivalents, Foreign Currencies and Collateral on Option Contracts			
Net increase in cash, cash equivalents, foreign currencies and collateral on option contracts during the period	\$ 20,900	\$ 9,066	\$ (7,598)
Effect of foreign exchange rate changes on cash and cash equivalents	(60)	3	(27)
Cash, cash equivalents, foreign currencies and collateral on option contracts at beginning of period	20,349	11,280	18,905
Cash, Cash Equivalents, Foreign Currencies and Collateral on Option Contracts at the End of Period	<u>\$ 41,189</u>	<u>\$ 20,349</u>	<u>\$ 11,280</u>
Supplemental Disclosure of Cash Flow Information			
Cash interest paid	\$ 52,436	\$ 49,595	\$ 53,693
Non-Cash Activity			
PIK income	\$ 8,585	\$ 20,241	\$ 28,164

See notes to financial statements.

APOLLO INVESTMENT CORPORATION
SCHEDULE OF INVESTMENTS
March 31, 2019
(In thousands, except share data)

Industry / Company	Investment Type	Interest Rate (20)	Maturity Date	Par / Shares (12)	Cost (29)	Fair Value (1) (30)	
Advertising, Printing & Publishing							
A-L Parent LLC	Second Lien Secured Debt	9.75% (1M L+725, 1.00% Floor)	12/02/24	\$ 5,536	\$ 5,496	\$ 5,522	(10)
Simplifi Holdings, Inc.	First Lien Secured Debt	8.00% (1M L+550, 1.00% Floor)	09/28/22	25,363	24,948	25,110	(9)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	09/28/22	2,400	(50)	(24)	(8)(9)(21)(23)
					24,898	25,086	
Total Advertising, Printing & Publishing					\$ 30,394	\$ 30,608	
Aerospace & Defense							
Erickson Inc	First Lien Secured Debt - Revolver	10.09% (3M L+750, 1.00% Floor)	04/28/22	\$ 27,169	\$ 27,169	\$ 26,558	(9)(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	04/28/22	11,381	(346)	(256)	(8)(9)(21)(23)
	First Lien Secured Debt - Letters of Credit	7.50%	04/21/19 - 10/01/22	6,449	—	(144)	(8)(9)(23)
					26,823	26,158	
ILC Dover LP	Second Lien Secured Debt	11.38% (6M L+850, 1.00% Floor)	06/28/24	20,000	19,635	19,550	
PAE Holding Corporation	Second Lien Secured Debt	12.00% (1M L+950, 1.00% Floor)	10/20/23	28,097	27,540	27,816	(10)
Total Aerospace & Defense					\$ 73,998	\$ 73,524	
Automotive							
Accelerate Parent Corp.	Common Equity/Interests - Common Stock	N/A	N/A	1,076 Shares	\$ 1,714	\$ —	(13)(28)
Crowne Automotive							
Vari-Form Group, LLC	First Lien Secured Debt	13.60% (3M L+11.00% (7.00% Cash plus 4.00% PIK), 1.00% Floor)	02/02/23	\$ 6,196	5,766	960	(9)(13)(14)
Vari-Form Inc.	First Lien Secured Debt	13.60% (3M L+11.00% (7.00% Cash plus 4.00% PIK), 1.00% Floor)	02/02/23	2,110	2,604	327	(9)(13)(14)
					8,370	1,287	
K&N Parent, Inc.	Second Lien Secured Debt	11.25% (1M L+875, 1.00% Floor)	10/21/24	23,764	23,428	22,991	(10)
Total Automotive					\$ 33,512	\$ 24,278	
Aviation and Consumer Transport							
Merx Aviation Finance, LLC (5)	First Lien Secured Debt - Revolver	12.00%	10/31/23	\$ 371,200	\$ 371,200	\$ 371,200	(23)
	First Lien Secured Debt - Letter of Credit	2.25%	07/13/19	177	—	—	(23)
	Common Equity/Interests - Membership Interests	N/A	N/A	N/A	15,000	54,281	
Total Aviation and Consumer Transport					\$ 386,200	\$ 425,481	
Beverage, Food & Tobacco							
Eagle Foods Family Group, LLC	First Lien Secured Debt	9.24% (3M L+650, 1.00% Floor)	06/14/24	\$ 24,813	\$ 24,571	\$ 24,440	(9)
	First Lien Secured Debt - Unfunded Revolver	0.00% Unfunded	06/14/23	3,750	(35)	(56)	(8)(9)(21)(23)
					24,536	24,384	
Florida Food Products							
Florida Food Products, Inc.	First Lien Secured Debt	9.25% (1M L+675, 1.00% Floor)	09/08/25	23,171	22,639	22,940	(9)
Florida Food Products, LLC	First Lien Secured Debt - Revolver	9.25% (1M L+675, 1.00% Floor)	09/06/23	1,336	1,336	1,322	(9)(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	09/06/23	377	(38)	(4)	(8)(9)(21)(23)
					23,937	24,258	

See notes to financial statements.

APOLLO INVESTMENT CORPORATION
SCHEDULE OF INVESTMENTS
March 31, 2019
(In thousands, except share data)

Industry / Company	Investment Type	Interest Rate (20)	Maturity Date	Par / Shares (12)	Cost (29)	Fair Value (1) (30)	
TNT Crust LLC	First Lien Secured Debt	8.75% (1M L+625, 1.00% Floor)	11/06/23	9,083	8,916	8,992	(9)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	11/06/23	1,626	(30)	(16)	(8)(9)(21)(23)
	Common Equity/Interests - Series A Units	N/A	N/A	244 Shares	244	323	(9)(13)
					9,130	9,299	
Total Beverage, Food & Tobacco					\$ 57,603	\$ 57,941	
Business Services							
Access CIG, LLC	Second Lien Secured Debt	10.25% (1M L+775)	02/27/26	\$ 15,900	\$ 15,771	\$ 15,741	(10)
Aero Operating LLC	First Lien Secured Debt	9.75% (1M L+725, 1.00% Floor)	12/29/22	37,040	36,325	36,669	(9)
	First Lien Secured Debt - Revolver	9.75% (1M L+725)	12/29/22	2,663	2,663	2,636	(9)(23)
	First Lien Secured Debt - Unfunded Revolver	1.00% Unfunded	12/29/22	2,032	(90)	(20)	(8)(9)(21)(23)
	First Lien Secured Debt - Letter of Credit	7.25%	5/4/2019-6/21/19	118	—	(1)	(8)(9)(23)
					38,898	39,284	
Ambrosia Buyer Corp.	Second Lien Secured Debt	10.50% (1M L+ 800, 1.00% Floor)	08/28/25	21,429	20,999	20,975	
Aptean, Inc.	Second Lien Secured Debt	12.11% (3M L+950, 1.00% Floor)	12/20/23	11,148	11,064	11,148	(10)
Claritas, LLC	First Lien Secured Debt	8.50% (1M L+600, 1.00% Floor)	12/21/23	3,944	3,905	3,905	(9)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	12/21/23	1,031	(10)	(10)	(8)(9)(21)(23)
					3,895	3,895	
Continuum Global Solutions, LLC	First Lien Secured Debt - Revolver	8.00% (1M L+550, 1.00% Floor)	02/15/22	6,219	6,219	6,095	(9)(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	02/15/22	4,550	(207)	(91)	(8)(9)(21)(23)
	Preferred Equity - Preferred Stock	N/A	N/A	620 Shares	62	62	(9)(13)
					6,074	6,066	
CT Technologies Intermediate Holdings, Inc	First Lien Secured Debt	6.75% (1M L+425, 1.00% Floor)	12/01/21	4,460	3,853	3,897	(9)(10)
	Second Lien Secured Debt	11.50% (1M L+900, 1.00% Floor)	12/01/22	31,253	30,636	29,378	(9)
					34,489	33,275	
Education Personnel	First Lien Secured Debt	5.60% (3M GBP L+475, 0.50% Floor)	08/31/24	£ 4,118	5,219	5,315	(9)(17)
	First Lien Secured Debt - Revolver	5.60% (3M GBP L+475, 0.50% Floor)	08/31/24	£ 1,471	1,864	1,898	(9)(17)(23)
	First Lien Secured Debt - Unfunded Delayed Draw	1.66% Unfunded	08/31/24	£ 4,412	—	—	(9)(17)(21)(23)
					7,083	7,213	
Electro Rent Corporation	Second Lien Secured Debt	11.60% (3M L+900, 1.00% Floor)	01/31/25	34,235	33,427	33,551	(9)
McLarens Global Ltd.							
Margaux Acquisition Inc.	First Lien Secured Debt	8.18% (3M L+600, 1.00% Floor)	12/19/24	17,614	17,279	17,262	(9)
	First Lien Secured Debt	8.60% (3M L+600, 1.00% Floor)	12/19/24	1,373	1,373	1,345	(9)
	First Lien Secured Debt - Revolver	8.60% (3M L+600)	12/19/24	172	172	168	(9)(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	12/19/24	1,430	(31)	(29)	(8)(9)(21)(23)
	First Lien Secured Debt - Unfunded Delayed Draw	1.00% Unfunded	12/19/24	4,461	(111)	(89)	(8)(9)(21)(23)

See notes to financial statements.

APOLLO INVESTMENT CORPORATION
SCHEDULE OF INVESTMENTS
March 31, 2019
(In thousands, except share data)

Industry / Company	Investment Type	Interest Rate (20)	Maturity Date	Par / Shares (12)	Cost (29)	Fair Value (1) (30)	
Margaux UK Finance Limited	First Lien Secured Debt	8.59% (3M L+600, 1.00% Floor)	12/19/24	£ 5,955	7,381	7,605	(9)(17)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	12/19/24	£ 541	(13)	(14)	(8)(9)(17)(21)(23)
	First Lien Secured Debt - Unfunded Delayed Draw	1.00% Unfunded	12/19/24	£ 1,353	(33)	(35)	(8)(9)(17)(21)(23)
					26,017	26,213	
Ministry Brands, LLC	Second Lien Secured Debt	11.88% (1M L+925, 1.00% Floor)	06/02/23	10,000	9,902	10,050	
Newscycle Solutions, Inc.	First Lien Secured Debt	9.50% (1M L+700, 1.00% Floor)	12/29/22	16,646	16,334	16,479	(9)
	First Lien Secured Debt - Revolver	9.50% (1M L+700, 1.00% Floor)	12/29/22	160	160	158	(9)(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	12/29/22	340	(9)	(3)	(8)(9)(21)(23)
					16,485	16,634	
PSI Services, LLC	First Lien Secured Debt	7.50% (1M L+500, 1.00% Floor)	01/20/23	4,575	4,502	4,552	(9)
	First Lien Secured Debt - Revolver	7.48% (1M L+500, 1.00% Floor)	01/20/22	119	119	119	(9)(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	01/20/22	278	(6)	(1)	(8)(9)(21)(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	01/20/22	£ 47	—	—	(8)(9)(21)(23)
	Second Lien Secured Debt	11.50% (1M L+900, 1.00% Floor)	01/20/24	37,893	37,117	37,925	(9)
					41,732	42,595	
RA Outdoors, LLC	First Lien Secured Debt	7.25% (1M L+475, 1.00% Floor)	09/11/24	7,138	7,027	6,995	(9)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	09/09/22	1,176	(17)	(24)	(8)(9)(21)(23)
	First Lien Secured Debt - Letter of Credit	4.75%	08/28/19	24	—	—	(8)(9)(23)
	Second Lien Secured Debt	11.25% (1M L+875, 1.00% Floor)	09/11/25	34,200	33,510	33,345	(9)
					40,520	40,316	
STG-Fairway Acquisitions, Inc.	Second Lien Secured Debt	11.75% (1M L+925, 1.00% Floor)	06/30/23	15,000	14,800	14,325	(10)
TGG TS Acquisition Company	First Lien Secured Debt - Revolver	8.99% (1M L+650)	12/14/23	690	690	673	(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	12/14/23	1,060	—	(27)	(8)(21)(23)
					690	646	
Transplace Holdings, Inc.	Second Lien Secured Debt	11.23% (1M L+875, 1.00% Floor)	10/06/25	8,599	8,422	8,448	(10)
U.S. Legal Support							
USLS Acquisition, Inc.	First Lien Secured Debt	8.38% (3M L+575, 1.00% Floor)	12/02/24	20,049	19,670	19,658	(9)
	First Lien Secured Debt	8.35% (3M L+575, 1.00% Floor)	12/02/24	1,099	1,088	1,077	(9)
	First Lien Secured Debt - Revolver	8.38% (3M L+575)	12/02/24	536	536	526	(9)(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	12/02/24	986	(30)	(19)	(8)(9)(21)(23)
	First Lien Secured Debt - Unfunded Delayed Draw	0.50% Unfunded	12/02/24	3,591	(44)	(70)	(8)(9)(21)(23)
	First Lien Secured Debt - Letter of Credit	5.75%	12/02/24	86	—	(1)	(8)(9)(23)

See notes to financial statements.

APOLLO INVESTMENT CORPORATION
SCHEDULE OF INVESTMENTS
March 31, 2019
(In thousands, except share data)

Industry / Company	Investment Type	Interest Rate (20)	Maturity Date	Par / Shares (12)	Cost (29)	Fair Value (1) (30)	
US Legal Support Investment Holdings, LLC	Common Equity/Interests - Series A-1 Units	N/A	N/A	602,978 Shares	603	696	(9)(13)
					21,823	21,867	
Vertafore, Inc.	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	06/30/23	14,576	(1,467)	(1,531)	(8)(21)(23)
	First Lien Secured Debt - Letter of Credit	3.25%	01/17/20	424	—	(45)	(8)(23)
					(1,467)	(1,576)	
Total Business Services					\$ 350,624	\$ 350,666	
Chemicals, Plastics & Rubber							
Carbon Free Chemicals							
Carbonfree Chemicals SPE I LLC (f/k/a Maxus Capital Carbon SPE I LLC)	First Lien Secured Debt	5.215% PIK	12/31/21	\$ 50,305	\$ 50,305	\$ 47,806	
	First Lien Secured Debt - Unfunded Delayed Draw	0.00% Unfunded	12/31/21	2,911	—	—	(21)(23)
	Common Equity/Interests - Residual Interests	N/A	N/A	9,000,000 shares	9,000	—	(13)
Carbonfree Caustic SPE LLC	First Lien Secured Debt	5.00%	12/31/21	10,200	10,200	10,200	
					69,505	58,006	
Hare Bidco, Inc.	Second Lien Secured Debt	9.75% (3M E+875)	08/01/24	€ 13,574	14,465	14,937	
Westfall Technik, Inc.	First Lien Secured Debt	7.85% (3M L+525, 1.00% Floor)	09/13/24	12,318	12,158	12,071	(9)
	First Lien Secured Debt - Revolver	7.69% (3M L+500, 1.00% Floor)	09/13/24	135	135	132	(9)(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	09/13/24	1,885	(37)	(38)	(8)(9)(21)(23)
	First Lien Secured Debt - Unfunded Delayed Draw	1.00% Unfunded	09/13/24	3,140	(98)	(63)	(8)(9)(21)(23)
					12,158	12,102	
Total Chemical, Plastics & Rubber					\$ 96,128	\$ 85,045	
Construction & Building							
Englert							
Gutter Buyer, Inc.	First Lien Secured Debt	8.73% (1M L+625, 1.00% Floor)	03/06/25	\$ 23,864	\$ 23,274	\$ 23,268	(9)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	03/06/24	2,727	(67)	(68)	(8)(9)(21)(23)
	First Lien Secured Debt - Unfunded Delayed Draw	0.00% Unfunded	03/06/25	3,409	(51)	(85)	(8)(9)(21)(23)
Gutter Holdings, LP	Common Equity/Interests - Common Stock	N/A	N/A	500 shares	500	478	(9)(13)
Total Construction & Building					\$ 23,656	\$ 23,593	
Consumer Goods – Durable							
Hayward Industries, Inc.	Second Lien Secured Debt	10.75% (1M L+825)	08/04/25	\$ 21,918	\$ 21,649	\$ 21,589	
KDC US Holdings	First Lien Secured Debt - Revolver	5.75% (1M L+325)	12/21/23	1,204	1,204	1,099	(23)
	First Lien Secured Debt - Unfunded Revolver	0.00% Unfunded	12/21/23	4,712	—	(409)	(8)(21)(23)
	First Lien Secured Debt - Letters of Credit	3.25%	12/31/19-03/08/20	104	—	(9)	(8)(23)
					1,204	681	
KLO Holdings							
9357-5991 Quebec Inc.	First Lien Secured Debt	10.25% (1M L+775, 1.50% Floor)	04/07/22	8,763	8,697	8,282	
KLO Acquisition LLC	First Lien Secured Debt	10.25% (1M L+775, 1.50% Floor)	04/07/22	5,073	5,035	4,795	
					13,732	13,077	

See notes to financial statements.

APOLLO INVESTMENT CORPORATION
SCHEDULE OF INVESTMENTS
March 31, 2019
(In thousands, except share data)

Industry / Company	Investment Type	Interest Rate (20)	Maturity Date	Par / Shares (12)	Cost (29)	Fair Value (1) (30)	
Project Comfort Buyer, Inc.	First Lien Secured Debt	9.81% (6M L+700, 1.00% Floor)	02/03/25	23,769	23,075	23,056	(9)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	02/01/24	3,462	(100)	(104)	(8)(9)(21)(23)
	First Lien Secured Debt - Unfunded Delayed Draw	0.50% Unfunded	02/03/25	2,308	(34)	(69)	(8)(9)(21)(23)
	Preferred Equity - Preferred Stock	N/A	N/A	461,538 Shares	462	462	(9)(13)
					23,403	23,345	
Sorenson Holdings, LLC	Common Equity/Interests - Membership Interests	N/A	N/A	587 Shares	—	470	(10)(13)
Total Consumer Goods - Durable					\$ 59,988	\$ 59,162	
Consumer Goods – Non-Durable							
ABG Intermediate Holdings 2, LLC	Second Lien Secured Debt	10.25% (1M L+775, 1.00% Floor)	09/29/25	\$ 7,371	\$ 7,345	\$ 7,298	(10)
BIG Buyer, LLC	First Lien Secured Debt	9.10% (3M L+650, 1.00% Floor)	11/20/23	29,264	28,503	28,970	(9)
	First Lien Secured Debt - Revolver	9.10% (3M L+650, 1.00% Floor)	11/20/23	271	271	268	(9)(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	11/20/23	1,535	(50)	(15)	(8)(9)(21)(23)
	First Lien Secured Debt - Unfunded Delayed Draw	3.25% Unfunded	11/20/23	1,368	(75)	(14)	(8)(9)(21)(23)
					28,649	29,209	
Lion Cashmere Midco Limited	First Lien Secured Debt	8.42% (6M L+575, 1.00% Floor)	03/21/25	13,053	12,825	12,694	(9)(17)
	First Lien Secured Debt - Revolver	7.92% (6M L+525, 1.00% Floor)	03/21/24	€ 225	256	246	(9)(17)(23)
	First Lien Secured Debt - Unfunded Revolver	1.84% Unfunded	03/21/24	€ 960	(23)	(30)	(8)(9)(17)(21)(23)
	First Lien Secured Debt - Unfunded Delayed Draw	2.01% Unfunded	03/21/25	€ 2,372	(47)	(73)	(8)(9)(17)(21)(23)
					13,011	12,837	
Reddy Ice Corporation	First Lien Secured Debt	10.00% (1M L+750, 1.00% Floor)	06/30/23	31,316	30,917	31,026	(9)
	First Lien Secured Debt - Revolver	12.00% (P+650)	06/30/23	1,045	1,045	1,036	(9)(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	06/30/23	1,874	(37)	(17)	(8)(9)(21)(23)
	First Lien Secured Debt - Letter of Credit	4.50%	04/05/19	9,750	—	(90)	(8)(9)(23)
	First Lien Secured Debt - Unfunded Delayed Draw	0.00% Unfunded	06/30/23	2,681	(11)	(25)	(8)(9)(21)(23)
					31,914	31,930	
Sequential Brands Group, Inc.	Second Lien Secured Debt	11.24% (1M L+875)	02/07/24	13,052	12,947	12,919	(17)
Total Consumer Goods - Non-Durable					\$ 93,866	\$ 94,193	
Consumer Services							
1A Smart Start LLC	Second Lien Secured Debt	10.75% (1M L+825, 1.00% Floor)	08/22/22	\$ 25,100	\$ 24,734	\$ 24,708	
Nemo (BC) Bidco Pty Ltd	First Lien Secured Debt	7.65% (1M BBSW+575, 1.00% Floor)	04/06/24	A\$ 6,768	4,909	4,712	(17)
	First Lien Secured Debt - Unfunded Delayed Draw	2.59% Unfunded	04/06/24	A\$ 232	(9)	(2)	(8)(17)(21)(23)
					4,900	4,710	
Pinstripe Holdings, LLC	First Lien Secured Debt	8.50% (2M L+600)	01/17/25	7,000	6,864	6,895	
Tidewater Consumer Receivables, LLC	First Lien Secured Debt	8.25% (1M L+575)	12/28/23	11,333	11,226	11,220	(9)(17)

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	First Lien Secured Debt - Revolver	8.25% (1M L+575)	12/28/23	792	792	784	(9)(17)(23)
	First Lien Secured Debt - Unfunded Revolver	0.00% Unfunded	12/28/23	1,542	(11)	(8)	(8)(9)(17)(21)(23)
					12,007	11,996	
Total Consumer Services					\$ 48,505	\$ 48,309	
Containers, Packaging & Glass							
Sprint Industrial Holdings, LLC	Second Lien Secured Debt	13.5% PIK	11/14/19	\$ 21,782	\$ 18,107	\$ 15,912	(13)(14)
	Common Equity/Interests - Warrants	N/A	N/A	7,341 Warrants	—	—	(13)(26)
					18,107	15,912	
TricorBraun Holdings, Inc.	First Lien Secured Debt - Revolver	7.75% (P+225)	11/30/21	1,628	1,628	1,630	(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	11/30/21	3,998	(270)	—	(21)(23)
					1,358	1,630	
Total Containers, Packaging & Glass					\$ 19,465	\$ 17,542	
Diversified Investment Vehicles, Banking, Finance, Real Estate							
Alera Group Intermediate Holdings	First Lien Secured Debt - Unfunded Delayed Draw	1.00% Unfunded	08/01/25	\$ 28,000	\$ (242)	\$ (252)	(8)(21)(23)
Exeter Property Group, LLC	First Lien Secured Debt	7.00% (1M L+450)	08/28/24	4,808	4,737	4,736	(9)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	08/28/24	192	(3)	(3)	(8)(9)(21)(23)
					4,734	4,733	
Flock SPV I, LLC	First Lien Secured Debt	9.00% (1M L+650)	08/30/22	9,333	9,265	9,251	(9)(17)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	08/30/22	1,333	(11)	(12)	(8)(9)(17)(21)(23)
	First Lien Secured Debt - Unfunded Delayed Draw	0.50% Unfunded	08/30/22	9,333	(91)	(83)	(8)(9)(17)(21)(23)
					9,163	9,156	
Golden Bear 2016-R, LLC (4)	Structured Products and Other - Membership Interests	N/A	09/20/42	—	16,645	12,936	(3)(17)
Mayfield Agency Borrower Inc.	Second Lien Secured Debt	11.00% (1M L+850)	03/02/26	5,000	4,935	4,913	(10)
Purchasing Power, LLC	First Lien Secured Debt	8.00% (1M L+550)	05/09/19	17,100	17,099	17,087	(9)
	First Lien Secured Debt - Revolver	7.99% (1M L+550)	05/09/19	3,000	2,998	2,998	(9)(23)
	First Lien Secured Debt - Unfunded Delayed Draw	0.50% Unfunded	05/09/19	9,900	(14)	(7)	(8)(9)(21)(23)
					20,083	20,078	
Taupo River II, LLC	First Lien Secured Debt	7.84% (3M L+525, 1.00% Floor)	06/08/20	14,000	13,956	13,955	(9)(17)
Ten-X, LLC	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	09/29/22	4,680	(295)	(310)	(8)(21)(23)
Total Diversified Investment Vehicles, Banking, Finance, Real Estate					\$ 68,979	\$ 65,209	
Energy – Electricity							
AMP Solar Group, Inc. (4)	Common Equity/Interests - Class A Common Unit	N/A	N/A	243,646 Shares	\$ 10,000	\$ 6,236	(13)(17)
Renew Financial							
AIC SPV Holdings II, LLC (4)	Preferred Equity - Preferred Stock	N/A	N/A	143 Shares	534	440	(17)(15)

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Renew Financial LLC (f/k/a Renewable Funding, LLC) (4)	Preferred Equity - Series B Preferred Stock	N/A	N/A	1,505,868 Shares	8,343	14,573	(13)
	Preferred Equity - Series D Preferred Stock	N/A	N/A	436,689 Shares	5,568	5,890	(13)
Renew JV LLC (4)	Common Equity/Interests - Membership Interests	N/A	N/A	N/A	1,796	2,296	(13)(17)
					16,241	23,199	
Solarplicity Group							
Solarplicity Group Limited (4)	First Lien Secured Debt	N/A	11/30/22	£ 4,331	5,811	1,990	(3)(17)
Solarplicity UK Holdings Limited	First Lien Secured Debt	4.00%	03/08/23	£ 5,562	7,637	7,173	(17)
	Preferred Equity - Preferred Stock	N/A	N/A	4,286 Shares	5,861	4,922	(2)(13)(17)
	Common Equity/Interests - Ordinary Shares	N/A	N/A	2,825 Shares	4	223	(2)(13)(17)
					19,313	14,308	
Total Energy – Electricity					\$ 45,554	\$ 43,743	
Energy – Oil & Gas							
Glacier Oil & Gas Corp. (f/k/a Miller Energy Resources, Inc.) (5)	First Lien Secured Debt	8.00% Cash (10.00% PIK Toggle)	03/29/20	\$ 9,000	\$ 9,000	\$ 9,000	
	Second Lien Secured Debt	10.00% PIK Toggle (8.00% Cash)	03/29/21	33,705	33,705	33,705	
	Common Equity/Interests - Common Stock	N/A	N/A	5,000,000 Shares	30,078	3,346	(13)
					72,783	46,051	
Pelican Energy, LLC (4)	Common Equity/Interests - Membership Interests	N/A	N/A	1,444 Shares	18,375	5,320	(13)(16)(17)
SHD Oil & Gas, LLC (5)	First Lien Secured Debt - Tranche C Note	12.00%	03/31/20	20,400	20,400	21,012	
	First Lien Secured Debt - Tranche A Note	4.00%	03/31/20	45,457	45,457	46,821	
	First Lien Secured Debt - Tranche B Note	3.00% PIK	03/31/20	81,956	44,380	39,432	(13)(14)
	First Lien Secured Debt - Unfunded Delayed Draw	0.00% Unfunded	03/31/20	1,600	—	—	(21)(23)
	Common Equity/Interests - Series A Units	N/A	N/A	7,600,000 Shares	1,411	—	(13)(16)
					111,648	107,265	
Total Energy – Oil & Gas					\$ 202,806	\$ 158,636	
Food & Grocery							
Bumble Bee Foods							
Bumble Bee Holdings, Inc.	First Lien Secured Debt	10.64% (3M L+800, 1.00% Floor)	08/15/23	\$ 15,351	\$ 15,110	\$ 14,890	
Connors Bros Clover Leaf Seafoods Company	First Lien Secured Debt	10.64% (3M L+800, 1.00% Floor)	08/15/23	4,349	4,281	4,219	
					19,391	19,109	
Grocery Outlet, Inc.	Second Lien Secured Debt	9.85% (3M L+725)	10/22/26	10,500	10,400	10,474	(10)
Total Food & Grocery					\$ 29,791	\$ 29,583	
Healthcare & Pharmaceuticals							
Altasciences							
9360-1367 Quebec Inc.	First Lien Secured Debt	8.49% (3M L+625, 1.00% Floor)	06/09/23	C\$ 2,394	\$ 1,755	\$ 1,725	(9)(17)

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	First Lien Secured Debt	8.88% (3M L+625, 1.00% Floor)	06/09/23	\$ 2,870	2,824	2,762	(9)(17)
Altasciences US Acquisition, Inc.	First Lien Secured Debt	8.88% (3M L+625, 1.00% Floor)	06/09/23	5,182	5,101	4,988	(9)
	First Lien Secured Debt	8.85% (3M L+625, 1.00% Floor)	06/09/23	922	922	887	(9)
	First Lien Secured Debt - Revolver	8.86% (3M L+625, 1.00% Floor)	06/09/23	535	535	515	(9)(23)
	First Lien Secured Debt - Unfunded Revolver	0.25% Unfunded	06/09/23	891	(22)	(33)	(8)(9)(21)(23)(27)
	First Lien Secured Debt - Unfunded Delayed Draw	0.50% Unfunded	06/09/23	1,929	(25)	(72)	(8)(9)(21)(23)(27)
					11,090	10,772	
Amerivet Partners Management, Inc.	First Lien Secured Debt	8.25% (1M L+575, 1.00% Floor)	06/05/24	14,372	14,145	14,046	(9)
	First Lien Secured Debt	10.25% (P+475)	06/05/24	1,635	1,619	1,598	(9)
	First Lien Secured Debt - Revolver	10.25% (P+475)	06/05/24	81	81	79	(9)(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	06/05/24	725	(17)	(16)	(8)(9)(21)(23)
	First Lien Secured Debt - Unfunded Delayed Draw	0.50% Unfunded	06/05/24	10,141	(214)	(230)	(8)(9)(21)(23)
					15,614	15,477	
Analogic Corporation	First Lien Secured Debt	8.50% (1M L+600, 1.00% Floor)	06/22/24	27,254	26,661	26,982	(9)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	06/22/23	2,609	(55)	(26)	(8)(9)(21)(23)
					26,606	26,956	
Aptevo Therapeutics Inc.	First Lien Secured Debt	10.10% (1M L+760, 0.50% Floor)	02/01/23	8,571	8,730	8,521	(9)
Argon Medical Devices Holdings, Inc.	Second Lien Secured Debt	10.50% (1M L+800, 1.00% Floor)	01/23/26	19,600	19,516	19,306	(10)
AVG Intermediate Holdings LLC	First Lien Secured Debt	12.50% (P+700)	02/08/24	15,000	14,672	14,651	(9)
	First Lien Secured Debt - Unfunded Delayed Draw	1.00% Unfunded	02/08/24	14,500	(317)	(338)	(8)(9)(21)(23)
					14,355	14,313	
BioClinica Holding I, LP	Second Lien Secured Debt	11.00% (3M L+825, 1.00% Floor)	10/21/24	24,612	24,251	22,151	(10)
Cerus Corporation	First Lien Secured Debt	7.95% (1M L+545, 1.80% Floor)	03/01/24	12,000	11,940	11,940	(9)(17)
	First Lien Secured Debt - Unfunded Revolver	0.00% Unfunded	03/01/24	500	(1)	(4)	(8)(9)(17)(21)(23)
	First Lien Secured Debt - Unfunded Delayed Draw	0.00% Unfunded	03/01/24	9,000	(44)	(46)	(8)(9)(17)(21)(23)
					11,895	11,890	
Emmes Corporation							
Emmes Blocker, Inc.	Common Equity/Interests - Common Stock	N/A	N/A	306 Shares	306	306	(9)(13)
The Emmes Company, LLC	First Lien Secured Debt	8.00% (1M L+550, 1.00% Floor)	03/03/25	12,245	12,064	11,939	(9)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	03/03/25	2,449	(36)	(61)	(8)(9)(21)(23)
					12,334	12,184	
Genesis Healthcare, Inc.	First Lien Secured Debt	8.59% (3M L+600, 0.50% Floor)	03/06/23	25,000	24,705	24,713	(9)
	First Lien Secured Debt	13.59% (3M L+1100, 1.00% Floor)	03/06/23	9,130	8,987	9,026	(9)

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	First Lien Secured Debt - Revolver	8.59% (3M L+600, 0.50% Floor)	03/06/23	11,077	11,077	10,953	(9)(23)
	First Lien Secured Debt - Revolver	5.84% (3M L+325, 0.50% Floor)	03/06/23	9,030	9,030	8,928	(9)(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	03/06/23	36,097	(556)	(404)	(8)(9)(21)(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	02/02/20	4,666	(161)	(52)	(8)(9)(21)(23)
					53,082	53,164	
Lanai Holdings III, Inc.	Second Lien Secured Debt	11.24% (3M L+850, 1.00% Floor)	08/28/23	17,391	17,064	15,652	(10)
LSCS Holdings, Inc	Second Lien Secured Debt	10.83% (2M L+825)	03/16/26	19,818	19,415	19,718	
Maxor National Pharmacy Services, LLC	First Lien Secured Debt	8.60% (3M L+600, 1.00% Floor)	11/22/23	24,732	24,257	24,278	(9)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	11/22/22	1,558	(28)	(28)	(8)(9)(21)(23)
					24,229	24,250	
Partner Therapeutics, Inc	First Lien Secured Debt	9.15% (1M L+665, 1.00% Floor)	01/01/23	10,000	9,859	9,785	(9)
	Preferred Equity - Preferred Stock	N/A	N/A	55,556 Shares	333	333	(9)
	Common Equity/Interests - Warrants	N/A	N/A	33,333 Warrants	135	93	(9)(13)
					10,327	10,211	
PHS Buyer, Inc.	First Lien Secured Debt	7.99% (3M L+525, 1.00% Floor)	01/31/25	13,000	12,716	12,708	(9)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	01/31/25	2,000	(44)	(45)	(8)(9)(21)(23)
					12,672	12,663	
ProPharma Group Intermediate, LLC	First Lien Secured Debt	8.50% (1M L+600, 0.50% Floor)	07/12/23	11,062	10,957	10,951	
	First Lien Secured Debt	8.50% (1M L+600, 0.50% Floor)	01/13/20	412	410	408	
	First Lien Secured Debt	8.50% (1M L+600, 0.50% Floor)	07/12/23	€ 6,422	7,253	7,138	
	First Lien Secured Debt	8.50% (1M L+600, 0.50% Floor)	07/12/23	£ 1,878	2,439	2,423	
	First Lien Secured Debt	8.50% (1M L+600, 0.50% Floor)	01/13/20	£ 2,389	3,111	3,082	
	First Lien Secured Debt - Revolver	8.48% (1M L+600, 0.50% Floor)	07/12/23	757	757	750	(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	07/12/23	275	(10)	(3)	(8)(21)(23)
	First Lien Secured Debt - Unfunded Delayed Draw	0.50% Unfunded	01/13/20	1	(1)	(4)	(8)(21)(23)
					24,916	24,745	
PTC Therapeutics, Inc	First Lien Secured Debt	8.65% (1M L+615, 1.00% Floor)	05/01/21	12,666	12,633	12,792	(9)(17)
RiteDose Holdings I, Inc.	First Lien Secured Debt	9.09% (3M L+650, 1.00% Floor)	09/13/23	14,813	14,454	14,377	(9)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	09/13/22	2,000	(45)	(51)	(8)(9)(21)(23)
					14,409	14,326	
Teladoc, Inc.	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	07/14/20	1,306	(29)	—	(17)(21)(23)
	First Lien Secured Debt - Letters of Credit	7.25%	04/12/19-05/15/20	360	—	—	(17)(23)
					(29)	—	
TherapeuticsMD, Inc.	First Lien Secured Debt	10.25% (1M L+775, 1.50% Floor)	05/01/23	22,500	22,459	22,275	(9)(17)
	First Lien Secured Debt - Unfunded Delayed Draw	0.00% Unfunded	05/01/23	37,500	(313)	(375)	(8)(9)(17)(21)(23)
					22,146	21,900	

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Wright Medical Group, Inc.	First Lien Secured Debt	10.35% (1M L+785, 1.00% Floor)	12/23/21	6,666	6,565	6,666	(9)(17)
	First Lien Secured Debt - Revolver	6.75% (1M L+425, 0.75% Floor)	12/23/21	7,666	7,666	7,590	(9)(17)(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	12/23/21	50,667	(354)	(507)	(8)(9)(17)(21)(23)
	First Lien Secured Debt - Unfunded Delayed Draw	0.00% Unfunded	12/23/21	11,667	(100)	—	(9)(17)(21)(23)
					13,777	13,749	
Total Healthcare & Pharmaceuticals					\$ 369,032	\$ 364,740	
High Tech Industries							
API Healthcare Holding Corporation	First Lien Secured Debt - Unfunded Revolver	1.00% Unfunded	02/11/22	\$ 5,000	\$ (96)	\$ —	(9)(21)(23)
ChargePoint, Inc.	First Lien Secured Debt	9.05% (1M L+655, 1.25% Floor)	06/01/23	10,500	10,410	10,422	(9)
	First Lien Secured Debt - Unfunded Delayed Draw	0.00% Unfunded	06/01/23	3,000	(26)	—	(9)(21)(23)
					10,384	10,422	
ChyronHego Corporation	First Lien Secured Debt	7.43% (3M L+643, 1.00% Floor)	03/09/20	34,346	34,200	32,286	(18)
DigiCert Holdings, Inc.	Second Lien Secured Debt	10.50% (1M L+800, 1.00% Floor)	10/31/25	12,157	12,107	11,998	(10)
FiscalNote, Inc.	First Lien Secured Debt	10.50% (1M L+800, 1.00% Floor)	08/21/23	28,125	27,446	27,352	(9)
	First Lien Secured Debt - Revolver	10.50% (1M L+800, 1.00% Floor)	08/21/23	1,313	1,313	1,276	(9)(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	08/21/23	1,313	(63)	(36)	(8)(9)(21)(23)
	Preferred Equity - Series F Preferred Stock	N/A	N/A	259,565 Shares	1,500	1,500	(9)
					30,196	30,092	
International Cruise & Excursion Gallery, Inc.	First Lien Secured Debt	7.75% (1M L+525, 1.00% Floor)	06/06/25	14,888	14,622	14,776	
LabVantage Solutions							
LabVantage Solutions Inc.	First Lien Secured Debt	10.00% (1M L+750, 1.00% Floor)	12/29/20	11,543	11,411	11,428	
LabVantage Solutions Limited	First Lien Secured Debt	8.50% (E+750, 1.00% Floor)	12/29/20	€ 11,630	12,373	12,928	(17)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	12/29/20	€ 3,435	(36)	(39)	(8)(17)(21)(23)
					12,337	12,889	
Magnate Holding Corp.	First Lien Secured Debt	8.60% (3M L+600, 1.00% Floor)	12/16/24	16,670	16,433	16,430	(9)(17)
	First Lien Secured Debt - Revolver	7.60% (3M L+500, 1.00% Floor)	12/14/23	1,857	1,857	1,830	(9)(17)(23)
	First Lien Secured Debt - Unfunded Revolver	1.75% Unfunded	12/14/23	1,473	(47)	(21)	(8)(9)(17)(21)(23)
					18,243	18,239	
OmniTracs, LLC	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	03/23/23	3,750	(268)	(338)	(8)(21)(23)
Sirsi Corporation	First Lien Secured Debt	7.23% (1M L+475, 1.00% Floor)	03/15/24	7,071	6,966	6,965	(9)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	03/15/24	429	(6)	(6)	(8)(9)(21)(23)
					6,960	6,959	
Telestream Holdings Corporation	First Lien Secured Debt	7.61% (6M L+645, 1.00% Floor)	03/24/22	35,980	35,754	35,261	(18)
Tibco Software Inc.	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	12/05/19	6,000	(8)	(450)	(8)(21)(23)

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Industry / Company	Investment Type	Interest Rate (20)	Maturity Date	Par / Shares (12)	Cost (29)	Fair Value (1) (30)	
ZPower, LLC	First Lien Secured Debt	10.25% (1M L+775, 1.00% Floor)	07/01/22	6,666	6,711	6,617	(9)
	First Lien Secured Debt - Unfunded Delayed Draw	0.00% Unfunded	07/01/22	1,667	(6)	(13)	(8)(9)(21)(23)
	Common Equity/Interests - Warrants	N/A	N/A	29,630 Warrants	48	57	(9)(13)
					6,753	6,661	
Total High Tech Industries					\$ 192,595	\$ 190,223	
Hotel, Gaming, Leisure, Restaurants							
GFRC Holdings LLC	First Lien Secured Debt	10.63% (3M L+800 Cash (L +800 PIK Toggle), 1.50% Floor)	02/01/22	\$ 2,500	\$ 2,500	\$ 2,500	
Total Hotel, Gaming, Leisure, Restaurants					\$ 2,500	\$ 2,500	
Manufacturing, Capital Equipment							
AVAD							
AVAD Canada Ltd.	First Lien Secured Debt - Revolver	6.50% (1M L+400, 1.00% Floor)	10/2/23	\$ 636	636	626	(9)(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	10/2/23	364	(18)	(6)	(8)(9)(21)(23)
AVAD, LLC	First Lien Secured Debt	10.25% (1M L+775, 1.00% Floor)	10/2/23	9,653	9,476	9,457	(9)
	First Lien Secured Debt - Revolver	6.50% (1M L+400, 1.00% Floor)	10/2/23	11,650	11,650	11,461	(9)(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	10/2/23	4,016	(282)	(65)	(8)(9)(21)(23)
					21,462	21,473	
MedPlast Holdings Inc.	Second Lien Secured Debt	10.35% (3M L+775)	07/02/26	8,000	7,927	8,000	(10)
Total Manufacturing, Capital Equipment					\$ 29,389	\$ 29,473	
Media – Diversified & Production							
SESAC Holdco II LLC	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	02/23/22	\$ 587	\$ (31)	\$ (44)	(8)(10)(21)(23)
	Second Lien Secured Debt	9.75% (1M L+725, 1.00% Floor)	02/24/25	3,241	3,217	3,217	(10)
					3,186	3,173	
Sonar Entertainment, Inc.	First Lien Secured Debt	10.10% (1M L+760, 1.25% Floor)	11/15/21	9,267	9,125	9,104	(9)
	First Lien Secured Debt - Revolver	10.10% (1M L+760, 1.25% Floor)	11/15/21	5,856	5,856	5,753	(9)(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	11/15/21	16,975	(349)	(297)	(8)(9)(21)(23)
					14,632	14,560	
Total Media – Diversified & Production					\$ 17,818	\$ 17,733	
Metals & Mining							
Magnetation, LLC	First Lien Secured Debt	10.60% (3M L+800 Cash (PIK Toggle))	12/31/19	\$ 1,225	\$ 1,146	\$ 221	(13)(14)
Total Metals & Mining					\$ 1,146	\$ 221	
Telecommunications							
IPC Corporation	First Lien Secured Debt	7.76% (3M L+500, 1.00% Floor)	08/06/21	\$ 10,000	\$ 9,928	\$ 8,888	(9)
Securus Technologies Holdings, Inc.	Second Lien Secured Debt	10.75% (1M L+825, 1.00% Floor)	11/01/25	12,878	12,772	12,653	(10)
Total Telecommunications					\$ 22,700	\$ 21,541	
Transportation – Cargo, Distribution							
Dynamic Product Tankers, LLC (5)	First Lien Secured Debt	9.60% (3M L+700)	06/30/23	\$ 42,000	41,830	42,000	(17)

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Industry / Company	Investment Type	Interest Rate (20)	Maturity Date	Par / Shares (12)	Cost (29)	Fair Value (1) (30)	
	First Lien Secured Debt - Letters of Credit	2.25%	09/20/19 03/31/21	6,050	—	—	(17)(23)
	Common Equity/Interests - Class A Units	N/A	N/A	N/A	49,806	36,879	(17)(24)
					91,636	78,879	
MSEA Tankers LLC (5)	Common Equity/Interests - Class A Units	N/A	N/A	N/A	74,450	73,369	(17)(25)
PT Intermediate Holdings III, LLC	Second Lien Secured Debt	10.60% (3M L+800, 1.00% Floor)	12/08/25	9,375	9,296	9,281	
Total Transportation – Cargo, Distribution					\$ 175,382	\$ 161,529	
Utilities – Electric							
Asset Repackaging Trust Six B.V.	Structured Products and Other	12.05%	05/18/27	\$ 58,411	\$ 26,480	\$ 32,659	(11)(17)(19)
Total Utilities – Electric					\$ 26,480	\$ 32,659	
Total Investments before Cash Equivalents and Option Contracts					\$2,458,111	\$2,408,132	
J.P. Morgan U.S. Government Money Market Fund	N/A	N/A	N/A	\$ 36,280	\$ 36,280	\$ 36,280	(22)
Total Investments after Cash Equivalents					\$2,494,391	\$2,444,412	(6)(7)

- (1) Fair value is determined in good faith by or under the direction of the Board of Directors of the Company (See Note 2 to the financial statements).
- (2) Preferred and ordinary shares in Solarplicity UK Holdings Limited are GBP denominated equity investments.
- (3) Denotes investments in which the Company owns greater than 25% of the equity, where the governing documents of each entity preclude the Company from exercising a controlling influence over the management or policies of such entity. The Company does not have the right to elect or appoint more than 25% of the directors or another party has the right to elect or appoint more directors than the Company and has the right to appoint certain members of senior management. Therefore, the Company has determined that these entities are not controlled affiliates. As of March 31, 2019, we had a 100% and 28% equity ownership interest in Golden Bear 2016-R, LLC and Solarplicity Group Limited, respectively. Equity ownership in Solarplicity Group Limited was written off as it was deemed worthless.

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- (4) Denotes investments in which we are an “Affiliated Person,” as defined in the 1940 Act, due to holding the power to vote or owning 5% or more of the outstanding voting securities of the investment but not controlling the company. Fair value as of March 31, 2018 and March 31, 2019 along with transactions during the year ended March 31, 2019 in these affiliated investments are as follows:

Name of Issuer	Fair Value at March 31, 2018	Gross Additions ●	Gross Reductions ■	Net Change in Unrealized Gains (Losses)	Fair Value at March 31, 2019	Net Realized Gains (Losses)	Interest/ Dividend/ Other Income
AIC SPV Holdings II, LLC, Preferred Stock	\$ 925	\$ 534	\$ (534)	\$ (485)	\$ 440	\$ —	\$ 81
AMP Solar Group, Inc., Class A Common Unit	5,051	—	—	1,185	6,236	—	—
Golden Bear 2016-R, LLC, Membership Interests	14,147	140	—	(1,351)	12,936	—	1,117
Pelican Energy, LLC, Membership Interests	12,946	—	(6,066)	(1,560)	5,320	—	—
Renew Financial LLC (f/k/a Renewable Funding, LLC), Series B Preferred Stock	19,035	—	—	(4,462)	14,573	—	—
Renew Financial LLC (f/k/a Renewable Funding, LLC), Series D Preferred Stock	6,676	—	—	(786)	5,890	—	—
Renew JV LLC, Membership Interests	4,111	839	(1,783)	(871)	2,296	2,007	—
Solarplicity Group Limited, First Lien Term Loan	6,063	—	—	(4,073)	1,990	—	—
	<u>\$ 68,954</u>	<u>\$ 1,513</u>	<u>\$ (8,383)</u>	<u>\$ (12,403)</u>	<u>\$ 49,681</u>	<u>\$ 2,007</u>	<u>\$ 1,198</u>

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

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- (5) Denotes investments in which we are deemed to exercise a controlling influence over the management or policies of a company, as defined in the 1940 Act, due to beneficially owning, either directly or through one or more controlled companies, more than 25% of the outstanding voting securities of the investment. Fair value as of March 31, 2018 and March 31, 2019 along with transactions during the year ended March 31, 2019 in these controlled investments are as follows:

Name of Issuer	Fair Value at March 31, 2018	Gross Additions ●	Gross Reductions ■	Net Change in Unrealized Gains (Losses)	Fair Value at March 31, 2019	Net Realized Gains (Losses)	Interest/ Dividend/ Other Income
Dynamic Product Tankers, LLC, First Lien Term Loan	\$ 42,000	\$ 40	\$ —	\$ (40)	\$ 42,000	\$ —	\$ 4,045
Dynamic Product Tankers, LLC, Letters of Credit	—	—	—	—	—	—	16
Dynamic Product Tankers, LLC, Class A Units	41,479	1,700	—	(6,300)	36,879	—	—
Glacier Oil & Gas Corp. (f/k/a Miller Energy Resources, Inc.), First Lien Term Loan	15,000	—	(6,000)	—	9,000	—	1,051
Glacier Oil & Gas Corp. (f/k/a Miller Energy Resources, Inc.), Second Lien Term Loan	30,510	3,195	—	—	33,705	—	3,246
Glacier Oil & Gas Corp. (f/k/a Miller Energy Resources, Inc.), Common Stock	20,303	—	—	(16,957)	3,346	—	—
Merx Aviation Finance, LLC, Revolver	359,800	96,000	(84,600)	—	371,200	—	48,180
Merx Aviation Finance, LLC, Membership Interests	42,381	—	—	11,900	54,281	—	9,400
MSEA Tankers LLC, Class A Units	72,256	—	—	1,113	73,369	—	4,700
SHD Oil & Gas, LLC, Tranche A Note	44,739	2,021	—	61	46,821	—	5,163
SHD Oil & Gas, LLC, Tranche B Note	40,816	—	—	(1,384)	39,432	—	—
SHD Oil & Gas, LLC, Tranche C Note	19,776	1,200	—	36	21,012	—	2,387
	<u>\$ 729,060</u>	<u>\$ 104,156</u>	<u>\$ (90,600)</u>	<u>\$ (11,571)</u>	<u>\$ 731,045</u>	<u>\$ —</u>	<u>\$ 78,188</u>

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

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

As of March 31, 2019, the Company had a 85%, 47%, 100%, 98% and 38% equity ownership interest in Dynamic Product Tankers, LLC; Glacier Oil & Gas Corp. (f/k/a Miller Energy Resources, Inc.); Merx Aviation Finance, LLC; MSEA Tankers, LLC; and SHD Oil & Gas, LLC (f/k/a Spotted Hawk Development LLC), respectively.

- (6) Aggregate gross unrealized gain and loss for federal income tax purposes is \$126,359 and \$186,864, respectively. Net unrealized loss is \$60,504 based on a tax cost of \$2,504,916.
- (7) Substantially all securities are pledged as collateral to our multi-currency revolving credit facility (the “Senior Secured Facility” as defined in Note 8 to the financial statements). As such, these securities are not available as collateral to our general creditors.
- (8) The negative fair value is the result of the commitment being valued below par.
- (9) These are co-investments made with the Company’s affiliates in accordance with the terms of the exemptive order the Company received from the Securities and Exchange Commission (the “SEC”) permitting us to do so. (See Note 3 to the financial statements for discussion of the exemptive order from the SEC.)
- (10) Other than the investments noted by this footnote, the fair value of the Company’s investments is determined using unobservable inputs that are significant to the overall fair value measurement. See Note 2 to the financial statements for more information regarding ASC 820, Fair Value Measurements (“ASC 820”).
- (11) These securities are exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions that are exempt from registration, normally to qualified institutional buyers.
- (12) Par amount is denominated in USD unless otherwise noted, Euro (“€”), British Pound (“£”), Canadian Dollar (“C\$”), and Australian Dollar (“A\$”).
- (13) Non-income producing security.

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- (14) Non-accrual status (See Note 2 to the financial statements).
- (15) The underlying investments of AIC SPV Holdings II, LLC is a securitization in which the Company has a 14.25% ownership interest in the residual tranche.
- (16) AIC Spotted Hawk Holdings, LLC, AIC SHD Holdings, LLC and AIC Pelican Holdings, LLC are consolidated wholly-owned special purpose vehicles which only hold equity investments of the underlying portfolio companies and have no other significant assets or liabilities. AIC Spotted Hawk Holdings, LLC and AIC SHD Holdings, LLC hold equity investments in SHD Oil & Gas, LLC. AIC Pelican Holdings, LLC holds an equity investment in Pelican Energy, LLC.
- (17) Investments that the Company has determined are not “qualifying assets” under Section 55(a) of the 1940 Act. Under the 1940 Act, we may not acquire any non-qualifying asset unless, at the time such acquisition is made, qualifying assets represent at least 70% of our total assets. The status of these assets under the 1940 Act is subject to change. The Company monitors the status of these assets on an ongoing basis. As of March 31, 2019, non-qualifying assets represented approximately 16.25% of the total assets of the Company.
- (18) In addition to the interest earned based on the stated rate of this loan, the Company may be entitled to receive additional interest as a result of its arrangement with other lenders in a syndication.
- (19) This investment represents a leveraged subordinated interest in a trust that holds one foreign currency denominated bond and a derivative instrument.
- (20) Generally, the interest rate on floating interest rate investments is at benchmark rate plus spread. The borrower has an option to choose the benchmark rate, such as the London Interbank Offered Rate (“LIBOR”), the Euro Interbank Offered Rate (“EURIBOR”), the federal funds rate or the prime rate. The spread may change based on the type of rate used. The terms in the Schedule of Investments disclose the actual interest rate in effect as of the reporting period. LIBOR loans are typically indexed to 30-day, 60-day, 90-day or 180-day LIBOR rates (1M L, 2M L, 3M L or 6M L, respectively), and EURIBOR loans are typically indexed to 90-day EURIBOR rates (3M E), at the borrower’s option. LIBOR and EURIBOR loans may be subject to interest floors. As of March 31, 2019, rates for 1M L, 2M L, 3M L, 6M L, 1M E, 3M E, 1M BBSW, 3M BBSW, 3M GBP L and Prime are 2.49%, 2.56%, 2.60%, 2.66%, (0.42%), (0.35%), 1.80%, 1.77%, 0.84%, and 5.50%, respectively.
- (21) The rates associated with these undrawn committed revolvers and delayed draw term loans represent rates for commitment and unused fees.
- (22) This security is included in the Cash and Cash Equivalents on the Statements of Assets and Liabilities.

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- (23) As of March 31, 2019, the Company had the following commitments to fund various revolving and delayed draw senior secured and subordinated loans, including commitments to issue letters of credit through a financial intermediary on behalf of certain portfolio companies. Such commitments are subject to the satisfaction of certain conditions set forth in the documents governing these loans and letters of credit and there can be no assurance that such conditions will be satisfied. See Note 10 to the financial statements for further information on revolving and delayed draw loan commitments, including commitments to issue letters of credit, related to certain portfolio companies.

Portfolio Company	Total Commitment	Drawn Commitment	Letters of Credit	Undrawn Commitment
Aero Operating LLC	\$ 4,813	\$ 2,663	\$ 118	\$ 2,032
Alera Group Intermediate Holdings	28,000	—	—	28,000
Altasciences US Acquisition, Inc.	3,355	535	—	2,820
Amerivet Partners Management, Inc.	10,947	81	—	10,866
Analogic Corporation	2,609	—	—	2,609
API Healthcare Holding Corporation	5,000	—	—	5,000
AVAD	16,666	12,286	—	4,380
AVG Intermediate Holdings LLC	14,500	—	—	14,500
BIG Buyer, LLC	3,174	271	—	2,903
Carbonfree Chemicals SPE I LLC (f/k/a Maxus Capital Carbon SPE I LLC)	2,911	—	—	2,911
Cerus Corporation	9,500	—	—	9,500
ChargePoint, Inc.	3,000	—	—	3,000
Claritas, LLC	1,031	—	—	1,031
Continuum Global Solutions, LLC	10,769	6,219	—	4,550
Dynamic Product Tankers, LLC	6,050	—	6,050	—
Eagle Foods Family Group, LLC	3,750	—	—	3,750
Education Personnel*	7,665	1,916	—	5,749
Erickson Inc	44,999	27,169	6,449	11,381
Exeter Property Group, LLC	192	—	—	192
FiscalNote, Inc.	2,626	1,313	—	1,313
Flock SPV I, LLC	10,666	—	—	10,666
Florida Food Products, LLC	1,713	1,336	—	377
Genesis Healthcare, Inc.	60,870	20,107	—	40,763
Gutter Buyer, Inc.	6,136	—	—	6,136
KDC US Holdings	6,020	1,204	104	4,712
LabVantage Solutions Limited*	3,857	—	—	3,857
Lion Cashmere Midco Limited*	3,994	253	—	3,741
Magnate Holding Corp.	3,330	1,857	—	1,473
Maxor National Pharmacy Services, LLC	1,558	—	—	1,558
Mclarens Global Ltd. *	8,532	172	—	8,360
Merx Aviation Finance, LLC	177	—	177	—
Nemo (BC) Bidco Pty Ltd *	165	—	—	165
Newscycle Solutions, Inc.	500	160	—	340
Omnitracs, LLC	3,750	—	—	3,750
PHS Buyer, Inc.	2,000	—	—	2,000
Project Comfort Buyer, Inc.	5,769	—	—	5,769
ProPharma Group Intermediate, LLC*	1,033	757	—	276
PSI Services, LLC	458	119	—	339
Purchasing Power, LLC	12,900	3,000	—	9,900
RA Outdoors, LLC	1,200	—	24	1,176
Reddy Ice Corporation	15,350	1,045	9,750	4,555
RiteDose Holdings I, Inc.	2,000	—	—	2,000
SESAC Holdco II LLC	587	—	—	587
SHD Oil & Gas, LLC	1,600	—	—	1,600

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Portfolio Company	Total Commitment	Drawn Commitment	Letters of Credit	Undrawn Commitment
Simplifi Holdings, Inc.	2,400	—	—	2,400
Sirsi Corporation	429	—	—	429
SONAR ENTERTAINMENT, INC.	22,831	5,856	—	16,975
Teladoc, Inc.	1,666	—	360	1,306
Ten-X, LLC	4,680	—	—	4,680
TGG TS Acquisition Company	1,750	690	—	1,060
The Emmes Company, LLC	2,449	—	—	2,449
TherapeuticsMD, Inc.	37,500	—	—	37,500
Tibco Software Inc.	6,000	—	—	6,000
Tidewater Consumer Receivables, LLC	2,334	792	—	1,542
TNT Crust LLC	1,626	—	—	1,626
TricorBraun Holdings, Inc.	5,626	1,628	—	3,998
USLS Acquisition, Inc.	5,199	536	86	4,577
Vertafore, Inc.	15,000	—	424	14,576
Westfall Technik, Inc.	5,159	135	—	5,024
Wright Medical Group, Inc.	70,000	7,666	—	62,334
ZPower, LLC	1,667	—	—	1,667
Total Commitments	\$ 522,038	\$ 99,766	\$ 23,542	\$ 398,730

* These investments are in a foreign currency and the total commitment has been converted to USD using the March 31, 2019 exchange rate.

- (24) As of March 31, 2019, Dynamic Product Tankers, LLC had various classes of limited liability interests outstanding of which the Company holds Class A-1 and Class A-3 units which are identical except that Class A-1 unit is voting and Class A-3 unit is non-voting. The units entitle the Company to appoint three out of five managers to the board of managers.
- (25) As of March 31, 2019, MSEA Tankers, LLC had various classes of limited liability interests outstanding of which the Company holds Class A-1 and Class A-2 units which are identical except that Class A-1 unit is voting and Class A-2 unit is non-voting. The units entitle the Company to appoint two out of three managers to the board of managers.
- (26) The Company holds three classes of warrants in Sprint Industrial Holdings, LLC. The Company holds 5,595 warrants of Class G, 507 warrants of Class H, and 1,239 warrants of Class I.
- (27) The unused line fees of 0.50% and 0.25% are collected for the Unfunded Delayed Draw and Unfunded Revolver, respectively from both Altasciences US Acquisition, Inc. and Altasciences / 9360-1367 Quebec Inc. as each borrower has access to the respective lending facilities.
- (28) The Company holds some warrants for this investment as part of the restructuring of the underlying portfolio company. The warrants have no cost and no fair value as of March 31, 2019.

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(29) The following shows the composition of the Company's portfolio at cost by control designation, investment type and industry as of March 31, 2019:

Industry	First Lien - Secured Debt	Second Lien - Secured Debt	Unsecured Debt	Structured Products and Other	Preferred Equity	Common Equity/Interests	Warrants	Total
Non-Controlled / Non-Affiliated Investments								
Advertising, Printing & Publishing	\$ 24,898	\$ 5,496	\$ —	\$ —	\$ —	\$ —	\$ —	30,394
Aerospace & Defense	26,823	47,175	—	—	—	—	—	73,998
Automotive	8,370	23,428	—	—	—	1,714	—	33,512
Beverage, Food & Tobacco	57,359	—	—	—	—	244	—	57,603
Business Services	134,311	215,648	—	—	62	603	—	350,624
Chemicals, Plastics & Rubber	72,663	14,465	—	—	—	9,000	—	96,128
Construction & Building	23,156	—	—	—	—	500	—	23,656
Consumer Goods – Durable	37,877	21,649	—	—	462	—	—	59,988
Consumer Goods – Non-Durable	73,574	20,292	—	—	—	—	—	93,866
Consumer Services	23,771	24,734	—	—	—	—	—	48,505
Containers, Packaging & Glass	1,358	18,107	—	—	—	—	—	19,465
Diversified Investment Vehicles, Banking, Finance, Real Estate	47,399	4,935	—	—	—	—	—	52,334
Energy – Electricity	7,637	—	—	—	5,861	4	—	13,502
Food & Grocery	19,391	10,400	—	—	—	—	—	29,791
Healthcare & Pharmaceuticals	288,012	80,246	—	—	333	306	135	369,032
High Tech Industries	178,940	12,107	—	—	1,500	—	48	192,595
Hotel, Gaming, Leisure, Restaurants	2,500	—	—	—	—	—	—	2,500
Manufacturing, Capital Equipment	21,462	7,927	—	—	—	—	—	29,389
Media – Diversified & Production	14,601	3,217	—	—	—	—	—	17,818
Metals & Mining	1,146	—	—	—	—	—	—	1,146
Telecommunications	9,928	12,772	—	—	—	—	—	22,700
Transportation – Cargo, Distribution	—	9,296	—	—	—	—	—	9,296
Utilities – Electric	—	—	—	26,480	—	—	—	26,480
Total Non-Controlled / Non-Affiliated Investments	\$ 1,075,176	\$ 531,894	\$ —	\$ 26,480	\$ 8,218	\$ 12,371	\$ 183	\$ 1,654,322
Non-Controlled / Affiliated Investments								
Diversified Investment Vehicles, Banking, Finance, Real Estate	\$ —	\$ —	\$ —	\$ 16,645	\$ —	\$ —	\$ —	16,645
Energy – Electricity	5,811	—	—	—	14,445	11,796	—	32,052
Energy – Oil & Gas	—	—	—	—	—	18,375	—	18,375
Total Non-Controlled / Affiliated Investments	\$ 5,811	\$ —	\$ —	\$ 16,645	\$ 14,445	\$ 30,171	\$ —	67,072
Controlled Investments								
Aviation and Consumer Transport	\$ 371,200	\$ —	\$ —	\$ —	\$ —	\$ 15,000	\$ —	386,200
Energy – Oil & Gas	119,237	33,705	—	—	—	31,489	—	184,431
Transportation – Cargo, Distribution	41,830	—	—	—	—	124,256	—	166,086
Total Controlled Investments	\$ 532,267	\$ 33,705	\$ —	\$ —	\$ —	\$ 170,745	\$ —	736,717
Total	\$ 1,613,254	\$ 565,599	\$ —	\$ 43,125	\$ 22,663	\$ 213,287	\$ 183	\$ 2,458,111

See notes to financial statements.

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(30) The following shows the composition of the Company's portfolio at fair value by control designation, investment type and industry as of March 31, 2019:

Industry	First Lien - Secured Debt	Second Lien - Secured Debt	Unsecured Debt	Structured Products and Other	Preferred Equity	Common Equity/ Interests	Warrants	Total	% of Net Assets
Non-Controlled / Non-Affiliated Investments									
Advertising, Printing & Publishing	\$ 25,086	\$ 5,522	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 30,608	2.3%
Aerospace & Defense	26,158	47,366	—	—	—	—	—	73,524	5.6%
Automotive	1,287	22,991	—	—	—	—	—	24,278	1.8%
Beverage, Food & Tobacco	57,618	—	—	—	—	323	—	57,941	4.4%
Business Services	135,022	214,886	—	—	62	696	—	350,666	26.7%
Chemicals, Plastics & Rubber	70,108	14,937	—	—	—	—	—	85,045	6.5%
Construction & Building	23,115	—	—	—	—	478	—	23,593	1.8%
Consumer Goods – Durable	36,641	21,589	—	—	462	470	—	59,162	4.5%
Consumer Goods – Non-Durable	73,976	20,217	—	—	—	—	—	94,193	7.2%
Consumer Services	23,601	24,708	—	—	—	—	—	48,309	3.7%
Containers, Packaging & Glass	1,630	15,912	—	—	—	—	—	17,542	1.3%
Diversified Investment Vehicles, Banking, Finance, Real Estate	47,360	4,913	—	—	—	—	—	52,273	4.0%
Energy – Electricity	7,173	—	—	—	4,922	223	—	12,318	0.9%
Food & Grocery	19,109	10,474	—	—	—	—	—	29,583	2.3%
Healthcare & Pharmaceuticals	287,181	76,827	—	—	333	306	93	364,740	27.8%
High Tech Industries	176,668	11,998	—	—	1,500	—	57	190,223	14.5%
Hotel, Gaming, Leisure, Restaurants	2,500	—	—	—	—	—	—	2,500	0.2%
Manufacturing, Capital Equipment	21,473	8,000	—	—	—	—	—	29,473	2.3%
Media – Diversified & Production	14,516	3,217	—	—	—	—	—	17,733	1.4%
Metals & Mining	221	—	—	—	—	—	—	221	0%
Telecommunications	8,888	12,653	—	—	—	—	—	21,541	1.6%
Transportation – Cargo, Distribution	—	9,281	—	—	—	—	—	9,281	0.7%
Utilities – Electric	—	—	—	32,659	—	—	—	32,659	2.5%
Total Non-Controlled / Non-Affiliated Investments	\$ 1,059,331	\$ 525,491	\$ —	\$ 32,659	\$ 7,279	\$ 2,496	\$ 150	\$ 1,627,406	124.0%
% of Net Assets	80.7%	40.0%	—%	2.5%	0.6%	0.2%	0%	124.0%	
Non-Controlled / Affiliated Investments									
Diversified Investment Vehicles, Banking, Finance, Real Estate	\$ —	\$ —	\$ —	\$ 12,936	\$ —	\$ —	\$ —	\$ 12,936	1.0%
Energy – Electricity	1,990	—	—	—	20,903	8,532	—	31,425	2.4%
Energy – Oil & Gas	—	—	—	—	—	5,320	—	5,320	0.4%
Total Non-Controlled / Affiliated Investments	\$ 1,990	\$ —	\$ —	\$ 12,936	\$ 20,903	\$ 13,852	\$ —	\$ 49,681	3.8%
% of Net Assets	0.2%	—%	—%	1.0%	1.6%	1.0%	—%	3.8%	
Controlled Investments									
Aviation and Consumer Transport	\$ 371,200	\$ —	\$ —	\$ —	\$ —	\$ 54,281	\$ —	\$ 425,481	32.4%
Energy – Oil & Gas	116,265	33,705	—	—	—	3,346	—	153,316	11.7%
Transportation – Cargo, Distribution	42,000	—	—	—	—	110,248	—	152,248	11.6%
Total Controlled Investments	\$ 529,465	\$ 33,705	\$ —	\$ —	\$ —	\$ 167,875	\$ —	\$ 731,045	55.7%
% of Net Assets	40.3%	2.6%	—%	—%	—%	12.8%	—%	55.7%	
Total	\$ 1,590,786	\$ 559,196	\$ —	\$ 45,595	\$ 28,182	\$ 184,223	\$ 150	\$ 2,408,132	183.5%
% of Net Assets	121.2%	42.6%	—%	3.5%	2.2%	14.0%	0%	183.5%	

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Industry Classification	Percentage of Total Investments (at Fair Value) as of March 31, 2019
Aviation and Consumer Transport	17.7%
Healthcare & Pharmaceuticals	15.1%
Business Services	14.6%
High Tech Industries	7.9%
Transportation – Cargo, Distribution	6.7%
Energy – Oil & Gas	6.6%
Consumer Goods – Non-durable	3.9%
Chemicals, Plastics & Rubber	3.5%
Aerospace & Defense	3.1%
Diversified Investment Vehicles, Banking, Finance, Real Estate	2.7%
Consumer Goods – Durable	2.5%
Beverage, Food & Tobacco	2.4%
Consumer Services	2.0%
Energy – Electricity	1.8%
Utilities – Electric	1.4%
Advertising, Printing & Publishing	1.3%
Food & Grocery	1.2%
Manufacturing, Capital Equipment	1.2%
Automotive	1.0%
Construction & Building	1.0%
Telecommunications	0.9%
Media – Diversified & Production	0.7%
Containers, Packaging & Glass	0.7%
Hotel, Gaming, Leisure, Restaurants	0.1%
Metals & Mining	0.0%
Total Investments	100.0%

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Industry / Company	Investment Type	Interest Rate (20)	Maturity Date	Par / Shares (12)	Cost (30)	Fair Value (1) (31)	
Advertising, Printing & Publishing							
A-L Parent LLC	Second Lien Secured Debt	9.13% (1M L+725, 1.00% Floor)	12/02/24	\$ 7,536	\$ 7,473	\$ 7,611	
American Media, Inc.	First Lien Secured Debt	10.75% (3M L+900, 1.00% Floor)	08/24/20	13,867	13,596	14,213	
	First Lien Secured Debt - Revolver	11.25% (3M L+900, 1.00% Floor)	08/24/20	948	948	963	(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	08/24/20	746	(32)	—	(21)(23)
	First Lien Secured Debt - Letter of Credit	9.00%	08/24/20	84	—	—	(23)
					14,512	15,176	
Simplifi Holdings, Inc.	First Lien Secured Debt	8.39% (1M L+650, 1.00% Floor)	09/28/22	12,139	11,812	11,775	(9)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	09/28/22	2,400	(65)	(72)	(8)(9)(21)(23)
					11,747	11,703	
Total Advertising, Printing & Publishing					\$ 33,732	\$ 34,490	
Aerospace & Defense							
Erickson Inc	First Lien Secured Debt - Revolver	9.81% (3M L+750, 1.00% Floor)	04/28/22	\$ 21,140	\$ 21,140	\$ 20,823	(9)(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	04/28/22	16,201	(458)	(243)	(8)(9)(21)(23)
	First Lien Secured Debt - Letter of Credit	7.50%	04/01/18	277	—	(4)	(8)(9)(23)
	First Lien Secured Debt - Letter of Credit	7.50%	06/20/18	43	—	—	(8)(9)(23)
	First Lien Secured Debt - Letter of Credit	7.50%	06/25/18	4	—	—	(8)(9)(23)
	First Lien Secured Debt - Letter of Credit	7.50%	09/30/18	104	—	(2)	(8)(9)(23)
	First Lien Secured Debt - Letter of Credit	7.50%	10/18/18	708	—	(11)	(8)(9)(23)
	First Lien Secured Debt - Letter of Credit	7.50%	11/28/18	670	—	(10)	(8)(9)(23)
	First Lien Secured Debt - Letter of Credit	7.50%	12/10/18	37	—	(1)	(8)(9)(23)
	First Lien Secured Debt - Letter of Credit	7.50%	03/31/20	1,287	—	(19)	(8)(9)(23)
	First Lien Secured Debt - Letter of Credit	7.50%	08/24/18	288	—	(4)	(8)(9)(23)
	First Lien Secured Debt - Letter of Credit	7.50%	10/27/18	5	—	—	(8)(9)(23)
	First Lien Secured Debt - Letter of Credit	7.50%	08/26/18	9	—	—	(8)(9)(23)
	First Lien Secured Debt - Letter of Credit	7.50%	08/16/18	9	—	—	(8)(9)(23)
	First Lien Secured Debt - Letter of Credit	7.50%	04/30/20	4,218	—	(63)	(8)(9)(23)
					20,682	20,466	
ILC Dover LP	Second Lien Secured Debt	10.95% (6M L+850, 1.00% Floor)	06/28/24	20,000	19,566	19,550	
PAE Holding Corporation	Second Lien Secured Debt	11.49% (2M L+950, 1.00% Floor)	10/20/23	28,097	27,422	28,343	(10)
Total Aerospace & Defense					\$ 67,670	\$ 68,359	
Automotive							
Crowne Automotive							
Vari-Form Group, LLC	First Lien Secured Debt	12.92% (3M L+11.00% (7.00% Cash plus 4.00% PIK), 1.00% Floor)	02/02/23	\$ 5,000	\$ 4,855	\$ 4,850	(9)

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Vari-Form Inc.	First Lien Secured Debt	12.92% (3M L+11.00% (7.00% Cash plus 4.00% PIK), 1.00% Floor)	02/02/23	10,000	9,710	9,700	(9)
					14,565	14,550	
K&N Parent, Inc.	Second Lien Secured Debt	10.63% (1M L+875, 1.00% Floor)	10/21/24	27,000	26,550	26,325	(10)
				Total Automotive	\$ 41,115	\$ 40,875	
Aviation and Consumer Transport							
Merx Aviation							
Merx Aviation Finance Assets Ireland Limited (5)	First Lien Secured Debt - Letter of Credit	2.25%	09/30/18	\$ 3,600	\$ —	\$ —	(23)
Merx Aviation Finance, LLC (5)	First Lien Secured Debt - Revolver	12.00%	10/31/23	359,800	359,800	359,800	(23)
	First Lien Secured Debt - Letter of Credit	2.25%	07/13/18	177	—	—	(23)
	Common Equity/Interests - Membership Interests	N/A	N/A	N/A	15,000	42,381	
				Total Aviation and Consumer Transport	\$ 374,800	\$ 402,181	
Business Services							
Access CIG, LLC	Second Lien Secured Debt	9.63% (1M L+775)	02/27/26	\$ 20,235	\$ 20,035	\$ 20,463	(10)
	Second Lien Secured Debt - Unfunded Delayed Draw	0.00% Unfunded	02/27/26	3,765	—	—	(10)(21)(23)
					20,035	20,463	
Aero Operating LLC	First Lien Secured Debt	9.13% (1M L+725, 1.00% Floor)	12/29/22	33,477	32,683	32,640	(9)
	First Lien Secured Debt - Revolver	9.13% (1M L+725, 1.00% Floor)	12/29/22	2,486	2,486	2,424	(9)(23)
	First Lien Secured Debt - Unfunded Revolver	1.00% Unfunded	12/29/22	2,326	(71)	(58)	(8)(9)(21)(23)
					35,098	35,006	
Almonde, Inc	Second Lien Secured Debt	9.23% (3M L+725, 1.00% Floor)	06/13/25	2,316	2,294	2,300	(10)(17)
Ambrosia Buyer Corp.	Second Lien Secured Debt	9.88% (1M L+ 800, 1.00% Floor)	08/28/25	21,429	20,933	20,934	
Aptean, Inc.	Second Lien Secured Debt	11.80% (3M L+950, 1.00% Floor)	12/20/23	11,148	11,045	11,245	(10)
CT Technologies Intermediate Holdings, Inc	Second Lien Secured Debt	10.88% (1M L+900, 1.00% Floor)	12/01/22	31,253	30,470	30,315	(9)
Electro Rent Corporation	Second Lien Secured Debt	10.98% (3M L+900, 1.00% Floor)	01/31/25	18,333	17,863	17,967	(9)
	Second Lien Secured Debt	11.25% (3M L+900, 1.00% Floor)	01/31/25	18,265	17,753	17,899	(9)
					35,616	35,866	
Ministry Brands, LLC	Second Lien Secured Debt	11.13% (1M L+925, 1.00% Floor)	06/02/23	10,000	9,880	9,875	
Newsycle Solutions, Inc.	First Lien Secured Debt	8.89% (1M L+700, 1.00% Floor)	12/28/22	13,743	13,416	13,399	(9)
	First Lien Secured Debt	8.88% (1M L+700, 1.00% Floor)	12/28/22	1,257	1,227	1,226	(9)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	12/28/22	500	(7)	(13)	(8)(9)(21)(23)
					14,636	14,612	
PSI Services, LLC	First Lien Secured Debt	6.87% (1M L+500, 1.00% Floor)	01/20/23	4,121	4,038	4,055	(9)
	First Lien Secured Debt - Revolver	6.89% (1M L+500, 1.00% Floor)	01/20/22	79	79	78	(9)(23)

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	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	01/20/22	159	(8)	(2)	(8)(9)(21)(23)
	First Lien Secured Debt - Revolver	6.85% (1M L+500, 1.00% Floor)	01/20/22	159	159	156	(9)(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	01/20/22	£ 47	—	—	(9)(21)(23)
	Second Lien Secured Debt	10.87% (1M L+900, 1.00% Floor)	01/20/24	25,714	25,073	25,170	(9)
					29,341	29,457	
RA Outdoors, LLC	First Lien Secured Debt	6.54% (1M L+475, 1.00% Floor)	09/11/24	7,229	7,095	7,156	(9)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	09/09/22	1,200	(21)	(12)	(8)(9)(21)(23)
	Second Lien Secured Debt	10.54% (1M L+875, 1.00% Floor)	09/11/25	34,200	33,404	33,516	(9)
					40,478	40,660	
Skyline Data/Dodge Data							
Dodge Data & Analytics LLC	First Lien Secured Debt	11.06% (3M L+875, 1.00% Floor)	10/31/19	48,965	48,653	47,790	
Skyline Data, News and Analytics LLC	Common Equity/Interests - Class A Common Unit	N/A	N/A	4,500,000 Shares	4,500	4,500	(13)
					53,153	52,290	
STG-Fairway Acquisitions, Inc.	Second Lien Secured Debt	11.23% (3M L+925, 1.00% Floor)	06/30/23	15,000	14,753	14,400	(10)
Transplace Holdings, Inc.	Second Lien Secured Debt	10.46% (1M L+875, 1.00% Floor)	10/06/25	14,963	14,609	15,187	(10)
U.S. Security Associates Holdings, Inc.	Unsecured Debt	11.00%	01/28/20	80,000	80,000	80,000	
				Total Business Services	\$ 412,341	\$ 412,610	
Chemicals, Plastics & Rubber							
Carbon Free Chemicals							
Carbonfree Chemicals SPE I LLC (f/k/a Maxus Capital Carbon SPE I LLC)	First Lien Secured Debt	5.215% PIK	06/30/20	\$ 59,305	\$ 59,305	\$ 47,170	
Carbonfree Caustic SPE LLC	Unfunded Delayed Draw - Promissory Note	0.00% Unfunded	06/30/20	6,111	—	—	(21)(23)
					59,305	47,170	
Hare Bidco, Inc.	Second Lien Secured Debt	9.75% (3M E+875, 1.00% Floor)	08/01/24	€ 13,574	14,423	16,360	
				Total Chemical, Plastics & Rubber	\$ 73,728	\$ 63,530	
Consumer Goods – Durable							
Hayward Industries, Inc.	Second Lien Secured Debt	10.13% (1M L+825)	08/04/25	\$ 25,110	\$ 24,649	\$ 24,647	
KLO Holdings							
9357-5991 Quebec Inc.	First Lien Secured Debt	9.69% (1M L+775, 0.75% Floor)	04/07/22	9,322	9,229	9,224	
KLO Acquisition LLC	First Lien Secured Debt	9.69% (1M L+775, 0.75% Floor)	04/07/22	5,397	5,343	5,340	
					14,572	14,564	
Sorenson Holdings, LLC	Common Equity/Interests - Membership Interests	N/A	N/A	587 Shares	—	466	(13)
				Total Consumer Goods - Durable	\$ 39,221	\$ 39,677	
Consumer Goods – Non-Durable							
ABG Intermediate Holdings 2, LLC	Second Lien Secured Debt	10.05% (3M L+775, 1.00% Floor)	09/29/25	\$ 8,094	\$ 8,036	\$ 8,226	(10)
Sequential Brands Group, Inc.	Second Lien Secured Debt	10.79% (1M L+900)	07/01/22	17,160	17,007	17,250	(17)
				Total Consumer Goods - Non-Durable	\$ 25,043	\$ 25,476	

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Consumer Services							
1A Smart Start LLC	Second Lien Secured Debt	10.13% (1M L+825, 1.00% Floor)	08/22/22	\$ 25,100	\$ 24,628	\$ 24,623	
Total Consumer Services					\$ 24,628	\$ 24,623	
Containers, Packaging & Glass							
Sprint Industrial Holdings, LLC	Second Lien Secured Debt	13.5% PIK	11/14/19	\$ 19,072	\$ 18,107	\$ 10,159	(13)(14)
	Common Equity/Interests - Warrants	N/A	N/A	7,341 Warrants	—	—	(13)(26)
					18,107	10,159	
TricorBraun Holdings, Inc.	First Lien Secured Debt - Revolver	7.00% (P+225)	11/30/21	1,560	1,560	1,561	(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	11/30/21	4,065	(371)	—	(21)(23)
					1,189	1,561	
Total Containers, Packaging & Glass					\$ 19,296	\$ 11,720	
Diversified Investment Vehicles, Banking, Finance, Real Estate							
Armor Holding II LLC	Second Lien Secured Debt	11.31% (3M L+900, 1.25% Floor)	12/26/20	\$ 8,000	\$ 7,941	\$ 8,110	(10)
Craft 2014-1A	Structured Products and Other - Credit-Linked Note	N/A	05/15/21	42,500	—	—	(11)(17)
Craft 2015-2	Structured Products and Other - Credit-Linked Note	10.22% (3M L+925)	01/16/24	24,998	25,691	24,960	(11)(17)
Golden Bear 2016-R, LLC (3)(4)	Structured Products and Other - Membership Interests	N/A	09/20/42	—	16,506	14,147	(17)
Mayfield Agency Borrower Inc.	Second Lien Secured Debt	10.38% (1M L+850, 1.00% Floor)	03/02/26	5,000	4,926	4,997	(10)
Purchasing Power, LLC	First Lien Secured Debt - Revolver	9.88% (1M L + 800, 1.00% Floor)	07/10/19	3,068	3,068	3,048	(9)(23)
	First Lien Secured Debt - Unfunded Revolver	0.75% Unfunded	07/10/19	1,432	(53)	(35)	(8)(9)(21)(23)
					3,015	3,013	
Ten-X, LLC	First Lien Secured Debt - Revolver	5.60% (1M L+375, 1.00% Floor)	09/29/22	520	520	477	(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	09/29/22	4,160	(379)	(341)	(8)(21)(23)
					141	136	
Total Diversified Investment Vehicles, Banking, Finance, Real Estate					\$ 58,220	\$ 55,363	
Energy – Electricity							
AMP Solar Group, Inc. (4)	Common Equity/Interests - Class A Common Unit	N/A	N/A	243,646 Shares	\$ 10,000	\$ 5,051	(13)(17)
Renew Financial							
AIC SPV Holdings II, LLC (4)	Preferred Equity - Preferred Stock	N/A	N/A	143 Shares	534	925	(13)(15)(17)
Renew Financial LLC (f/k/a Renewable Funding, LLC) (4)	Preferred Equity - Series B Preferred Stock	N/A	N/A	1,505,868 Shares	8,343	19,035	(13)
	Preferred Equity - Series D Preferred Stock	N/A	N/A	436,689 Shares	5,568	6,676	(13)
Renew JV LLC (4)	Common Equity/Interests - Membership Interests	N/A	N/A	N/A	2,740	4,111	(13)(17)
					17,185	30,747	
Solarplicity Group							
Solarplicity Group Limited (3)(4)	First Lien Secured Debt	N/A	11/30/22	£ 4,331	5,811	6,063	(13)(17)

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Solarplicity UK Holdings Limited	First Lien Secured Debt	4.00%	03/08/23	£ 5,562	7,637	7,778	(17)
	Preferred Equity - Preferred Stock	N/A	N/A	4,286 Shares	5,832	5,008	(2)(17)
	Common Equity/Interests - Ordinary Shares	N/A	N/A	2,825 Shares	4	929	(2)(13)(17)
					19,284	19,778	
Westinghouse Electric Co LLC	First Lien Secured Debt	6.44% (1M L+450, 1.00% Floor)	01/11/19	\$ 30,000	30,000	30,000	(9)
			Total Energy – Electricity		\$ 76,469	\$ 85,576	
Energy – Oil & Gas							
Glacier Oil & Gas Corp. (f/k/a Miller Energy Resources, Inc.) (5)	First Lien Secured Debt	8.00% Cash (10.00% PIK Toggle)	03/29/19	\$ 15,000	\$ 15,000	\$ 15,000	
	Second Lien Secured Debt	10.00% PIK (8.00% Cash Toggle)	03/29/21	30,510	30,510	30,510	
	Common Equity/Interests - Common Stock	N/A	N/A	5,000,000 Shares	30,078	20,303	(13)
					75,588	65,813	
Pelican Energy, LLC (4)	Common Equity/Interests - Membership Interests	N/A	N/A	1,444 Shares	24,441	12,946	(13)(17)(29)
SHD Oil & Gas, LLC (5)	First Lien Secured Debt - Tranche A Note	14.00% (8.00% Cash plus 6.00% PIK)	12/31/19	43,436	43,436	44,739	
	First Lien Secured Debt - Tranche B Note	14.00% PIK	12/31/19	73,231	44,380	40,816	(13)(14)
	First Lien Secured Debt - Tranche C Note	12.00%	12/31/19	19,200	19,200	19,776	
	First Lien Secured Debt - Unfunded Delayed Draw	0.00% Unfunded	12/31/19	2,800	—	—	(21)(23)
	Common Equity/Interests - Series A Units	N/A	N/A	7,600,000 Shares	1,411	—	(13)(29)
					108,427	105,331	
			Total Energy – Oil & Gas		\$ 208,456	\$ 184,090	
Food & Grocery							
Bumble Bee Foods							
Bumble Bee Holdings, Inc.	First Lien Secured Debt	9.87% (3M L+800, 1.00% Floor)	08/15/23	\$ 15,507	\$ 15,221	\$ 15,197	
Connors Bros Clover Leaf Seafoods Company	First Lien Secured Debt	9.87% (3M L+800, 1.00% Floor)	08/15/23	4,393	4,312	4,305	
					19,533	19,502	
Grocery Outlet, Inc.	Second Lien Secured Debt	10.55% (3M L+825, 1.00% Floor)	10/21/22	25,000	24,784	25,250	(10)
			Total Food & Grocery		\$ 44,317	\$ 44,752	
Healthcare & Pharmaceuticals							
Altasciences							
9360-1367 Quebec Inc.	First Lien Secured Debt	7.93% (3M L+625, 1.00% Floor)	06/09/23	C\$ 2,418	\$ 1,766	\$ 1,833	(9)(17)
	First Lien Secured Debt	8.56% (3M L+625, 1.00% Floor)	06/09/23	\$ 2,899	2,842	2,834	(9)(17)
Altasciences US Acquisition, Inc.	First Lien Secured Debt	8.56% (3M L+625, 1.00% Floor)	06/09/23	5,235	5,133	5,117	(9)
	First Lien Secured Debt - Unfunded Delayed Draw	0.50% Unfunded	06/09/23	2,851	(31)	(64)	(8)(9)(21)(23)(28)
	First Lien Secured Debt - Revolver	8.56% (3M L+625, 1.00% Floor)	06/09/23	71	71	70	(9)(23)(28)

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Industry / Company	Investment Type	Interest Rate (20)	Maturity Date	Par / Shares (12)	Cost (30)	Fair Value (1) (31)	
	First Lien Secured Debt - Revolver	8.56% (3M L+625, 1.00% Floor)	06/09/23	214	214	209	(9)(23)(28)
	First Lien Secured Debt - Unfunded Revolver	0.25% Unfunded	06/09/23	1,140	(28)	(27)	(8)(9)(21)(23)(28)
					9,967	9,972	
Aptevo Therapeutics Inc.	First Lien Secured Debt	9.48% (1M L+760, 0.50% Floor)	02/01/21	8,571	8,708	8,531	(9)
Argon Medical Devices Holdings, Inc.	Second Lien Secured Debt	10.30% (3M L+800, 1.00% Floor)	01/23/26	21,600	21,494	21,870	(10)
Avalign Technologies, Inc.	Second Lien Secured Debt	10.38% (6M L+825, 1.00% Floor)	09/02/24	5,500	5,449	5,483	(10)
BioClinica Holding I, LP	Second Lien Secured Debt	9.99% (3M L+825, 1.00% Floor)	10/21/24	24,612	24,201	23,874	(10)
Genesis Healthcare, Inc.	First Lien Secured Debt	8.31% (3M L+600, 0.50% Floor)	03/06/23	25,000	24,630	24,630	(9)
	First Lien Secured Debt - Unfunded Delayed Draw	2.00% Unfunded	03/06/23	9,130	(180)	(135)	(8)(9)(21)(23)
	First Lien Secured Debt - Revolver	8.03% (3M L+600, 0.50% Floor)	03/06/23	23,835	23,835	23,483	(9)(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	03/06/23	37,035	(877)	(547)	(8)(9)(21)(23)
					47,408	47,431	
Elements Behavioral Health, Inc.	Second Lien Secured Debt	15.06% (3M L+1275, 1.00% Floor)	02/11/20	12,353	11,911	—	(13)(14)
Invuity, Inc.	First Lien Secured Debt	8.38% (1M L+650, 1.50% Floor)	03/01/22	10,000	9,855	9,750	(9)
	First Lien Secured Debt - Revolver	5.13% (1M L+325, 1.50% Floor)	03/01/22	657	657	649	(9)(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	03/01/22	1,343	(8)	(17)	(8)(9)(21)(23)
	Common Equity/Interests - Warrants	N/A	N/A	32,803 Warrants	180	69	(9)(13)
					10,684	10,451	
Lanai Holdings III, Inc.	Second Lien Secured Debt	10.29% (2M L+850, 1.00% Floor)	08/28/23	17,391	16,991	16,696	(10)
LSCS Holdings, Inc	Second Lien Secured Debt	10.31% (3M L+825)	03/16/26	20,455	19,995	20,352	
	Second Lien Secured Debt - Unfunded Delayed Draw	0.00% Unfunded	03/16/26	4,545	(102)	(23)	(8)(21)(23)
					19,893	20,329	
Maxor National Pharmacy Services, LLC	First Lien Secured Debt	8.25% (3M L+600, 1.00% Floor)	11/22/23	21,577	21,070	21,373	(9)
	First Lien Secured Debt - Revolver	9.75% (P+500)	11/22/22	195	195	193	(9)(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	11/22/22	1,363	(19)	(12)	(8)(9)(21)(23)
					21,246	21,554	
Oxford Immunotec, Inc.	First Lien Secured Debt	9.48% (1M L+760, 0.50% Floor)	10/01/21	9,750	9,886	9,916	(9)(17)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	10/01/21	1,000	(4)	—	(9)(17)(21)(23)
					9,882	9,916	
Partner Therapeutics, Inc	First Lien Secured Debt	8.53% (1M L+665, 1.00% Floor)	01/01/23	10,000	9,821	9,846	(9)
	Preferred Equity - Preferred Stock	N/A	N/A	55,556 Shares	333	333	(9)
	Common Equity/Interests - Warrants	N/A	N/A	33,333 Warrants	135	104	(9)(13)
					10,289	10,283	
PTC Therapeutics, Inc	First Lien Secured Debt	8.03% (1M L+615, 1.00% Floor)	05/01/21	12,667	12,618	12,743	(9)(17)

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Industry / Company	Investment Type	Interest Rate (20)	Maturity Date	Par / Shares (12)	Cost (30)	Fair Value (1) (31)	
	First Lien Secured Debt - Unfunded Delayed Draw	0.00% Unfunded	05/01/21	6,333	(24)	—	(9)(17)(21)(23)
					12,594	12,743	
RiteDose Holdings I, Inc.	First Lien Secured Debt	8.81% (3M L+650, 1.00% Floor)	09/13/23	14,963	14,520	14,681	(9)
	First Lien Secured Debt - Revolver	8.81% (3M L+650, 1.00% Floor)	09/13/22	1,067	1,067	1,048	(9)(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	09/13/22	933	(58)	(17)	(8)(9)(21)(23)
					15,529	15,712	
Teladoc, Inc.	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	07/14/20	1,289	(52)	(1)	(8)(17)(21)(23)
	First Lien Secured Debt - Letter of Credit	7.25%	01/12/19	378	—	—	(8)(17)(23)
					(52)	(1)	
Wright Medical Group, Inc.	First Lien Secured Debt - Revolver	6.13% (1M L+425, 0.75% Floor)	12/23/21	18,333	18,333	18,333	(9)(17)(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	12/23/21	31,667	(373)	—	(9)(17)(21)(23)
					17,960	18,333	
Total Healthcare & Pharmaceuticals					\$ 264,154	\$ 253,177	
High Tech Industries							
ChyronHego Corporation	First Lien Secured Debt	7.43% (3M L+643, 1.00% Floor)	03/09/20	\$ 35,277	\$ 34,967	\$ 33,866	(18)
DigiCert Holdings, Inc.	Second Lien Secured Debt	9.77% (3M L+800, 1.00% Floor)	10/31/25	20,196	20,100	20,405	(10)
LabVantage Solutions							
LabVantage Solutions Inc.	First Lien Secured Debt	9.38% (1M L+750, 1.00% Floor)	12/29/20	13,688	13,441	13,551	
LabVantage Solutions Limited	First Lien Secured Debt	8.50% (1M E+750, 1.00% Floor)	12/29/20	€ 12,539	13,246	15,267	(17)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	12/29/20	€ 3,435	(63)	(42)	(8)(17)(21)(23)
					26,624	28,776	
Omnitracs, LLC	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	03/23/23	3,750	(336)	(338)	(8)(21)(23)
Smokey Merger Sub, Inc.	Second Lien Secured Debt	10.44% (3M L+850, 1.00% Floor)	05/24/24	30,000	29,208	29,250	(9)
Telestream Holdings Corporation	First Lien Secured Debt	7.61% (6M L+645, 1.00% Floor)	03/24/22	36,748	36,446	36,014	(18)
Tibco Software Inc.	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	12/05/19	6,000	(20)	(840)	(8)(21)(23)
ZPower, LLC	First Lien Secured Debt	9.63% (1M L+775, 1.00% Floor)	07/01/22	6,667	6,607	6,593	(9)
	First Lien Secured Debt - Unfunded Delayed Draw	0.00% Unfunded	07/01/22	1,667	71	(18)	(8)(9)(21)(23)
	Common Equity/Interests - Warrants	N/A	N/A	29,630 Warrants	48	78	(9)(13)
					6,726	6,653	
Total High Tech Industries					\$ 153,715	\$ 153,786	
Hotel, Gaming, Leisure, Restaurants							
GFRC Holdings LLC	First Lien Secured Debt	9.77% (3M L+800 Cash (L+800 PIK Toggle), 1.50% Floor))	02/01/22	\$ 2,500	\$ 2,500	\$ 2,500	
Total Hotel, Gaming, Leisure, Restaurants					\$ 2,500	\$ 2,500	
Insurance							
Alliant Holdings Intermediate, LLC	First Lien Secured Debt - Revolver	7.25% (P+250)	08/14/20	\$ 3,375	\$ 3,375	\$ 3,278	(23)
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	08/14/20	11,438	(810)	(327)	(8)(21)(23)

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Industry / Company	Investment Type	Interest Rate (20)	Maturity Date	Par / Shares (12)	Cost (30)	Fair Value (1) (31)	
	First Lien Secured Debt - Letter of Credit	3.375%	04/23/18	37	—	(1)	(8)(23)
	First Lien Secured Debt - Letter of Credit	3.375%	05/04/18	8	—	—	(8)(23)
	First Lien Secured Debt - Letter of Credit	3.375%	07/30/18	97	—	(2)	(8)(23)
	First Lien Secured Debt - Letter of Credit	3.375%	11/30/18	37	—	(1)	(8)(23)
	First Lien Secured Debt - Letter of Credit	3.375%	05/31/19	8	—	—	(8)(23)
					2,565	2,947	
Confie Seguros Holding II Co.	Second Lien Secured Debt	11.48% (3M L+950, 1.25% Floor)	05/08/19	21,844	21,807	21,216	(10)
			Total Insurance		\$ 24,372	\$ 24,163	
Manufacturing, Capital Equipment							
MedPlast Holdings Inc.	Second Lien Secured Debt	10.43% (2M L+875, 1.00% Floor)	06/06/23	\$ 8,000	\$ 7,832	\$ 7,740	
Power Products, LLC	Second Lien Secured Debt	10.74% (3M L+900, 1.00% Floor)	12/20/23	32,500	31,568	32,226	(9)
			Total Manufacturing, Capital Equipment		\$ 39,400	\$ 39,966	
Media – Diversified & Production							
SESAC Holdco II LLC	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	02/23/22	\$ 587	\$ (41)	\$ (44)	(8)(21)(23)
	Second Lien Secured Debt	9.13% (1M L+725, 1.00% Floor)	02/24/25	3,241	3,213	3,233	(10)
			Total Media – Diversified & Production		\$ 3,172	\$ 3,189	
Metals & Mining							
Magnetation, LLC	First Lien Secured Debt	10.31% (3M L+800 Cash (PIK Toggle))	12/31/19	\$ 1,352	\$ 1,273	\$ 451	(13)(14)
			Total Metals & Mining		\$ 1,273	\$ 451	
Telecommunications							
Securus Technologies Holdings, Inc.	Second Lien Secured Debt	10.13% (1M L+825, 1.00% Floor)	11/01/25	\$ 12,878	\$ 12,755	\$ 13,051	(10)
UniTek Global Services Inc.	First Lien Secured Debt	10.81% (3M L+850, 1.00% Floor)	01/13/19	32,367	32,367	33,014	
	First Lien Secured Debt	10.81% (3M L+750 Cash plus 1.00% PIK, 1.00% Floor)	01/13/19	1,951	1,951	1,951	
	First Lien Secured Debt - Unfunded Revolver	0.50% Unfunded	01/13/19	5,000	—	—	(21)(23)
	First Lien Secured Debt - Letter of Credit	7.50%	01/13/19	5,857	—	—	(23)
	Unsecured Debt	15.00% PIK	07/13/19	9,918	9,918	10,117	
					44,236	45,082	
Wave Holdco Merger Sub, Inc.	Second Lien Secured Debt	11.13% (1M L+925, 1.00% Floor)	05/27/23	10,000	9,810	9,890	
			Total Telecommunications		\$ 66,801	\$ 68,023	
Transportation – Cargo, Distribution							
American Tire							
Accelerate Parent Corp.	Common Equity/Interests - Common Stock	N/A	N/A	1,664,046 Shares	\$ 1,715	\$ 2,310	(13)
American Tire Distributors, Inc.	Unsecured Debt	10.25%	03/01/22	\$ 12,741	12,798	13,049	(10)(11)
					14,513	15,359	
Dynamic Product Tankers, LLC (5)	First Lien Secured Debt	9.30% (3M L+700)	06/30/23	42,000	41,790	42,000	(17)
	First Lien Secured Debt - Letter of Credit	2.25%	09/20/18	2,250	—	—	(17)(23)

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Industry / Company	Investment Type	Interest Rate (20)	Maturity Date	Par / Shares (12)	Cost (30)	Fair Value (1) (31)	
	First Lien Secured Debt - Letter of Credit	2.25%	01/31/21	500	—	—	(17)(23)
	Common Equity/Interests - Class A Units	N/A	N/A	N/A	48,106	41,479	(17)(24)
					89,896	83,479	
MSEA Tankers LLC (5)	Common Equity/Interests - Class A Units	N/A	N/A	N/A	74,450	72,256	(17)(25)
PT Intermediate Holdings III, LLC	Second Lien Secured Debt	10.30% (3M L+800, 1.00% Floor)	12/08/25	9,375	9,284	9,516	
Total Transportation – Cargo, Distribution					\$ 188,143	\$ 180,610	
Utilities – Electric							
Asset Repackaging Trust Six B.V.	Structured Products and Other	12.81%	05/18/27	\$ 58,411	\$ 26,030	\$ 28,860	(11)(17)(19)
Total Utilities – Electric					\$ 26,030	\$ 28,860	
Total Investments before Cash Equivalents and Option Contracts					\$2,268,596	\$2,248,047	
J.P. Morgan U.S. Government Money Market Fund	N/A	N/A	N/A	\$ 14,035	\$ 14,035	\$ 14,035	(22)
Total Investments after Cash Equivalents and before Option Contracts					\$2,282,631	\$ 2,262,082	

Counterparty	Instrument	Exercise Price	Maturity Date	Number of Contracts	Notional Amount (27)	Cost (Proceeds)	Fair Value (1)	
Purchased Put Options								
CME Group	WTI Crude Oil Put Options	\$ 45.00	4/30/18 - 4/30/19	2,750	\$ 123,750	\$ 5,758	\$ 1,226	(10)
	Total Purchased Put Options					<u>\$ 5,758</u>	<u>\$ 1,226</u>	(16)
Written Call Options								
CME Group	WTI Crude Oil Call Options	\$ 54.30	4/30/18 - 3/29/19	660	\$ (35,838)	\$ (1,713)	\$ (6,388)	(10)
CME Group	WTI Crude Oil Call Options	55.00	4/30/18 - 3/29/19	660	(36,300)	(1,647)	(6,021)	(10)
CME Group	WTI Crude Oil Call Options	57.50	4/30/18 - 4/30/19	715	(41,113)	(1,499)	(5,150)	(10)
CME Group	WTI Crude Oil Call Options	62.75	4/30/18 - 4/30/19	715	(44,866)	(877)	(2,791)	(10)
	Total Written Call Options					<u>\$ (5,736)</u>	<u>\$ (20,350)</u>	(16)
Total Investments after Cash Equivalents and Option Contracts						<u>\$ 2,282,653</u>	<u>\$ 2,242,958</u>	(6)(7)

- (1) Fair value is determined in good faith by or under the direction of the Board of Directors of the Company (See Note 2 to the financial statements).
- (2) Preferred and ordinary shares in Solarplicity UK Holdings Limited are GBP denominated equity investments.
- (3) Denotes investments in which the Company owns greater than 25% of the equity, where the governing documents of each entity preclude the Company from exercising a controlling influence over the management or policies of such entity. The Company does not have the right to elect or appoint more than 25% of the directors or another party has the right to elect or appoint more directors than the Company and has the right to appoint certain members of senior management. Therefore, the Company has determined that these entities are not controlled affiliates. As of March 31, 2018, we had a 100% and 28% equity ownership interest in Golden Bear 2016-R, LLC and Solarplicity Group Limited, respectively. Equity ownership in Solarplicity Group Limited was written off as it was deemed worthless.

See notes to financial statements.

APOLLO INVESTMENT CORPORATION
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- (4) Denotes investments in which we are an “Affiliated Person,” as defined in the 1940 Act, due to holding the power to vote or owning 5% or more of the outstanding voting securities of the investment but not controlling the company. Fair value as of March 31, 2017 and March 31, 2018 along with transactions during the year ended March 31, 2018 in these affiliated investments are as follows:

Name of Issuer	Fair Value at March 31, 2017	Gross Additions ●	Gross Reductions ■	Net Change in Unrealized Gains (Losses)	Fair Value at March 31, 2018	Net Realized Gains (Losses)	Interest/ Dividend/ Other Income
AIC SPV Holdings I, LLC, Membership Interests	\$ 24,285	\$ 35	\$ (69,074)	\$ 44,754	\$ —	\$ (43,284)	\$ 114
AIC SPV Holdings II, LLC, Preferred Stock	—	534	—	391	925	—	—
AMP Solar Group, Inc., Class A Common Unit	4,687	—	—	364	5,051	—	—
Golden Bear 2016-R, LLC, Membership Interests	17,066	47	—	(2,966)	14,147	—	—
Ivy Hill Middle Market Credit Fund IX, Ltd., Subordinated Notes	9,537	—	(9,159)	(378)	—	1,954	1,008
Ivy Hill Middle Market Credit Fund X, Ltd., Subordinated Notes	10,841	—	(11,078)	237	—	(238)	905
LVI Group Investments, LLC, Common Units	—	—	(17,505)	17,505	—	(17,505)	(306)
MCF CLO I, LLC, Membership Interests	—	—	—	—	—	(19)	120
MCF CLO III, LLC, Membership Interests	—	—	—	—	—	(19)	427
Pelican Energy, LLC, First Lien Term Loan	15,417	—	(26,665)	11,248	—	—	—
Pelican Energy, LLC, Membership Interests	—	26,664	(3,322)	(10,396)	12,946	—	—
Renew Financial LLC (f/k/a Renewable Funding, LLC), Series B Preferred Stock	19,383	—	—	(348)	19,035	—	—
Renew Financial LLC (f/k/a Renewable Funding, LLC), Series D Preferred Stock	6,254	—	—	422	6,676	—	—
Renew JV LLC, Membership Interests	4,701	10,062	(9,282)	(1,370)	4,111	7,831	67
Solarplicity Group Limited, First Lien Term Loan	119,426	5,064	(145,851)	27,424	6,063	(24,885)	7,554
Solarplicity Group Limited, Class B Common Shares	—	—	(2,472)	2,472	—	(2,472)	—
Solarplicity UK Holdings Limited, First Lien Term Loan	—	7,637	(7,778)	141	—	—	21
Solarplicity UK Holdings Limited, Unsecured Debt	2,501	223	(2,721)	(3)	—	246	204
Solarplicity UK Holdings Limited, Ordinary Shares	4,952	—	(928)	(4,024)	—	—	—
Solarplicity UK Holdings Limited, Preferred Stock	—	5,832	(5,008)	(824)	—	—	—
Venoco, Inc., Unsecured Debt	—	—	(338)	338	—	(338)	—
Venoco, Inc., LLC Units	—	—	(40,517)	40,517	—	(40,517)	—
Venoco, Inc., Series A Warrants	—	—	(48,170)	48,170	—	(48,170)	—
	<u>\$ 239,050</u>	<u>\$ 56,098</u>	<u>\$ (399,868)</u>	<u>\$ 173,674</u>	<u>\$ 68,954</u>	<u>\$ (167,416)</u>	<u>\$ 10,114</u>

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

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

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- (5) Denotes investments in which we are deemed to exercise a controlling influence over the management or policies of a company, as defined in the 1940 Act, due to beneficially owning, either directly or through one or more controlled companies, more than 25% of the outstanding voting securities of the investment. Fair value as of March 31, 2017 and March 31, 2018 along with transactions during the year ended March 31, 2018 in these controlled investments are as follows:

Name of Issuer	Fair Value at March 31, 2017	Gross Additions ●	Gross Reductions ■	Net Change in Unrealized Losses	Fair Value at March 31, 2018	Net Realized Losses	Interest/ Dividend/ Other Income
Dynamic Product Tankers, LLC, First Lien Term Loan	\$ —	\$ 41,790	\$ —	\$ 210	\$ 42,000	\$ —	\$ 1
Dynamic Product Tankers, LLC, Letters of Credit	—	—	—	—	—	—	—
Dynamic Product Tankers, LLC, Class A Units	42,644	—	—	(1,165)	41,479	—	—
Glacier Oil & Gas Corp. (f/k/a Miller Energy Resources, Inc.), First Lien Term Loan	10,000	5,000	—	—	15,000	—	1,133
Glacier Oil & Gas Corp. (f/k/a Miller Energy Resources, Inc.), Second Lien Term Loan	27,617	2,893	—	—	30,510	—	2,885
Glacier Oil & Gas Corp. (f/k/a Miller Energy Resources, Inc.), Common Stock	18,862	—	—	1,441	20,303	—	—
Merx Aviation Finance Assets Ireland Limited, Letters of Credit	—	—	—	—	—	—	—
Merx Aviation Finance, LLC, Letter of Credit	—	—	—	—	—	—	—
Merx Aviation Finance, LLC, Revolver	374,084	139,700	(153,984)	—	359,800	—	49,244
Merx Aviation Finance, LLC, Membership Interests	48,811	—	(4,205)	(2,225)	42,381	—	12,350
MSEA Tankers LLC, Class A Units	72,797	—	—	(541)	72,256	—	4,803
SHD Oil & Gas, LLC, Tranche A Note	40,891	2,545	—	1,303	44,739	—	5,924
SHD Oil & Gas, LLC, Tranche B Note	32,793	—	—	8,023	40,816	—	—
SHD Oil & Gas, LLC, Tranche C Note	6,750	12,450	—	576	19,776	—	2,033
SHD Oil & Gas, LLC, Unfunded Tranche C Note	—	—	—	—	—	—	—
SHD Oil & Gas, LLC, Series A Units	—	—	—	—	—	—	—
	<u>\$ 675,249</u>	<u>\$ 204,378</u>	<u>\$ (158,189)</u>	<u>\$ 7,622</u>	<u>\$ 729,060</u>	<u>\$ —</u>	<u>\$ 78,373</u>

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

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

As of March 31, 2018, the Company had a 85%, 47%, 100%, 98% and 38% equity ownership interest in Dynamic Product Tankers, LLC; Glacier Oil & Gas Corp. (f/k/a Miller Energy Resources, Inc.); Merx Aviation Finance, LLC; MSEA Tankers, LLC; and SHD Oil & Gas, LLC (f/k/a Spotted Hawk Development LLC), respectively.

- (6) Aggregate gross unrealized gain and loss for federal income tax purposes is \$143,712 and \$138,978, respectively. Net unrealized gain is \$4,734 based on a tax cost of \$2,238,224.
- (7) Substantially all securities are pledged as collateral to our multi-currency revolving credit facility (the “Senior Secured Facility” as defined in Note 8 to the financial statements). As such, these securities are not available as collateral to our general creditors.
- (8) The negative fair value is the result of the commitment being valued below par.
- (9) These are co-investments made with the Company’s affiliates in accordance with the terms of the exemptive order the Company received from the Securities and Exchange Commission (the “SEC”) permitting us to do so. (See Note 3 to the financial statements for discussion of the exemptive order from the SEC.)
- (10) Other than the investments noted by this footnote, the fair value of the Company’s investments is determined using unobservable inputs that are significant to the overall fair value measurement. See Note 2 to the financial statements for more information regarding ASC 820, Fair Value Measurements (“ASC 820”).

See notes to financial statements.

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- (11) These securities are exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions that are exempt from registration, normally to qualified institutional buyers.
- (12) Par amount is denominated in USD unless otherwise noted, Euro (“€”), British Pound (“£”), and Canadian Dollar (“C\$”).
- (13) Non-income producing security.
- (14) Non-accrual status (See Note 2 to the financial statements).
- (15) The underlying investments of AIC SPV Holdings II, LLC is a securitization in which the Company has a 14.25% ownership interest in the residual tranche.
- (16) Refer to Note 7 to the financial statements for details of the Offsetting Assets and Liabilities. On the Statement of Assets and Liabilities, the fair value of purchased put options and written call options that are settled-to-market are offset against the cash collateral posted with the clearing house as variation margin amounting to \$20,970.
- (17) Investments that the Company has determined are not “qualifying assets” under Section 55(a) of the 1940 Act. Under the 1940 Act, we may not acquire any non-qualifying asset unless, at the time such acquisition is made, qualifying assets represent at least 70% of our total assets. The status of these assets under the 1940 Act is subject to change. The Company monitors the status of these assets on an ongoing basis. As of March 31, 2018, non-qualifying assets represented approximately 15.13% of the total assets of the Company.
- (18) In addition to the interest earned based on the stated rate of this loan, the Company may be entitled to receive additional interest as a result of its arrangement with other lenders in a syndication.
- (19) This investment represents a leveraged subordinated interest in a trust that holds one foreign currency denominated bond and a derivative instrument.
- (20) Generally, the interest rate on floating interest rate investments is at benchmark rate plus spread. The borrower has an option to choose the benchmark rate, such as the London Interbank Offered Rate (“LIBOR”), the Euro Interbank Offered Rate (“EURIBOR”), the federal funds rate or the prime rate. The spread may change based on the type of rate used. The terms in the Schedule of Investments disclose the actual interest rate in effect as of the reporting period. LIBOR loans are typically indexed to 30-day, 60-day, 90-day or 180-day LIBOR rates (1M L, 2M L, 3M L or 6M L, respectively), and EURIBOR loans are typically indexed to 90-day EURIBOR rates (3M E), at the borrower’s option. LIBOR and EURIBOR loans may be subject to interest floors. As of March 31, 2018, rates for 1M L, 2M L, 3M L, 6M L, 1M E, 3M E, and Prime are 1.88%, 2.00%, 2.31%, 2.45%, (0.41%), (0.37%) and 4.75%, respectively.
- (21) The rates associated with these undrawn committed revolvers and delayed draw term loans represent rates for commitment and unused fees.
- (22) This security is included in the Cash and Cash Equivalents on the Statements of Assets and Liabilities.

See notes to financial statements.

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- (23) As of March 31, 2018, the Company had the following commitments to fund various revolving and delayed draw senior secured and subordinated loans, including commitments to issue letters of credit through a financial intermediary on behalf of certain portfolio companies. Such commitments are subject to the satisfaction of certain conditions set forth in the documents governing these loans and letters of credit and there can be no assurance that such conditions will be satisfied. See Note 10 to the financial statements for further information on revolving and delayed draw loan commitments, including commitments to issue letters of credit, related to certain portfolio companies.

Portfolio Company	Total Commitment	Drawn Commitment	Letters of Credit	Undrawn Commitment
Access CIG, LLC	\$ 3,765	\$ —	\$ —	\$ 3,765
Aero Operating LLC	4,812	2,486	—	2,326
Alliant Holdings Intermediate, LLC	15,000	3,375	187	11,438
Altasciences US Acquisition, Inc.	4,276	285	—	3,991
American Media, Inc.	1,778	948	84	746
Carbonfree Caustic SPE LLC	6,111	—	—	6,111
Dynamic Product Tankers, LLC	2,750	—	2,750	—
Erickson Inc	45,000	21,140	7,659	16,201
Genesis Healthcare, Inc.	70,000	23,835	—	46,165
Invuity, Inc.	2,000	657	—	1,343
LabVantage Solutions Limited*	4,225	—	—	4,225
LSCS Holdings, Inc	4,545	—	—	4,545
Maxor National Pharmacy Services, LLC	1,558	195	—	1,363
Merx Aviation Finance Assets Ireland Limited	3,600	—	3,600	—
Merx Aviation Finance, LLC	177	—	177	—
Newscycle Solutions, Inc.	500	—	—	500
Omnitracs, LLC	3,750	—	—	3,750
Oxford Immunotec, Inc.	1,000	—	—	1,000
PSI Services, LLC*	462	238	—	224
PTC Therapeutics, Inc	6,333	—	—	6,333
Purchasing Power, LLC	4,500	3,068	—	1,432
RA Outdoors, LLC	1,200	—	—	1,200
RiteDose Holdings I, Inc.	2,000	1,067	—	933
SESAC Holdco II LLC	587	—	—	587
SHD Oil & Gas, LLC	2,800	—	—	2,800
Simplifi Holdings, Inc.	2,400	—	—	2,400
Teladoc, Inc.	1,667	—	378	1,289
Ten-X, LLC	4,680	520	—	4,160
Tibco Software Inc.	6,000	—	—	6,000
TricorBraun Holdings, Inc.	5,625	1,560	—	4,065
UniTek Global Services Inc.	10,857	—	5,857	5,000
Wright Medical Group, Inc.	50,000	18,333	—	31,667
ZPower, LLC	1,667	—	—	1,667
Total Commitments	\$ 275,625	\$ 77,707	\$ 20,692	\$ 177,226

* These investments are in a foreign currency and the total commitment has been converted to USD using the March 31, 2018 exchange rate.

- (24) As of March 31, 2018, Dynamic Product Tankers, LLC had various classes of limited liability interests outstanding of which the Company holds Class A-1 and Class A-3 units which are identical except that Class A-1 unit is voting and Class A-3 unit is non-voting. The units entitle the Company to appoint three out of five managers to the board of managers.
- (25) As of March 31, 2018, MSEA Tankers, LLC had various classes of limited liability interests outstanding of which the Company holds Class A-1 and Class A-2 units which are identical except that Class A-1 unit is voting and Class A-2 unit is non-voting. The units entitle the Company to appoint two out of three managers to the board of managers.

See notes to financial statements.

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- (26) The Company holds three classes of warrants in Sprint Industrial Holdings, LLC. The Company holds 5,595 warrants of Class G, 507 warrants of Class H, and 1,239 warrants of Class I.
- (27) The notional value represents the number of contracts open multiplied by the exercise price as of March 31, 2018.
- (28) The unused line fees of 0.50% and 0.25% are collected for the Unfunded Delayed Draw and Unfunded Revolver, respectively from both Altasciences US Acquisition, Inc. and Altasciences / 9360-1367 Quebec Inc. as each borrower has access to the respective lending facilities.
- (29) AIC Spotted Hawk Holdings, LLC, AIC SHD Holdings, LLC and AIC Pelican Holdings, LLC are consolidated wholly-owned special purpose vehicles which only hold equity investments of the underlying portfolio companies and have no other significant assets or liabilities. AIC Spotted Hawk Holdings, LLC and AIC SHD Holdings, LLC hold equity investments in SHD Oil & Gas, LLC. AIC Pelican Holdings, LLC holds an equity investment in Pelican Energy, LLC.

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(30) The following shows the composition of the Company's portfolio at cost by control designation, investment type and industry as of March 31, 2018:

Industry	First Lien - Secured Debt	Second Lien - Secured Debt	Unsecured Debt	Structured Products and Other	Preferred Equity	Common Equity/Interests	Warrants	Total
Non-Controlled / Non-Affiliated Investments								
Advertising, Printing & Publishing	\$ 26,259	\$ 7,473	\$ —	\$ —	\$ —	\$ —	\$ —	33,732
Aerospace & Defense	20,682	46,988	—	—	—	—	—	67,670
Automotive	14,565	26,550	—	—	—	—	—	41,115
Business Services	109,729	218,112	80,000	—	—	4,500	—	412,341
Chemicals, Plastics & Rubber	59,305	14,423	—	—	—	—	—	73,728
Consumer Goods – Durable	14,572	24,649	—	—	—	—	—	39,221
Consumer Goods – Non-Durable	—	25,043	—	—	—	—	—	25,043
Consumer Services	—	24,628	—	—	—	—	—	24,628
Containers, Packaging & Glass	1,189	18,107	—	—	—	—	—	19,296
Diversified Investment Vehicles, Banking, Finance, Real Estate	3,156	12,867	—	25,691	—	—	—	41,714
Energy – Electricity	37,637	—	—	—	5,832	4	—	43,473
Food & Grocery	19,533	24,784	—	—	—	—	—	44,317
Healthcare & Pharmaceuticals	163,567	99,939	—	—	333	—	315	264,154
High Tech Industries	104,359	49,308	—	—	—	—	48	153,715
Hotel, Gaming, Leisure, Restaurants	2,500	—	—	—	—	—	—	2,500
Insurance	2,565	21,807	—	—	—	—	—	24,372
Manufacturing, Capital Equipment	—	39,400	—	—	—	—	—	39,400
Media – Diversified & Production	(41)	3,213	—	—	—	—	—	3,172
Metals & Mining	1,273	—	—	—	—	—	—	1,273
Telecommunications	34,318	22,565	9,918	—	—	—	—	66,801
Transportation – Cargo, Distribution	—	9,284	12,798	—	—	1,715	—	23,797
Utilities – Electric	—	—	—	26,030	—	—	—	26,030
Total Non-Controlled / Non-Affiliated Investments	\$ 615,168	\$ 689,140	\$ 102,716	\$ 51,721	\$ 6,165	\$ 6,219	\$ 363	\$ 1,471,492
Non-Controlled / Affiliated Investments								
Diversified Investment Vehicles, Banking, Finance, Real Estate	\$ —	\$ —	\$ —	\$ 16,506	\$ —	\$ —	\$ —	16,506
Energy – Electricity	5,811	—	—	—	13,911	13,274	—	32,996
Energy – Oil & Gas	—	—	—	—	—	24,441	—	24,441
Total Non-Controlled / Affiliated Investments	\$ 5,811	\$ —	\$ —	\$ 16,506	\$ 13,911	\$ 37,715	\$ —	\$ 73,943
Controlled Investments								
Aviation and Consumer Transport	\$ 359,800	\$ —	\$ —	\$ —	\$ —	\$ 15,000	\$ —	374,800
Energy – Oil & Gas	122,016	30,510	—	—	—	31,489	—	184,015
Transportation – Cargo, Distribution	41,790	—	—	—	—	122,556	—	164,346
Total Controlled Investments	\$ 523,606	\$ 30,510	\$ —	\$ —	\$ —	\$ 169,045	\$ —	\$ 723,161
Total	\$ 1,144,585	\$ 719,650	\$ 102,716	\$ 68,227	\$ 20,076	\$ 212,979	\$ 363	\$ 2,268,596

See notes to financial statements.

APOLLO INVESTMENT CORPORATION
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(31) The following shows the composition of the Company's portfolio at fair value by control designation, investment type and industry as of March 31, 2018:

Industry	First Lien - Secured Debt	Second Lien - Secured Debt	Unsecured Debt	Structured Products and Other	Preferred Equity	Common Equity/ Interests	Warrants	Total	% of Net Assets
Non-Controlled / Non-Affiliated Investments									
Advertising, Printing & Publishing	\$ 26,879	\$ 7,611	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 34,490	2.4%
Aerospace & Defense	20,466	47,893	—	—	—	—	—	68,359	4.8%
Automotive	14,550	26,325	—	—	—	—	—	40,875	2.9%
Business Services	108,839	219,271	80,000	—	—	4,500	—	412,610	29.1%
Chemicals, Plastics & Rubber	47,170	16,360	—	—	—	—	—	63,530	4.5%
Consumer Goods – Durable	14,564	24,647	—	—	—	466	—	39,677	2.8%
Consumer Goods – Non-Durable	—	25,476	—	—	—	—	—	25,476	1.8%
Consumer Services	—	24,623	—	—	—	—	—	24,623	1.8%
Containers, Packaging & Glass	1,561	10,159	—	—	—	—	—	11,720	0.8%
Diversified Investment Vehicles, Banking, Finance, Real Estate	3,149	13,107	—	24,960	—	—	—	41,216	2.9%
Energy – Electricity	37,778	—	—	—	5,008	929	—	43,715	3.1%
Food & Grocery	19,502	25,250	—	—	—	—	—	44,752	3.2%
Healthcare & Pharmaceuticals	164,419	88,252	—	—	333	—	173	253,177	17.9%
High Tech Industries	104,053	49,655	—	—	—	—	78	153,786	10.8%
Hotel, Gaming, Leisure, Restaurants	2,500	—	—	—	—	—	—	2,500	0.2%
Insurance	2,947	21,216	—	—	—	—	—	24,163	1.7%
Manufacturing, Capital Equipment	—	39,966	—	—	—	—	—	39,966	2.8%
Media – Diversified & Production	(44)	3,233	—	—	—	—	—	3,189	0.2%
Metals & Mining	451	—	—	—	—	—	—	451	0%
Telecommunications	34,965	22,941	10,117	—	—	—	—	68,023	4.8%
Transportation – Cargo, Distribution	—	9,516	13,049	—	—	2,310	—	24,875	1.8%
Utilities – Electric	—	—	—	28,860	—	—	—	28,860	2.0%
Total Non-Controlled / Non-Affiliated Investments	\$ 603,749	\$ 675,501	\$ 103,166	\$ 53,820	\$ 5,341	\$ 8,205	\$ 251	\$ 1,450,033	102.3%
% of Net Assets	42.6%	47.6%	7.3%	3.8%	0.4%	0.6%	0%	102.3%	
Non-Controlled / Affiliated Investments									
Diversified Investment Vehicles, Banking, Finance, Real Estate	\$ —	\$ —	\$ —	\$ 14,147	\$ —	\$ —	\$ —	\$ 14,147	1.0%
Energy – Electricity	6,063	—	—	—	25,711	10,087	—	41,861	3.0%
Energy – Oil & Gas	—	—	—	—	—	12,946	—	12,946	0.9%
Total Non-Controlled / Affiliated Investments	\$ 6,063	\$ —	\$ —	\$ 14,147	\$ 25,711	\$ 23,033	\$ —	\$ 68,954	4.9%
% of Net Assets	0.4%	—%	—%	1.0%	1.8%	1.7%	—%	4.9%	
Controlled Investments									
Aviation and Consumer Transport	\$ 359,800	\$ —	\$ —	\$ —	\$ —	\$ 42,381	\$ —	\$ 402,181	28.3%
Energy – Oil & Gas	120,331	30,510	—	—	—	20,303	—	171,144	12.1%
Transportation – Cargo, Distribution	42,000	—	—	—	—	113,735	—	155,735	11.0%
Total Controlled Investments	\$ 522,131	\$ 30,510	\$ —	\$ —	\$ —	\$ 176,419	\$ —	\$ 729,060	51.4%
% of Net Assets	36.8%	2.2%	—%	—%	—%	12.4%	—%	51.4%	
Total	\$ 1,131,943	\$ 706,011	\$ 103,166	\$ 67,967	\$ 31,052	\$ 207,657	\$ 251	\$ 2,248,047	158.6%
% of Net Assets	79.8%	49.8%	7.3%	4.8%	2.2%	14.7%	0%	158.6%	

See notes to financial statements.

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Industry Classification	Percentage of Total Investments (at Fair Value) as of March 31, 2018
Business Services	18.4%
Aviation and Consumer Transport	17.9%
Healthcare & Pharmaceuticals	11.3%
Energy – Oil & Gas	8.2%
Transportation – Cargo, Distribution	8.0%
High Tech Industries	6.9%
Energy – Electricity	3.8%
Aerospace & Defense	3.0%
Telecommunications	3.0%
Chemicals, Plastics & Rubber	2.8%
Diversified Investment Vehicles, Banking, Finance, Real Estate	2.5%
Food & Grocery	2.0%
Automotive	1.8%
Manufacturing, Capital Equipment	1.8%
Consumer Goods – Durable	1.8%
Advertising, Printing & Publishing	1.5%
Utilities – Electric	1.3%
Consumer Goods – Non-durable	1.1%
Consumer Services	1.1%
Insurance	1.1%
Containers, Packaging & Glass	0.5%
Media – Diversified & Production	0.1%
Hotel, Gaming, Leisure, Restaurants	0.1%
Metals & Mining	0.0%
Total Investments	100.0%

See notes to financial statements.

APOLLO INVESTMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
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Note 1. Organization

Apollo Investment Corporation (the “Company,” “Apollo Investment,” “AIC,” “we,” “us,” or “our”), a Maryland corporation incorporated on February 2, 2004, is a closed-end, externally managed, non-diversified management investment company that has elected to be treated as a business development company (“BDC”) under the Investment Company Act of 1940 (the “1940 Act”). In addition, for tax purposes we have elected to be treated as a regulated investment company (“RIC”) under Subchapter M of the Internal Revenue Code of 1986, as amended (the “Code”). We commenced operations on April 8, 2004 receiving net proceeds of \$870,000 from our initial public offering by selling 62 million shares of common stock at a price of \$15.00 per share (20.7 million shares at a price of \$45.00 per share adjusted for the one-for-three reverse stock split). Since then, and through March 31, 2019, we have raised approximately \$2,210,067 in net proceeds from additional offerings of common stock and repurchased common stock for \$170,932.

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

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

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

Note 2. Significant Accounting Policies

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

Basis of Presentation

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

Under the 1940 Act, ASC 946, and the regulations pursuant to Article 6 of Regulation S-X, we are precluded from consolidating any entity other than another investment company or an operating company which provides substantially all of its services to benefit us. Consequently, as of March 31, 2019, the Company consolidated some special purposes entities. These special purposes entities only hold investments of the Company and have no other significant asset and liabilities. All significant intercompany transactions and balances have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amounts of income, expenses, gains and losses during the reported periods. Changes in the economic environment, financial markets, credit worthiness of our portfolio companies and any other parameters used in determining these estimates could cause actual results to differ materially.

APOLLO INVESTMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)
(In thousands, except share and per share data)

Cash and Cash Equivalents

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

Cash and cash equivalents are carried at cost which approximates fair value. Cash equivalents held as of March 31, 2019 was \$36,280. Cash equivalents held as of March 31, 2018 was \$14,035.

Collateral on Option Contracts

Collateral on option contracts represents restricted cash held by our counterparty as collateral against our derivative instruments until such contracts mature or are settled upon per agreement of buyer and seller of the contract. In accordance with Accounting Standards Update No. 2016-18, *Statement of Cash Flows: Restricted Cash*, the Statements of Cash Flows outline the changes in cash, including both restricted and unrestricted cash, cash equivalents and foreign currencies.

Investment Transactions

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

Fair Value Measurements

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

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

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

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

Level 3: Unobservable inputs for the asset or liability.

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

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NOTES TO FINANCIAL STATEMENTS (Continued)
(In thousands, except share and per share data)

Investment Valuation Process

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

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

1. Our quarterly valuation process begins with each investment being initially valued by the investment professionals of our Investment Adviser who are responsible for the investment.
2. Preliminary valuation conclusions are then documented and discussed with senior management of our Investment Adviser.
3. Independent valuation firms are engaged by our Board of Directors to conduct independent appraisals by reviewing our Investment Adviser's preliminary valuations and then making their own independent assessment.
4. The Audit Committee of the Board of Directors reviews the preliminary valuation of our Investment Adviser and the valuation prepared by the independent valuation firms and responds, if warranted, to the valuation recommendation of the independent valuation firms.
5. The Board of Directors discusses valuations and determines in good faith the fair value of each investment in our portfolio based on the input of our Investment Adviser, the applicable independent valuation firm, and the Audit Committee of the Board of Directors.
6. For Level 3 investments entered into within the last 15 business days of the current quarter-end period, the purchase price or any recent comparable trade activity on the security investment shall be considered to reasonably approximate the fair value of the investment, provided that no material change has since occurred in the issuer's business, significant inputs or the relevant environment.

APOLLO INVESTMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)
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Investments determined by these valuation procedures which have a fair value of less than \$1 million during the prior fiscal quarter may be valued based on inputs identified by the Investment Adviser without the necessity of obtaining valuation from an independent valuation firm, if once annually an independent valuation firm using the procedures described herein provides an independent assessment of value. Investments in all asset classes are valued utilizing a market approach, an income approach, or both approaches, as appropriate. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities (including a business). The income approach uses valuation techniques to convert future amounts (for example, cash flows or earnings) to a single present amount (discounted). The measurement is based on the value indicated by current market expectations about those future amounts. In following these approaches, the types of factors that we may take into account in fair value pricing our investments include, as relevant: available current market data, including relevant and applicable market trading and transaction comparables, applicable market yields and multiples, security covenants, seniority of investment in the investee company's capital structure, call protection provisions, information rights, the nature and realizable value of any collateral, the portfolio company's ability to make payments, its earnings and discounted cash flows, the markets in which the portfolio company does business, comparisons of financial ratios of peer companies that are public, M&A comparables, our principal market (as the reporting entity) and enterprise values, among other factors. When readily available, broker quotations and/or quotations provided by pricing services are considered as an input in the valuation process. During the year ended March 31, 2019, there were no significant changes to the Company's valuation techniques and related inputs considered in the valuation process.

Derivative Instruments

The Company recognizes all derivative instruments as assets or liabilities at fair value in its financial statements. Derivative contracts entered into by the Company are not designated as hedging instruments, and as a result the Company presents changes in fair value and realized gains or losses through current period earnings.

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

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

Offsetting Assets and Liabilities

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

Valuation of Other Financial Assets and Financial Liabilities

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

Realized Gains or Losses

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

APOLLO INVESTMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)
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Investment Income Recognition

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

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

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

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

Expenses

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

Financing Costs

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

APOLLO INVESTMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)
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The Company records origination and other expenses related to its debt obligations as deferred financing costs. The deferred financing cost for all outstanding debt is presented as a direct deduction from the carrying amount of the related debt liability, except that incurred under the Senior Secured Facility (as defined in Note 8 to the financial statements), which the Company presents as an asset on the Statements of Assets and Liabilities. These expenses are deferred and amortized as part of interest expense using the straight-line method over the stated life of the obligation which approximates the effective yield method. In the event that we modify or extinguish our debt before maturity, the Company follows the guidance in ASC 470-50, *Modification and Extinguishments* (“ASC 470-50”). For modifications to or exchanges of our Senior Secured Facility (as defined in Note 8 to the financial statements), any unamortized deferred financing costs relating to lenders who are not part of the new lending group are expensed. For extinguishments of our senior secured notes and senior unsecured notes, any unamortized deferred financing costs are deducted from the carrying amount of the debt in determining the gain or loss from the extinguishment.

Foreign Currency Translations

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

Dividends and Distributions

Dividends and distributions to common stockholders are recorded as of the ex-dividend date. The amount to be paid out as a distribution is determined by the Board of Directors each quarter. Net realized capital gains, if any, are generally distributed or deemed distributed at least annually. Dividend income on common equity securities is recorded on the record date for private portfolio companies or on the ex-dividend date for publicly traded portfolio companies.

Share Repurchases

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

Federal and State Income Taxes

We have elected to be treated as a RIC under the Code and operate in a manner so as to qualify for the tax treatment applicable to RICs. To qualify as a RIC, the Company must (among other requirements) meet certain source-of-income and asset diversification requirements and timely distribute to its stockholders at least 90% of its investment company taxable income as defined by the Code, for each year. The Company (among other requirements) has made and intends to continue to make the requisite distributions to its stockholders, which will generally relieve the Company from corporate-level income taxes. For income tax purposes, distributions made to stockholders are reported as ordinary income, capital gains, non-taxable return of capital, or a combination thereof. The tax character of distributions paid to stockholders through March 31, 2019 may include return of capital, however, the exact amount cannot be determined at this point. The final determination of the tax character of distributions will not be made until we file our tax return for the tax year ending March 31, 2019. The character of income and gains that we will distribute is determined in accordance with income tax regulations that may differ from GAAP. Book and tax basis differences relating to stockholder dividend and distributions and other permanent book and tax difference are reclassified to paid-in capital.

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

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

We follow ASC 740, *Income Taxes* (“ASC 740”). ASC 740 provides guidance for how uncertain tax positions should be recognized, measured, presented, and disclosed in the financial statements. ASC 740 requires the evaluation of tax positions taken or expected to be taken in the course of preparing our tax returns to determine whether the tax positions are “more-likely-than-not” of being sustained by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold are recorded as a tax benefit or expense in the current year. Penalties or interest, if applicable, that may be assessed relating to income taxes would be classified as other operating expenses in the financial statements. As of March 31, 2019, there were no uncertain tax positions and no amounts accrued for interest or penalties. Management’s determinations regarding ASC 740 may be subject to review and adjustment at a later date based upon factors including, but not limited to, an on-going analysis of tax laws, regulations and interpretations thereof. Although we file both federal and state income tax returns, our major tax jurisdiction is federal. Our tax returns for each of our federal tax years since 2016 remain subject to examination by the Internal Revenue Service.

Retroactive Adjustments for Common Stock Reverse Split

The Company’s Board of Directors approved a one-for-three reverse stock split of the Company’s common stock on October 30, 2018 (the “Reverse Stock Split”). All common share and common per share amounts in the financial statements and notes thereto have been retroactively adjusted for all periods presented to give effect to this reverse stock split as disclosed in Note 9.

Recent Accounting Pronouncements

In August 2018, the FASB issued guidance which changes the fair value disclosure requirements. The new guidance includes new, eliminated and modified fair value disclosures. Among other requirements, the guidance requires disclosure of the range and weighted average of the significant unobservable inputs for Level 3 fair value measurements and the way it is calculated. The guidance also eliminated the following disclosures: (i) amount and reason for transfers between Level 1 and Level 2, (ii) policy for timing of transfers between levels of the fair value hierarchy and (iii) valuation processes for Level 3 fair value measurement. The guidance is effective for all entities for interim and annual periods beginning after December 15, 2019. Early adoption is permitted upon issuance of the guidance. The adoption of this guidance is not expected to have a material effect on the Company’s financial statements.

The Company does not believe that any other recently issued, but not yet effective, accounting standards, would have a material effect on the Company’s financial statements if currently adopted.

SEC Disclosure Update and Simplification

In August 2018, the U.S. Securities and Exchange Commission (“SEC”) adopted the final rule under SEC Release No. 33-10532, *Disclosure Update and Simplification* which amends certain disclosure requirements that were redundant, duplicative, overlapping, outdated or superseded. The amendments are intended to facilitate the disclosure of information to investors and simplify compliance. The final rule is effective for all filings on or after November 5, 2018. The Company has evaluated the impact of the amendments and determined the effect of the adoption of the simplification rules on financial statements were limited to the modification and removal of certain disclosures.

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Note 3. Related Party Agreements and Transactions

Investment Advisory Agreement with AIM

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

On January 16, 2019, the Company and AIM entered into a fee offset agreement in connection with revenue realized by AIM and its affiliates for the management of certain aircraft assets. The Company will receive an offsetting credit against total incentive fees otherwise due to AIM under the investment advisory management agreement. The amount offset will initially be 20% of the management fee revenue earned and incentive fee revenue realized by AIM and its affiliates in connection with managing aircraft assets on related insurance balance sheets (“New Balance Sheet Investments”), new aircraft managed account capital (“New Managed Accounts”) and new dedicated aircraft funds (New Aircraft Funds”). Once the aggregate capital raised by the New Aircraft Funds or New Managed Accounts and capital invested by the New Balance Sheet Investments exceeds \$3 billion cumulatively, the fee offset will step down to 10% of the amount of incremental management fee revenue earned and incentive fee revenue realized by AIM and its affiliates. The fee offset will be in place for seven years, however the incentive fees realized by AIM and its affiliates after this seven-year period from applicable investments that were raised or made within the seven-year period will also be used to offset incentive fees payable to AIM by the Company. The offset will be limited to the amount of incentive fee payable by the Company to AIM and any unapplied fee offset which exceeds the incentive fees payable in a given quarter will carry forward to be credited against the incentive fees payable by the Company in subsequent quarters.

For the year ended March 31, 2019 there was no fee offset.

Base Management Fee

Effective April 1, 2018, the base management fee is calculated initially at an annual rate of 1.50% (0.375% per quarter) of the lesser of (i) the average of the value of the Company’s gross assets, net of average of any payable for investments (excluding cash or cash equivalents but including other assets purchased with borrowed amounts) at the end of each of the two most recently completed calendar quarters and (ii) the average monthly value (measured as of the last day of each month) of the Company’s gross assets (excluding cash or cash equivalents but including other assets purchased with borrowed amounts) during the most recently completed calendar quarter; provided, however, in each case, the base management fee is calculated at an annual rate of 1.00% (0.250% per quarter) of the average of the value of the Company’s gross assets (excluding cash or cash equivalents but including other assets purchased with borrowed amounts) that exceeds the product of (A) 200% and (B) the value of the Company’s net asset value at the end of the prior calendar quarter. The base management fee will be payable quarterly in arrears. The value of the Company’s gross assets shall be calculated in accordance with the Company’s valuation policies.

For the period from April 1, 2017 through March 31, 2018, the base management fee was calculated at an annual rate of 2% (0.50% per quarter) of the average of the value of the Company’s gross assets (excluding cash or cash equivalents but including other assets purchased with borrowed amounts) at the end of each of the two most recently completed calendar quarters. For the same period, the Investment Adviser agreed to waive 25% of its base management fee so the base management fee was reduced from 2% to 1.50%.

Performance-based Incentive Fee

The incentive fee (the “Incentive Fee”) consists of two components that are determined independent of each other, with the result that one component may be payable even if the other is not. A portion of the Incentive Fee is based on income and a portion is based on capital gains, each as described below:

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A. Incentive Fee based on Income

(i) Incentive Fee on Pre-Incentive Fee Net Investment Income - (April 1, 2017 - December 31, 2018)

The first part of the incentive fee is calculated and payable quarterly in arrears based on our pre-incentive fee net investment income for the immediately preceding calendar quarter at an annual rate of 20%. For this purpose, pre-incentive fee net investment income means interest income, dividend income and any other income (including, without limitation, any accrued income that the Company has not yet received in cash and any other fees such as commitment, origination, structuring, diligence and consulting fees or other fees that the Company receives from portfolio companies) accrued during the calendar quarter, minus the Company's operating expenses accrued during the calendar quarter (including, without limitation, the Base Management Fee, administration expenses and any interest expense and dividends paid on any issued and outstanding preferred stock, but excluding the Incentive Fee on Income and Incentive Fee on Capital Gains). Pre-incentive fee net investment income does not include any realized or unrealized gains or losses. Pre-incentive fee net investment income, expressed as a rate of return on the value of our net assets at the end of the immediately preceding calendar quarter, is compared to the rate of 1.75% per quarter (7% annualized) (the "performance threshold"). For the period from April, 2017 through December 31, 2018, if the resulting incentive fee rate was less than 20% due to the incentive fee waiver discussed below, the percentage at which the Investment Adviser's 100% catch-up is complete would also be reduced ratably from 2.1875% (8.75% annualized) to as low as 2.06% (8.24% annualized) ("catch-up threshold").

The Company pays the Investment Adviser an incentive fee with respect to our pre-incentive fee net investment income in each calendar quarter as follows: (1) no incentive fee in any calendar quarter in which our pre-incentive fee net investment income does not exceed the performance threshold; and (2) 100% of our pre-incentive fee net investment income with respect to that portion of such pre-incentive fee net investment income, if any, that exceeds 1.75% but does not exceed the catch-up threshold in any calendar quarter; and (3) for the period from April 1, 2017 through December 31, 2018, 15% to 20% of the amount of our pre-incentive fee net investment income, if any, that exceeds the catch-up threshold in any calendar quarter. These calculations are appropriately prorated for any period of less than three months. The effect of the fee calculation described above is that if pre-incentive fee net investment income is equal to or exceeds the catch-up threshold, the Investment Adviser will receive a fee of 15% to 20% of our pre-incentive fee net investment income for the quarter.

Incentive Fee Waiver

For the period from April 1, 2018 through December 31, 2018, the Investment Adviser has agreed to waive 25% of its performance based incentive fee so that the incentive fee on pre-incentive fee net investment income is accrued at 15%.

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

The same waiver and calculation was in effect for the year ended March 31, 2018.

(ii) Incentive Fee on Pre-Incentive Fee Net Income - effective from January 1, 2019

Beginning January 1, 2019, the incentive fee on pre-incentive fee net investment income will be determined and paid quarterly in arrears by calculating the amount by which (x) the aggregate amount of the pre-incentive fee net investment income with respect of the current calendar quarter and each of the eleven preceding calendar quarters beginning with the calendar quarter that commences on or after April 1, 2018 (the "trailing twelve quarters") exceeds (y) the preferred return amount in respect of the trailing twelve quarters.

The preferred return amount will be determined on a quarterly basis, and will be calculated by summing the amounts obtained by multiplying 1.75% by the Company's net asset value at the beginning of each applicable calendar quarter comprising the relevant trailing twelve quarters. The preferred return amount will be calculated after making appropriate adjustments to the Company's net asset value at the beginning of each applicable calendar quarter for Company capital issuances and distributions during the applicable calendar quarter.

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The amount of the Incentive Fee on Income that will be paid to the Investment Adviser for a particular quarter will equal the excess of the incentive fee on pre-incentive fee net investment income, so calculated less the aggregate incentive fee on pre-incentive fee net investment income that were paid to the Investment Adviser (excluding waivers, if any) in the preceding eleven calendar quarters comprising the relevant trailing twelve quarters.

The Company will pay the Investment Adviser an incentive fee with respect to our pre-incentive fee net investment income in each calendar quarter as follows:

- (1) no incentive fee in any calendar quarter in which our pre-incentive fee net investment income for the trailing twelve quarters does not exceed the preferred return amount.
- (2) 100% of our pre-incentive fee net investment income for the trailing twelve quarters, if any, that exceeds the preferred return amount but is less than or equal to an amount (the “catch-up amount”) determined by multiplying 2.1875% by the Company’s net asset value at the beginning of each applicable calendar quarter comprising the relevant trailing twelve quarters.
- (3) for any quarter in which the Company’s pre-incentive fee net investment income for the trailing twelve quarters exceeds the catch-up amount, the incentive fee shall equal 20% of the amount of the Company’s pre-incentive fee net investment income for such trailing twelve quarters.

The Incentive Fee on Income as calculated is subject to a cap (the “Incentive Fee Cap”). The Incentive Fee Cap in any quarter is an amount equal to (a) 20% of the Cumulative Pre-Incentive Fee Net Return (as defined below) during the relevant trailing twelve quarters less (b) the aggregate Incentive Fees on Income that were paid to the Investment Adviser (excluding waivers, if any) in the preceding eleven calendar quarters (or portion thereof) comprising the relevant trailing twelve quarters.

For this purpose, “Cumulative Pre-Incentive Fee Net Return” during the relevant trailing twelve quarters means (x) Pre-Incentive Fee Net Investment Income in respect of the trailing twelve quarters less (y) any Net Capital Loss, since April 1, 2018, in respect of the trailing twelve quarters. If, in any quarter, the Incentive Fee Cap is zero or a negative value, the Company shall pay no Incentive Fee on Income to the Investment Adviser in that quarter. If, in any quarter, the Incentive Fee Cap is a positive value but is less than the Incentive Fee on Income calculated in accordance with the calculation described above, the Company shall pay the Investment Adviser the Incentive Fee Cap for such quarter. If, in any quarter, the Incentive Fee Cap is equal to or greater than the Incentive Fee on Income calculated in accordance with the calculation described above, the Company shall pay the Investment Adviser the Incentive Fee on Income for such quarter.

“Net Capital Loss” in respect of a particular period means the difference, if positive, between (i) aggregate capital losses, whether realized or unrealized, in such period and (ii) aggregate capital gains, whether realized or unrealized, in such period.

B. Incentive Fee on Cumulative Net Realized Gains

The Incentive Fee on Capital Gains is determined and payable in arrears as of the end of each calendar year (or upon termination of the investment advisory management agreement). This fee shall equal 20.0% of the sum of the Company’s realized capital gains on a cumulative basis, calculated as of the end of each calendar year (or upon termination of investment advisory management agreement), computed net of all realized capital losses and unrealized capital depreciation on a cumulative basis, less the aggregate amount of any Incentive Fees on Capital Gains previously paid to the Investment Adviser. The aggregate unrealized capital depreciation of the Company shall be calculated as the sum of the differences, if negative, between (a) the valuation of each investment in the Company’s portfolio as of the applicable calculation date and (b) the accreted or amortized cost basis of such investment.

For accounting purposes only, we are required under GAAP to accrue a theoretical capital gains incentive fee based upon net realized capital gains and unrealized capital gain and loss on investments held at the end of each period. The accrual of this theoretical capital gains incentive fee assumes all unrealized capital gain and loss is realized in order to reflect a theoretical capital gains incentive fee that would be payable to the Investment Adviser at each measurement date. There was no accrual for theoretical capital gains incentive fee for the years ended March 31, 2019 and 2018. It should be noted that a fee so calculated and accrued would not be payable under the Advisers Act or the investment advisory management agreement, and would not be paid based upon such computation of capital gains incentive fees in subsequent periods. Amounts actually paid to the Investment Adviser will be consistent with the Advisers Act and formula reflected in the investment advisory management agreement which specifically excludes consideration of unrealized capital gain.

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Deferred Payment of Certain Incentive Fees

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

Effective April 1, 2018, with changes in the incentive fees calculation there will be no more deferral of incentive fees on PIK income. The interest will only continue to accrue on the deferred incentive fees payable to AIM as of March 31, 2018.

For the years ended March 31, 2019, 2018 and 2017, the Company recognized \$35,733, \$47,937 and \$52,934, respectively, of management fees, and \$21,190, \$28,710 and \$18,776, respectively, of incentive fees before impact of waived fees. For the year ended March 31, 2019 no management fees were waived (as not applicable) and for the years ended March 31, 2018 and 2017, management fees waived were \$11,984 and \$13,234, respectively. For the years ended March 31, 2019, 2018 and 2017, incentive fees waived were \$5,542, \$7,734 and \$7,999, respectively. As of March 31, 2019 and March 31, 2018, management and performance-based incentive fees payable were \$8,880 and \$16,585, respectively.

For the year ended March 31, 2019 there were no amounts of incentive fees on PIK income for which payments have been deferred, and for the years ended March 31, 2018 and 2017, the amount of incentive fees on PIK income for which payments have been deferred were \$1,543 and \$1,955, respectively. For the years ended March 31, 2019, 2018 and 2017, the Company reversed \$979, \$2,224 and \$13,220, respectively, of the deferred incentive fee payable related to PIK income which were deemed to be no longer realizable. As of March 31, 2019 and March 31, 2018, the cumulative deferred incentive fee on PIK income included in management and performance-based incentive fee payable line of the Statements of Assets and Liabilities were \$0 and \$3,066, respectively.

For the years ended March 31, 2019, 2018 and 2017, the amount of interest on deferred incentive fees accrued were \$62, \$100 and \$300. For the years ended March 31, 2019, 2018 and 2017, the Company reversed \$41, \$43 and \$573 of the accrued interest payable on deferred incentive fees related to PIK income which were deemed to be no longer realizable. As of March 31, 2019 and March 31, 2018, the accrued interest payable on deferred incentive fees were \$0 and \$85, respectively.

Administration Agreement with AIA

The Company has also entered into an administration agreement with the Administrator (the “Administration Agreement”) under which AIA provides administrative services for the Company. For providing these services, facilities and personnel, the Company reimburses the Administrator for the allocable portion of overhead and other expenses incurred by the Administrator and requested to be reimbursed by the Administrator in performing its obligations under the Administration Agreement. The expenses include rent and the Company’s allocable portion of compensation and other related expenses for its Chief Financial Officer, Chief Legal Officer and Chief Compliance Officer and their respective staffs. For the years ended March 31, 2019, 2018 and 2017, the Company recognized administrative services expense under the Administration Agreement of \$6,772, \$6,915 and \$7,513, respectively. There was no payable to AIA and its affiliates for expenses paid on our behalf as of March 31, 2019 and March 31, 2018.

Administrative Service Expense Reimbursement

Merx Aviation Finance, LLC (“Merx”), a wholly-owned portfolio company of the Company, has entered into an administration agreement with the Administrator (the “Merx Administration Agreement”) under which AIA provides administrative services to Merx. For the years ended March 31, 2019, 2018 and 2017, the Company recognized administrative service expense reimbursements of \$250, \$250 and \$250, respectively, under the Merx Administration Agreement.

Debt Expense Reimbursements

The Company has also entered into debt expense reimbursement agreements with Merx Aviation Finance Assets Ireland Limited (an affiliate of Merx) and several other portfolio companies, which will reimburse the Company for reasonable out-of-pocket expenses incurred, including any interest, fees or other amounts incurred by the Company in connection with letters of credit issued on their behalf. For the years ended March 31, 2019, 2018 and 2017, the Company recognized debt expense reimbursements of \$273, \$332 and \$86, respectively, under the debt expense reimbursement agreements.

APOLLO INVESTMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)
(In thousands, except share and per share data)

Co-Investment Activity

We may co-invest on a concurrent basis with affiliates of ours, subject to compliance with applicable regulations and our allocation procedures. Certain types of negotiated co-investments may be made only in accordance with the terms of the exemptive order we received from the SEC permitting us to do so. On March 29, 2016, we received an exemptive order from the SEC (the “Order”) permitting us greater flexibility to negotiate the terms of co-investment transactions with certain of our affiliates, including investment funds managed by AIM or its affiliates, subject to the conditions included therein. Under the terms of the Order, a “required majority” (as defined in Section 57(o) of the 1940 Act) of our independent directors must be able to reach certain conclusions in connection with a co-investment transaction, including that (1) the terms of the proposed transaction are reasonable and fair to us and our stockholders and do not involve overreaching of us or our stockholders on the part of any person concerned, and (2) the transaction is consistent with the interests of our stockholders and is consistent with our Board of Directors’ approved criteria. In certain situations where co-investment with one or more funds managed by AIM or its affiliates is not covered by the Order, the personnel of AIM or its affiliates will need to decide which fund will proceed with the investment. Such personnel will make these determinations based on allocation policies and procedures, which are designed to reasonably ensure that investment opportunities are allocated fairly and equitably among affiliated funds over time and in a manner that is consistent with applicable laws, rules and regulations. The Order is subject to certain terms and conditions so there can be no assurance that we will be permitted to co-invest with certain of our affiliates other than in the circumstances currently permitted by regulatory guidance and the Order.

As of March 31, 2019, the Company’s co-investment holdings were 40% of the portfolio or \$954,774, measured at fair value. On a cost basis, 39% of the portfolio or \$963,227 were co-investments. As of March 31, 2018, the Company’s co-investment holdings were 22% of the portfolio or \$498,704, measured at fair value. On a cost basis, 22% of the portfolio or \$497,418 were co-investments.

On January 17, 2019, AIC announced that effective January 16, 2019, Mr. Gary Rothschild, President and Chief Executive Officer of Merx, became an employee of Apollo Management Holdings, L.P. (“AMH”), an affiliate of AIC’s investment adviser. Mr. Rothschild also retained his role as the President and Chief Executive Officer of Merx.

Effective January 16, 2019, Merx entered into a series of service arrangements with affiliates of AGM. Under a servicing agreement with Apollo Capital Management, L.P. (“ACM”), Merx serves as technical servicer to aircraft clients of ACM and its affiliates. Under a research support agreement with ACM, Merx employees assist ACM with technical diligence and underwriting of new aircraft-related investment opportunities. Under a technical support agreement, Merx and AMH share the services of Mr. Gary Rothschild, who is the President and Chief Executive Officer of Merx and an employee of AMH.

Note 4. Earnings Per Share

The following table sets forth the computation of earnings (loss) per share (“EPS”), pursuant to ASC 260-10, for the years ended March 31, 2019, 2018 and 2017:

	Year Ended March 31,		
	2019	2018	2017
Basic and Diluted Earnings (Loss) Per Share (1)			
Net increase (decrease) in net assets resulting from operations	\$ 71,946	\$ 87,029	\$ 18,370
Weighted average shares outstanding	70,645,944	72,874,613	74,138,358
Basic and diluted earnings (loss) per share	<u>\$ 1.02</u>	<u>\$ 1.19</u>	<u>\$ 0.25</u>

APOLLO INVESTMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)
(In thousands, except share and per share data)

Note 5. Investments

Fair Value Measurement and Disclosures

The following table shows the composition of our investment portfolio as of March 31, 2019, with the fair value disaggregated into the three levels of the fair value hierarchy in accordance with ASC 820:

	Cost	Fair Value	Fair Value Hierarchy		
			Level 1	Level 2	Level 3
First Lien Secured Debt	\$ 1,613,254	\$ 1,590,786	\$ —	\$ 3,855	\$ 1,586,931
Second Lien Secured Debt	565,599	559,196	—	221,651	337,545
Unsecured Debt	—	—	—	—	—
Structured Products and Other	43,125	45,595	—	—	45,595
Preferred Equity	22,663	28,182	—	—	28,182
Common Equity/Interests	213,287	184,223	—	469	183,754
Warrants	183	150	—	—	150
Total Investments before Cash Equivalents	\$ 2,458,111	\$ 2,408,132	\$ —	\$ 225,975	\$ 2,182,157
Money Market Fund	\$ 36,280	\$ 36,280	\$ 36,280	\$ —	\$ —
Total Cash Equivalents	\$ 36,280	\$ 36,280	\$ 36,280	\$ —	\$ —
Total Investments after Cash Equivalents	\$ 2,494,391	\$ 2,444,412	\$ 36,280	\$ 225,975	\$ 2,182,157

The following table shows the composition of our investment and derivative portfolio as of March 31, 2018, with the fair value disaggregated into the three levels of the fair value hierarchy in accordance with ASC 820:

	Cost	Fair Value	Fair Value Hierarchy		
			Level 1	Level 2	Level 3
First Lien Secured Debt	\$ 1,144,585	\$ 1,131,943	\$ —	\$ —	\$ 1,131,943
Second Lien Secured Debt	719,650	706,011	—	290,673	415,338
Unsecured Debt	102,716	103,166	—	13,049	90,117
Structured Products and Other	68,227	67,967	—	—	67,967
Preferred Equity	20,076	31,052	—	—	31,052
Common Equity/Interests	212,979	207,657	—	—	207,657
Warrants	363	251	—	—	251
Total Investments before Option Contracts and Cash Equivalents	\$ 2,268,596	\$ 2,248,047	\$ —	\$ 303,722	\$ 1,944,325
Purchased Put Options	\$ 5,758	\$ 1,226	\$ 1,226	\$ —	\$ —
Written Call Options	(5,736)	(20,350)	(20,350)	—	—
Total Option Contracts	\$ 22	\$ (19,124)	\$ (19,124)	\$ —	\$ —
Money Market Fund	\$ 14,035	\$ 14,035	\$ 14,035	\$ —	\$ —
Total Cash Equivalents	\$ 14,035	\$ 14,035	\$ 14,035	\$ —	\$ —
Total Investments after Option Contracts and Cash Equivalents	\$ 2,282,653	\$ 2,242,958	\$ (5,089)	\$ 303,722	\$ 1,944,325

APOLLO INVESTMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)
(In thousands, except share and per share data)

The following table shows changes in the fair value of our Level 3 investments during the year ended March 31, 2019:

	First Lien Secured Debt (2)	Second Lien Secured Debt (2)	Unsecured Debt	Structured Products and Other	Preferred Equity	Common Equity/ Interests	Warrants	Total
Fair value as of March 31, 2018	\$ 1,131,943	\$ 415,338	\$ 90,117	\$ 67,967	\$ 31,052	\$ 207,657	\$ 251	\$ 1,944,325
Net realized gains (losses)	(1)	(11,845)	—	(292)	(1)	2,007	(180)	(10,312)
Net change in unrealized gains (losses)	(9,865)	13,930	(198)	2,729	(5,458)	(23,742)	79	(22,525)
Net amortization on investments	4,221	1,124	—	449	—	—	—	5,794
Purchases, including capitalized PIK (3)	1,207,568	35,256	762	140	2,559	14,692	—	1,260,977
Sales (3)	(746,979)	(110,736)	(90,681)	(25,398)	30	(16,390)	—	(990,154)
Transfers out of Level 3 (1)	44	(5,522)	—	—	—	(470)	—	(5,948)
Transfers into Level 3 (1)	—	—	—	—	—	—	—	—
Fair value as of March 31, 2019	\$ 1,586,931	\$ 337,545	\$ —	\$ 45,595	\$ 28,182	\$ 183,754	\$ 150	\$ 2,182,157
Net change in unrealized gains (losses) on Level 3 investments still held as of March 31, 2019	\$ (12,413)	\$ 3,036	\$ —	\$ 1,998	\$ (6,673)	\$ (22,527)	\$ (32)	\$ (36,611)

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

(2) Includes unfunded commitments measured at fair value of \$(7,865).

(3) Includes reorganizations and restructuring of investments.

The following table shows changes in the fair value of our Level 3 investments during the year ended March 31, 2018:

	First Lien Secured Debt (1)	Second Lien Secured Debt (1)	Unsecured Debt	Structured Products and Other	Preferred Equity	Common Equity/ Interests	Warrants	Total
Fair value as of March 31, 2017	\$ 1,049,232	\$ 446,772	\$ 146,218	\$ 166,893	\$ 25,637	\$ 228,200	\$ 94	\$ 2,063,046
Net realized gains (losses)	(38,176)	48	(92)	1,314	(98,134)	(79,448)	(49,771)	(264,259)
Net change in unrealized gains (losses)	65,126	(12,364)	363	(3,911)	97,384	72,039	49,645	268,282
Net amortization on investments	3,504	1,986	—	393	—	35	—	5,918
Purchases, including capitalized PIK (2)	682,359	250,474	1,595	46	6,165	37,261	283	978,183
Sales (2)	(630,102)	(238,464)	(57,967)	(96,768)	—	(50,430)	—	(1,073,731)
Transfers out of Level 3 (1)	—	(40,725)	—	—	—	—	—	(40,725)
Transfers into Level 3 (1)	—	7,611	—	—	—	—	—	7,611
Fair value as of March 31, 2018	\$ 1,131,943	\$ 415,338	\$ 90,117	\$ 67,967	\$ 31,052	\$ 207,657	\$ 251	\$ 1,944,325
Net change in unrealized gains (losses) on Level 3 investments still held as of March 31, 2018	\$ 10,079	\$ (6,792)	\$ 27	\$ (4,406)	\$ 1,723	\$ (2,722)	\$ (126)	\$ (2,217)

(1) Includes unfunded commitments measured at fair value of \$(3,346).

(2) Includes reorganizations and restructuring of investments.

APOLLO INVESTMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)
(In thousands, except share and per share data)

The following tables summarize the significant unobservable inputs the Company used to value its investments categorized within Level 3 as of March 31, 2019 and March 31, 2018. In addition to the techniques and inputs noted in the tables below, according to our valuation policy we may also use other valuation techniques and methodologies when determining our fair value measurements. The below tables are not intended to be all-inclusive, but rather provide information on the significant unobservable inputs as they relate to the Company's determination of fair values.

The unobservable inputs used in the fair value measurement of our Level 3 investments as of March 31, 2019 were as follows:

Asset Category	Fair Value	Quantitative Information about Level 3 Fair Value Measurements				
		Valuation Techniques/ Methodologies	Unobservable Input	Range		Weighted Average (1)
First Lien Secured Debt	\$ 25,930	Broker Quoted	Broker Quote	N/A	N/A	N/A
	413,200	Discounted Cash Flow	Discount Rate	2.3%	14.2%	12.2%
	58,004	Recovery Analysis	Recoverable Amount	N/A	N/A	N/A
		Market Comparable Technique	Comparable Multiple	5.1x	5.1x	5.1x
	35,582	Recent Transaction	Recent Transaction	N/A	N/A	N/A
	116,265	Recovery Analysis	Commodity Price	\$60.00	\$70.00	\$66.64
	1,509	Recovery Analysis	Recoverable Amount	N/A	N/A	N/A
	1,990	Transaction Price	Expected Proceeds	N/A	N/A	N/A
	934,451	Yield Analysis	Discount Rate	4.4%	20.3%	10.3%
Second Lien Secured Debt	50,590	Broker Quoted	Broker Quote	N/A	N/A	N/A
	15,912	Market Comparable Technique	Comparable Multiple	7.2x	7.2x	7.2x
	33,705	Recovery Analysis	Commodity Price	\$67.38	\$70.00	\$68.86
	237,338	Yield Analysis	Discount Rate	10.9%	14.8%	12.7%
Structured Products and Other	45,595	Discounted Cash Flow	Discount Rate	9.1%	9.5%	9.2%
Preferred Equity	440	Discounted Cash Flow	Discount Rate	10.5%	10.5%	10.5%
	2,357	Market Comparable Approach	Comparable Multiple	2.2x	6.2x	5.3x
	20,463	Option Pricing Model	Expected Volatility	35.5%	35.5%	35.5%
	4,922	Yield Analysis	Discount Rate	15.5%	15.5%	15.5%
Common Equity/Interests	173,285	Discounted Cash Flow	Discount Rate	10.5%	29.5%	13.2%
	1,803	Market Comparable Technique	Comparable Multiple	5.1x	11.1x	9.2x
	—	Recovery Analysis	Recoverable Amount	N/A	N/A	N/A
	8,666	Recovery Analysis	Commodity Price	\$60.00	\$70.00	\$65.84
Warrants	150	Option Pricing Model	Expected Volatility	32.5%	60.0%	49.5%
Total Level 3 Investments	<u>\$ 2,182,157</u>					

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

APOLLO INVESTMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)
(In thousands, except share and per share data)

The unobservable inputs used in the fair value measurement of our Level 3 investments as of March 31, 2018 were as follows:

Quantitative Information about Level 3 Fair Value Measurements						
Asset Category	Fair Value	Valuation Techniques/ Methodologies	Unobservable Input	Range		Weighted Average (1)
First Lien Secured Debt	\$ (885)	Broker Quoted	Broker Quote	N/A	N/A	N/A
	401,800	Discounted Cash Flow	Discount Rate	2.3%	14.6%	12.3%
	(337)	Recent Transaction	Recent Transaction	N/A	N/A	N/A
	120,331	Recovery Analysis	Commodity Price	\$60.00	\$66.00	\$63.27
	47,170	Recovery Analysis	Recoverable Amount	N/A	N/A	N/A
		Market Comparable Technique	Comparable Multiple	4.9x	4.9x	4.9x
	451	Recovery Analysis	Recoverable Amount	N/A	N/A	N/A
		Yield Analysis	Discount Rate	25.0%	25.0%	25.0%
	6,063	Transaction Price	Expected Proceeds	N/A	N/A	N/A
	557,350	Yield Analysis	Discount Rate	3.7%	14.8%	10.8%
Second Lien Secured Debt	37,456	Broker Quoted	Broker Quote	N/A	N/A	N/A
	10,159	Market Comparable Technique	Comparable Multiple	0.8x	7.9x	7.9x
	30,510	Recovery Analysis	Commodity Price	\$64.00	\$66.00	\$65.54
	337,213	Yield Analysis	Discount Rate	10.9%	14.1%	12.7%
Unsecured Debt	90,117	Yield Analysis	Discount Rate	11.2%	17.0%	11.9%
Structured Products and Other	67,967	Discounted Cash Flow	Discount Rate	9.0%	11.0%	10.4%
Preferred Equity	25,711	Option Pricing Model	Expected Volatility	39.5%	39.5%	39.5%
	5,341	Yield Analysis	Discount Rate	10.8%	12.5%	12.4%
Common Equity/Interests	466	Broker Quoted	Broker Quote	N/A	N/A	N/A
	167,132	Discounted Cash Flow	Discount Rate	10.0%	25.0%	13.4%
	6,810	Market Comparable Technique	Comparable Multiple	7.7x	11.4x	9.0x
	33,249	Recovery Analysis	Commodity Price	\$60.00	\$66.00	\$62.51
Warrants	251	Option Pricing Model	Expected Volatility	37.5%	60.0%	53.0%
Total Level 3 Investments	<u>\$ 1,944,325</u>					

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

APOLLO INVESTMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)
(In thousands, except share and per share data)

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

Investment Transactions

For the years ended March 31, 2019, 2018 and 2017, purchases of investments on a trade date basis were \$1,278,061, \$1,049,363 and \$601,065, respectively. For the years ended March 31, 2019, 2018 and 2017, sales and repayments (including prepayments and unamortized fees) of investments on a trade date basis were \$1,086,779, \$1,153,978 and \$1,094,634, respectively.

PIK Income

The Company holds loans and other investments, including certain preferred equity investments, that have contractual PIK income. PIK income computed at the contractual rate is accrued into income and reflected as receivable up to the capitalization date. During the years ended March 31, 2019, 2018 and 2017, PIK income earned was \$8,585, \$20,241 and \$28,164, respectively.

The following table shows the change in capitalized PIK balance for the years ended March 31, 2019, 2018 and 2017:

	Year Ended March 31,		
	2019	2018	2017
PIK balance at beginning of period	\$ 24,454	\$ 53,262	\$ 73,409
PIK income capitalized	6,412	14,616	33,389
Adjustments due to investments exited or written off	(2,446)	(43,054)	(50,646)
PIK income received in cash	(4,700)	(370)	(2,890)
PIK balance at end of period	<u>\$ 23,720</u>	<u>\$ 24,454</u>	<u>\$ 53,262</u>

APOLLO INVESTMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)
(In thousands, except share and per share data)

Dividend Income on CLOs

The Company holds structured products and other investments. The CLO equity investments are entitled to recurring distributions which are generally equal to the excess cash flow generated from the underlying investments after payment of the contractual payments to debt holders and fund expenses. The Company records as dividend income the accretable yield from its beneficial interests in structured products such as CLOs based upon a number of cash flow assumptions that are subject to uncertainties and contingencies. During the years ended March 31, 2019, 2018 and 2017 dividend income from structured products was \$1,198, \$2,461 and \$11,465, respectively.

Investments on Non-Accrual Status

As of March 31, 2019, 2.9% of total investments at amortized cost, or 2.4% of total investments at fair value, were on non-accrual status. As of March 31, 2018, 3.3% of total investments at amortized cost, or 2.3% of total investments at fair value, were on non-accrual status.

Unconsolidated Significant Subsidiary

Our investments are generally in small and mid-sized companies in a variety of industries. In accordance with Rules 3-09 and 4-08 (g) of Regulation S-X (“Rule 3-09” and “Rule 4-08(g),” respectively), we must determine which of our unconsolidated controlled portfolio companies are considered “significant subsidiaries,” if any. In evaluating these investments, there are three tests utilized to determine if any of our controlled investments are considered significant subsidiaries: the investment test, the asset test, and the income test. Rule 3-09 requires separate audited financial statements of an unconsolidated majority-owned subsidiary in an annual report if any of the three tests exceeds 20%. Rule 4-08(g) requires summarized financial information in an annual report if any of the three tests exceeds 10% and summarized financial information in a quarterly report if any of the three tests exceeds 20%.

As of March 31, 2019, our investment in Merx Aviation Finance, LLC exceeded the 20% threshold in at least one of the tests under Rule 3-09. Accordingly, we are attaching the audited financial statements of Merx Aviation Finance, LLC to Form 10-K.

APOLLO INVESTMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)
(In thousands, except share and per share data)

Note 6. Derivative Instruments

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

Purchased Put Options

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

Written Call Options

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

Credit Default Swaps

Credit default swap contracts ("CDS") represent agreements in which one party, the protection buyer, pays a fixed fee, the premium, in return for a payment by the other party, the protection seller, contingent upon a specified default event relating to the underlying reference asset or pool of assets. The valuation of the swaps for the approximate net amount to be received or paid (i.e., the fair value) is marked to market either by using pricing vendor quotations, counterparty prices or model prices, and such valuations are based on the fair value of the underlying security, current credit spreads for the referenced obligation of the underlying issuer relative to the terms of the contract, current interest rates, interest accrual through the valuation date and certain other factors. We held no CDS contracts as of March 31, 2019 and March 31, 2018.

The net amount received/paid during the life of the swap is included in net realized gain (loss) from credit default swaps, and changes in unrealized gain (loss) of these swaps, including accrual of periodic interest payments, are reflected in net change in unrealized gain (loss) on credit default swaps in the Statements of Operations. Entering into swaps involves varying degrees of risk, including the possibility that there is no liquid market for the contracts, the counterparty to the swap may default on its obligation to perform and there may be unfavorable changes in the credit spreads of the underlying financial instruments.

As of March 31, 2019, the Company did not hold any derivative contracts. The volume of the derivatives, based on the base notional value of option contracts, for the year ended March 31, 2019 was \$153,150 for purchased call options, 13,750 for purchased put options, \$(13,575) for written call options and \$(146,969) for written put options.

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The following table sets forth the gross fair value of derivative contracts, by major risk type, as of March 31, 2018. The table also includes information on the volume of derivatives based on the base notional value of option contracts open at March 31, 2018.

Underlying Risk Type	March 31, 2018			
	Base Notional Assets	Derivative Assets Fair Value	Base Notional Liabilities	Derivative Liabilities Fair Value
Commodity:				
Purchased Put Options	\$ 123,750	\$ 1,226	\$ —	\$ —
Written Call Options	—	—	(158,117)	(20,350)

The volume of derivatives presented in the table above is representative of activities from September 6, 2017, when the Company started re-entering into these derivatives, through March 31, 2018.

The effect of transactions in derivative instruments to the Statements of Operations during the years ended March 31, 2019, 2018 and 2017 were as follows:

	Year Ended March 31,		
	2019	2018	2017
Net Change in Unrealized Losses on Derivatives			
Purchased Put Options	\$ 4,531	\$ (4,531)	\$ —
Written Call Options	14,614	(14,614)	—
Net Change in Unrealized Losses on Derivatives	<u>\$ 19,145</u>	<u>\$ (19,145)</u>	<u>\$ —</u>
	Year Ended March 31,		
	2019	2018	2017
Net Realized Losses on Derivatives			
Purchased Put Options	\$ (5,472)	\$ (2,609)	\$ (1,573)
Written Call Options	(24,523)	(1,666)	2,325
Credit Default Swaps	—	—	(878)
Net Realized Losses on Derivatives	<u>\$ (29,995)</u>	<u>\$ (4,275)</u>	<u>\$ (126)</u>

The Company's CDS are entered into on an over-the-counter basis pursuant to a master agreement in the form promulgated by the International Swaps and Derivatives Association, Inc. (together with related documentation, including a schedule thereto and one or more trade confirmations thereunder, the "ISDA"). In very limited circumstances, the Company's CDS counterparty has the right to terminate early all (but not fewer than all) transactions governed by the ISDA and close out all such transactions on a net basis at their then-current market value. The CDS would be included in those transactions subject to such a termination right.

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

Note 7. Offsetting Assets and Liabilities

The Company entered into centrally cleared derivative contracts with Chicago Mercantile Exchange ("CME"). Upon entering into the centrally cleared derivative contracts, the Company is required to deposit with the relevant clearing organization cash or securities, which is referred to as the initial margin. Cash deposited as initial margin is reported as cash collateral on the Statements of Assets and Liabilities. Centrally cleared derivative contracts entered into with CME are considered settled-to-market contracts where daily variation margin posted is legally characterized as a settlement payment as opposed to collateral. The settlement payment does not terminate the derivative contract and the contract will continue to exist with no changes to its terms. Daily changes in fair value are recorded as a payable or receivable on the Statements of Assets and Liabilities as variation margin.

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The Company has elected not to offset assets and liabilities in the Statements of Assets and Liabilities that may be received or paid as part of collateral arrangements, even when an enforceable master netting arrangement or other agreement is in place that provides the Company, in the event of counterparty default, the right to liquidate collateral and the right to offset a counterparty's rights and obligations.

As of March 31, 2019, the Company did not hold any derivative contracts.

The following table presents both gross and net information about derivative instruments eligible for offset in the Statements of Assets and Liabilities as of March 31, 2018.

Counterparty	Gross Amounts of Recognized Assets and Liabilities	Gross Amounts Offset in the Statements of Assets and Liabilities	Net Amounts Presented in the Statements of Assets and Liabilities	Gross Amounts Not Offset in the Statements of Assets and Liabilities		
				Financial Instruments	Cash Collateral	Net Amounts
CME Group:						
Variation Margin	1,846	—	1,846 (a)	—	—	1,846 (b)

(a) The variation margin receivable on option contracts is the result of purchased put options and written call options that are settled-to-market with a fair value of \$1,226 and (\$20,350), respectively, as of March 31, 2018, offset against the variation margin posted with the CME amounting to \$20,970.

(b) Per GAAP disclosure requirements, the table above does not include excess cash collateral paid in the amount of \$5,016.

Note 8. Debt and Foreign Currency Transactions and Translations

On April 4, 2018, the Company's Board of Directors, including a "required majority" (as defined in Section 57(o) of the Investment Company Act of 1940, as amended) of the Board, approved the application of the modified asset coverage requirements set forth in Section 61(a)(2) of the Investment Company Act of 1940. As a result, effective on April 4, 2019, our asset coverage requirement applicable to senior securities was reduced from 200% to 150% (i.e., the revised regulatory leverage limitation permits BDCs to double the amount of borrowings, such that we would be able to borrow up to two dollars for every dollar we have in assets less all liabilities and indebtedness not represented by senior securities issued by us).

The Company's outstanding debt obligations as of March 31, 2019 were as follows:

	Date Issued/ Amended	Total Aggregate Principal Amount Committed	Principal Amount Outstanding	Fair Value	Final Maturity Date
Senior Secured Facility	11/19/2018	\$ 1,640,000	\$ 638,888*	\$ 650,757 (1)	11/19/2023
2025 Notes	3/3/2015	350,000	350,000	348,370 (3)	3/3/2025
2043 Notes	6/17/2013	150,000	150,000	155,700 (2)	7/15/2043
Total Debt Obligations		\$ 2,140,000	\$ 1,138,888	\$ 1,154,827	
Deferred Financing Cost and Debt Discount			\$ (10,202)		
Total Debt Obligations, net of Deferred Financing Cost and Debt Discount			\$ 1,128,686		

* Includes foreign currency debt obligations as outlined in *Foreign Currency Transactions and Translations* within this note to the financial statements.

- (1) The fair value of these debt obligations would be categorized as Level 3 under ASC 820 as of March 31, 2019. The valuation is based on a yield analysis and discount rate commensurate with the market yields for similar types of debt.
- (2) The fair value of these debt obligations would be categorized as Level 1 under ASC 820 as of March 31, 2019. The valuation is based on quoted prices of identical liabilities in active markets.
- (3) The fair value of these debt obligations would be categorized as Level 2 under ASC 820 as of March 31, 2019. The valuation is based on broker quoted prices.

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The Company's outstanding debt obligations as of March 31, 2018 were as follows:

	Date Issued/ Amended	Total Aggregate Principal Amount Committed	Principal Amount Outstanding	Fair Value	Final Maturity Date
Senior Secured Facility	12/22/2016	\$ 1,190,000	\$ 285,216*	\$ 292,338 (1)	12/22/2021
Senior Secured Notes (Series B)	9/29/2011	16,000	16,000	16,191 (1)	9/29/2018
2025 Notes	3/3/2015	350,000	350,000	351,676 (3)	3/3/2025
2043 Notes	6/17/2013	150,000	150,000	152,040 (2)	7/15/2043
Total Debt Obligations		\$ 1,706,000	\$ 801,216	\$ 812,245	
Deferred Financing Cost and Debt Discount			\$ (11,370)		
Total Debt Obligations, net of Deferred Financing Cost and Debt Discount			\$ 789,846		

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

- (1) The fair value of these debt obligations would be categorized as Level 3 under ASC 820 as of March 31, 2018. The valuation is based on a yield analysis and discount rate commensurate with the market yields for similar types of debt.
- (2) The fair value of these debt obligations would be categorized as Level 1 under ASC 820 as of March 31, 2018. The valuation is based on quoted prices of identical liabilities in active markets.
- (3) The fair value of these debt obligations would be categorized as Level 2 under ASC 820 as of March 31, 2018. The valuation is based on broker quoted prices.

Senior Secured Facility

On November 19, 2018, the Company amended and restated its senior secured, multi-currency, revolving credit facility (the "Senior Secured Facility") from the previous December 22, 2016 amendment. The amended and reduced the Company's minimum asset coverage financial covenant from 200% to 150%, increased the lenders commitments from \$1,190,000 to \$1,590,00, extended the final maturity date through November 19, 2023, and included an accordion provision which allows the Company to increase the total commitments under the existing revolving facility up to an aggregate principal amount of \$2,385,000 from new or existing lenders on the same terms and conditions as the existing commitments. On February 28, 2019, the Company entered into an amendment to its Senior Secured Facility to increase the multicurrency commitments by \$50,000 from \$1,590,000 to \$1,640,000. The Senior Secured Facility is secured by substantially all of the assets in the Company's portfolio, including cash and cash equivalents. Commencing December 31, 2022, the Company is required to repay, in twelve consecutive monthly installments of equal size, the outstanding amount under the Senior Secured Facility as of November 19, 2022. In addition, the stated interest rate on the facility remains as a formula-based calculation based on a minimum borrowing base, resulting in a stated interest rate, depending on the type of borrowing, of (a) either LIBOR plus 1.75% per annum or LIBOR plus 2.00% per annum, or (b) either Alternate Base Rate plus 0.75% per annum or Alternate Base Rate plus 1% per annum. As of March 31, 2019, the stated interest rate on the facility was LIBOR plus 2.00%. The Company is required to pay a commitment fee of 0.375% per annum on any unused portion of the Senior Secured Facility and participation fees and fronting fees of up to 2.25% per annum on the letters of credit issued.

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The Senior Secured Facility contains affirmative and restrictive covenants, events of default and other customary provisions for similar debt facilities, including: (a) periodic financial reporting requirements, (b) maintaining minimum stockholders' equity of the greater of (i) 30% of the total assets of the Company and its consolidated subsidiaries as of the last day of any fiscal quarter and (ii) the sum of (A) \$870,000 plus (B) 25% of the net proceeds from the sale of equity interests in the Company after the closing date of the Senior Secured Facility, (c) maintaining a ratio of total assets, less total liabilities (other than indebtedness) to total indebtedness, in each case of the Company and its consolidated subsidiaries, of not less than 1.5:1.0, (d) maintaining a ratio of certain total assets, less total liabilities (other than indebtedness) to total indebtedness, of the Company and its consolidated subsidiaries, for not less than 2.0:1.0, (e) limitations on the incurrence of additional indebtedness, including a requirement to meet a certain minimum liquidity threshold before the Company can incur such additional debt, (f) limitations on liens, (g) limitations on investments (other than in the ordinary course of the Company's business), (h) limitations on mergers and disposition of assets (other than in the normal course of the Company's business activities), (i) limitations on the creation or existence of agreements that permit liens on properties of the Company's consolidated subsidiaries and (j) limitations on the repurchase or redemption of certain unsecured debt and debt securities. In addition to the asset coverage ratio described in clause (c) of the preceding sentence, borrowings under the Senior Secured Facility (and the incurrence of certain other permitted debt) are subject to compliance with a borrowing base that applies different advance rates to different types of assets in the Company's portfolio. The advance rate applicable to any specific type of asset in the Company's portfolio will also depend on the relevant asset coverage ratio as of the date of determination. Borrowings under the Senior Secured Facility will also continue to be subject to the leverage restrictions contained in the Investment Company Act of 1940, as amended.

The Senior Secured Facility also provides for the issuance of letters of credit up to an aggregate amount of \$150,000. As of March 31, 2019 and March 31, 2018, the Company had \$15,977 and \$14,234, respectively, in standby letters of credit issued through the Senior Secured Facility. The amount available for borrowing under the Senior Secured Facility is reduced by any standby letters of credit issued through the Senior Secured Facility. Under GAAP, these letters of credit are considered commitments because no funding has been made and as such are not considered a liability. These letters of credit are not senior securities because they are not in the form of a typical financial guarantee and the portfolio companies are obligated to refund any drawn amounts. The available remaining capacity under the Senior Secured Facility was \$985,135 and \$890,550 as of March 31, 2019 and March 31, 2018, respectively. Terms used in this disclosure have the meanings set forth in the Senior Secured Facility agreement.

Senior Secured Notes — Series A and Series B

On September 29, 2011, the Company closed a private offering of \$45,000 aggregate principal amount of senior secured notes consisting of two series: \$29,000 aggregate principal amount of 5.875% Senior Secured Notes, Series A, due September 29, 2016 (the "Series A Notes"); and \$16,000 aggregate principal amount of 6.250% Senior Secured Notes, Series B, due September 29, 2018 (the "Series B Notes," and together with the Series A Notes, the "Series A and B Notes"). The Series A and B Notes were issued in a private placement only to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended. Interest on the Series A and B Notes is due semi-annually on March 29 and September 29, commencing on March 29, 2012.

On September 29, 2016, the Series A Notes, which had an outstanding principal balance of \$29,000, matured and were repaid in full. The Series B Notes, which had an outstanding principal balance of \$16,000, matured and were repaid on October 1, 2018.

Senior Unsecured Notes

2025 Notes

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

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2042 Notes

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

On October 16, 2017, the Company redeemed the entire \$150,000 aggregate principal amount outstanding of the 2042 Notes in accordance with the terms of the indenture governing the 2042 Notes, before its stated maturity date, which resulted in a realized loss on the extinguishment of debt of \$5,790.

2043 Notes

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

The following table summarizes the average and maximum debt outstanding, and the interest and debt issuance cost for the years ended March 31, 2019, 2018 and 2017:

	Year Ended March 31,		
	2019	2018	2017
Average debt outstanding	\$ 993,158	\$ 899,289	\$ 1,048,667
Maximum amount of debt outstanding	1,274,562	1,056,929	1,363,533
Weighted average annualized interest cost (1)	5.31%	5.28%	5.12%
Annualized amortized debt issuance cost	0.55%	0.60%	0.52%
Total annualized interest cost	<u>5.86%</u>	<u>5.88%</u>	<u>5.64%</u>

- (1) Includes the stated interest expense and commitment fees on the unused portion of the Senior Secured Facility. Commitment fees for the years ended March 31, 2019, 2018 and 2017 were \$3,142, \$3,188 and \$3,264, respectively.

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Foreign Currency Transactions and Translations

The Company had the following foreign-denominated debt outstanding on the Senior Secured Facility as of March 31, 2019:

	Original Principal Amount (Local)	Original Principal Amount (USD)	Principal Amount Outstanding	Unrealized Gain/ (Loss)	Reset Date
Canadian Dollar	C\$ 2,300	\$ 1,894	\$ 1,722	\$ 172	4/26/2019
Euro	€ 24,700	27,285	27,734	(449)	4/23/2019
Euro	€ 9,000	10,272	10,106	166	4/26/2019
Euro	€ 15,000	16,424	16,843	(419)	4/29/2019
British Pound	£ 1,700	2,236	2,215	21	4/8/2019
British Pound	£ 8,300	10,487	10,815	(328)	4/23/2019
British Pound	£ 20,100	29,219	26,191	3,028	4/29/2019
Australian Dollar	A\$ 6,000	4,406	4,262	144	4/26/2019
		<u>\$ 102,223</u>	<u>\$ 99,888</u>	<u>\$ 2,335</u>	

The Company had the following foreign-denominated debt outstanding on the Senior Secured Facility as of March 31, 2018:

	Original Principal Amount (Local)	Original Principal Amount (USD)	Principal Amount Outstanding	Unrealized Gain/ (Loss)	Reset Date
Canadian Dollar	C\$ 2,300	\$ 1,894	\$ 1,784	\$ 110	4/16/2018
Euro	€ 14,000	15,129	17,218	(2,089)	4/12/2018
Euro	€ 12,500	13,507	15,372	(1,865)	4/30/2018
British Pound	£ 14,500	21,941	20,340	1,601	4/30/2018
		<u>\$ 52,471</u>	<u>\$ 54,714</u>	<u>\$ (2,243)</u>	

As of March 31, 2019 and March 31, 2018, the Company was in compliance with all debt covenants for all outstanding debt obligations.

Note 9. Stockholders' Equity

There were no equity offerings of common stock during the years ended March 31, 2019 and March 31, 2018.

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

Date of Agreement/ Amendment	Maximum Cost of Shares That May Be Repurchased	Cost of Shares Repurchased	Remaining Cost of Shares That May Be Repurchased
August 5, 2015	\$ 50,000	\$ 50,000	\$ —
December 14, 2015	50,000	50,000	—
September 14, 2016	50,000	50,000	—
October 30, 2018	50,000	20,931	29,069
February 6, 2019	50,000	—	50,000
Total as of March 31, 2019	<u>\$ 250,000</u>	<u>\$ 170,931</u>	<u>\$ 79,069</u>

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

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

Effective Date	Termination Date	Amount Allocated to 10b5-1 Repurchase Plans
September 15, 2015	November 5, 2015	\$ 5,000
January 1, 2016	February 5, 2016	10,000
April 1, 2016	May 19, 2016	5,000
July 1, 2016	August 5, 2016	15,000
September 30, 2016	November 8, 2016	20,000
January 4, 2017	February 6, 2017	10,000
March 31, 2017	May 19, 2017	10,000
June 30, 2017	August 7, 2017	10,000
October 2, 2017	November 6, 2017	10,000
January 3, 2018	February 8, 2018	10,000
June 18, 2018	August 9, 2018	10,000
September 17, 2018	October 31, 2018	10,000
December 12, 2018	February 7, 2019	10,000
February 25, 2019	May 17, 2019	25,000
March 18, 2019	May 17, 2019	10,000

During the year ended March 31, 2019, the Company repurchased 3,227,046 shares at a weighted average price per share of \$15.75, inclusive of commissions, for a total cost of \$50,830. This represents a discount of approximately 18.45% of the average net asset value per share for the year ended March 31, 2019.

During the year ended March 31, 2018, the Company repurchased 3,382,558 shares at a weighted average price per share of \$5.84, inclusive of commissions, for a total cost of \$19,746. This represents a discount of approximately 12.47% of the average net asset value per share for the year ended March 31, 2018.

Since the inception of the Repurchase Plans through March 31, 2019, the Company repurchased 10,036,798 shares at a weighted average price per share of \$17.03, inclusive of commissions, for a total cost of \$170,931. Including fractional shares, the Company has repurchased 10,036,798 shares at a weighted average price per share of \$17.03, inclusive of commissions for a total cost of \$170,932.

On October 30, 2018, the Company’s Board of Directors approved a one-for-three reverse stock split of the Company’s common stock which was effective as of the close of business on November 30, 2018. The Company’s common stock began trading on a split-adjusted basis on December 3, 2018. The fractional shares that resulted from the Reverse Stock Split were approximately 29 shares and they were canceled by paying cash in lieu of the fair value.

Note 10. Commitments and Contingencies

The Company has various commitments to fund various revolving and delayed draw senior secured and subordinated loans, including commitments to issue letters of credit through a financial intermediary on behalf of certain portfolio companies. As of March 31, 2019 and March 31, 2018, the Company had the following unfunded commitments to its portfolio companies:

	March 31, 2019	March 31, 2018
Unfunded revolver obligations and bridge loan commitments (1)	\$ 225,782	\$ 239,689
Standby letters of credit issued and outstanding (2)	23,542	20,692
Unfunded delayed draw loan commitments (3)	107,886	21,959
Unfunded delayed draw loan commitments (performance thresholds not met) (4)	65,062	15,244
Total Unfunded Commitments	<u>\$ 422,272</u>	<u>\$ 297,584</u>

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- (1) The unfunded revolver obligations may or may not be funded to the borrowing party in the future. The amounts relate to loans with various maturity dates, but the entire amount was eligible for funding to the borrowers as of March 31, 2019 and March 31, 2018, subject to the terms of each loan's respective credit agreements which includes borrowing covenants that need to be met prior to funding. As of March 31, 2019 and March 31, 2018, the bridge loan commitments included in the balances were \$0 and \$99,666, respectively.
- (2) For all these letters of credit issued and outstanding, the Company would be required to make payments to third parties if the portfolio companies were to default on their related payment obligations. None of the letters of credit issued and outstanding are recorded as a liability on the Company's Statements of Assets and Liabilities as such letters of credit are considered in the valuation of the investments in the portfolio company.
- (3) The Company's commitment to fund delayed draw loans is triggered upon the satisfaction of certain pre-negotiated terms and conditions which can include covenants to maintain specified leverage levels and other related borrowing base covenants.
- (4) The borrowers are required to meet certain performance thresholds before the Company is obligated to fulfill the commitments and those performance thresholds were not met as of March 31, 2019 and March 31, 2018.

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Note 11. Income Taxes

For income tax purposes, distributions made to stockholders are reported as ordinary income, capital gains, non-taxable return of capital, or a combination thereof. The final determination of the tax character of distributions will not be made until we file our tax return for each tax year and the tax characteristics of all distributions will be reported to stockholders on Form 1099 after the end of each calendar year. The tax character of distributions paid to stockholders during the tax years ended March 31, 2019, 2018 and 2017 were as follows:

	Year Ended March 31,		
	2019	2018	2017
Ordinary income	\$ 112,042	\$ 86,906	\$ 76,950
Capital gains	—	—	—
Return of capital	14,533	44,088	67,286
Total distributions paid to stockholders	<u>\$ 126,575</u>	<u>\$ 130,994</u>	<u>\$ 144,236</u>

Taxable income generally differs from net increase in net assets resulting from operations for financial reporting purposes due to temporary and permanent differences in the recognition of income and expenses, and generally excludes net unrealized gains or losses, as unrealized gains or losses are generally not included in taxable income until they are realized.

The following table reconciles the net increase in net assets resulting from operations to taxable income for the tax years ended March 31, 2019, 2018 and 2017:

	Year Ended March 31,		
	2019	2018	2017
Net increase (decrease) in net assets resulting from operations	\$ 71,946	\$ 87,029	\$ 18,370
Adjustments:			
Net realized losses	50,033	258,128	41,823
Net change in unrealized losses	5,770	(211,770)	89,050
Income not currently taxable	—	—	(55,053)
Income (loss) recognized for tax but not book	(22,478)	(38,479)	21,145
Expenses not currently deductible	16,477	749	—
Expenses incurred for tax but not book	—	—	(9,507)
Realized gain/loss differences (1)	(8,301)	(8,243)	(16,601)
Taxable income before deductions for distributions	<u>\$ 113,447</u>	<u>\$ 87,414</u>	<u>\$ 89,227</u>

- (1) These pertain to book income/losses treated as capital gains/losses for tax purposes or book realized gains/losses treated as ordinary income/losses for tax purposes.

The following table shows the components of accumulated losses on a tax basis for the years ended March 31, 2019, 2018 and 2017:

	Year Ended March 31,		
	2019	2018	2017
Distributable ordinary income	\$ —	\$ —	\$ —
Capital loss carryforward	(737,529)	(1,185,617)	(1,189,004)
Other temporary book-to-tax differences	(47,517)	(35,513)	(45,631)
Unrealized appreciation (depreciation)	(58,232)	2,493	(208,563)
Total accumulated under-distributed (over-distributed) earnings	<u>\$ (843,278)</u>	<u>\$ (1,218,637)</u>	<u>\$ (1,443,198)</u>

APOLLO INVESTMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)
(In thousands, except share and per share data)

On December 22, 2010, the Regulated Investment Company Modernization Act (the “Act”) was enacted which changed various technical rules governing the tax treatment of RICs. The changes are generally effective for taxable years beginning after the date of enactment. Under the Act, the Company will be permitted to carry forward capital losses incurred in taxable years beginning after the date of enactment for an unlimited period. However, any losses incurred during those future taxable years will be required to be utilized prior to the losses incurred in pre-enactment taxable years, which carry an expiration date. As a result of this ordering rule, pre-enactment capital loss carryforwards may be more likely to expire unused. Additionally, post-enactment capital losses that are carried forward will retain their character as either short-term or long-term losses rather than being considered all short-term as under previous law.

As of March 31, 2019, the Company had a post-enactment short-term capital loss carryforward of \$245,271 and long-term capital loss carryforward of \$492,257. As of March 31, 2018, the Company had a post-enactment short-term capital loss carryforward of \$237,288 and long-term capital loss carryforward of \$536,331. As of March 31, 2017, the Company had a post-enactment short-term capital loss carryforward of \$142,792 and long-term capital loss carryforward of \$434,883.

As of March 31, 2019, the Company had no pre-enactment net capital loss carryforward. None of the pre-enactment net capital loss carryforwards were utilized in the past three years. \$411,998 of pre-enactment net capital loss carryforward expired on March 31, 2019.

For tax purposes, the Company may elect to defer any portion of a post-October capital loss or late-year ordinary loss to the first day of the following fiscal year.

As of March 31, 2019, the Company deferred late-year ordinary losses of 16,477 which is deemed to arise on April 1, 2019. As of March 31, 2018, the Company had no net late-year ordinary loss deferral deemed to arise on April 1, 2018. As of March 31, 2017, the Company had no net late-year ordinary loss deferral deemed to arise on April 1, 2017.

As of March 31, 2019, the Company had no net post-October capital loss deferral deemed to arise on April 1, 2019. As of March 31, 2018, the Company had no net post-October capital loss deferral deemed to arise on April 1, 2018. As of March 31, 2017, we had a net post-October capital loss deferral of \$6,783 which is deemed to arise on April 1, 2017.

Management has analyzed the Company’s tax positions taken, or to be taken, on federal income tax returns for all open tax years, and has concluded that no provision for income tax is required in the Company’s financial statements. The Company’s federal tax returns are subject to examination by the Internal Revenue Service for a period of three fiscal years after they are filed.

In general, we may make certain reclassifications to the components of net assets as a result of permanent book-to-tax differences and book-to-tax differences relating to stockholder distributions. Accordingly, as of March 31, 2019, we adjusted accumulated net realized loss by \$478,976 to \$737,529 and overdistributed net investment income by \$48,989 to \$58,042. Total earnings and net asset value were not affected. As of March 31, 2018, we adjusted accumulated net realized loss by \$369,281 to \$1,166,471 and overdistributed net investment income by \$100,755 to \$1,218,637. Total earnings and net asset value were not affected.

APOLLO INVESTMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)
(In thousands, except share and per share data)

Note 12. Financial Highlights

The following is a schedule of financial highlights for each of the five years ended March 31, 2019.

	Year Ended March 31,				
	2019	2018	2017	2016	2015
Per Share Data*					
Net asset value at beginning of period	\$ 19.67	\$ 20.22	\$ 21.84	\$ 24.54	\$ 26.01
Net investment income (1)	1.81	1.83	2.01	2.49	2.88
Net realized and change in unrealized losses (1)	(0.79)	(0.64)	(1.77)	(3.06)	(1.92)
Net increase (decrease) in net assets resulting from operations	1.02	1.19	0.25	(0.57)	0.96
Distribution of net investment income (2)	(1.59)	(1.19)	(1.05)	(1.44)	(2.10)
Distribution of return of capital (2)	(0.21)	(0.60)	(0.90)	(0.96)	(0.30)
Accretion due to share repurchases	0.17	0.03	0.12	0.27	—
Net asset value at end of period	<u>\$ 19.06</u>	<u>\$ 19.67</u>	<u>\$ 20.22</u>	<u>\$ 21.84</u>	<u>\$ 24.54</u>
Per share market value at end of period	\$ 15.14	\$ 15.66	\$ 19.68	\$ 16.65	\$ 23.04
Total return (3)	8.31%	(12.06)%	31.44%	(17.53)%	1.86%
Shares outstanding at end of period	68,876,986	72,104,032	73,231,551	75,385,499	78,913,784
Weighted average shares outstanding	70,645,944	72,874,613	74,138,358	77,518,605	78,913,784
Ratio/Supplemental Data					
Net assets at end of period (in millions)	\$ 1,312.6	\$ 1,418.1	\$ 1,481.8	\$ 1,645.6	\$ 1,937.6
Ratio of operating expenses to average net assets (4)	5.09%	5.02 %	4.59%	5.85 %	6.25%
Ratio of interest and other debt expenses to average net assets	4.26%	3.61 %	3.86%	4.47 %	3.91%
Ratio of total expenses to average net assets (4)	9.35%	8.63 %	8.45%	10.32 %	10.16%
Ratio of net investment income to average net assets	9.38%	9.15 %	9.66%	10.70 %	11.27%
Average debt outstanding (in millions)	\$ 993.2	\$ 899.3	\$ 1,048.7	\$ 1,456.4	\$ 1,586.0
Average debt per share (5)	\$ 14.06	\$ 12.33	\$ 14.13	\$ 18.78	\$ 20.10
Portfolio turnover rate	46.26%	45.06 %	23.25%	34.35 %	62.14%
Asset coverage per unit (6)	\$ 2,153	\$ 2,770	\$ 2,709	\$ 2,235	\$ 2,288

* Totals may not foot due to rounding.

- (1) Financial highlights are based on the weighted average number of shares outstanding for the period presented.
- (2) The tax character of distributions are determined based on taxable income calculated in accordance with income tax regulations which may differ from amounts determined under GAAP. Although the tax character of distributions paid to stockholders through March 31, 2019 may include return of capital, the exact amount cannot be determined at this point. Per share amounts are based on actual rate per share.
- (3) Total return is based on the change in market price per share during the respective periods. Total return also takes into account distributions, if any, reinvested in accordance with the Company's dividend reinvestment plan.

APOLLO INVESTMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)
(In thousands, except share and per share data)

- (4) The ratio of operating expenses to average net assets and the ratio of total expenses to average net assets are shown inclusive of all voluntary management and incentive fee waivers (See Note 3 to the financial statements). For the years ended March 31, 2019, the ratio of operating expenses to average net assets and the ratio of total expenses to average net assets would be 5.51% and 9.79%, respectively, without the voluntary fee waivers. For the year ended March 31, 2018, the ratio of operating expenses to average net assets and the ratio of total expenses to average net assets would be 6.39% and 10.03%, respectively, without the voluntary fee waivers. For the year ended March 31, 2017, the ratio of operating expenses to average net assets and the ratio of total expenses to average net assets would be 5.98% and 9.85%, respectively, without the voluntary fee waivers. For the year ended March 31, 2016, the ratio of operating expenses to average net assets and the ratio of total expenses to average net assets would be 6.94% and 11.41%, respectively, without the voluntary fee waivers. For the year ended March 31, 2015, the ratio of operating expenses to average net assets and the ratio of total expenses to average net assets would be 7.03% and 10.95%, respectively, without the voluntary fee waivers.
- (5) Numbers prior to March 31, 2017 were updated due to the retrospective application of the new accounting pronouncements (ASU 2015-03 and ASU 2015-15) adopted as of April 1, 2016.
- (6) The asset coverage ratio for a class of senior securities representing indebtedness is calculated as our total assets, less all liabilities and indebtedness not represented by senior securities, divided by senior securities representing indebtedness. This asset coverage ratio is multiplied by one thousand to determine the asset coverage per unit.

Note 13. Selected Quarterly Financial Data

The following table sets forth selected financial data for each quarter within the three years ended March 31, 2019:

Quarter Ended	Investment Income		Net Investment Income		Net Realized And Change in Unrealized Gains (Losses)		Net Increase (Decrease) in Net Assets from Operations — Basic	
	Total	Per Share*	Total	Per Share*	Total	Per Share*	Total	Per Share*
March 31, 2019	\$ 61,410	\$ 0.89	\$ 32,552	\$ 0.47	\$ (708)	\$ (0.01)	\$ 31,844	\$ 0.46
December 31, 2018	64,041	0.91	31,487	0.45	(32,655)	(0.47)	(1,178)	(0.02)
September 30, 2018	66,034	0.93	32,163	0.45	(4,134)	(0.06)	28,029	0.39
June 30, 2018	63,591	0.88	31,548	0.44	(18,298)	(0.25)	13,250	0.18
March 31, 2018	61,489	0.85	31,942	0.44	(11,315)	(0.16)	20,627	0.29
December 31, 2017	64,753	0.90	33,968	0.47	(28,134)	(0.39)	5,834	0.08
September 30, 2017	66,398	0.92	34,157	0.47	(2,370)	(0.03)	31,787	0.44
June 30, 2017	66,647	0.92	33,320	0.47	(4,539)	(0.06)	28,781	0.40
March 31, 2017	66,297	0.92	37,290	0.52	(29,238)	(0.40)	8,052	0.11
December 31, 2016	68,071	0.94	36,352	0.50	(25,062)	(0.35)	11,290	0.16
September 30, 2016	69,026	0.96	39,537	0.55	1,577	0.02	41,114	0.57
June 30, 2016	76,469	1.06	36,064	0.50	(78,150)	(1.08)	(42,086)	(0.58)

* Totals may not foot due to rounding.

Note 14. Subsequent Events

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

Effective April 4, 2019, the Company's asset coverage ratio test was reduced from 200% to 150% as set forth in Section 61(a)(2) of the Investment Company Act of 1940, as amended by The Small Business Credit Availability Act.

During the period from April 1, 2019 through May 15, 2019, the Company repurchased 44,534 shares at a weighted average price per share of \$15.23, inclusive of commissions, for total cost of \$678, leaving a maximum of \$78,391 available for future purchases under Repurchase Plans.

APOLLO INVESTMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS (Continued)
(In thousands, except share and per share data)

On May 16, 2019, at an in-person meeting, the Board of Directors, including a majority of the directors who are not “interested persons” of the Company as defined in the Investment Company Act of 1940, voted to approve the continuation of the Company’s investment advisory management agreement through May 15, 2020.

On May 16, 2019, the Board of Directors declared a distribution of \$0.45 per share, payable on July 5, 2019 to stockholders of record as of June 20, 2019.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

Item 9A. Controls and Procedures***Evaluation of Disclosure Controls and Procedures***

As of March 31, 2019 (the end of the period covered by this report), we, including our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) of the 1934 Act). Based on that evaluation, our management, including the Chief Executive Officer and Chief Financial Officer, concluded that our disclosure controls and procedures were effective and provided reasonable assurance that information required to be disclosed in our periodic SEC filings is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. However, in evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of such possible controls and procedures.

Management's Report on Internal Control Over Financial Reporting

Management's Report on Internal Control Over Financial Reporting, which is contained in "Item 8. Financial Statements and Supplementary Data" of this report, is incorporated by reference herein.

Attestation Report of the Independent Registered Public Accounting Firm

Our independent registered public accounting firm, PricewaterhouseCoopers LLP, has issued an attestation report on the Company's internal control over financial reporting, which is contained in "Item 8. Financial Statements and Supplementary Data" of this report.

Changes in Internal Control Over Financial Reporting

Management has not identified any change in the Company's internal control over financial reporting that occurred during the fourth fiscal quarter of 2019 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Information required by this item will be contained in the Company's definitive Proxy Statement for its 2019 Annual Stockholder Meeting, to be filed with the SEC within 120 days after March 31, 2019, and is incorporated herein by reference.

Item 11. Executive Compensation

Information required by this item will be contained in the Company's definitive Proxy Statement for its 2019 Annual Stockholder Meeting, to be filed with the SEC within 120 days after March 31, 2019, and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Information required by this item will be contained in the Company's definitive Proxy Statement for its 2019 Annual Stockholder Meeting, to be filed with the SEC within 120 days after March 31, 2019, and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Information required by this item will be contained in the Company's definitive Proxy Statement for its 2019 Annual Stockholder Meeting, to be filed with the SEC within 120 days after March 31, 2019, and is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services

Information required by this item will be contained in the Company's definitive Proxy Statement for its 2019 Annual Stockholder Meeting, to be filed with the SEC within 120 days after March 31, 2019, and is incorporated herein by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) The following documents are filed as part of this report:

1. Financial Statements – See the Index to Financial Statements in Item 8 of this report.
2. Financial Statement Schedules – None.
3. Exhibits – The following exhibits are filed as part of this report or hereby incorporated by reference to exhibits previously filed with the SEC (according to the number assigned to them in Item 601 of Regulation S-K):

- 3.1(a) Articles of Amendment (1)
- 3.1(b) Articles of Amendment and Restatement (11)
- 3.1(c) Articles of Amendment (15)
- 3.2 Fifth Amended and Restated Bylaws (12)
- 4.1 Form of Stock Certificate (4)
- 4.2 In accordance with Item 601(b)(4)(iii)(A) of Regulation S-K, certain instruments respecting long-term debt of the Registrant have been omitted but will be furnished to the SEC upon request.
- 4.3 Indenture, dated as of October 9, 2012, between the Registrant and U.S. Bank National Association, as Trustee (8)
- 4.4 First Supplemental Indenture, dated as of October 9, 2012, relating to the 6.625% Senior Notes due 2042, between the Registrant and U.S. Bank National Association, as Trustee (8)
- 4.5 Second Supplemental Indenture, dated as of June 17, 2013, relating to the 6.875% Senior Notes due 2043, between the Registrant and U.S. Bank National Association, as Trustee (9)
- 4.6 Form of 6.875% Senior Notes due 2043 (contained in the Second Supplemental Indenture filed as Exhibit 4.6 hereto) (9)
- 4.7 Fourth Supplemental Indenture, dated as of March 3, 2015, relating to the 5.250% Notes due 2025, between the Registrant and U.S. Bank National Association, as Trustee (10)
- 4.8 Form of 5.250% Notes due 2025 (contained in the Fourth Supplemental Indenture filed as Exhibit 4.8 hereto) (10)
- 10.1 Third Amended and Restated Investment Advisory Management Agreement between the Registrant and Apollo Investment Management, L.P. (13)
- 10.2 Second Amended and Restated Administration Agreement between the Registrant and Apollo Investment Administration, LLC (3)
- 10.3 Dividend Reinvestment Plan (4)
- 10.4 Custodian Agreement (2)
- 10.5 Amended and Restated Trademark License Agreement between the Registrant and Apollo Management Holdings, L.P., dated as of May 14, 2012 (7)
- 10.6 Form of Transfer Agency and Service Agreement (2)
- 10.8 Amended and Restated Senior Secured Revolving Credit Agreement, dated as of December 22, 2016 (5)
- 10.9 Amended and Restated Senior Secured Revolving Credit Agreement, dated November 19, 2018 (14)
- 10.10 Fee Offset Agreement, dated as of January 16, 2019 (16)
- 11.1 Computation of Per Share Earnings (included in the notes to the financial statements contained in this annual report)
- 12.1 Computation of Ratios (included in the notes to the financial statements contained in this annual report)
- 14.1 Amended and Restated Code of Ethics (6)
- 21.1 Subsidiaries of the Registrant (included in the notes to the financial statements contained in this annual report)
- 31.1 Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934*
- 31.2 Certification of Chief Financial Officer Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934*
- 32.1 Certification of Chief Executive Officer and Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350)*
- 99.1 Audited Financial Statements of Merx Aviation Finance LLC as of and for the year ended March 31, 2019*

* Filed herewith.

- (1) Incorporated by reference from the Registrant's pre-effective Amendment No. 1 to the Registration Statement under the Securities Act of 1933, as amended, on Form N-2, filed on June 20, 2005.
- (2) Incorporated by reference from the Registrant's pre-effective Amendment No. 3 to the Registration Statement under the Securities Act of 1933, as amended, on Form N-2, filed on April 1, 2004.
- (3) Incorporated by reference to Exhibit 10.2 to the Registrant's Form 10-K, filed on May 18, 2018.
- (4) Incorporated by reference from the Registrant's pre-effective Amendment No. 1 to the Registration Statement under the Securities Act of 1933, as amended, on Form N-2, filed on March 12, 2004.
- (5) Incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K, filed on December 27, 2016.
- (6) Incorporated by reference from the Registrant's Registration Statement under the Securities Act of 1933, as amended, on Form N-2, filed on October 7, 2008.
- (7) Incorporated by reference from the Registrant's Form 10-K, filed on May 23, 2012.
- (8) Incorporated by reference to Exhibits 4.1 and 4.2 as applicable, to the Registrant's Form 8-K, filed on October 9, 2012.
- (9) Incorporated by reference to Exhibit 4.1 as applicable, to the Registrant's Form 8-K, filed on June 17, 2013.
- (10) Incorporated by reference to Exhibit 4.1 as applicable, to the Registrant's Form 8-K, filed on March 3, 2015.
- (11) Incorporated by reference from the Registrant's post-effective amendments No.1 to the Registration Statement under the Securities Act of 1933, as amended, on form N-2, filed on August 14, 2006.
- (12) Incorporated by reference to Exhibit 3.2 to the Registrant's Form 8-K, filed on May 18, 2018.
- (13) Incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K, filed on August 10, 2018.
- (14) Incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K, filed on November 20, 2018.
- (15) Incorporated by reference to Exhibit 3.1 to the Registrant's Form 8-K, filed on December 3, 2018.
- (16) Incorporated by reference to Exhibit 10.2 to the Registrant's Form 10-Q, filed on February 6, 2019.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on May 16, 2019.

APOLLO INVESTMENT CORPORATION

By: /s/ HOWARD WIDRA

Howard Widra

Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

/s/ HOWARD WIDRA

Howard Widra

Chief Executive Officer

(Principal Executive Officer)

May 16, 2019

/s/ GREGORY W. HUNT

Gregory W. Hunt

Chief Financial Officer and Treasurer

(Principal Financial Officer)

May 16, 2019

/s/ AMIT JOSHI

Amit Joshi

Chief Accounting Officer and Assistant Treasurer

(Principal Accounting Officer)

May 16, 2019

/s/ JOHN J. HANNAN

John J. Hannan

Chairman of the Board of Directors, Director

May 16, 2019

/s/ R. RUDOLPH REINFRANK

R. Rudolph Reinfrank

Director

May 16, 2019

/s/ BARBARA MATAS

Barbara Matas

Director

May 16, 2019

/s/ CARL SPIELVOGEL

Carl Spielvogel

Director

May 16, 2019

/s/ JEANETTE W. LOEB

Jeanette W. Loeb

Director

May 16, 2019

/s/ ELLIOT STEIN, JR.

Elliot Stein, Jr.

Director

May 16, 2019

/s/ FRANK C. PULEO

Frank C. Puleo

Director

May 16, 2019

/s/ BRADLEY J. WECHSLER

Bradley J. Wechsler

Director

May 16, 2019

/s/ JAMES C. ZELTZER

James C. Zelter

Director

May 16, 2019

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APOLLO | Investment Corporation

9 West 57th Street, New York, NY 10019